EIMSKIP

ANNUAL REPORT 2012

EIMSKIP'S VISION

Eimskip is a leading transportation company providing outstanding services through a dependable transport system in the North Atlantic and an extensive worldwide network of reefer logistics services

N

SECURE A GOOD RETURN FOR...

SHAREHOLDERS

... with sustainable and profitable operations leading to the healthy growth

SHOW CONCERN FOR THE...

ENVIRONMENT

... with special emphasis on activities related to the environment, security and social responsibility

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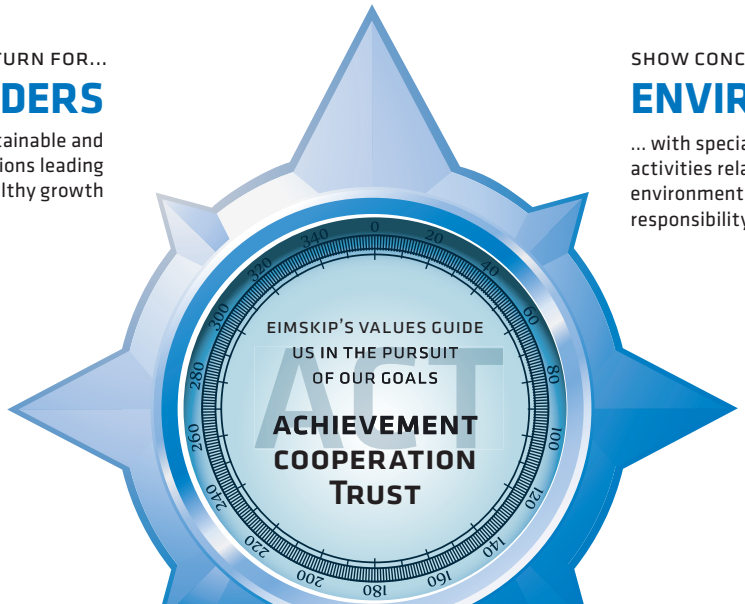

E

CREATE OPPORTUNITIES FOR...

EMPLOYEES

... to develop their skills in a good and healthy working environment with Eimskip's values as their guiding light

CREATE VALUE FOR...

CUSTOMERS

... by delivering optimal logistics solutions focused on outstanding levels of service, quality and reliability

S

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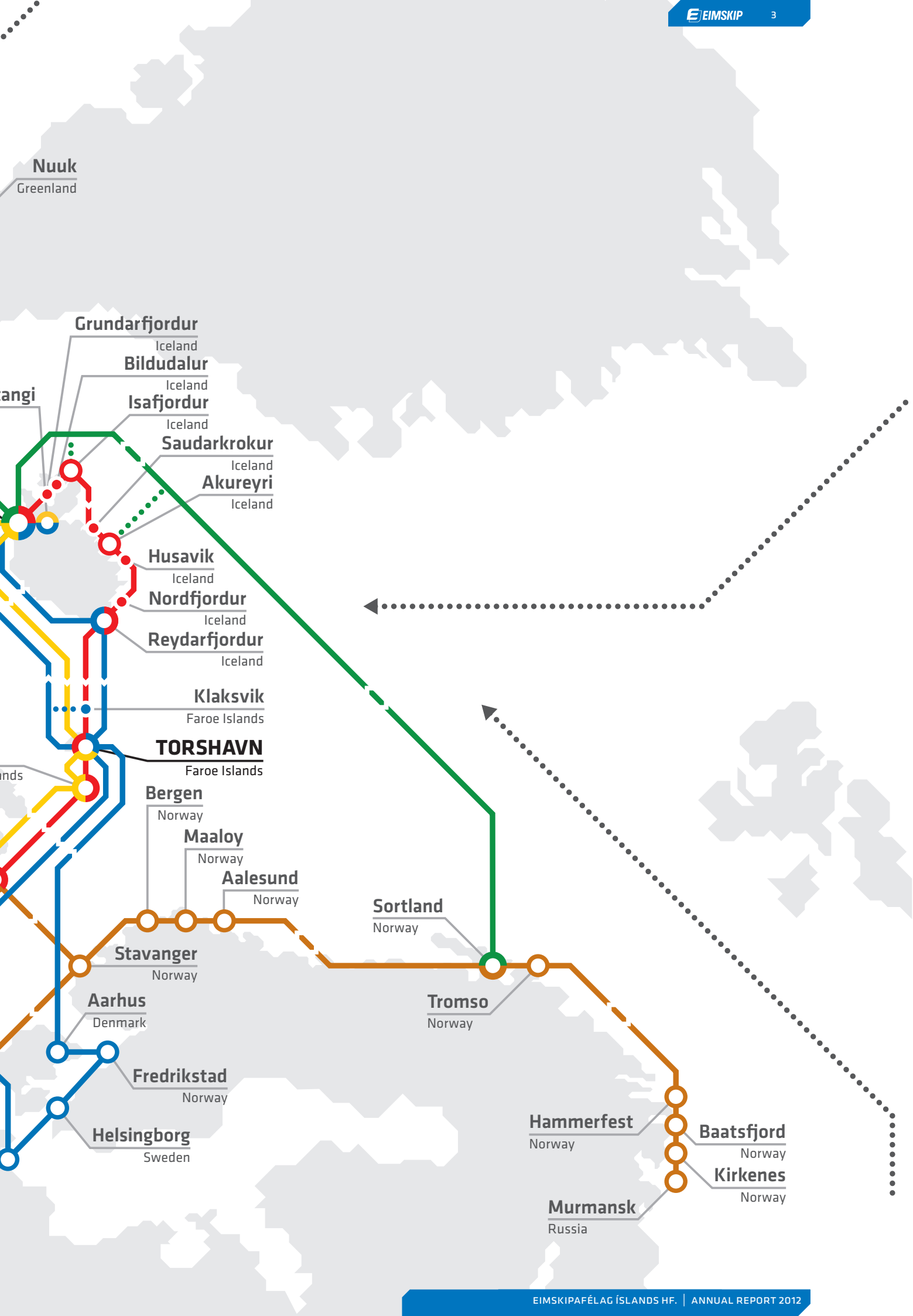
ANNUAL REPORT 2012

Boston
MA, United States
Portland
Maine, United States
Halifax
NS, Canada
St. Anthony
NL, Canada
Argentia
NL, Canada
Grundart
Iceland
Bíldudalur
REYKJAVIK
Iceland
Vestmann Islands
Iceland
Vagur
Faroe Isla
Aberdeen
Scotland
Grimsby
England
Immingham
England
ROTTERDAM
The Netherlands
Velsen
The Netherlands
Hamburg
Germany
Swinoujscie
Poland
RED LINE
Iceland, Faroe Islands, Scotland, The Netherlands, Iceland
BLUE LINE
Iceland, Faroe Islands, The Netherlands, Poland, Sweden, Norway, Denmark, Faroe Islands, Iceland
YELLOW LINE
Iceland, Faroe Islands, England, The Netherlands, Germany, England, Iceland
BROWN LINE
Russia, Norway, The Netherlands, England, Scotland, Norway
GREEN LINE
Norway, Iceland, Newfoundland, Nova Scotia, United States, Newfoundland, Iceland
OPTIONAL PORT / SEASONAL ROUTE
POSSIBLE ARCTIC SAILING ROUTE
MAJOR TRANSIT HUB
TRANSIT HUB
PORT


Nuuk
Greenland
Grundarfjordur
Iceland
Bildudalur
Iceland
Isafjordur
Iceland
Saudarkrokur
Iceland
Akureyri
Iceland
Husavik
Iceland
Nordfjordur
Iceland
Reydarfjordur
Iceland
Klaksvik
Faroe Islands
TORSHAVN
Faroe Islands
Bergen
Norway
Maaloy
Norway
Aalesund
Norway
Sortland
Norway
Stavanger
Norway
Aarhus
Denmark
Tromso
Norway
Fredrikstad
Norway
Helsingborg
Sweden
Hammerfest
Norway
Baatsfjord
Norway
Kirkenes
Norway
Murmansk
Russia

MV. GETTIFOSS

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CHAIRMAN'S ADDRESS

BRAGI RAGNARSSON

The year 2012 showed satisfactory performance and continued growth for Eimskip despite a continued difficult business environment in most market areas. This was the third whole year of operations after the restructuring of 2009, with every year showing positive and improved operational results which are reflected in a healthy balance sheet and strong cash flow.

Eimskipafélag Íslands was established 17 January 1914, so Eimskip traces its roots back almost 100 years. Preparations are already being made to mark in various ways the 100-year anniversary next year. The establishment of Eimskip was seen as part of the struggle for Iceland's independence and initially there were about 15 thousand shareholders in the Company, or about 17% of the population of Iceland at that time. The Company has always been the leading shipping and transportation company in Iceland and has played an important role in the economic development of the country, not least in the past four years after the financial crisis in 2008.

In December 2011 the Board of Directors decided to start preparations for listing the shares of Eimskip on NASDAQ OMX Iceland. This work has now been successfully completed and trading of the shares commenced on 16 November 2012. Since then trading has been lively and the share price has shown considerable increase. The Company now has a diversified shareholder base with approximately 2,400 shareholders at the end of 2012. The listing can be considered a final step in the financial restructuring of Eimskip following the composition in 2009.

Eimskip is an international corporation with 51 offices in 18 countries and approximately half of its revenues generated by operations outside Iceland. The Company has established a clear business strategy with strong emphasis on its core activities and clearly defined market areas and a focus on certain niche markets. The home market is the North Atlantic and the Group has a strong position and very interesting growth opportunities in Norway and Newfoundland, as well as in the traditional markets in the Faroe Islands and Iceland.

Although Eimskip is a market-driven company, its core business is essentially asset-based. The strong financial position has enabled the Company to strengthen its operations with investments in vessels and equipment, as well as performing regular maintenance. Eimskip is building two new container vessels in China and in 2012 the Company invested in three specialized reefer vessels which it had previously had on charter for several years. After delivery of the new container vessels Eimskip expects to be operating a fleet of 16 vessels of which 13 will be owned by the Company, with additonal vessels chartered to meet service demand. The Company has also invested in warehouses, trucks, forklifts and IT systems which will

increase overall capacity and the reliability and quality of services, creating opportunities for further growth and profitability.

Eimskip is observing the various opportunities which are opening up in the Arctic, mainly in connection with oil exploration and utilization of resources in Greenland, and the potential opening of the sailing route to and from Asia. This will eventually create opportunities in specialized transportation to and from these areas, and in the operation of land-based terminals. Eimskip is already working in certain strategic locations in Iceland, the Faroe Islands, Norway and Newfoundland and is actively monitoring this development and preparing to participate in these activities. There are also opportunities to expand the present operations, especially in Northern Norway and on the east coast of Canada, where the economy is booming. The Company is in an excellent position to utilize such growth opportunities, considering its strong financial position, its specialized know-how and its dedicated employees.

Eimskip is also well prepared to cope with a sharp increase in activity on the Icelandic transportation and logistics market when the Icelandic economy starts growing. It is my sincere hope that Iceland will acquire a progressive political leadership later this year which will take measures to facilitate investment and further utilization of Iceland's resources and the various available possibilities. This is the only way forward, contributing to a higher standard of living and quality of life in Iceland.

Last year the Board of Directors of Eimskip issued a dividend policy, stipulating that under normal circumstances shareholders will be paid dividend amounting to 10–30% of net profit each year. Accordingly, the Board will put forward a proposal to the Annual General Meeting 2013 to pay a dividend of 20% of net profit for the year 2012.

The Company follows a clear strategy in social responsibility, contributing to the welfare of both the community and the environment. This is reflected in generous support of various cultural and communal projects and a systematic approach to minimize pollution and damage to the ecosystem and ensure safety in operations.

Eimskip has been able to perform with acceptable profits for the last three years, despite a difficult economic environment both locally and internationally. This proves that the present business model is solid and that the management and the employees of Eimskip are highly competent and motivated to secure continued growth and successful operations in the coming years, for the benefit of shareholders, employees, our customers and the environment.

CEO'S ADDRESS

GYLFI SIGFÚSSON

Eimskip's operating profit, or EBITDA, for the year 2012 amounted to EUR 40.8 million which is an increase of 8.8% between years. Operating revenue was EUR 414.3 million and increased by 9.5% from previous year. These results take into account one-off items in 2011 and 2012 and are in line with the Company's expectations.

The Company's balance sheet at the end of 2012 was solid, with total assets of EUR 313.3 million, low leverage and an equity ratio of 63.7%. Total investments in non-current assets amounted to EUR 50.5 million, including investments in vessels of 26.4 million. Eimskip has been working on strengthening its infrastructure in Iceland by, among other, building specially equipped storage facilities for the fish industry and by refurbishing the maintenance facilities for the Company's equipment.

Transported volume in the Company's liner services in the North Atlantic increased by 3.4% from 2011. There was an increase in volume in all of the Company's main market areas. The Company has experienced considerable growth in transported volume from Norway and the Faroe Islands and between Europe and North America and the outlook in the North Atlantic is positive in the coming months. The transported volume in the Company's reefer forwarding services decreased, however, by 0.6% from the previous year after a considerable increase in 2010 and 2011, mainly due to fluctuations in transported volumes from markets in Asia.

The Company is excited about its future and growth prospects in the North Atlantic and around the globe. The transportation market in the North Atlantic faces various opportunities in growth in the coming years. Catch quotas and market share in Eimskip's home market, as well as changes in processing of fish, create new opportunities. Projects related to various industries, such as heavy industry, oil, mining, and related services are also of great interest to the Company, as is the new potential Arctic sailing route, connecting Europe and Asia in a new way.

Eimskip is constantly reviewing its ways of doing business and seeking ways to reduce costs and to optimize utilization of its transportation system. The Company has been working on changes in its sailing schedule which were introduced in March 2013. The aim of the changes is to widen the sailing system in the North Atlantic by increasing number of port calls and adding a vessel to the liner services fleet. Eimskip now offers a sailing schedule with five different sailing lines, served by twelve vessels. The main changes are bi-weekly services from Portland, Maine in the US, connecting Newfoundland, Iceland and Northern Norway and weekly coastal services around Iceland, connecting the Faroe Islands, Scotland and mainland Europe. Eimskip is also serving Poland for the first time with a port call at Swinoujscie and is adding port calls at Klaksvik and Vágur in the Faroe Islands. Finally the last material change is to add a reefer vessel to the liner services in Northern Norway to be

able to call at Murmansk in Russia on a biweekly basis. Opening of an office in Gdynia in Poland also plays an important role in further strengthening the Company's services in the Baltic. In addition to the twelve liner vessels serving the five different lines of the sailing schedule, Eimskip operates two vessels offering spot services in Norway, one vessel which is in bulk services to and from Iceland and finally the ferry Herjólfur which offers regular sailings between the Westman Islands, off the south coast of Iceland, and Iceland's mainland. Eimskip's new sailing schedule offers increased flexibility, which should create future opportunities for the Company.

The reefer forwarding services, outside the Company's sailing schedule, consist mainly of transportation of frozen or chilled seafood, fruit and vegetables. In 2012 Eimskip opened an office in Thailand as a part of expanding and strengthening the Company's forwarding services network and the target is to open two to three offices a year.

The Company will continue to focus on providing customers with excellent services by strengthening its infrastructure in its home market, by investing in vessels, containers and equipment. Eimskip has worked on easier access and increased automation for customers by implementing a new and user-friendly app which gives customers the opportunity to access, via smartphone, information on shipments, vessel locations, the sailing schedule and liner routes, and also on the Company's main services. The Company had previously launched the web ePort where customers can track and trace their shipments and look up and enter information. Since the beginning of this year, Eimskip has offered a new online service called eBOX, which is a special product for smaller shipments.

After going through tough years of resetting the compass, restructuring and finally listing the Company on NASDAQ OMX Iceland last year, I would like to express my gratitude to all of our dedicated employees who have with their loyalty, positive attitude and valuable experience played a crucial role in Eimskip's success in recent years.

BOARD OF DIRECTORS

BRAGI RAGNARSSON, CHAIRMAN OF THE BOARD

Bragi Ragnarsson was born in 1942 and lives in Iceland. He was Managing Director of his own travel agency, BR Tours ehf., from 2006 to 2012. Bragi served in various managerial positions for Eimskip and related companies from 1985 to 2005, was a business consultant from 1981 to 1985 and was the managing director of several trading companies from 1965 to 1980. Bragi has lectured on logistics and related topics at the University of Iceland and other educational institutions. He has previously been a board member of Kaupgardur hf., Fiskmarkadur Hafnarfjardar hf. and Íslandsmarkadur hf. Bragi graduated from Samvinnuskólinn in 1962 and has also attended various courses and seminars. Bragi has been on the Board of Directors since 23 September 2009 and is an independent member of the Board.

ÓLAFUR HELGI ÓLAFSSON, VICE-CHAIRMAN OF THE BOARD

Ólafur Helgi Ólafsson was born in 1945 and lives in Iceland. He has been the owner and CEO of the business consulting company Marcus-rádgjöf ehf. since 2007. Ólafur was the CEO of Lýsing hf. from 1992 to 2007 and Finance Manager of Lýsing hf. from 1987 to 1991. He was Finance Manager of Orkubú Vestfjarda from 1980 to 1986. From 1976 to 1980 Ólafur worked as the head of the computer department of Heimilistæki hf. From 1970 to 1976 he worked as the head of the computer department of Icelandic Aluminium (ISAL). Ólafur is currently a board member of Urridaholt ehf., Urridaland ehf., Náttúrufrædihús ehf., Landsbankinn hf. and Marcus-rádgjöf ehf. He has previously been a board member of VBS verkfrædistofa ehf., Vátryggingafélag Íslands hf. and Loftorka í Borgarnesi ehf., and an alternate member of the board of Arion banki hf. and Pera ehf. Ólafur graduated with a Cand.Oecon. degree from the University of Iceland and a degree in System Analysis and Programming from the IBM School in 1970. Ólafur has been on the Board of Directors since 23 September 2009 and is an independent member of the Board.

TÓMAS KRISTJÁNSSON

Tómas was born in 1965 and lives in Iceland. Tómas has been a Managing Partner of Sigla ehf. since 2007. He was a member of the executive board of Glitnir banki hf. and its predecessors from 1998 to May 2007. He was the head of risk management and treasury of FBA from 1998 and continued to serve in that position when Fjárfestingarbanki Atvinnulífsins hf. (FBA) and Íslandsbanki merged in 2000. From 2004, Tómas was Chief Financial Officer of Glitnir banki hf. and was furthermore responsible for accounting and credit control from 2005 to 2007. He worked as Director of Credit Control for the Industrial Loan Fund from 1990 to 1996. Tómas is currently a board member of Klasi hf. and related companies: Gardabær midbær ehf., an alternate member of the board of Háskólavellir, Háskólagardar ehf. and HV2 ehf., Klasi fasteignastýring ehf., Nesvellir ehf., Nesvellir íbúdir ehf., NV lódir ehf. and NVL ehf. He is also a board member of Sigla ehf., Sjóvá-Almennar tryggingar hf., SF slhf., SF 1GP ehf. and Sena ehf. Tómas has previously been a board member of GAM Management hf. and an alternate member of the board of Icelandair Group hf. Tómas graduated from the University of Edinburgh in 1997 with a Master's degree in Business Administration. He graduated with a Cand.Oecon. degree from the University of Iceland in 1989. Tómas has been on the Board of Directors since 23 September 2009 and is an independent member of the Board.

RICHARD WINSTON MARK D'ABO

Richard was born in 1956 and lives in the United States. He is a Partner at The Yucaipa Companies, LLC. Richard has ten years of banking experience and 23 years of experience in private equity. From 1995 to 2003 he was involved in various activities in investment banking and private equity investing, co-founding and serving as the Director of Apogee Electronics, Inc. Richard was a Partner of The Yucaipa Companies, LLC from 1988 to 1994. During this time he was a key contributor to the acquisitions of Cala Foods, ABC Markets, Boys Markets, Almacs, Bell Markets, Alpha Beta and Food4Less. From 1992 to 1994 Richard served as a director of Food4Less

Supermarkets. From 1978 to 1987 Richard worked at Union Bank and was involved in financing multiple leveraged and management buyouts. Richard is currently a board member of A Tango ehf., Apogee Electronics, LLC, and NPE Holdings, LLC. He has previously been a board member of Americold Realty Trust (board of Trustees). Richard pursued a degree in Finance from the University of South California from 1975 to 1977. He has been on the Board of Directors since 23 September 2009 and is a dependent member of the Board.

RONALD WAYNE BURKLE

Ronald was born in 1952 and lives in the United States. He is a Managing Partner of The Yucaipa Companies, LLC which he founded in 1986. He has 15 years of varied business experience and 20 years of experience in private equity, and is widely recognized as a leading investor in the retail, distribution and logistics industries. Ronald has served as Chairman of the Board and controlling shareholder of numerous companies, including Alliance entertainment, Golden State Foods, Dominick's, Fred Meyer, Ralphs and Food4Less. Ronald is a Co-Chairman of the Burkle Center of International Relations at UCLA and is broadly involved in the community. He is a trustee of the Carter Center, the National Urban League and AIDS Project Los Angeles (APLA). Ronald was the Founder and Chairman of the Ralphs/Food4Less Foundation and the Fred Meyer Inc. Foundation. Ronald has received numerous honors and awards including the AFL-CIO's Murray Green Meany Kirkland Community Service Award, the Los Angeles County Federation of Labor Man of the Year, The Los Angeles County Boy Scouts Jimmy Stewards Person of the year Award and the APLA Commitment to Life Award. Ronald is currently a board member of Ceiva Logic, Inc., Morgans Hotel Group Co., Soho House Limited, Americold Realty Trust, Delltrade Limited, Independent Talent Group Limited, Marc Entertainment Inc., LBI Entertainment, LLC, Pittsburgh Penguins, LP and YC Holdings, LLC. He has previously been a board member of Yahoo! Inc., Occidental Petroleum Corporation, and KB Home. Ronald studied Chemistry at California Poly in Pomona California from 1970 to 1972. He has been on the Board of Directors since 31 March 2011 and is a dependent member of the Board.

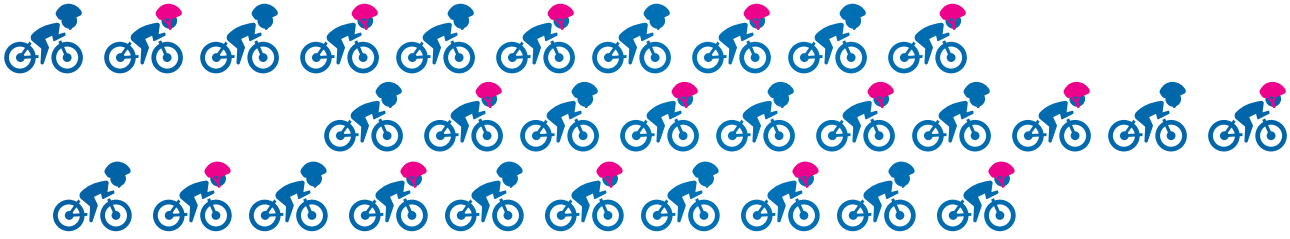
ELÍN THÓRUNN EIRÍKSDÓTTIR, ALTERNATE MEMBER OF THE BOARD

Elín was born in 1967 and lives in Iceland. She has been Director of Sales at Sjóvá-Almennar tryggingar hf. from 2012, was Director of Corporate Markets at Síminn hf. from 2005 to 2010 and a Manager at Eimskip from 1997 to 2005. Elín is currently a board member of Síminn hf., Staki Automation ehf., Radiomidun ehf., and Sjóvá-Almennar líftryggingar hf. She has previously been a board member of Valitor hf. Elín received a Cand.Oecon. degree from the University of Iceland in 1993. She has been an alternate member of the Board of Directors since 29 March 2012 and is an independent alternate member of the Board.

MARC JASON SMERNOFF, ALTERNATE MEMBER OF THE BOARD

Marc was born in 1973 and lives in the United States. He has been a Director of Private Equity of the Yucaipa Companies, LLC from 2004. Marc was a Manager of Transaction Services at KPMG from 2003 to 2004 and an Associate of Investment Banking at Wells Fargo Securities, LLC from 2000 to 2002. He was a Manager of Corporate Finance at Ernst & Young, LLP from 1997 to 2000 and a Staff Accountant of Assurance & Advisory Business Services at Ernst & Young, LLP from 1995 to 1997. Marc is currently a board member of Digital On-Demand Inc. and La Canada Flintridge Educational Foundation. He has previously been a board member of Eimskipafélag Íslands hf. and Americold Realty Trust (board of Trustees). Marc has a Master's degree in Business Administration from UCLA Anderson School of Management from 2005 and is a Certified Public Accountant. He further holds a bachelor's degree in Business Economics from the University of California, Santa Barbara, from 1995. Marc has been on the Board of Directors since 23 September 2009 and is a dependent alternate member of the Board.

46 countries
14 timezones



All Icelandic children aged 6–14 have received bicycle helmets from Eimskip

40,000 helmets

x45

Annually, Eimskip's vessels travel what equals 45 trips around the globe

1,330

employees worldwide

of the Icelandic population

In 1914, 17% of the Icelandic population were shareholders in Eimskip

CORPORATE GOVERNANCE

Eimskip is a limited liability company that is governed by Act No. 2/1995 on public limited liability companies, the Articles of Association and the Board of Director's Rules of Procedure. Under its Articles of Association, the Company is governed by the shareholders' meeting, the Board of Directors and the Chief Executive Officer.

The Board of Directors approved a Corporate Governance statement for the Company on 28 Februar 2013 with the purpose of strengthening its infrastructure and increasing transparency. The statement declares that Eimskip complies with the accepted practices in the Corporate Governance guidelines issued by the Chamber of Commerce in co-operation with the Confederation of Icelandic Employers and NASDAQ OMX Iceland. Eimskip's Corporate Governance statement is accessible on the Company's website and in the Financial Statements for 2012.

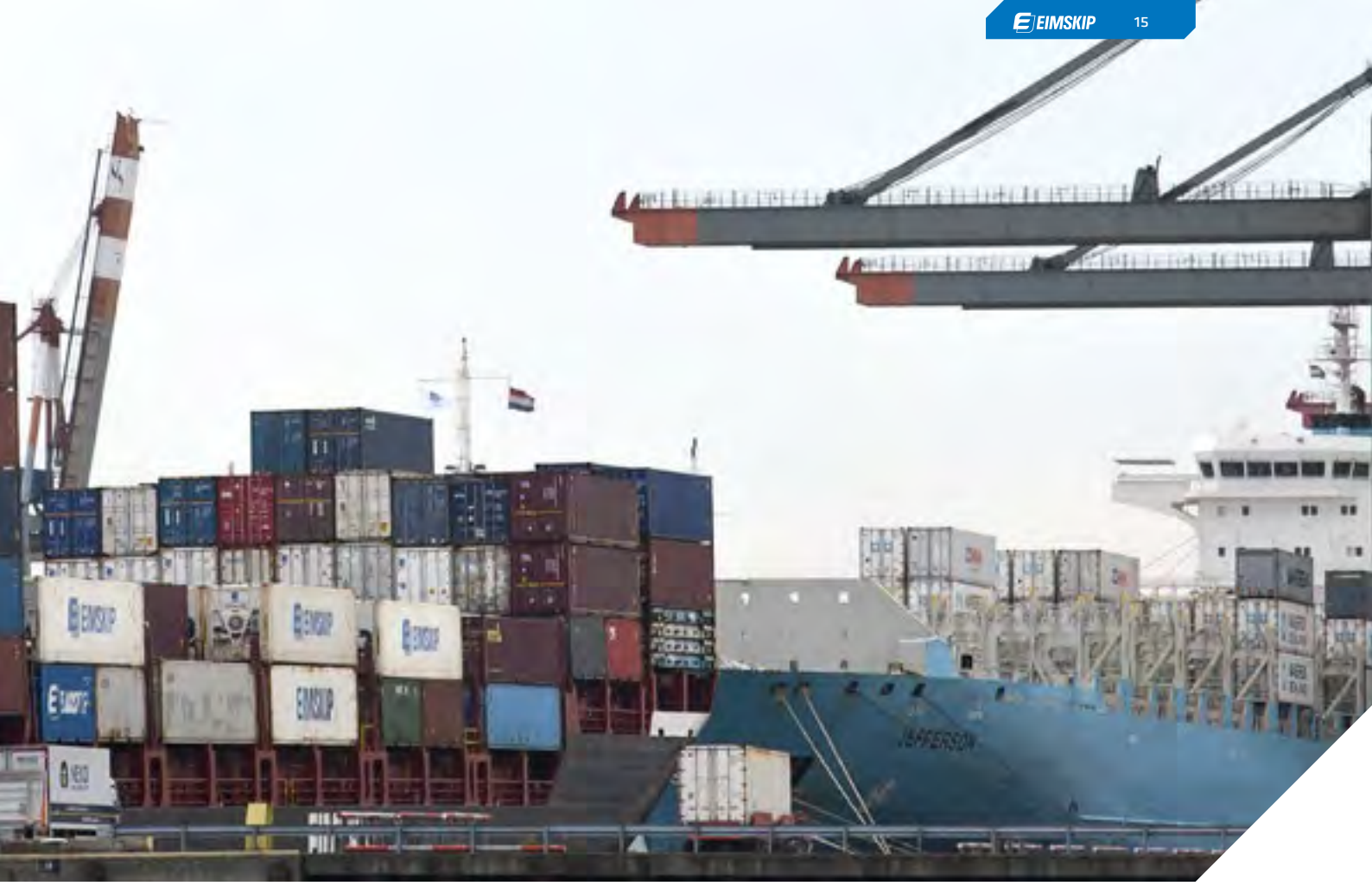
BOARD OF DIRECTORS

The Annual General Meeting of the Company elects five members and two alternate members to the Board of Directors. As of 1 September 2013, the ratio between genders on the Board of Directors is to be as even as possible, each gender never accounting for less than 40%. The Board of Directors has supreme powers in matters concerning the Company between shareholders' meetings. The Board sets the Company's goals regarding its business, represents the Company's and the shareholders' interests in accordance with the object of the Company, governs the social affairs of the Company between shareholders' meetings and binds the Company with its resolutions and agreements. The Board of Directors hires the CEO, decides his terms of employment and executes a written contract of employment in line with the remuneration policy. The Board of Directors has a statutory role for which it is responsible unless the Board grants permission by law to transfer authority by delegation.

On 9 July 2012 the Company's Board of Directors approved its Rules of Procedure which were adopted in accordance with paragraph 5, article 70 of Act No. 2/1995 on public limited liability companies and are supplementary to the Articles of Association. Under the Rules of Procedure, the Board of Directors elects committees that operate on its behalf. The Rules of Procedure are available on www.eimskip.is.

BOARD COMMITTEES

The Board of Directors appointed two subcommittees in 2012, the Audit Committee and the Remuneration Committee. Rules of procedure for the subcommittees can be found on www.eimskip.is.



The Audit Committee operates in accordance with its Rules of Procedure. Its principal duty is to ensure the quality of the Company's Consolidated Financial Statements and other financial information and the independence of the Company's Auditors. The Audit Committee consists of Ólafur Helgi Ólafsson, Ólafur Viggó Sigurbergsson and Marc Jason Smernoff.

The task of the Remuneration Committee involves negotiating wages and other benefits for the CEO and framing the Company's wage policy, including wage incentives and stock incentive rights for company shares. Eimskip's Remuneration Policy is accessible on www.eimskip.is. As from March 2013 the Remuneration Committee consists of Richard Winston Mark d'Abo, Marc Jason Smernoff and Bragi Ragnarsson.

CHIEF EXECUTIVE OFFICER

The CEO is responsible towards the Board and the shareholders for day-to-day operations in accordance with law, regulations and the Company's Articles of Association. Day-to-day operations do not include matters which are unusual or of great significance. The CEO shall make sure that the Company's accounts are kept in accordance with law and practice and that the Company's assets are kept in a secure manner. The CEO is obliged to abide by all instructions of the Board of Directors and to give the auditor any information requested. The CEO does not have the authority to make decisions concerning any matters that are assigned to others by law or are reserved to the Board in its Rules of Procedure, which are accessible on www.eimskip.is.

VALUES

The Company has set out its values in the acronym ACT: Achievement - Co-operation - Trust.

CODE OF CONDUCT AND SOCIAL RESPONSIBILITY

In August 2012 the Board of Directors issued a Code of Conduct and Social Responsibility which applies to all Board Members and employees of Eimskip and companies within the Eimskip Group. The code is built on the Company's values.

The Code of Conduct and Social Responsibility is accessible to employees through the Company's intranet and to others on www.eimskip.is.

SHAREHOLDER INFORMATION

Eimskip's shares started trading on NASDAQ OMX Iceland on Friday 16 November 2012 with the ISIN number IS0000019800 and under the ticker symbol EIM.

THE LISTING

Preparation for Eimskip's listing started early in 2012 by engaging Straumur fjárfestingabanki hf. and Íslandsbanki hf. as joint listing advisors. As a part of the preparation for the listing, Eimskip's shareholders' meeting of 29 June 2012 approved an increase of the share capital of the Company from 20 million shares to 200 million shares by a stock split. The Company's Prospectus was published 22 October 2012. The book building process took place 23 to 25 October and the subscription period in the public offering was 30 October to 2 November 2012.

During the book building and the public offering, a total of 28% of shares in Eimskip was offered for sale at a fixed price of ISK 208 per share, with a total value of over ISK 11.6 billion, which equals over EUR 71.5 million. The total subscription during the book building and the public offering was over ISK 23 billion, amounting to over EUR 141.1 million. The sellers of the 28% stake were Landsbanki Íslands hf., ALMC hf., Samson eignarhaldsfélag ehf., and the Company which sold six million of its treasury shares. In July 2012 a 14% stake was sold by Landsbanki Íslands hf. and funds relating to The Yucaipa Companies to Lífeyrissjódur verzlunarmanna. In total a 42% stake in the Company was sold in connection with to the listing of the Company's shares on NASDAQ OMX Iceland. The total sales proceeds for the 42% stake amounted to over ISK 17.0 billion or EUR 107.7 million.

SHARES KEPT BY A1988 HF.

A1988 hf. is the current name of the company HF., Eimskipafélag Íslands, for which a composition agreement was accepted by all creditors in August 2009. The composition agreement included that unsecured creditors received shares in a new company, Eimskipafélag Íslands hf.

According to the composition agreement for A1988 hf. a 4.2% shareholding in Eimskip was not distributed to creditors following the composition agreement but kept by A1988 hf. The shares will be used to satisfy contingent liabilities that may arise in coming periods resulting from events prior to the composition agreement. If the value of the shares exceeds the contingent claims accepted by A1988 hf. in accordance with the composition agreement, the remaining shares will be transferred to Eimskipafélag Íslands hf. without any compensation. To date, no material unrecorded contingent claims have been accepted. It is uncertain whether, when or how many of these shares will be returned to the Company. These shares are not recognized in Eimskip's statement of financial position at year-end. The shares held by A1988 hf. do not have voting rights attached to them.

SHARE CAPITAL

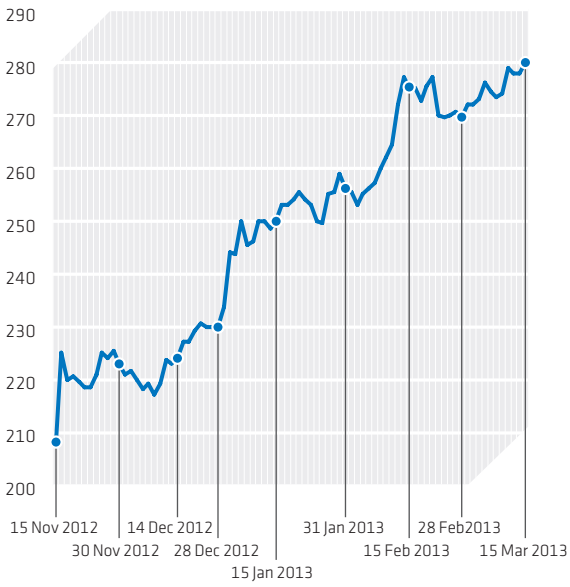
The total number of Eimskip's shares is 200 million. Each share has a nominal value of ISK 1 and entitles its holder to one vote. The Company owned 5,918,820 treasury shares at the end of 2012, making the number of outstanding shares 194,081,180. There were 2,424 shareholders at the end of the year.

SHARE PRICE DEVELOPMENT AND MARKET CAPITALIZATION

The price of Eimskip's shares was ISK 208 per share in the book building and the public offering phases. The closing price on the first day of trading was ISK 225 and the closing price of the year 2012 was ISK 230 per share. The Company's market capitalization at the end of 2012 amounted to ISK 44.6 billion which is equal to EUR 264.2 million. The market capitalization of the company in relation to the restucturing in 2009 was EUR 167.8 million.

The price of the shares has continued to rise in 2013 and the closing price on 15 March 2013 was ISK 280 per share with market capitalization of ISK 54.3 billion or EUR 333.1 million.

SHARE PRICE DEVELOPMENT



LARGEST SHAREHOLDERS

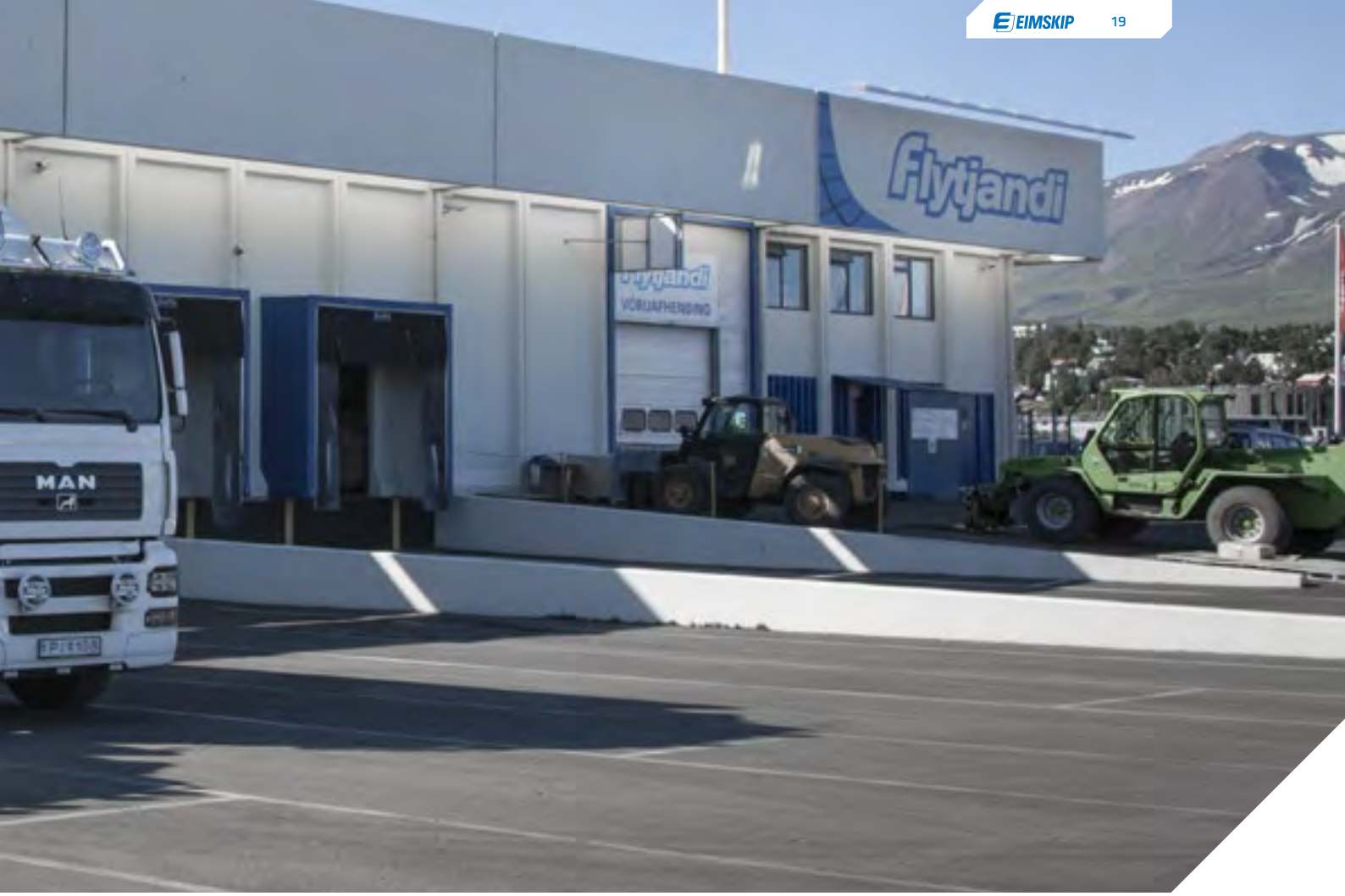
List of 20 largest shareholders as at 31 December 2012

Shareholders	Shares	%
1. Yucaipa American Alliance Fund II. LP	30,504,030	15.25%
2. Lífeyrissjódur verzlunarmanna	29,135,070	14.57%
3. LBI hf.	20,792,325	10.40%
4. Yucaipa American Alliance (Parallel)	20,095,970	10.05%
5. A1988 hf.	8,441,950	4.22%
6. J.P. Morgan Clearing Corporation	7,672,360	3.84%
7. Eimskipafélag Íslands hf.	5,918,820	2.96%
8. MP banki hf.	4,411,750	2.21%
9. Landsbréf – Úrvalsbréf	4,160,968	2.08%
10. Íslandssjódir hf. Úrval innlendr	3,725,305	1.86%
11. Íslandsbanki hf.	3,315,304	1.66%
12. Stefnir – ÍS 15	3,262,795	1.63%
13. Stefnir – ÍS 5	2,852,204	1.43%
14. Straumur fjárfestingabanki hf.	2,647,464	1.32%
15. Arkur ehf.	2,403,846	1.20%
16. Sameinadi lífeyrissjódurinn	2,400,280	1.20%
17. Brimgardar ehf.	1,600,000	0.80%
18. Almenni lífeyrissjódurinn	1,547,983	0.77%
19. GLB Holding ehf.	1,420,300	0.71%
20. Audur Capital safnreikningur	1,397,382	0.70%
20 largest shareholders total	157,706,106	78.85%
2,404 other shareholders total	42,293,894	21.15%
2,424 shareholders total	200,000,000	100.00%

DISTRIBUTION OF SHARES

Distribution of shares as at 31 December 2012

Shareholding	Number of share-holders	%	Number of shares	%
1 - 5,000	1,796	74.09%	6,053,692	3.03%
5,001 - 10,000	245	10.11%	1,970,644	0.99%
10,001 - 100,000	306	12.62%	9,216,549	4.61%
100,001 - 200,000	23	0.95%	3,469,191	1.73%
200,001 - 1,000,000	27	1.11%	13,807,062	6.90%
1,000,001-10,000,000	23	0.95%	64,955,467	32.48%
10,000,001 +	4	0.17%	100,527,395	50.26%
	2,424	100.00%	200,000,000	100.00%



DIVIDEND POLICY

Eimskip's shareholders' meeting of 29 June 2012 approved a dividend policy which is accessible on the Company's website. The policy of Eimskipafélag Íslands hf. is to pay annual dividend that equals an amount in the range of 10-30% of net profit after taxes. Decision on dividend payment and the exact amount is subject to the Group's future investment plans, market outlook and satisfactory capital structure at any given time.

INVESTOR RELATIONS POLICY

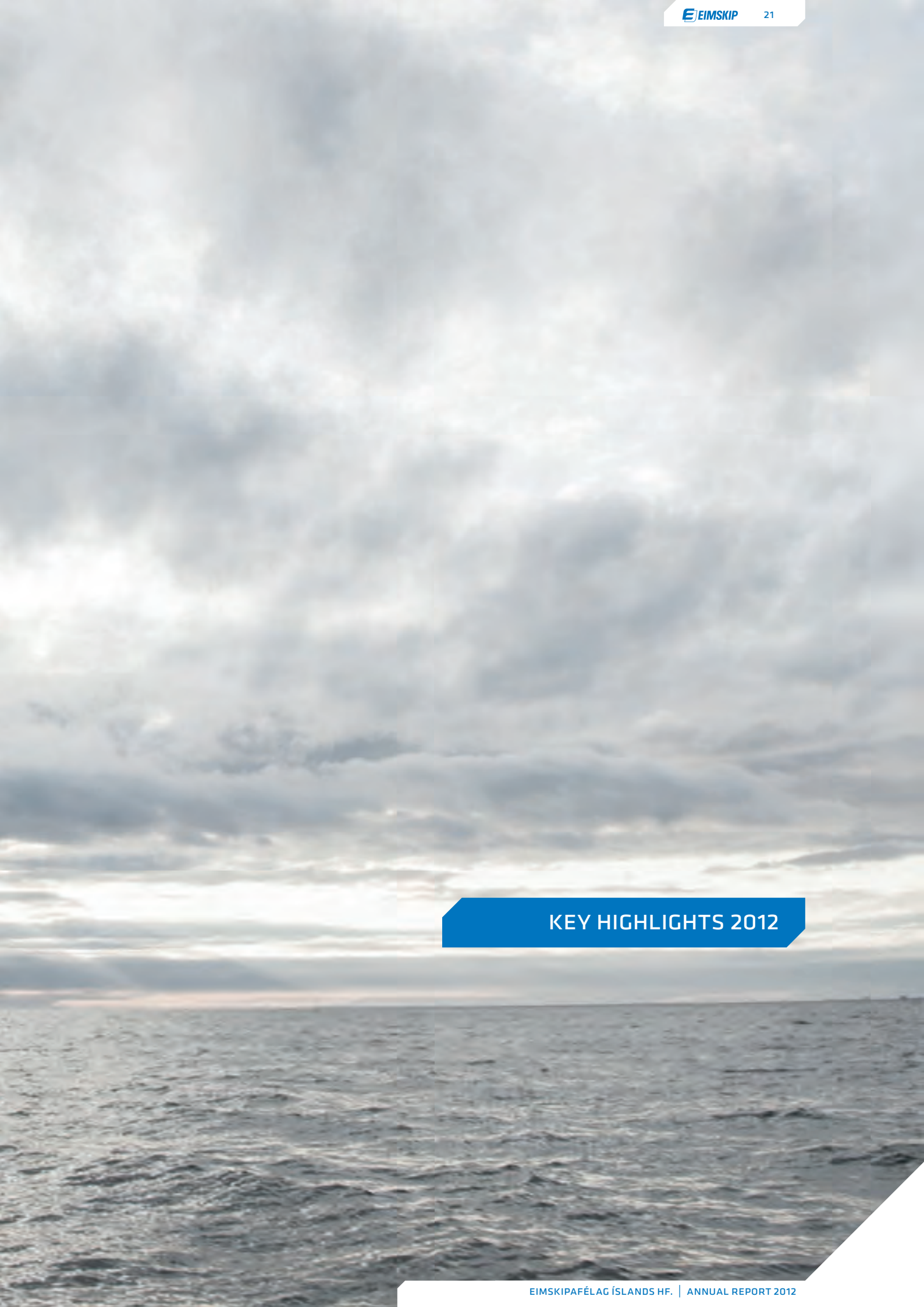
Eimskip recognizes the value of transparent and open communication with the Company's stakeholders, consistent with commercial confidentiality and regulatory considerations. Stakeholders include investors, employees, customers, suppliers, media, local communities and authorities.

The Board issued an IR Policy in November 2012 which outlines the objectives and processes for effective communication between Eimskip and its various audiences. The IR Policy is available on www.eimskip.is.

OTHER SHAREHOLDER INFORMATION

Eimskip's Investor Relations website, www.eimskip.is/investors, provides information for investors, market participants and others. The website contains information, such as the Company's Prospectus which was published in October 2012, news and announcements, a general presentation on Eimskip, information about the shares and the Company's analysts, financial reports and presentations, the financial calendar and information about investor contacts.

BASF
DETTIFOSS



KEY HIGHLIGHTS 2012

KEY FIGURES

Consolidated figures in EUR thousand

CONSOLIDATED STATEMENT OF INCOME	Q4 2012	Q4 2011	CHANGE	2012	2011	CHANGE
Operating revenue	105,508	100,137	5.4%	414,330	384,727	7.7%
Operating expenses	99,221	91,544	8.4%	378,162	341,572	10.7%
Operating profit (EBITDA)	**6,287**	**8,593**	**(26.8%)**	**36,168**	**43,155**	**(16.2%)**
Depreciation and amortization	(6,118)	(5,227)	17.0%	(22,436)	(23,223)	(3.4%)
Results from operating activities (EBIT)	**169**	**3,366**	**(95.0%)**	**13,732**	**19,932**	**(31.1%)**
Net finance expense	(1,049)	(1,157)	(9.3%)	(2,983)	(3,709)	(19.6%)
Net earnings (loss) before income tax	**(880)**	**2,209**	**(139.8%)**	**10,749**	**16,223**	**(33.7%)**
Income tax	(113)	(1,594)	(92.9%)	1,982	(3,078)	(164.4%)
Net earnings (loss) for the period	**(993)**	**615**	**(261.5%)**	**12,731**	**13,145**	**(3.1%)**
Adjusted for one-off items:						
Operating revenue	105,508	100,137	5,4%	414,330	378,337	9.5%
EBITDA	**10,202**	**8,593**	**18,7%**	**40,764**	**37,465**	**8.8%**
EBIT	**4,084**	**3,366**	**21,3%**	**18,328**	**14,242**	**28.7%**
Sales growth	5.4%	14.6%		9.5%	3.6%	
EBITDA / Sales	9.7%	8.6%		9.8%	9.9%	
EBIT / Sales	3.9%	3.4%		4.4%	3.8%	
Net debt / LTM EBITDA	0.54	0.50		0.54	0.50	

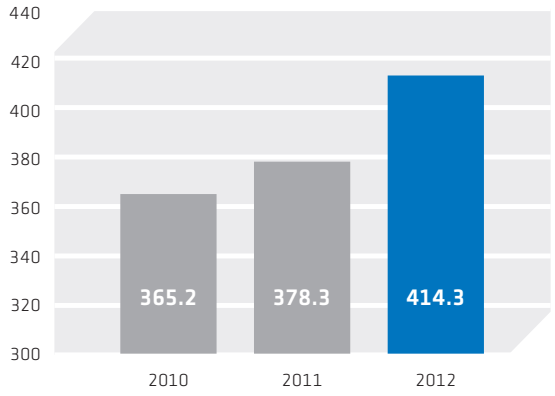
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	31.12.2012	31.12.2011	CHANGE	31.12.2012	31.12.2011	CHANGE
Assets	**313,281**	**283,224**	**10.6%**	**313,281**	**283,224**	**10.6%**
Non-current assets	209,723	176,946	18.5%	209,723	176,946	18.5%
Equity	**199,599**	**176,509**	**13.1%**	**199,599**	**176,509**	**13.1%**
Liabilities	**113,682**	**106,715**	**6.5%**	**113,682**	**106,715**	**6.5%**
Net debt	21,950	18,689	17.4%	21,950	18,689	17.4%
Tangible assets / Total assets	93.7%	93.5%		93.7%	93.5%	
Equity ratio	63.7%	62.3%		63.7%	62.3%	

CONSOLIDATED STATEMENT OF CASH FLOWS	Q4 2012	Q4 2011	CHANGE	2012	2011	CHANGE
Net cash from operating activities	12,749	13,257	(3.8%)	36,872	27,226	35.4%
Net cash used in investing activities	(8,430)	(3,683)	128.9%	(39,188)	(22,577)	73.6%
Net cash from (used in) financing activities	4,107	(3,418)	(220.2%)	(4,369)	(11,495)	(62.0%)
Increase (decrease) in cash and cash equivalents	**8,426**	**6,156**	**36.9%**	**(6,685)**	**(6,846)**	**(2.4%)**
Effects of exchange rate fluctuations on cash held	62	329	(81.2%)	472	30	–
Cash and cash equivalents at the end of period	**37,304**	**43,517**	**(14.3%)**	**37,304**	**43,517**	**(14.3%)**

KEY RATIOS

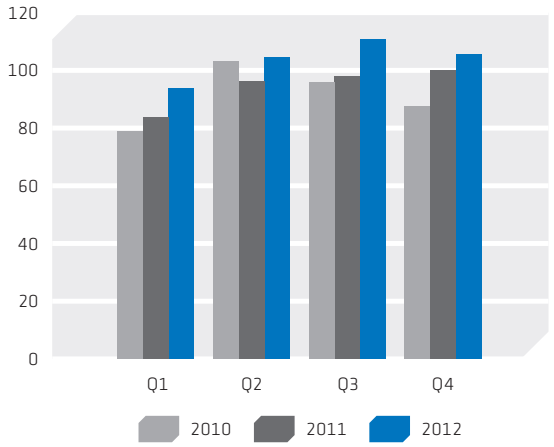
OPERATING REVENUE

Adjusted for one-off items*
EUR million



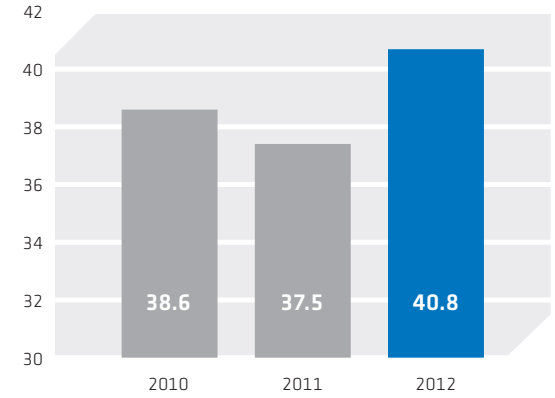
OPERATING REVENUE BY QUARTERS

Adjusted for one-off items*
EUR million



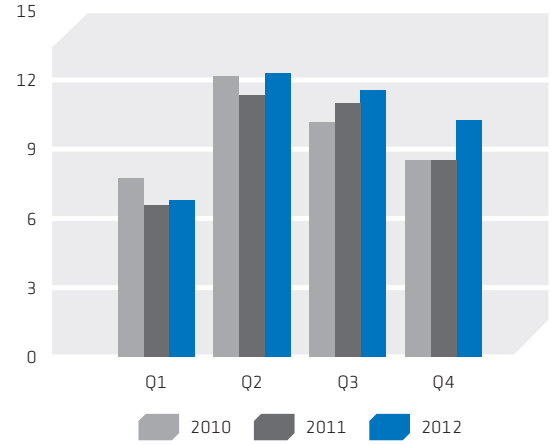
EBITDA

Adjusted for one-off items*
EUR million



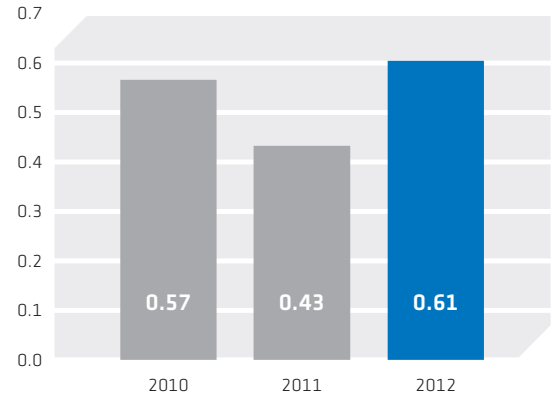
EBITDA BY QUARTERS

Adjusted for one-off items*
EUR million



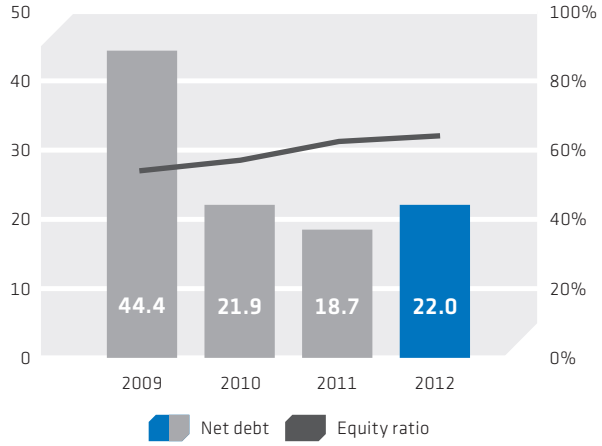
*In the graphs above, operating revenue and EBITDA have been adjusted for one-off items. Operating revenue and EBITDA were reduced by EUR 6.4 million in first quarter 2011 due to a claim that had previously been written off. EBITDA was increased by EUR 0.7 million in second quarter 2011 due to a grounding of Godafoss. In 2012 EBITDA was increased by EUR 0.7 million in third quarter and EUR 1.0 million in fourth quarter due to expenses related to the Company's listing on NASDAQ OMX Iceland. EBITDA in fourth quarter was further increased by EUR 2.9 million due to non-cash expense related to forfeiture of stock options.

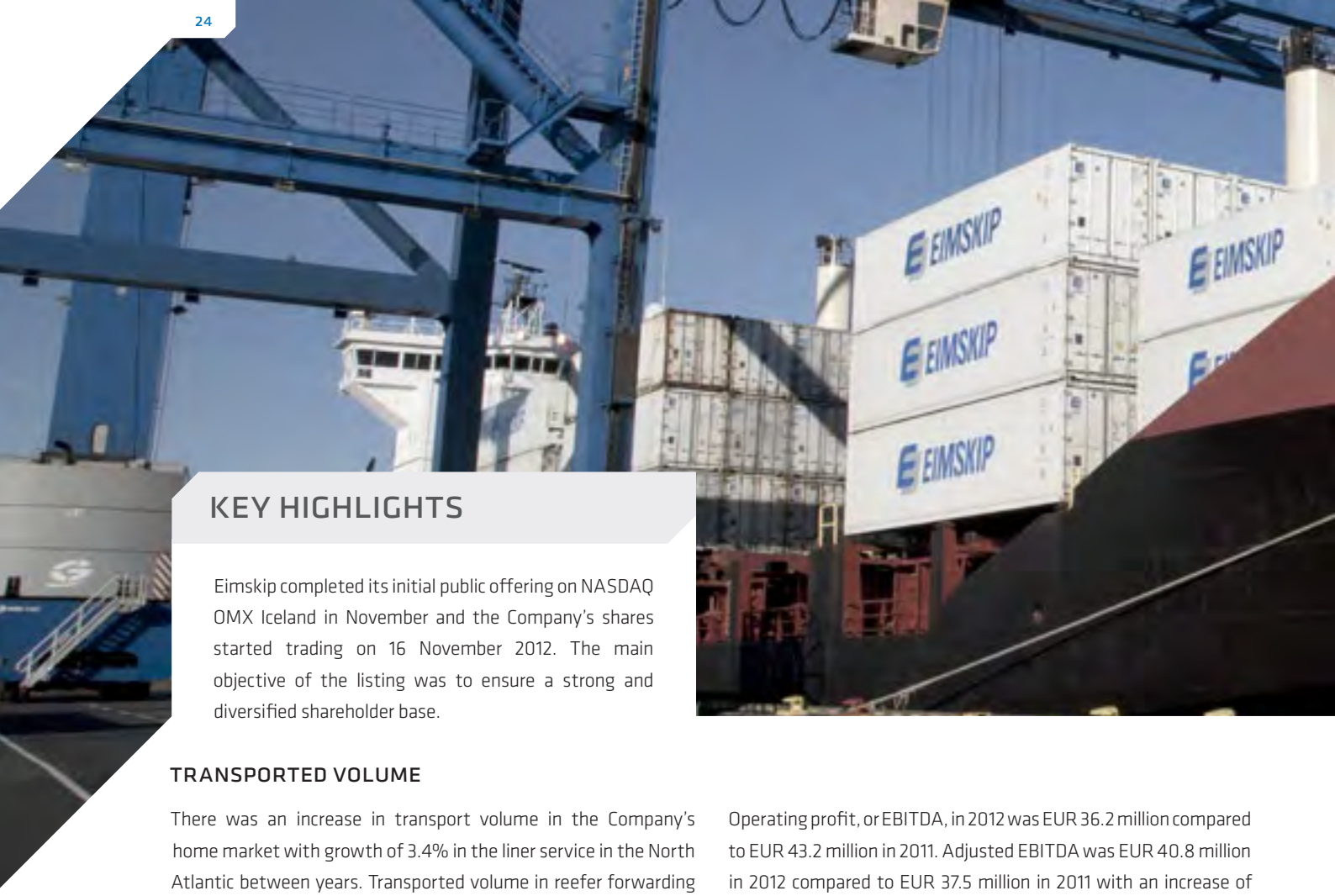
NET DEBT / EBITDA



NET DEBT AND EQUITY RATIO

EUR million





KEY HIGHLIGHTS

Eimskip completed its initial public offering on NASDAQ OMX Iceland in November and the Company's shares started trading on 16 November 2012. The main objective of the listing was to ensure a strong and diversified shareholder base.

TRANSPORTED VOLUME

There was an increase in transport volume in the Company's home market with growth of 3.4% in the liner service in the North Atlantic between years. Transported volume in reefer forwarding services decreased however, by 0.6% from previous year, mainly due to fluctuations in transported volumes of fruit and vegetable to Europe from the Company's markets in Asia. Despite reduction in volume, revenues have increased due to increased prices in sea freight in international markets.

OPERATIONAL RESULTS

In 2011 and 2012 a total of four one-off items affected operational results and comparison between years. In 2011, one-off items include a revenue item in the amount of EUR 6.4 million, which is a collected claim that had previously been written off, and cost of EUR 0.7 million related to the grounding of the vessel Godafoss in February 2011. The 2012 one-off items include EUR 1.7 million cost of the Company's listing on NASDAQ OMX Iceland and EUR 2.9 million non-cash expense related to the forfeiture of stock options by the Company's executive management in order to secure the progress of the listing of the Company.

Operating revenue in 2012 amounted to EUR 414.3 million compared to EUR 384.7 in 2011, corresponding to a 7.7% increase between years or 9.5% after adjusting for the one-off revenue item. Around 72% of operating revenue came from the liner services segment while 28% were related to forwarding services. In both 2011 and 2012 approximately 49% of operating revenue was related to Iceland.

Operating profit, or EBITDA, in 2012 was EUR 36.2 million compared to EUR 43.2 million in 2011. Adjusted EBITDA was EUR 40.8 million in 2012 compared to EUR 37.5 million in 2011 with an increase of EUR 3.3 million, or 8.8%, between years. The EBITDA ratio was 9.8% in 2012 compared to 9.9% in 2011. Results from operating activities, or EBIT, for 2012 amounted to EUR 13.7 million compared to EUR 19.9 million in the previous year. Adjusted EBIT was 18.3 million which was an increase of EUR 4.1 million or 28.7%. The EBIT ratio was 4.4% in 2012 compared to 3.8% in 2011. Unadjusted net earnings for the year amounted to EUR 12.7 million compared to EUR 13.1 million in 2011.

FINANCIAL POSITION AND INVESTMENTS

Eimskip's balance sheet at the end of 2012 was solid with low leverage and a high equity ratio. The Company's assets amounted to EUR 313.3 million compared to EUR 283.2 million at the end of 2011. Investments in non-current assets in 2012 amounted to EUR 50.5 million, of which EUR 26.4 million was invested in vessels, EUR 4.2 million in real estate and EUR 19.9 million in containers and other equipment. Net cash used in investing activities was EUR 39.2 million, but net investments total amounted to EUR 48.1 million, including new long-term borrowing of EUR 8.9 million related to investments. The Company invested in three reefer vessels in February 2012 that had been on charter since 2005. The investment further strengthens and secures the Company's liner services in the North Atlantic, especially in the vessels' services for the seafood industry in Norway. The two new container vessels

that are currently being built in China will strengthen the Company's sailing system and its services in the coming years. In December 2012 Eimskip sold the vessel Írafoss which was the smallest one in the Company's operation.

Cash and cash equivalents amounted to EUR 37.3 million at year-end and decreased by EUR 6.7 million from the end of 2011, which reflects in investments.

Equity amounted to EUR 199.6 million at the end of the year compared to EUR 176.5 million at the end of 2011 and the equity ratio increased from 62.3% to 63.7% between years.

Interest-bearing debt amounted to EUR 59.3 million at the end of the year compared to EUR 62.2 million at the end of 2011 and net debt was EUR 22.0 million at year-end compared to EUR 18.7 million at year-end 2011.

Net cash from operating activities amounted to EUR 36.9 million compared to EUR 27.2 million in 2011.

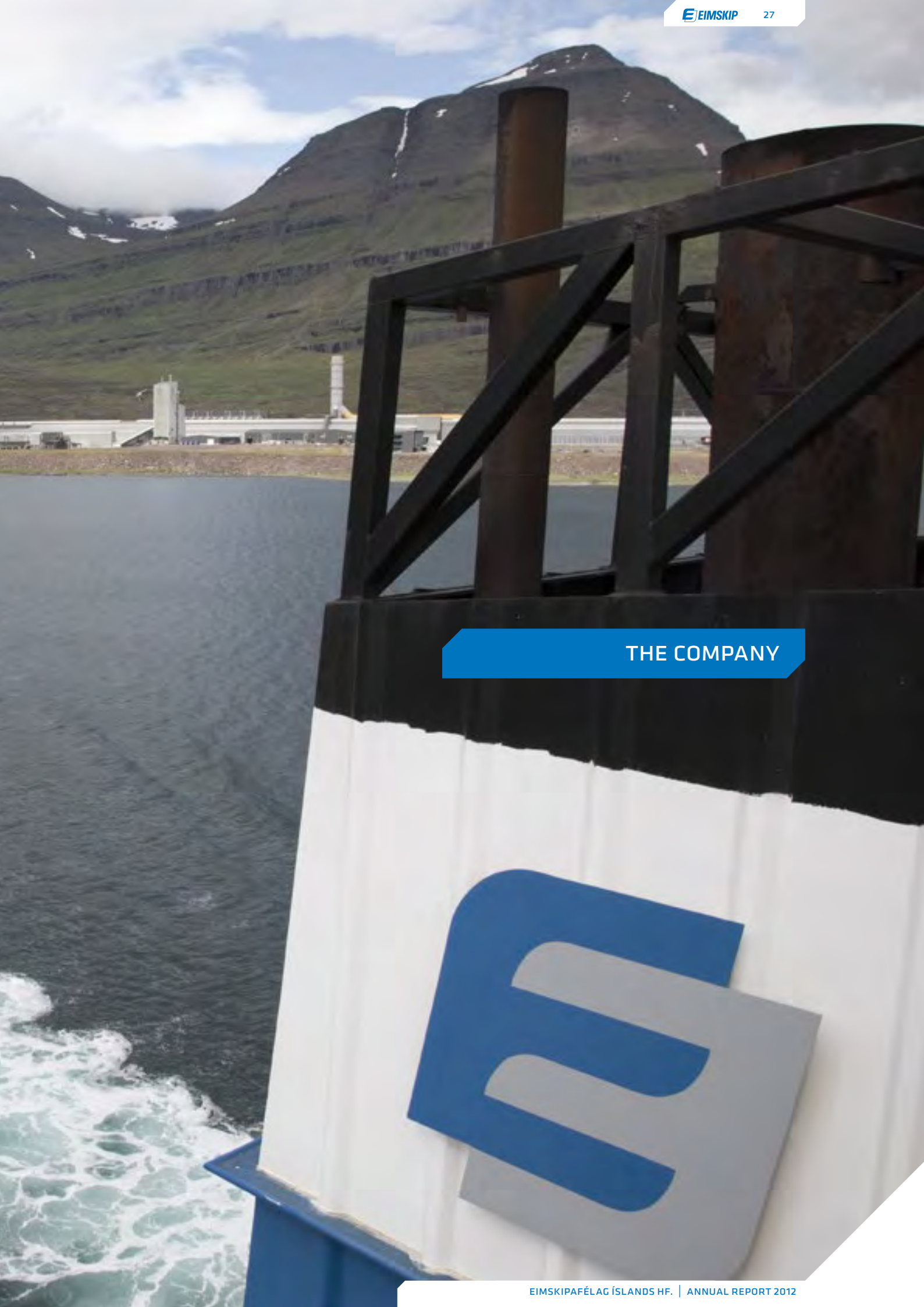
NEW SAILING SCHEDULE AND SERVICES

In 2012 Eimskip prepared changes in its sailing schedule which aim at widening the system in the North Atlantic by increasing number of port calls and adding a vessel to the liner services fleet. The changes were made in March 2013. The main changes are bi-weekly services from Portland, Maine in the US, connecting Newfoundland, Iceland and Northern Norway and weekly coastal services around Iceland, connecting the Faroe Islands, Scotland and mainland Europe. Eimskip is also serving Poland for the first time with a port call at Swinoujscie and is adding port calls at Klaksvik and Vágur in the Faroe Islands. Finally the last material change is to add a reefer vessel to the liner services in Northern Norway to be able to call at Murmansk in Russia on a biweekly basis. As a part of these changes Eimskip opened an office in Gdynia in Poland in March 2013, further strengthening its services in the Baltic.

In 2012 the Company continued focusing on strengthening and expanding its operations in the North Atlantic, especially related to possible sailings in the Arctic and projects and services related to heavy industry, oil and mining. In 2012 Eimskip opened an office in Thailand, strengthening its forwarding services network.

Eimskip implemented a new and advanced app which gives customers the opportunity to access real-time information about shipments via smartphone. The app is user-friendly and also gives information about vessel locations, the sailing schedule and liner routes, and information on the Company's main services. This app complements the Company's web ePort, where customers can receive information about their shipments, look up information and send in their shipment instructions. In January 2013 Eimskip launched a new online service called eBOX, a special product for smaller shipments from Europe to Iceland with simplified pricing.

eBOX ePORT



THE COMPANY

APM TERMINALS
07
EIMSKIP
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07

THE COMPANY

Eimskip traces its roots back to 1914 when H.F. Eimskipafélag Íslands was founded with almost 17% of the Icelandic nation as shareholders.

The Company's vision is to be a leading transportation company, providing outstanding services through a dependable transport system in the North Atlantic and an extensive worldwide reefer logistics services.

Eimskip's tasks for stakeholders are to:

- Secure a good return for **shareholders** with sustainable and profitable operations leading to healthy growth.
- Create opportunities for **employees** to develop their skills in a good and healthy working environment with Eimskip's values as their guiding light.
- Show concern for the **environment** with special emphasis on activities related to the environment, security and social responsibility.
- Create value for **customers** by delivering optimal logistics solutions focused on outstanding levels of service, quality and reliability.

Eimskip's employees reflect the Company's values in their daily work:

Eimskip's values are ACT: **Achievement – Co-operation – Trust**

Eimskip's transportation services include shipping, port operations, ocean and land transport, airfreight, warehousing, freight forwarding and expert advice on shipping and logistics. Eimskip currently operates 51 offices in 18 countries and has 67 associates in 37 countries. The Company operates 16 vessels sailing on five different routes in the North Atlantic area. Eimskip employs around 1,330 people, 770 of whom are located in Iceland.

Eimskip has a strong position in its home market, defined as Iceland, the Faroe Islands, Norway and Newfoundland. Eimskip is the only containerized liner company offering direct services between Newfoundland and Nova Scotia and Europe and USA, and between Northern Norway and the east coast of North America, connecting all these areas with one comprehensive sailing schedule. The Company focuses on serving the North Atlantic with focus on its home market.

Eimskip specializes in shipping, logistics and supply-chain management and offers its customers solutions on both sea and land with special emphasis on the handling and storing of all types of temperature-controlled cargo, frozen or chilled. Principal cargoes are frozen, salted and fresh fish, aluminum, and a wide range of general goods from heavy machinery to fruit and vegetables. Eimskip has through the years built a network that links to its own shipping network, allowing it to provide its customers with comprehensive logistics services.

Eimskipafélag Íslands hf. owns nine direct subsidiaries, all of which are fully owned by Eimskip with one exception. These direct subsidiaries further own 40 subsidiaries which are mostly 100% owned entities.

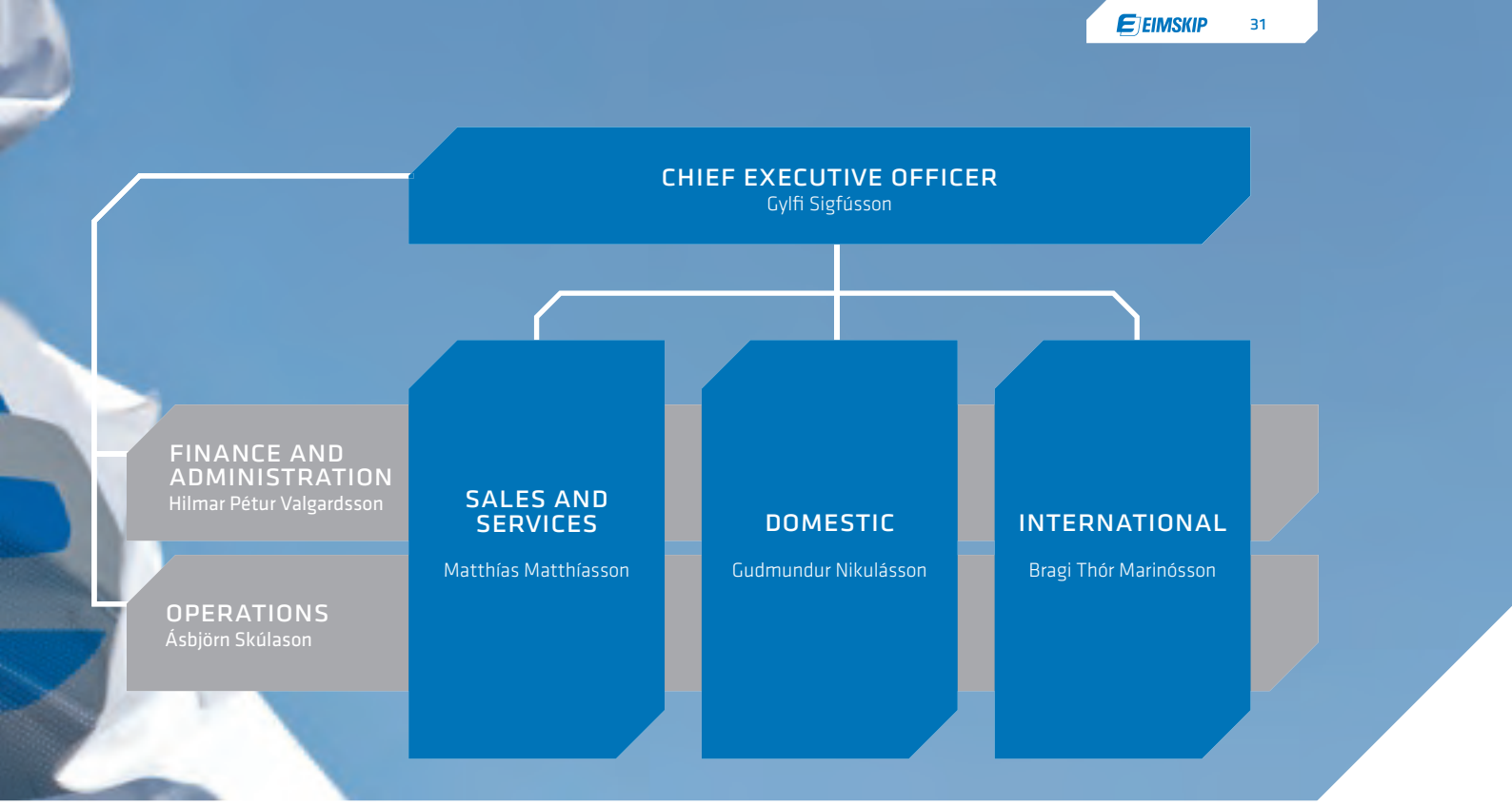
The executive management of Eimskip consists of the Chief Executive Officer, the Chief Financial Officer and the Directors of International, Iceland Domestic, Liner and Vessels Operations and Sales and Services. All the executives have extensive experience within the Company.

ORGANIZATION

Gylfi Sigfússon, Chief Executive Officer, was born in 1961. He has worked for Eimskip and related companies since 1990. Gylfi held the position of CEO of Eimskip USA, Eimskip Logistics and Eimskip Canada from 2006 to 2008, overseeing all of Eimskip's transport operations in USA and Canada. Gylfi was the CEO of Eimskip Logistics in USA from 2000 to 2006. He was an EVP of Ambrosio Shipping in USA from 1996 to 2000 and an EVP of marketing and operations at Tollvörugeymslan hf., now TVG-Zimsen ehf., from 1990 to 1996. Gylfi is currently CEO of A1988 hf., a board member of A Tango ehf. and A Orange ehf. He is a board member or CEO, or both, of various subsidiaries of Eimskipafélag Íslands hf. Gylfi is a board member of the Iceland Chamber of Commerce, the American-Icelandic Chamber of Commerce, the Icelandic-Canadian Chamber of Commerce and the Greenland-Icelandic Chamber of Commerce. Gylfi holds a Cand.Oecon. degree from the University of Iceland from 1990.

Hilmar Pétur Valgardsson, Chief Financial Officer, was born in 1973. He has worked for Eimskip since 1999 and as CFO from 2009. Before that Hilmar worked as Chief Financial Officer of HF. Eimskipafélag Íslands hf., now A1988 hf., from 2008 to 2009. He was CFO of Containerships Ltd. OY in Finland from 2006 to 2008 and Senior Manager in the Financial Control department of Eimskip 2004 to 2006. Hilmar is currently a board member and CEO of A Tango ehf. and A Orange ehf. and is a board member of various subsidiaries of Eimskipafélag Íslands hf. Before, Hilmar was a board member of Containerships UAB, Containership UAB, Containerships Polska, Air Atlanta Properties Ltd., Air Atlanta Aero Engineering Ltd., Vátryggingafélag Íslands hf. and Líftryggingafélag Íslands hf. Hilmar received a Cand.Oecon. degree from the University of Iceland in 1999.

Bragi Thór Marinósson, Executive Vice President International, was born in 1965. He has worked for Eimskip since 1993. Bragi has been EVP of Eimskip International since 2008, before which he was EVP of Eimskip North Atlantic from 2006 to 2008, EVP International from 2004 to 2006, MD of Eimskip Nederland BV from 1999 to 2004, Senior Manager International from 1997 to 1999, Eimskip's Quality Manager from 1995 to 1997 and a Representative International from 1993 to 1995. Bragi is currently a board member of various subsidiaries of Eimskipafélag Íslands hf. Bragi received a Master's degree in Industrial Engineering from the Technical University of Denmark in 1993 and a B.Sc. degree in Mechanical Engineering from the University of Iceland in 1991.

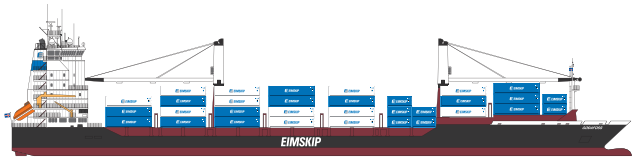


Gudmundur Nikulásson, Vice President of Iceland Domestic, was born in 1961. He has worked for Eimskip since 1997. Gudmundur has been VP of Eimskip Domestic from 2005. Before that he served as Senior Manager of Eimskip's terminal operation from 1997 to 2005. Gudmundur held the position of Chief Engineer for the City of Reykjavík from 1991 to 1997. From 1987 to 1991 he was a Consulting Engineer at Hnit hf. Gudmundur is currently a board member of two subsidiaries of Eimskipafélag Íslands hf. In 1987 Gudmundur received a Civ.Ing. degree (M.Sc.) in Engineering from the Technical University of Denmark in Copenhagen. He received a B.Sc. degree in Constructional Engineering from the University of Iceland in 1985.

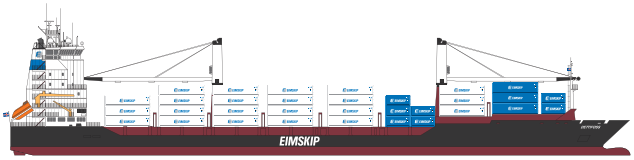
Ásbjörn Skúlason, Vice President of Liner and Vessels Operations, was born in 1955. He has worked for Eimskip since 1969. Ásbjörn has been the VP of Liner and Vessels Operations since 2008. Before that he served as Senior Manager of the Liner and Vessels production Department from 2004 to 2008, Senior Manager of the Bulk Department from 1998 to 2004, Operational Manager of Longship, a former UK based subsidiary of Eimskip, from 1996 to 1998, Senior Manager of Vessels' Technical Department from 1990 to 1996 and Crew Manager from 1980 to 1992. Other experience within Eimskip includes being a terminal worker, an AB seaman and a deck officer on Eimskip's vessels from 1969 to 1980. Ásbjörn holds a Master's certificate on all cargo vessels from the Navigational School of Reykjavík from 1979 and received a commercial Diploma from the Commercial College of Iceland in 1973.

Matthías Matthíasson, VP of Sales and Services, was born in 1966. He worked for Eimskip from 1983 to 2004 and again from 2009. Matthías has been VP of Sales and Services since 2009. Before that he was VP of Special Projects and MD of Eimskip Germany in 2009, MD of Komatsu Denmark from 2004 to 2009, MD of Eimskip UK from 2003 to 2004 and Senior Manager of Eimskip's Export department from 2001 to 2003. He was Senior Manager of Eimskip's Vehicles, Equipment and Special Projects from 2000 to 2001, Key Accounts Manager of Eimskip International Sales and Services from 1997 to 2000 and a sales representative of Eimskip's Import department from 1993 to 1997. Matthías studied education in Hedmark University in Norway from 1993 to 1996.

BLUE LINE
Iceland, Faroe Islands, The Netherlands, Poland, Sweden, Norway, Denmark, Faroe Islands, Iceland

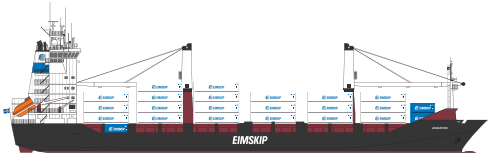


Godafoss O
Built 1995
TEU 1,457
Gross Tonnage 14,664

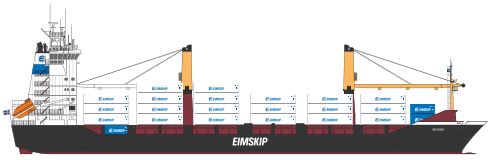


Dettifoss O
Built 1995
TEU 1,457
Gross Tonnage 14,664

YELLOW LINE
Iceland, Faroe Islands, England, The Netherlands, Germany, England, Iceland

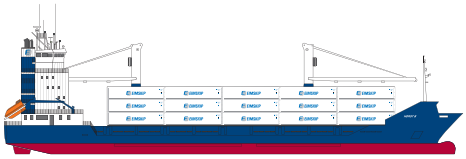


Brúarfoss O
Built 1992
TEU 724
Gross Tonnage 7,676

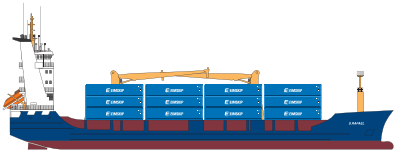


Selfoss O
Built 1991
TEU 724
Gross Tonnage 7,676

RED LINE
Iceland, Faroe Islands, Scotland, The Netherlands, Iceland

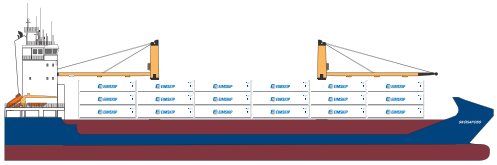


Horst B C
Built 1994
TEU 703
Gross Tonnage 6,297

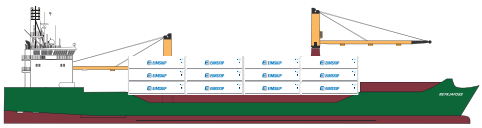


S. Rafael C
Built 2000
TEU 501
Gross Tonnage 4,454

GREEN LINE
Norway, Iceland, Newfoundland, Nova Scotia, United States, Newfoundland, Iceland



Skógafoss C
Built 2007
TEU 698
Gross Tonnage 7,545



Reykjafoss C
Built 1999
TEU 712
Gross Tonnage 7,589

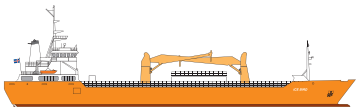
O Own Vessel C Chartered Vessel

OPERATIONS

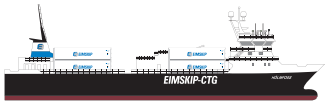
Eimskip's operations are divided into two principal market segments: liner services in the North Atlantic and forwarding services, mainly in Asia, Europe and North America.

In 2012 around 72% of Eimskip's revenues came from liner services and 28% from forwarding services.

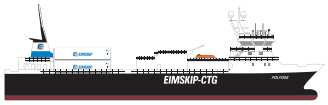
BROWN LINE
Russia, Norway, The Netherlands, England, Scotland, Norway



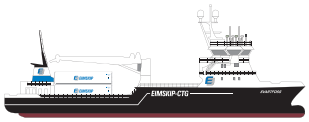
Ice Bird O
Built 1990
Reefer (bulk)
Gross Tonnage 3,625



Hólmfoss O
Built 2007
Reefer (bulk/TEU 24)
Gross Tonnage 3,538

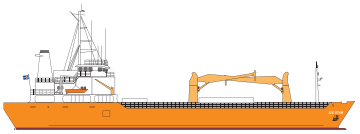


Pólfoss O
Built 2008
Reefer (bulk/TEU 24)
Gross Tonnage 3,578

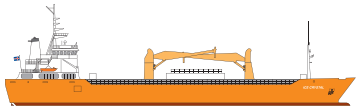


Svartfoss O
Built 2005
Reefer (bulk/TEU 48)
Gross Tonnage 2,990

OTHER OPERATIONS
North Atlantic



Ice Star O
Built 1990
Reefer (bulk)
Gross Tonnage 3,625



Ice Crystal O
Built 1991
Reefer (bulk)
Gross Tonnage 3,625

Laxfoss O
Built 1995
Bulk Cargo
Gross Tonnage 1,682

Herjólfur C
Built 1992
Ferry
Gross Tonnage 3,354

LINER SERVICES

Eimskip's liner services include twelve vessels in liner services, short sea services in Europe and North America, Trans-Atlantic services and bulk transport. Liner services also include port operations, chilled and cold storage facilities, warehousing, trucking and distribution, airfreight services and agency services.

The Company's reefer vessels services are focused on transportation of frozen or chilled seafood and other perishable products in bulk service direct from port to port, either full or part loads of frozen or chilled consignments. To execute this service, Eimskip offers specialized reefer vessels. The vessels connect Europe and Scandinavia to the North Atlantic, Russia, Poland and the Baltic.

Sailing Schedule

Eimskip operates a sailing schedule in the North Atlantic with twelve vessels serving on five different sailing routes. Weekly services are scheduled with two sailing routes, the Blue line and the Yellow line, between Iceland, the Faroe Islands, Scandinavia and mainland Europe. A new weekly coastal route in Iceland, the Red line, connects Iceland with the Faroe Islands, UK and mainland Europe. A fortnightly container service between Norway, Iceland and North America is operated with the Green line. Finally, biweekly services are offered with the Brown line between Murmansk in Russia along the Norwegian coast to the Netherlands and the UK.

Eimskip offers specialized transport for bulk cargo in whole loads or according to the needs of its customers. When shipping bulk cargo there are no set schedules or sailing routes since the best way to ship such cargo is based on the nature and quantity of the cargo.

Vessels

Eimskip currently operates 16 vessels, of which twelve are for scheduled services, two for spot services, one for bulk cargo and one is a ferry. Eleven of the vessels are owned and five are chartered. The Company's vessels are specially built in relation to size, cranes, reefer plugs, low draft and good maneuvering capabilities to enter narrow ports.

Eimskip constantly re-evaluates its vessel fleet with the aim of optimizing the Company's operational efficiency.

Eimskip's vessels are operated on the different sailing routes as shown on the left.

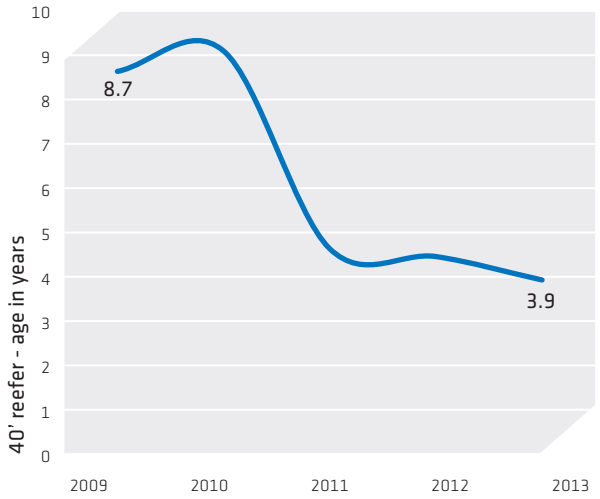
Other Operating Assets

The Company operates eight container ports in four countries, five in Iceland and one each in the Faroe Islands, Norway and Newfoundland.

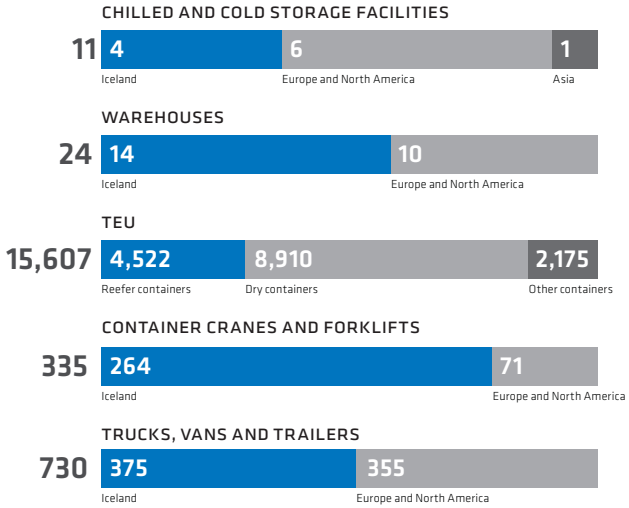
Eimskip owns or operates eleven chilled and cold storage facilities in six countries, four in Iceland, two in the Faroe Islands and Norway and one in Sweden, Newfoundland and China. Eimskip also operates a total of 24 warehouses for dry cargo in eight countries, 14 in Iceland, two in the Faroe Islands, UK and USA and one in Norway, Sweden, Denmark and the Netherlands.

The Company's container fleet consists of around 15,600 TEUs, whereof around 4,500 TEUs are reefer containers.

The graph below shows the average age of Eimskip's fleet of 40 feet reefer containers 2009-2013.



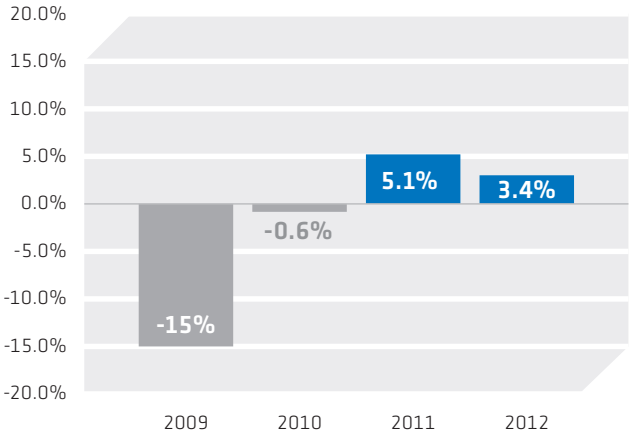
Trucking and distribution services are operated in Iceland, the Faroe Islands, Denmark, the Netherlands and the USA. The Company operates a total of 335 cranes and forklifts and 730 trucks, vans and trailers.



Transported Volume

Following the international financial crisis in 2008 the transport volume decreased significantly in Iceland and the Faroe Islands but growth remained in the Norwegian market. The decrease in Iceland and the Faroe Islands was mainly in general cargo and construction cargo but the volume of exports of fish and aluminum was relatively stable. Volume of seafood tends to have certain stability compared to other cargo, mostly independent of other economic conditions. In Norway, the total allowable groundfish catch has been increasing year by year in recent years and volumes are still growing in that market.

Transported volume in Eimskip's liner system in 2012 increased by 3.4% from the previous year.



The North Atlantic and Eimskip's Home Market

Eimskip defines Iceland, the Faroe Islands, Norway and Newfoundland as its home market in the North Atlantic. This market is served with 16 vessels, whereof twelve are in liner services, one is in bulk services to and from Iceland, two are offering spot services in Norway and one is a ferry.

Seafood represents a substantial part of the total cargo in the Company's home market and in the North Atlantic.

Iceland

The operations of Eimskip in Iceland are located in Reykjavík and in twelve places around the country. The Company's liner system is monitored from Iceland, as is the bulk transport. Five container ports are operated in Iceland, in Reykjavík, Ísafjördur, Akureyri, Reydarfjördur and the Westman Islands. Three chilled and cold storage facilities are operated in Reykjavík and one in Hafnarfjördur. The newest of them, Klettakælir, was opened in October 2012 and is a 450 m² fresh fish center in Sundahöfn in Reykjavík. Fourteen warehouses for dry cargo are operated in Reykjavík and around the country. The largest one is the Warehouse Hotel in Sundahöfn in Reykjavík, which opened in 2003 and has a capacity of 23

thousand pallets. In addition to traditional warehousing services, the Warehouse Hotel offers inventory management and a bonded warehouse. Trucking and distribution services are operated through the trucking network of Flytjandi which has 80 service points located all around the country and offers door-to-door services to customers in Iceland. Eimskip operates the ferry Herjólfur, which offers regular services between the Westman Islands, off the south coast of Iceland, and the mainland. Finally, Eimskip offers airfreight services and all general sales and services related to transportation.

TVG-Zimsen ehf., one of Eimskip's direct subsidiaries, is a forwarding company located in Iceland which offers all types of services related to import and export with a full range of transit services around the world by air, sea or land and agency sevices for cruise vessels in Iceland. The company is affiliated with major transport companies around the world, utilizing their broad service networks as well as the network and production systems of Eimskip. TVG-Zimsen traces its roots back to the Icelandic stevedoring company Jes Zimsen which was established in 1894 and to TVG, the Bonded Warehouse/ Free Zone operation, established in 1965.

Faroe Islands

In the Faroe Islands Eimskip operates the company P/F Faroe Ship which is the oldest and largest transportation company in the country, established in 1919.

The operations and business environment of Faroe Ship is very similar to Iceland. Export consists mainly of seafood products and import of a wide range of commodities. Faroe Ship operates a container port, a chilled and cold storage facility and a warehouse in Torshavn, a chilled and cold storage facility in Klaksvik and a warehouse in Tvöroyri. The company also operates trucking and distribution services, airfreight services and the agency for Eimskip's liner services. Faroe Ship has a leading position in the Faroese transportation market.

Norway

Eimskip's operations in Norway are both through the Company's liner system and forwarding services. In Norway, Eimskip operates in seven locations under the name Eimskip-CTG AS. Eimskip-CTG operates a container port, a chilled and cold storage facility and a warehouse in Sortland and a chilled and cold storage facility in Kirkenes. The Company operates a fleet of specially-built vessels serving the Norwegian market. They are side-loaded and can enter narrow ports. Eimskip-CTG provides flexible and comprehensive services with direct port-to-port transport of full or part loads of chilled or frozen consignments. Biweekly services run from Murmansk in Russia along the Norwegian coast to the Netherlands and the UK and back to Murmansk. The liner agency for Eimskip is in Sortland and Fredrikstad and the reefer logistics are located in Aalesund.

Eimskip-CTG has a strong presence in Northern Norway and is the only containerized operator offering direct services between Northern Norway and North America. This route, the Green line, which started operation in 2011 and connects Northern Norway with other parts of the North Atlantic, creates new opportunities. The Company also serves the oil industry and other industries in Norway.

In March 2012 Eimskip invested in three reefer vessels, the Ice Sisters. Individually the vessels' names are Ice Bird, Ice Crystal and Ice Star. Eimskip had chartered the vessels since 2005 and they have played a key role in the Company's reefer services. Each vessel is 3,625 gross tonnage and they are especially efficient to operate compared to other reefer vessels on the market. With the investment, Eimskip further strengthens the services and reliability of its North Atlantic liner system, particularly its position in the Norwegian market. The vessels' primary operations are in Norway, providing transport services to the Baltic and Russia. They have also been transporting frozen seafood from Iceland, the Faroe Islands and Newfoundland.

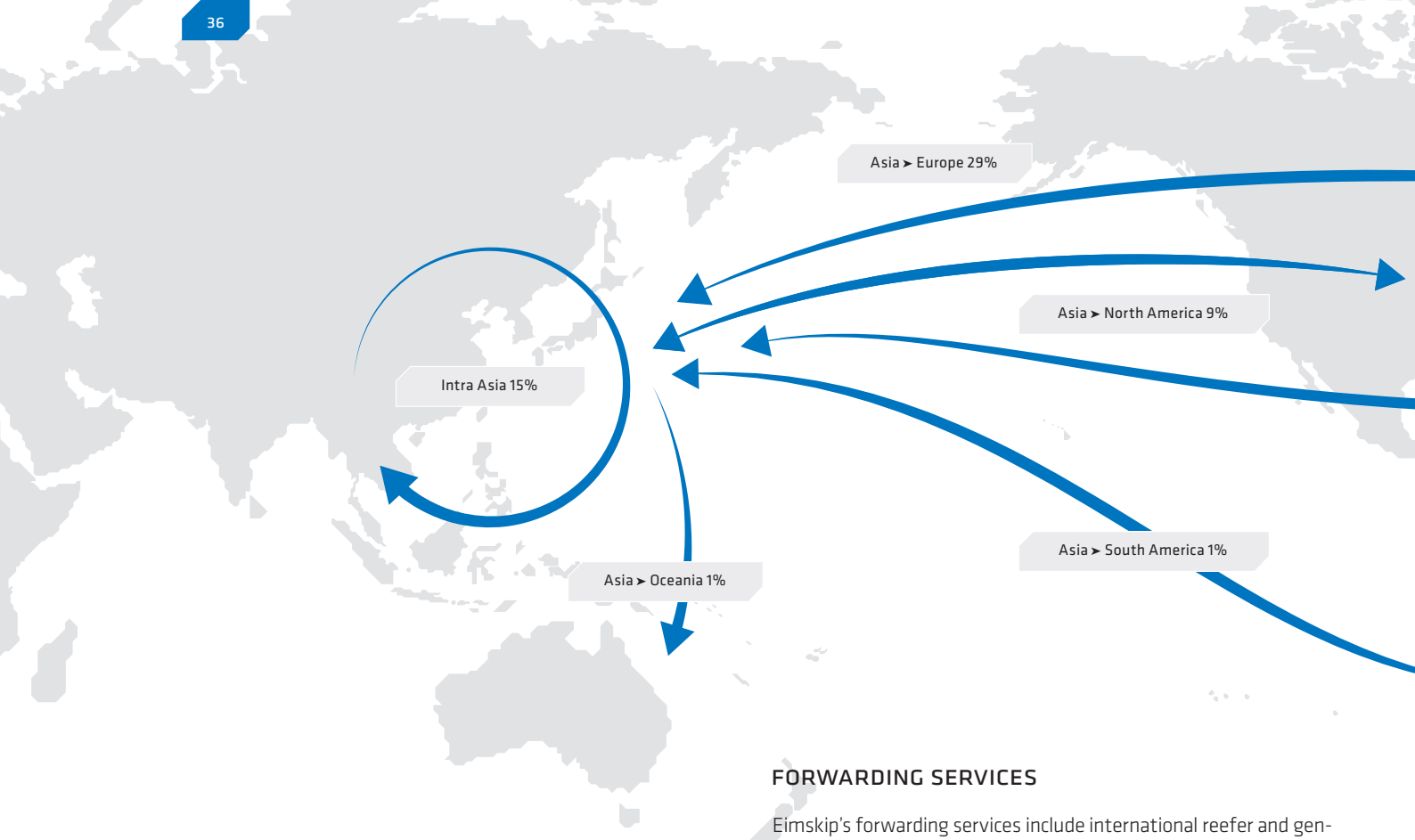
Newfoundland

Eimskip's operations in Newfoundland are both through the Company's liner system and as forwarding services. The operations are located in St. John's in Newfoundland where the Company offers all general logistics services, specializing in seafood and industrial cargo, as well as being responsible for the Eimskip agency. The vessels call at Argentia and St. Antony.

A special focus is on transportation of seafood from Newfoundland, mainly to Europe and Asia. Eimskip is the only containerized shipping company offering direct sailings to Newfoundland to and from Europe and USA.

Newfoundland has seen significant economic growth in recent years. Import to the country from USA, Europe and Asia has increased, mainly related to larger investment projects in the oil, mining and electric power industries.

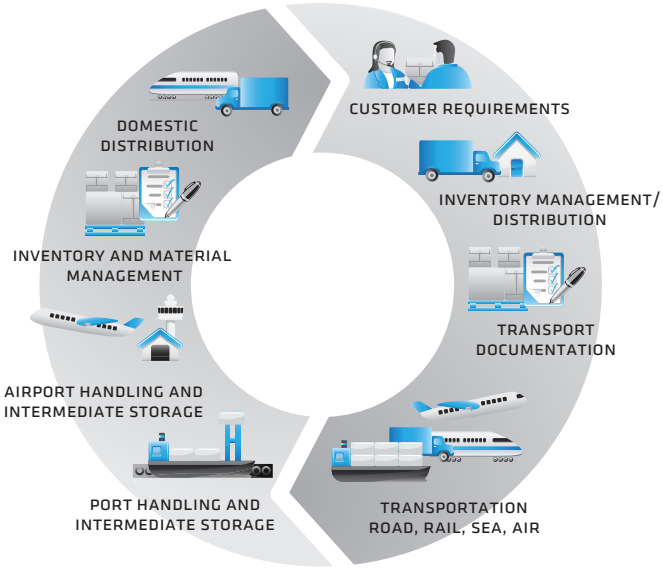
Eimskip holds a 51% share in Harbour Grace Cold Storage Inc. that operates a cold storage facility in Harbour Grace, Newfoundland. The cold storage facility has a capacity of 2,500 tons and the company discharges around 30 thousand tons of frozen fish every year, mainly shrimp.



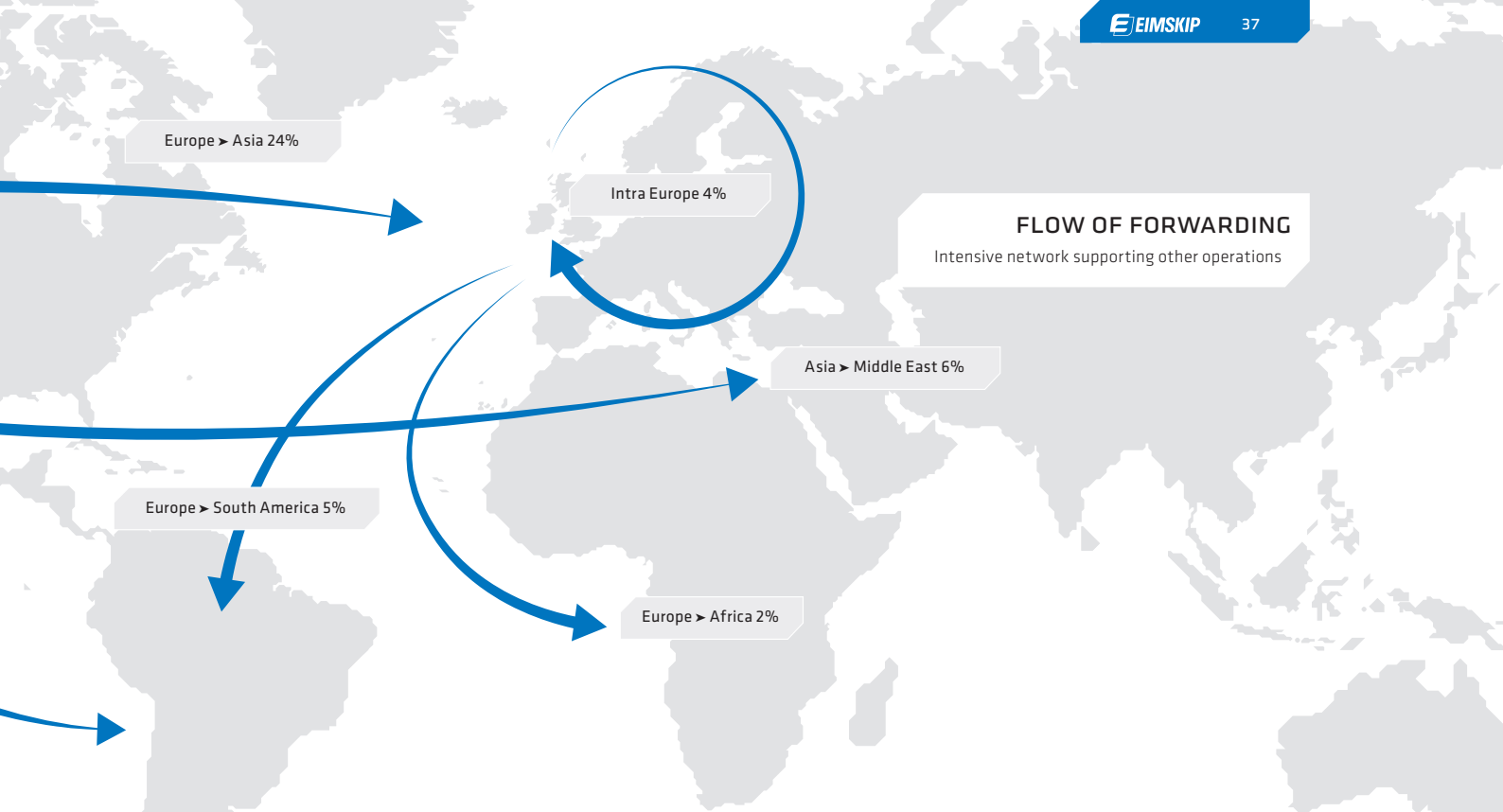
FORWARDING SERVICES

Eimskip's forwarding services include international reefer and general forwarding and are mainly in Asia, Europe and North America. The services in Asia include intra-trade in Asia. Forwarding services accounted for 28% of the Company's consolidated operating revenue in 2012.

The forwarding services are transportation solutions which are outside the Company's own operating system, but still the forwarding services and the liner services support each other. The international forwarding market is diverse and very competitive with many companies offering forwarding services. Eimskip is following its customers in their globalization by creating a service network in co-operation with various transportation companies all over the world. This service network is constantly evolving and attracting new customers. Eimskip has built valuable relationships and acquired extensive knowhow in the reefer forwarding trade through its other operations over the years. The Company focuses on selling forwarding services utilizing its global network, mainly in the reefer sector where seafood products play an important role. The Company is also involved in general forwarding of dry cargo, offering various logistic solutions worldwide. The largest markets in Eimskip's general forwarding are China, the Netherlands and Germany.



Eimskip's forwarding services network consists of 51 own offices and 67 associates in a total of 46 countries in Europe, America, Asia and Africa.



FLOW OF FORWARDING

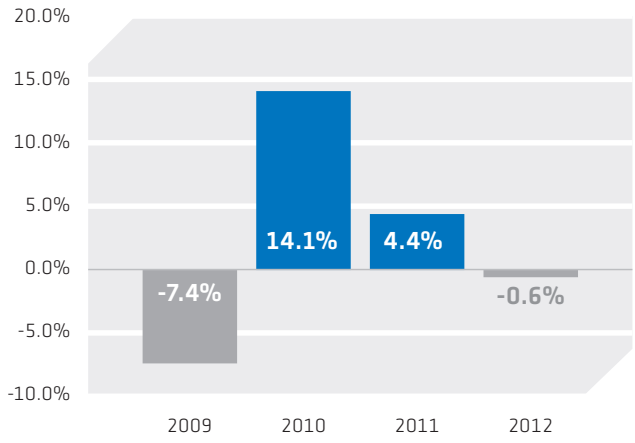
Intensive network supporting other operations

Transported volume

The cargo volume in international forwarding services is dependent on seaborne perishable reefer cargoes in which fish products play the most important role. The volume in reefer forwarding is more stable than in dry forwarding due to the fact that the reefer cargo is less dependent on economical fluctuations since the consumption of food products is usually more stable than that of other products.

Transported volume in Eimskip's reefer forwarding system in 2012 decreased by 0.6% from previous year. The main reason for decrease in volume between 2011 and 2012 is related to drop in transport of fruit and vegetables from China to Europe.

REEFER FORWARDING



51 OWN OFFICES AND 67 ASSOCIATES IN 46 COUNTRIES

SERVICES

OPPORTUNITIES IN INTERNATIONAL TRANSPORTATION

The transportation market in the North Atlantic includes various growth opportunities. The seafood industry of the countries within Eimskip's home market is restricted by catch quotas that are decided annually, which means that when the quotas either increase or decrease this affects the transported volume of seafood from these countries. Increases of quotas in Eimskip's home market therefore create opportunities for the Company. Increasing the market share, for example in Norway, is also feasible. Changed ways of processing fish, including pelagic fish, may also create opportunities in transportation. Other opportunities in the North Atlantic area include projects in relation to oil, aluminum, power, mining and other industries, and the new potential Arctic sailing route. Finally, Eimskip's new sailing schedule offers certain flexibility which may create future opportunities for the Company.

In reefer forwarding, Eimskip has been focusing on transportation of frozen or chilled products, mainly seafood, fruit and vegetables, where fluctuations in consumption are limited. The opportunities are in creating new businesses and entering new markets by growing organically and by opening up new offices either within the North Atlantic or in other market areas.

According to Eimskip's service policy, the Company provides total transportation services where the needs of customers and excellent services are the key focus, based on Eimskip's values of achievement, co-operation and trust.

The service policy is constantly being followed up with special emphasis on further improvements of the Company's service towards customers, such as speed and reliability. The results are measured through regular customer satisfaction surveys. Eimskip's largest customers are being served through key account management while a different group of employees focuses on sales and services to all other customers.

An e-commerce web, called ePort, was implemented three years ago and is still being developed. In Iceland the implementation has been successful and over 90% of the Company's 200 largest customers in Iceland are using the ePort. Implementation of the ePort outside of Iceland has started.

In 2013 Eimskip launched for the first time a new online service called eBOX for smaller shipments with simplified pricing. The eBOX is a user friendly, simple and fast calculator for freight rates for small shipments.

The average time it takes to lift a container on board

120 SEC

The TEU capacity of Eimskip's largest vessels

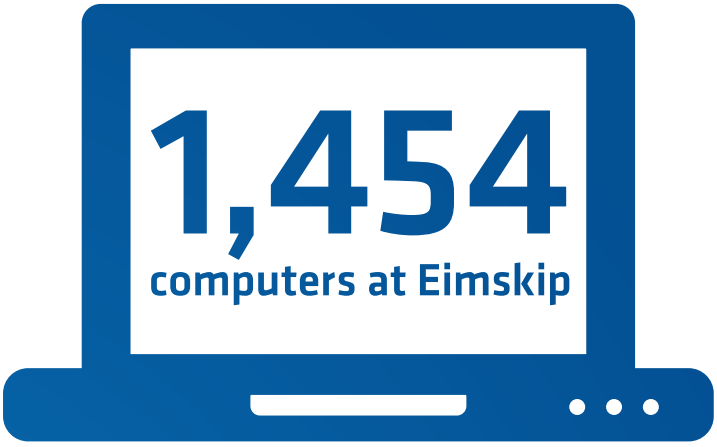
1,457

00:10

Every 10th second, a shipment is managed by Eimskip somewhere in the world

2,974

The number of wheels under Eimskip's vehicles in Iceland

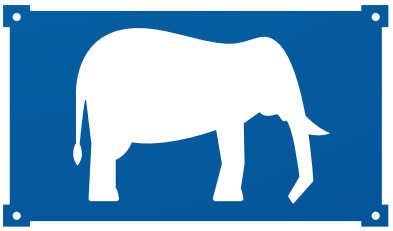


1,454
computers at Eimskip

10.56
US gallons
The amount of paint used to cover a 20ft containter

44

The number of languages spoken at Eimskip around the world



Annually, Eimskip ships around 3,000,000 tons which roughly equals
500,000 elephants

ACHIEVEMENT – CO-OPERATION – TRUST

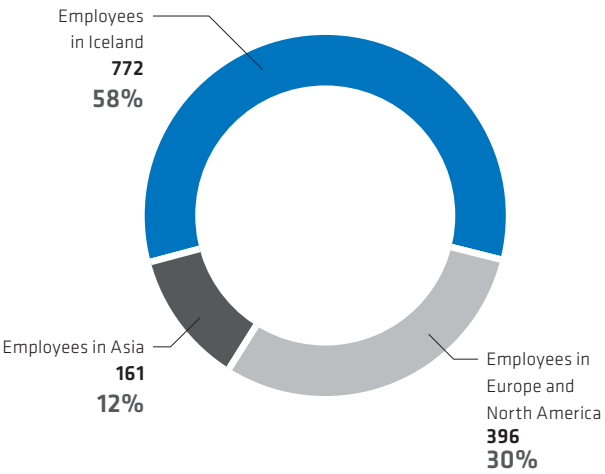
HUMAN RESOURCES

EMPLOYEES

At the beginning of 2010 the Company went through a reviewing process of its values. Despite the decision of maintaining the same values as before it was urgent to regenerate their meaning. The interesting part of the regenerating process is that over 300 employees actually had input in what the values stand for. In an artistic and convenient way the three words, Achievement – Co-operation – Trust, reflect many of the words that employees used when defining what those three words actually meant for them, concluding in simple but meaningful values for employees.

The total number of employees at the end of 2012 was 1,329, of whom 772 were located in Iceland, 396 in Europe and North America and 161 in Asia.

EMPLOYEES BY CONTINENTS



WORKPLACE AND CULTURE

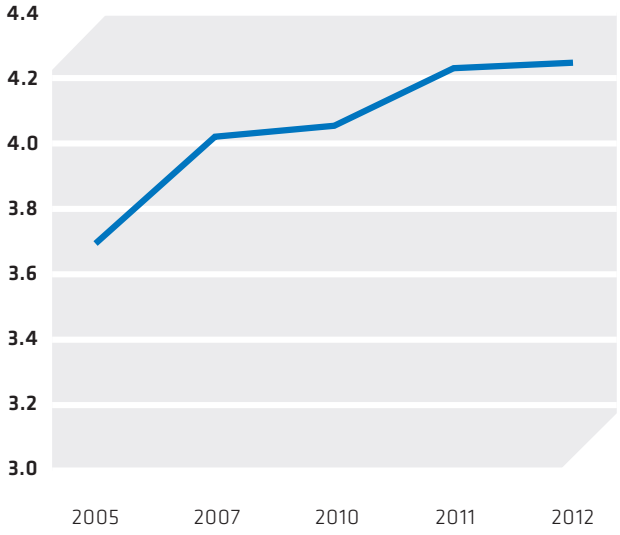
Eimskip's workplace is characterized by a variety of jobs and a strong team that consists of individuals with a variety of education, experience, knowledge and skills. The Eimskip team plays an important role in creating a good and desirable workplace and atmosphere that they can be proud of.

Emphasis is placed on healthy and family friendly environment, equality, mutual flexibility and understanding, competitive terms of employment and constructive feedback on performance. Open information flow and good communication is everyone's responsibility as it is an important factor in keeping a strong team.

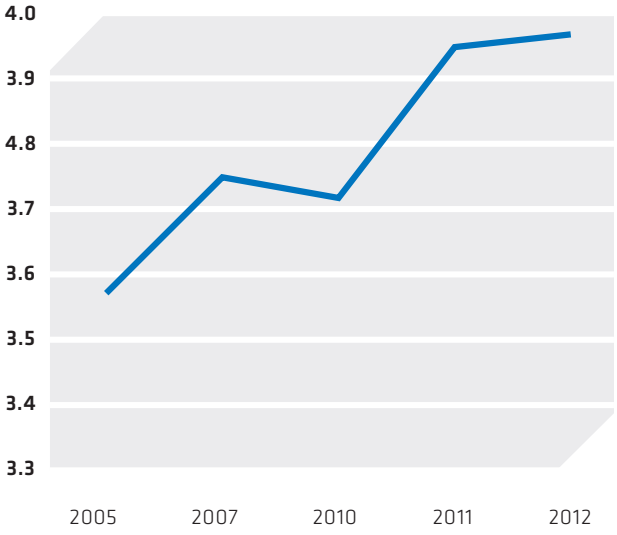
The managing policy of Eimskip regards that the employees are the main resource premise of achievement. Managers aim to bring out the best in every employee and build up a strong team that takes a responsible part in constructing an outstanding working atmosphere.

D5
E2

STEADY GROWTH IN JOB SATISFACTION



EMPLOYEE ENGAGEMENT



JOB SATISFACTION

During the past years Eimskip has participated in an annual employee survey. The survey places emphasis on job satisfaction which is an important factor when predicting customer satisfaction, employee performance, employee turnover and, in the end, the profitability of the Company.

The results for the last few years show annual improvements in several dimensions, such as general job satisfaction, employee engagement and feedback.

Employees participate in changes and constant development of the workplace by taking part in events and using the platforms that are open for new ideas and changing ideas.

For the last three years, an annual strategic meeting has been held in Iceland where employees have the opportunity to gather together, get to know each other, discuss defined topics in groups and come to conclusions, which in all cases has had an effect on decision making in the Company. The experience and feedback from the employees shows that this is a valuable platform, not only for changing ideas but also for better knowledge and creating stronger team spirit.

RECRUITMENT

Eimskip offers a variety of jobs in an international environment. The Company's success depends on the quality of its employees. The recruitment procedure focuses on recruiting the right person for each job, by analyzing competency needs and qualifications and evaluating culture and attitude at the same time. All new employees attend an organized training program which gives them further insight and understanding of the Company and its industry.

TRAINING AND STAFF DEVELOPMENT

Continuous education and staff development are crucial factors for continuing growth and improvement of employees and of the Company as a whole.

Eimskip offers a variety of courses and training programs based on needs analyses at regular intervals and on the Company's vision. Employees have the opportunity to develop professionally and apply their talents by participating in targeted courses and training programs. Emphasis is placed on everyone's responsibility in information sharing and mutual communication. In recent years Eimskip has offered a wide variety of ambitious courses and programs, both in-house and outsourced, with a main focus on inner construction, improved knowledge and personal growth of employees.

All employees have direct access to Eimskip's intranet with information about upcoming training and educational events and on other activities of the Company.

CORPORATE SOCIAL RESPONSIBILITY

In August 2012 the Board of Directors issued a Code of Conduct and Social Responsibility which is built on Eimskip's values and applies to all Board Members and employees of Eimskip and companies within the Group.

There it is stated that all board members and employees within the Eimskip Group of companies respect all stakeholders of the Company and realize that their responsibility also extends to the whole community and the environment. They ensure that their activities and decisions always reflect this responsibility and that they want to be a positive force and make a contribution to the community.

EIMSKIP AND THE COMMUNITY

Eimskip is involved in various community projects each year. In its home market in the North Atlantic the Company focuses on sponsoring charities, maritime safety, culture, environmental projects and innovation. Eimskip also sponsors sports and activities related to children and youth work.

Rauði krossinn

THE RED CROSS

The Icelandic Red Cross collects second-hand clothing through Red Cross branches all around Iceland. The clothing is sold in Red Cross stores or made available free of charge to those who need it the most in Iceland. Most of the clothing is sold in Europe and the profits are used for international aid. This is one of the largest projects of the Red Cross in Iceland and also its main source of fundraising. Eimskip has supported the Red Cross in this project through the years by transporting containers between regions domestically and abroad. Eimskip also supports the Red Cross in other countries in the North Atlantic.

FAMILY AID ORGANIZATIONS

Eimskip supports Family Aid in Iceland (*Fjölskylduhjálp Íslands*) and Mothers' Aid (*Mædrastyrksnefnd Reykjavíkur*) each year through donations. Both of these organizations play an important role in supporting those in Iceland who are in need. At the end of 2012, Eimskip received a humanitarian award from Family Aid in Iceland for its support to the organization.

MARITIME SAFETY AND SURVIVAL TRAINING CENTRE

The Maritime Safety and Survival Training Centre (*Slysavarnaskóli sjómanna*) is operated by the Icelandic Association for Search and Rescue, ICE-SAR (*Slysavarnafélagid Landsbjörg*). This support is important to Eimskip since the school carries out education on safety and rescue of seamen. Eimskip has supported the school in many ways, including the import of rescue boats for the school from Europe to Iceland.

VESTURPORT

Eimskip is one of the main sponsors of the theater group Vesturport. Eimskip helps the theater with the setup of exhibitions outside Iceland and at the same time assists in introducing Icelandic art and culture internationally.

VÍKIN – THE MARITIME MUSEUM IN REYKJAVÍK

Eimskip is one of the main sponsors of Víkin – the Maritime Museum in Reykjavík and has thus contributed to making the centuries-long history and development of the fishing industry available to the public. Eimskip has donated various artifacts to the museum and one of the centerpieces is a reconstruction of Eimskip's MS Gullfoss.

THE ICELANDIC FOREST SERVICE

Eimskip supports the Icelandic Forest Service (Skógrækt ríkisins). The role of the institution is to work with and for the government, the public and other interested parties on research, consultation and distribution of knowledge in the field of forestry. For decades Icelanders' passion has been to rebuild forests as a means of controlling denudation, and Eimskip proudly supports that goal.

ICELAND OCEAN CLUSTER

Eimskip is a member of the Iceland Ocean Cluster and has supported related innovation projects. Many of Eimskip's largest customers produce seafood products and the Iceland Ocean Cluster is working on ways to increase efficiency and variety of the production. Eimskip, among other companies, has established an Innovation Center in the Ocean Cluster House.

GOLF

Golf is one of the fastest growing sports in Iceland and combines achievement and family sport. Eimskip has generously supported golf in Iceland, so aiming to bring it closer to the public and further increase the interest of young people in the sport.

HELMETS AND REFLECTORS

Since 2004, Eimskip has, in cooperation with the Kiwanis organization in Iceland, given all six-year-old children in Iceland helmets and reflectors to contribute to greater road safety. The average year-group of six-year-olds in the country consists of about four thousand children and therefore it is safe to estimate that around 40 thousand children, or more than 10% of Icelanders, have been given protective helmets since the project started.

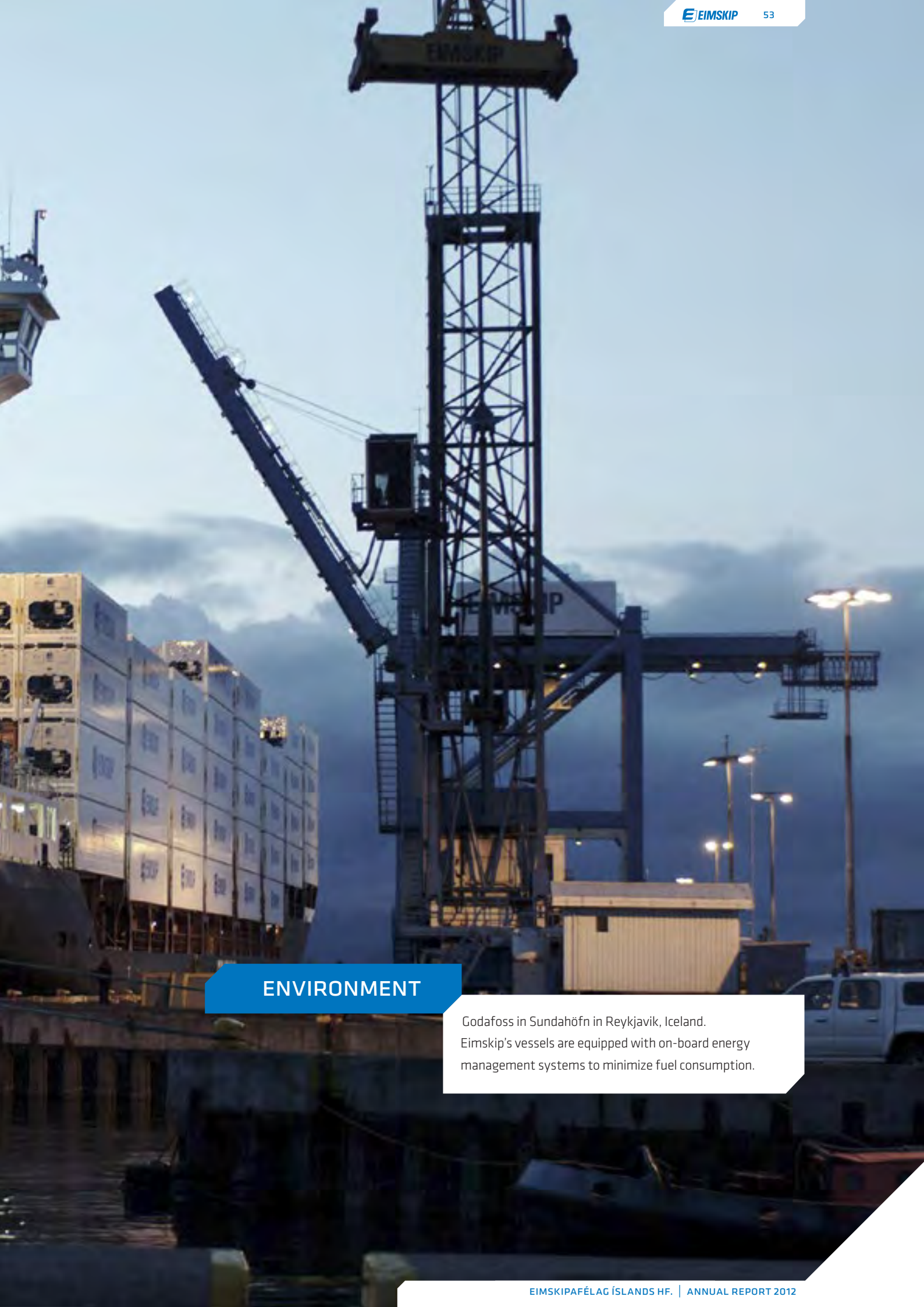
THE BOY AND GIRL SCOUT ASSOCIATION

For the past two years Eimskip has teamed up with the Icelandic Boy and Girl Scout Association to give all seven-year-old children in the country the Icelandic flag before the Icelandic National Day, 17 June. The children also receive a booklet about the usage and the law of the flag.

AK EXTREME

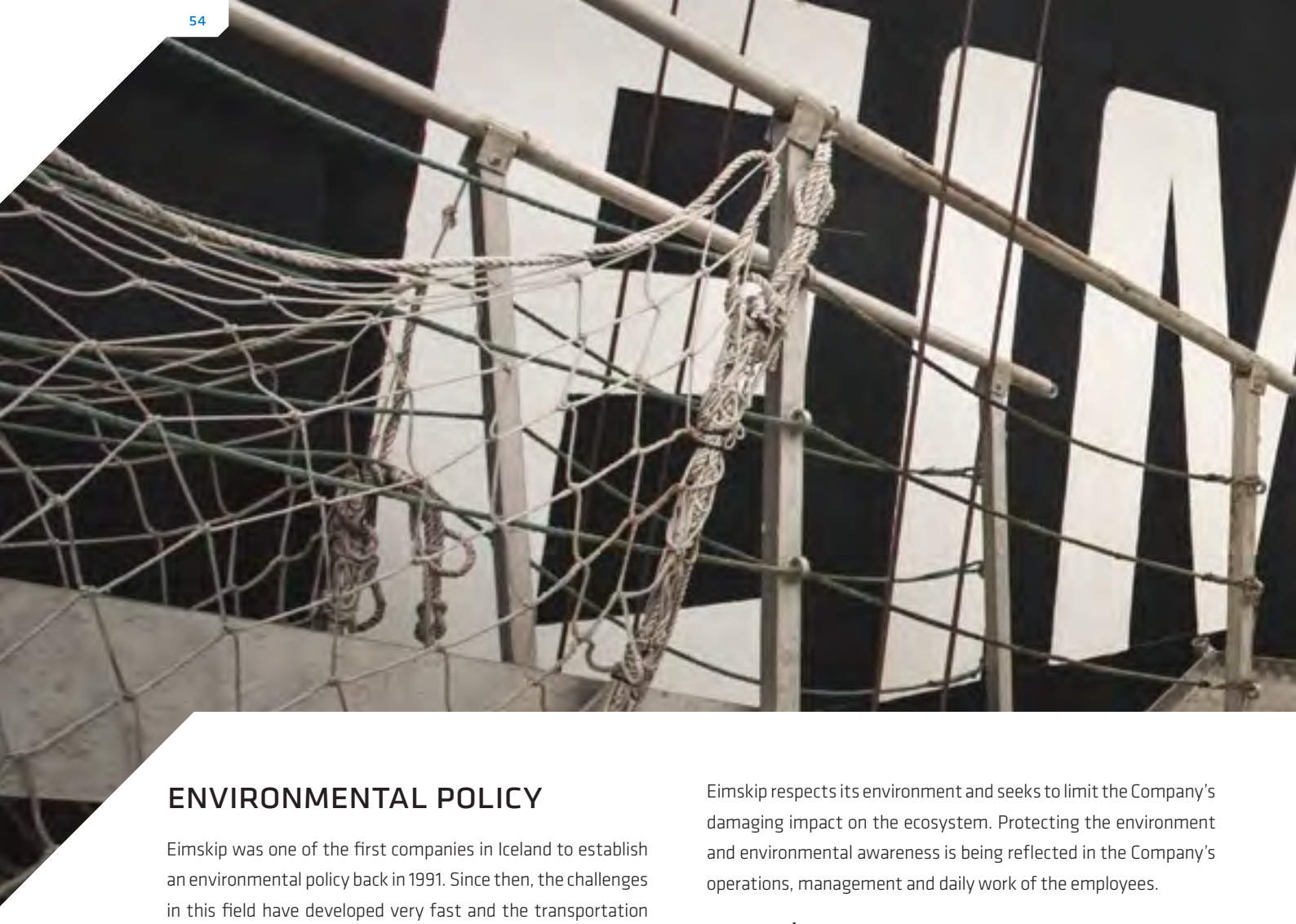
The snowboarding and music festival, AK Extreme, has been held in Akureyri intermittently since 2002. This is the largest snowboarding tournament held in Iceland and has attracted considerable attention, both domestically and abroad. Eimskip has been one of the main sponsors of the tournament for the last few years and has recently signed an agreement to continue to support it for the next five years.

GOÐAFOSS



ENVIRONMENT

Godafoss in Sundahöfn in Reykjavik, Iceland. Eimskip's vessels are equipped with on-board energy management systems to minimize fuel consumption.



ENVIRONMENTAL POLICY

Eimskip was one of the first companies in Iceland to establish an environmental policy back in 1991. Since then, the challenges in this field have developed very fast and the transportation industry, as well as others, realizes how important environmental issues are for the world as we know it to survive. Bearing this in mind, Eimskip's environmental policy has now been revised and is as follows.

Eimskip respects its environment and seeks to limit the Company's damaging impact on the ecosystem. Protecting the environment and environmental awareness is being reflected in the Company's operations, management and daily work of the employees.

EIMSKIP'S AIM IS TO:

- Identify and control potential environmental risks of the Company's operations.
- Manage the Company's operations according to applicable laws, regulations and international conventions.
- Recycle waste from the Company's operations as far as practicable. Endeavour to minimize as much as possible the formation of waste.
- Work on saving and improving efficiency in usage of fuel by the Company's vessels.
- Work on saving and improving efficiency in usage of fuel by the Company's fleet of trucks and other equipment using polluting energy providers.
- Work on saving and improving efficiency in energy consumption, i.e. electricity and heating, in the Company's housing.
- Set yearly goals on environmental issues to be focused on during the year.
- Provide employees and customers with regular training on environmental issues.

Very much has been accomplished since 1991, but now Eimskip is taking further steps towards improving the Company's performance regarding protection of the environment.

The following projects were the largest ones in 2012 and will be continued in 2013.

ENERGY MANAGEMENT ON EIMSKIP'S VESSELS

All vessels operated by Eimskip are now being equipped with an on-board energy management system from Marorka to minimize fuel consumption. Marorka is a leading provider of energy management solutions for the maritime sector with systems installed on more than 200 vessels worldwide. Marorka has been using Dettifoss, one of Eimskip's vessels, as a pilot project for developing their system since 2005.

Marorka Online, a web application, collects operational data from a Marorka Maren Server on each vessel, processes the information and delivers the results in the form of interactive reports. The system provides a clear picture of the energy performance of a single vessel or the entire fleet, and onshore personnel can define goals, track performance, compare vessels and monitor energy efficiency in a standard web browser environment. Data is automatically transferred from vessels to Marorka Online Server over existing digital communication channels.

The Company's largest vessels, Brúarfoss, Dettifoss, Godafoss and Selfoss, are using Marorka Online. Eimskip's two new vessels being built in China will also be equipped with this solution. Other vessels are being worked on.

All vessels managed by Eimskip are using an online SEEMP system from Marorka to comply with IMO mandatory regulations. SEEMP stands for "Ship Energy Efficiency Management Plan".

Web-based and accessible using a standard browser, Online SEEMP provides templates which substantially reduce the work involved in creating and maintaining a SEEMP for each vessel in the fleet. Marorka Online SEEMP provides all the data needed to set up the SEEMP and automatically adds information which allows users to continuously compare their goals with actual results.

The Company's goal is to increase the vessels' energy efficiency using the Marorka system. It is believed that a minimum reduction of 2 to 3% in fuel consumption can be achieved by using the system and it will be the mission of the vessel operators of the Company to do even better in the near future.

RECYCLING OF WASTE

At the end of 2012, Eimskip started a project of taking further steps towards sorting of waste. For many years the major part of the waste from the Company's operations has already been sorted and sent for recycling, but in 2012 it was decided to take the step of recycling the Company's waste as far as practicable.

In the Company's headquarters and warehouses in Reykjavík and Hafnarfjördur in Iceland all waste is already being sorted and sent for recycling as far as possible. This project will be expanded to the Company's domestic locations in Iceland in 2013 and then also internationally as far as possible and practicable.

On all vessels operated by the Company all waste is already being sorted and sent for recycling as far as possible and according to international rules.

Kalmar
EIMSKIP

RISK MANAGEMENT AND RISK FACTORS

RISK MANAGEMENT

Active risk management plays an important role at Eimskip to ensure stable operations and earnings. The Company's risk management policy is aimed at minimizing potential negative effects on operations and earnings from marketing, operational and financial activities and to limit risks to acceptable levels.

Risk management within Eimskip is governed by the Board of Directors while the Audit Committee is responsible for its review on a regular basis. The executive management is responsible for identifying material risks and developing the Company's risk management policy.

The Company monitors risk factors within its operations on a continuous basis. Each division of the Company is responsible for maintaining a list of all potential risk factors and for ensuring that relevant processes are in place to prevent potential risks.

Eimskip is focused on the importance of safety and security and loss prevention and has increased the resources for those activities during recent years.

The Company goes through a detailed strategic and budgeting process each year and a strategy and budget report is prepared. The Board approves the Company's strategy and budget each year. Deviations from the strategy and budget are carefully monitored on a monthly basis.

Eimskip monitors its financial risk factors and has defined treasury policies and procedures which, among other things, set acceptable risk limits and stipulate how to identify, measure and manage financial risk exposure.

The Company's risk exposure is discussed at Board Meetings.

RISK FACTORS

Detailed information about risk factors, presented as of the date of the Company's Prospectus, 22 October 2012, can be found in Chapter 1 in the Registration Document, which is part of the Prospectus. The Prospectus is accessible on www.eimskip.is.

The risk factors and uncertainties described in the following text are not the only risks facing the Company as a whole and they are not listed in order of priority with regard to significance or likelihood of occurrence.

MARKET RISK

Demand for shipping and logistics services has historically been highly cyclical and closely correlated with global economic activity. Eimskip is thus exposed to a possible economic downturn or recession, either globally or in one or more of the Company's main markets. The Company is further sensitive to foreign exchange fluctuations and changes in its competitive position.

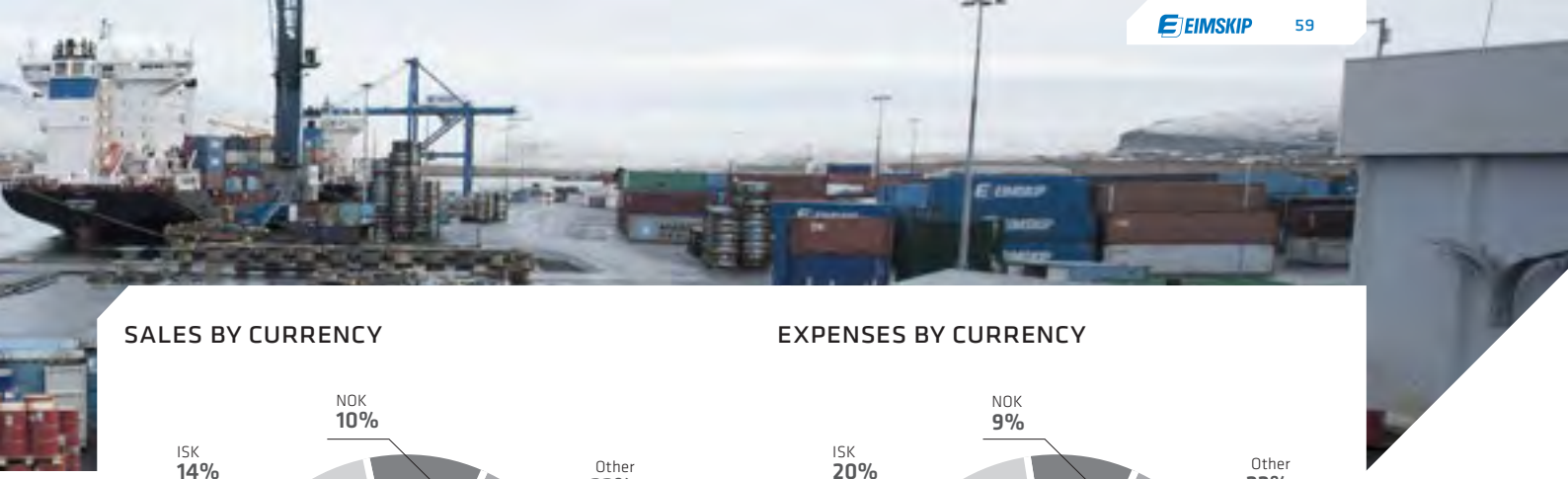
OPERATIONAL RISK

Eimskip's operations are dependent upon many factors, e.g. access to terminals, IT systems, operation and ownership of vessels, supply and demand of fuel, inflation, reputation of the Company, ability to retain key personnel and customer contracts. Further, refugees and stowaways and incidents involving significant damage, loss or environmental contamination are a risk factor to the Company. Changes in the legislative, political, governmental and economic framework may have a material impact on the Company's business. The Company is dependent on various licenses relating to its operations and is subject to contractual risk in relation to its obligations to fulfill various provisions of its contracts.

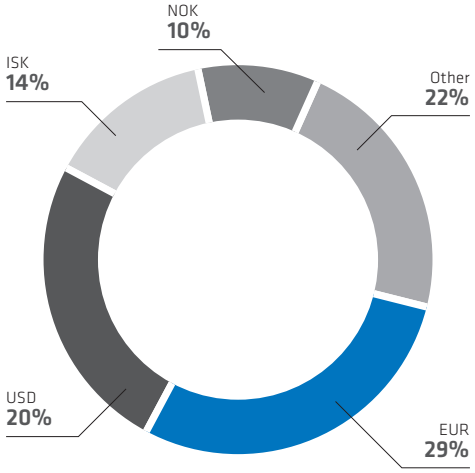
FINANCIAL RISK

Eimskip is exposed to financial risk factors, including currency risk, risk related to availability of funding, interest rate risk, liquidity risk, credit risk, tax risk, fuel price risk, risk related to the financial reorganization of A1988 hf. and risk in relation to proposed amendments to International Financial Reporting Standards (IFRS).

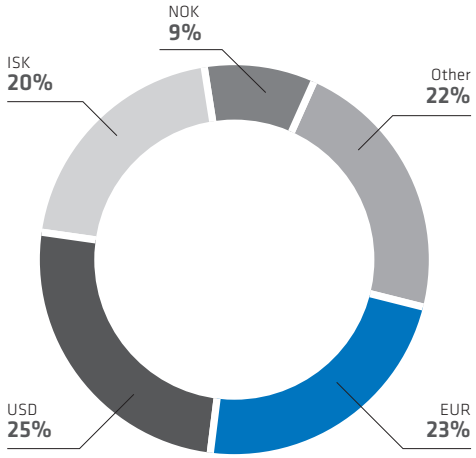
Some of the financial risk factors are addressed as follows.



SALES BY CURRENCY



EXPENSES BY CURRENCY



Currency risk

Eimskip is exposed to currency risk on sales, expenses and borrowings that are denominated in currencies other than the functional currencies of the Company and its entities. The majority of the Company's operating revenues and assets, and its obligations and interest bearing debt, is denominated in currencies other than the ISK. The subsidiaries use the local currency where they are based, except in Iceland, where the functional currency is the EUR.

As can be seen from the graphs above the sales and expenses of Eimskip provide, to a certain degree, a natural currency hedge. The Company believes that the natural currency balance of its operations provides acceptable hedging and does not generally invest in any external hedging instruments, such as derivatives. However, when planning for large investments in a non-EUR currency, due consideration is given to whether hedging is prudent. Decisions on this are made on a case-by-case basis.

Assets and liabilities in the balance sheet are mostly denominated in EUR or the relevant operating currency of the entities. The mismatch of other non-operating currencies on the balance sheet is mainly the positive mismatch of the ISK in Iceland, due to higher balance of receivables than payables in ISK. Other mismatches are significantly less and can be seen in a table under note 20 in the Consolidated Financial Statements.

Access to credit risk

Eimskip is exposed to risks related to the availability of funding. The Company is, to some extent, dependent on access to sufficient funding at acceptable terms and may not be able to secure new sources of liquidity or funding, should projected or actual liquidity fall below levels it requires. These factors could also impact the ability of Eimskip's shareholders to provide it with liquidity and there can be no assurance that the Company could obtain additional shareholder funding. To manage this risk factor the Company seeks long-term borrowings where applicable, maintains a healthy current ratio and produces internal short-term cash flow reports on a regular basis.

Interest rate risk

Interest rate risk is the risk borne by an interest-bearing liability, such as a loan or a bond, due to variability of interest rates. Eimskip's interest rate risk exposure is due to its debt and lease liabilities, which are mainly denominated in EUR. The Company's long-term debt is primarily based on floating interest rates and consequently Eimskip is exposed to fluctuations in the general level of interest rates. However, the Company's current funding structure limits to some extent risk against an increase in interest rates. The Company does not currently use any interest rate swaps or options to hedge its exposure. Its position is, however, carefully monitored and reviewed in line with interest rate developments on financial markets. For further information on Eimskip's nominal interest rates, reference is made to note 17 in the Consolidated Financial Statements.

LIQUIDITY RISK

Eimskip has liabilities and obligations which arise over time and the Company may not have the liquidity to meet its liabilities as they fall due. Eimskip's approach to managing liquidity, i.e. cash on hand or short-term marketable securities, is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. For further information on liquidity status, reference is made to note 20 in the Consolidated Financial Statements.

CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer or counterparty in a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and its investment in securities.

Eimskip's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, no single customer accounts for more than 5% of the Company's revenues.

Eimskip has established a credit policy under which each new customer is individually analyzed for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings when available and in some cases bank references. Customers that fail to meet the Company's benchmark creditworthiness may transact business with the Company on a pre-payment basis only.

In spite of these precautionary measures, a general downturn in financial markets and economic activity may result in a higher volume of late payments and outstanding receivables. Eimskip's sales will depend on the financial position of its counterparties and there can be no guarantee that the financial position of the Company's customers and other contract parties will be sufficient

to honor their obligations under their contracts with the Company. Even though the Company seeks to recover all outstanding receivables, the amounts of write-offs may increase. Trade and other receivables of Eimskip amounted to EUR 63.1 million at the end of 2012 which represents 15.2% of the Company's revenues.

FUEL PRICE RISK

The supply and demand of fuel is unpredictable and price fluctuations are based on events which are outside of Eimskip's control. Therefore, the Company cannot accurately predict the future availability or price of fuel. A number of issues, including geopolitical developments, supply and demand for oil, actions by the Organization of the Petroleum Exporting Countries (OPEC) and other oil producers, war and unrest in oil-producing countries and regions, regional production patterns, environmental concerns and other unpredictable events can affect the availability and price of fuel and may result in future fuel supply shortages and price increases.

Fuel costs accounted for approximately 11% of Eimskip's total operating costs in 2012. The Company is exposed to fluctuations in the price of crude oil and oil products. In order to minimize its exposure to fluctuations in oil price, the Company adds a surcharge to its prices, commonly referred to as the Bunker Adjustment Factor (BAF) and the Bunker Adjustment Trucking (BAT), depending on the oil prices at the time of transport. The BAF, BAT and other pricing adjustments compensate for approximately 80% of Eimskip's risk relating to fluctuations in oil prices. However, significant increases in oil price could lead to downward pressure on the Company's tariffs from its customers.

CONSOLIDATED FINANCIAL STATEMENTS 2012

DETTIFOSS

ENDORSEMENT AND STATEMENT BY THE BOARD OF DIRECTORS AND THE CEO

The Consolidated Financial Statements of Eimskipafélag Íslands hf. and its subsidiaries ("Eimskip") are prepared and presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The financial statements are presented in thousands of EUR. Eimskip specializes in shipping, logistics and supply chain management and offers its customers solutions on both land and sea with special emphasis on the handling and storing of any type of temperature-controlled cargo, frozen or chilled.

During the year 2012 three reefer vessels, that were previously chartered, were purchased. The building of two container vessels in China continued during the year with scheduled delivery in 2013.

Net earnings for the year 2012 amounted to EUR 12.7 million according to the consolidated statement of comprehensive income. Total equity at 31 December 2012 amounted to EUR 199.6 million according to the statement of financial position. During the year 2012 the number of shares was increased to 200 million by a 10/1 stock split. The stock split had no effect on the Company's equity. The Company holds 2.96% of issued shares. Four shareholders owned more than 10% share in the Company at year-end, Yucaipa American Alliance Fund II LP, with 15.25% shareholding, Lífeyrissjódur verzlunarmanna with 14.57% shareholding, LBI hf. with 10.4% shareholding and Yucaipa American Alliance (Parallel) Fund II LP, with 10.05% shareholding. The number of shareholders at year-end was 2,424 which was an increase of 2,351 from the beginning of year.

On 16 November 2012 the trading of the Company's shares commenced on NASDAQ OMX Iceland. As a part of the listing process the Company sold 6,000,000 shares of its treasury shares. The net proceeds from the sale amounted to EUR 7.6 million.

In connection with the Company's listing on NASDAQ OMX Iceland the executive management decided to forfeit their share option agreements granted under the Company's 2010 stock option program. The management forfeiture and disclosure to the stock exchange had the effect that an additional cost of EUR 2.9 million was recognized in the statement of comprehensive income in the fourth quarter.

The Board of Directors proposes a dividend payment of ISK 408 million to shareholders in 2013, equal to EUR 2.5 million, which represents 20% of net earnings for the year 2012.

CORPORATE GOVERNANCE

Eimskip's management is of the opinion that practicing good Corporate Governance is vital for Eimskip and is in the best interests of the shareholders, employees and other stakeholders.

The framework for Corporate Governance practices within Eimskip consists of the provisions of law, the parent company's Articles of Association, general securities regulations and the Icelandic Corporate Governance guidelines issued in 2009 and revised in 2012 by the Iceland Chamber of Commerce, NASDAQ OMX Iceland and the Confederation of Icelandic Employers. Corporate Governance practices are designed to ensure open and transparent relationship between the Company's management, its Board of Directors, its shareholders and other stakeholders.

The Corporate Governance in Eimskip is also designed to ensure sound and effective control of the Company's affairs and a high level of business ethics.

It is the opinion of the Board of Directors that Eimskipafélag Íslands hf. complies, in all material respects, with the Icelandic guidelines for Corporate Governance.

STATEMENT BY THE BOARD OF DIRECTORS AND THE CEO

According to the best of our knowledge, it is our opinion that these annual consolidated financial statements give a true and fair view of the consolidated financial performance of Eimskip for the year 2012, its assets, liabilities and consolidated financial position as at 31 December 2012 and its consolidated cash flows for the year 2012.

Further, in our opinion the consolidated financial statements and the Endorsement by the Board of Directors and the CEO give a fair view of the development and performance of Eimskip's operations and its position and describes the principal risks and uncertainties faced by Eimskip.

The Board of Directors and the CEO have today discussed the consolidated financial statements of Eimskipafélag Íslands hf. for the year 2012 and confirm them by means of their signatures. The Board of Directors and the CEO recommend that the consolidated financial statements will be approved at the annual general meeting of Eimskipafélag Íslands hf.

Reykjavík, 28 February 2013

BOARD OF DIRECTORS

Bragi Ragnarsson
Chairman

Ólafur Helgi Ólafsson
Tómas Kristjánsson

Richard Winston Mark d'Abo
Marc Jason Smernoff

CEO

Gylfi Sigfússon

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Eimskipafélag Íslands hf.

We have audited the accompanying consolidated financial statements of Eimskipafélag Íslands hf., which comprise the consolidated statement of financial position as at 31 December 2012, the consolidated income statement and statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Eimskipafelag Íslands hf. as at 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

REPORT ON THE BOARD OF DIRECTORS REPORT

Pursuant to the legal requirement under Article 106, Paragraph 1, Item 5 of the Icelandic Financial Statement Act No. 3/2006, we confirm that, to the best of our knowledge, the report of the Board of Directors accompanying the financial statements includes the information required by the Financial Statement Act if not disclosed elsewhere in the Financial Statements.

Reykjavík, 28 February 2013

KPMG EHF.

Alexander G. Edvardsson

Ólafur Már Ólafsson

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 1 JANUARY TO 31 DECEMBER 2012

	NOTES	2012	2011
OPERATING REVENUE:			
Sales		414,330	378,337
Other income	5	0	6,390
		414,330	384,727
EXPENSES:			
Operating expenses		302,763	279,249
Salaries and related expenses	6	70,803	62,323
Other expenses	5	4,596	0
		378,162	341,572
Operating profit (EBITDA)		36,168	43,155
Depreciation and amortization	9, 10	(22,436)	(23,223)
Results from operating activities		13,732	19,932
Finance income		657	1,279
Finance expense		(3,640)	(4,988)
	7	(2,983)	(3,709)
Net earnings before income tax		10,749	16,223
Income tax	8	1,982	(3,078)
Net earnings for the year		12,731	13,145
INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Equity holders of the Company		12,519	12,840
Non-controlling interest		212	305
		12,731	13,145
EARNINGS PER SHARE:			
Basic earnings per share (EUR)	16	0.0645	0.0683
Diluted earnings per share (EUR)	16	0.0645	0.0679
EARNINGS PER SHARE WITHOUT SPECIFIC ONE-OFF ITEMS:			
Basic earnings per share (EUR) without specific one-off items	16	0.0882	0.0359
Diluted earnings per share (EUR) without specific one-off items	16	0.0882	0.0349
OPERATING PROFIT (EBITDA) WITHOUT SPECIFIC ONE-OFF ITEMS:			
Operating profit (EBITDA) without specific one-off items	5	40,764	36,765

AMOUNTS ARE IN THOUSANDS OF EUR

THE NOTES ON PAGES 74 TO 95 ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
1 JANUARY TO 31 DECEMBER 2012

	NOTES	2012	2011
Net earnings for the year		12,731	13,145
OTHER COMPREHENSIVE INCOME:			
Foreign currency translation difference of foreign operations		(631)	(154)
Total comprehensive income for the year		12,100	12,991
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Equity holders of the Company		11,888	12,686
Non-controlling interest		212	305
Total comprehensive income for the year		12,100	12,991

AMOUNTS ARE IN THOUSANDS OF EUR

THE NOTES ON PAGES 74 TO 95 ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	NOTES	2012	2011
ASSETS:			
Property, vessels and equipment	9	180,440	152,679
Intangible assets	10	19,647	18,382
Finance assets	11	984	1,716
Deferred tax assets	12	8,652	4,169
Total non-current assets		209,723	176,946
Inventories		3,114	3,682
Trade and other receivables	13, 20	63,140	58,141
Cash and cash equivalents	14	37,304	43,517
Assets classified as held for sale	3 i	0	938
Total current assets		103,558	106,278
Total assets		313,281	283,224
EQUITY:			
Share capital	15	1,211	104
Share premium		154,680	148,179
Share option reserve		0	425
Translation reserve		(543)	88
Retained earnings		41,208	25,077
Total equity attributable to equity holders of the parent		196,556	173,873
Non-controlling interest		3,043	2,636
Total equity		199,599	176,509
LIABILITIES:			
Loans and borrowings	17	51,088	50,791
Total non-current liabilities		51,088	50,791
Loans and borrowings	17	8,166	11,415
Trade and other payables	18	54,428	44,509
Total current liabilities		62,594	55,924
Total liabilities		113,682	106,715
Total equity and liabilities		313,281	283,224

AMOUNTS ARE IN THOUSANDS OF EUR

THE NOTES ON PAGES 74 TO 95 ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2012

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY							
	SHARE CAPITAL	SHARE PREMIUM	SHARE OPTION RESERVE	TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL	NON CONTROLLING INTEREST	TOTAL EQUITY
CHANGES IN EQUITY 2012:								
Equity at 1 January 2012	104	148,179	425	88	25,077	173,873	2,636	176,509
Effects of share based payment agreements			3,187			3,187		3,187
Stock split	1,070	(1,070)				0		0
Treasury shares sold	37	7,571				7,608		7,608
Cancellation of share options			(3,612)		3,612	0		0
Other changes in non-controlling interest						0	299	299
Foreign currency translation difference of foreign operations				(631)		(631)	(104)	(735)
Net earnings for the year					12,519	12,519	212	12,731
Equity at 31 December 2012	1,211	154,680	0	(543)	41,208	196,556	3,043	199,599
CHANGES IN EQUITY 2011:								
Equity at 1 January 2011	104	148,179	106	242	12,237	160,868	1,600	162,468
Effects of share based payment agreements			319			319		319
Foreign currency translation difference of foreign operations				(154)		(154)	152	(2)
Other changes in non-controlling interest						0	579	579
Net earnings for the year					12,840	12,840	305	13,145
Equity at 31 December 2011	104	148,179	425	88	25,077	173,873	2,636	176,509

AMOUNTS ARE IN THOUSANDS OF EUR

THE NOTES ON PAGES 74 TO 95 ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2012

	NOTES	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:			
Earnings for the year		12,731	13,145
Adjustments for:			
Depreciation and amortization	9, 10	22,436	23,223
Effects of share options		3,187	319
Net finance expense		2,983	3,709
Change in deferred taxes	8, 12	(2,831)	1,434
Other changes		(762)	(1,159)
		37,744	40,671
Changes in current assets and liabilities:			
Inventories, decrease (increase)		615	(1,448)
Receivables, increase		(6,097)	(10,135)
Payables, increase		8,366	420
Change in current assets and liabilities		2,884	(11,163)
Interest paid		(4,131)	(3,480)
Interest received		947	1,140
Taxes (paid) received		(572)	58
Net cash from operating activities		36,872	27,226
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Investments in non-current assets	9, 10	(41,668)	(24,389)
Proceeds from the sale of non-current assets		2,480	1,812
Net cash used in investing activities		(39,188)	(22,577)
CASH FLOWS USED IN FINANCING ACTIVITIES:			
Proceeds from sale of treasury shares		7,608	0
Changes in non-controlling interest		(299)	(4)
Proceeds from long-term borrowings		359	0
Repayment of long-term borrowings		(12,037)	(11,491)
Net cash used in financing activities		(4,369)	(11,495)
Decrease in cash and cash equivalents		(6,685)	(6,846)
Cash and cash equivalents at the beginning of the year		43,517	50,333
Effects of exchange rate fluctuations on cash held		472	30
Cash and cash equivalents at year-end		37,304	43,517
INVESTING ACTIVITIES NOT AFFECTING CASH FLOWS:			
Investment in non-current assets	9, 10	(8,860)	(918)
Proceeds from long term borrowing		8,860	918

AMOUNTS ARE IN THOUSANDS OF EUR

THE NOTES ON PAGES 74 TO 95 ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. REPORTING ENTITY

Eimskipafélag Íslands hf. (the "Company") is a public limited liability company domiciled in Iceland. The address of the Company's registered office is Korngardar 2, 104 Reykjavík. The consolidated financial statements of the Company for the year ended 31 December 2012 comprise the Company and its subsidiaries (together referred to as "Eimskip" or the "Group") and the Eimskip's interest in associated companies. The parent company is an investment company focused on investments in shipping and logistics services.

2. BASIS OF PREPARATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The financial statements were approved and authorised for issue by the Company's Board of Directors on 28 February 2013.

b. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for held-for-sale financial assets and share-options which are measured at fair value.

The methods used to measure fair values are discussed further in note 4.

c. Functional and presentation currency

These consolidated financial statements are presented in EUR, which is the Company's functional currency. All financial information presented in EUR has been rounded to the nearest thousand.

d. Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

Note 12 – measure of the recoverable amounts of deferred tax assets
Note 17 – accounting for an arrangement containing a lease
Note 20 – Trade and other receivables

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

a. Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align with the policies adopted by the Group.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

NOTES, CONTINUED

3. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

b. Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year and the amortized cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to EUR at foreign exchange rates at the reporting date. The income and expenses of foreign operations are translated to EUR at the average exchange rate for the year. Foreign currency differences are recognized in other comprehensive income. When a foreign operation is disposed of, in part or full, the relevant amount in the foreign currency translation reserve is transferred to profit or loss as part of the profit and loss on disposal.

c. Financial instruments

(i) Non-derivative financial assets

The Group has the following non-derivative financial assets: held-to-maturity financial assets and trade and other receivables.

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

Receivables comprise trade and other receivables.

(ii) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

(iii) Non-derivative financial liabilities

The Group has the following non-derivative financial liabilities: loans and borrowings, bank loans and trade and other payables.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

(iv) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

Repurchase of share capital (treasury shares)

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from share premium account.

NOTES, CONTINUED

3. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

d. Property, vessels and equipment

(i) Recognition and measurement

Items of property, vessels and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, vessels and equipment have different useful lives, they are accounted for as separate items (major components) of property, vessels and equipment.

Gains and losses on disposal of an item of property, vessels and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, vessels and equipment, are recognized net in profit and loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, vessels and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, vessels and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, vessels and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of property, vessels and equipment are as follows:

Buildings	15 – 50 years
Vessels	5 – 14 years
Equipment	2 – 10 years

Depreciation methods, useful lives and residual values are reviewed at each year-end and adjusted if appropriate.

e. Intangible assets

(i) Brand name and customer relations

Following a purchase price allocation performed in 2010 in respect of subsidiaries acquired from A1988 hf. the difference between the purchase price and equity of acquired subsidiaries was allocated to identifiable assets. The value of the brand name "Eimskip" and customer relations is included among intangible assets.

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortization and impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit and loss when incurred.

(iii) Amortization

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and brand name, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives are as follows:

Software	3 – 5 years
Other intangibles	10 years

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

NOTES, CONTINUED

3. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

f. Leased assets

(i) Leased assets

Assets held by the Group under leases which transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognized in the Group's statement of financial position.

(ii) Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

g. Inventories

Inventories mainly consist of oil, spare parts and other supplies and are measured at cost.

h. Impairment

(i) Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each year at the same time.

NOTES, CONTINUED

3. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

h. Impairment, continued

(ii) Non-financial assets, continued

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

An impairment loss in respect of brand name is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

i. Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

In the year end 2011 Eimskip held 49.9% in Air Atlanta Aero Engineering Ltd. (AAAE). AAAE was presented as held for sale in the financial statements following the commitment of the Group's management to resell the company. In the year 2012 the remaining shares were sold.

j. Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

k. Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

l. Revenue

Services

Revenue from sale of services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of service performed. Revenue is not recognized if there is uncertainty about collection or related cost.

Revenue from logistics and storage service is recognized in profit and loss at the date of delivery to the customer, which is the time of transfer of risk to the customer.

NOTES, CONTINUED

3. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

m. Lease payment

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

n. Finance income and finance costs

Finance income comprises interest income on funds invested and dividend income. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established.

Finance costs comprise interest expense on borrowings and impairment losses recognized on financial assets.

Borrowing costs that are not directly attributable to the acquisition, construction or production of an qualifying asset are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on net basis as finance income or finance expense.

o. Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but the intent to settle current tax liabilities and asset basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

p. Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

q. Financial instruments

A derivative is a financial instrument or other contract, the value of which changes in response to a change in an underlying variable such as an exchange or interest rate, which requires no initial net investment or initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors, and which is settled at a future date. Derivatives are recognized at fair value. Fair value changes are recognized in the income statement as finance income and expense. Derivatives with positive fair values are recognized as finance assets and derivatives with negative fair values are recognized as trading liabilities.

NOTES, CONTINUED

3. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(i) Economic hedges

The Group holds derivative financial instruments to hedge its foreign currency rate risk exposures in connections with vessels under construction. When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognized immediately in profit or loss.

r. Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance.

s. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2012, and have not been applied in preparing these consolidated financial statements. None of these will have a material effect on the consolidated financial statements of the Group.

4. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Property, vessels and equipment

The fair value of property, vessels and equipment recognized as a result of a business combination is based on market values. The market value of property, vessels and equipment is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The fair value of items of equipment is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate.

(ii) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purpose.

(iii) Share option program

The fair value of the share option program is measured using the Black-Scholes Option Pricing Model. Measurement inputs include the share price on the measurement date, the exercise price of the instrument, expected volatility, expected term of the instruments, expected dividends and the risk-free interest rate which is based on government bonds.

5. SEGMENT REPORTING

Business segments

Eimskip has two reportable segments, as described below, which are Eimskip's strategic business units. The strategic business units offer different products and services on different markets and are managed separately. The segment reporting is based on internal reporting function of Eimskip. The following summary describes the operations in each of Eimskip's reportable segments:

Liner services: The main emphasis in Eimskip's operations is the sale of transportation of goods to and from Iceland, Norway and the Faroe Islands through its service routes on the North Atlantic. This service includes sea transportation, trucking and warehousing and logistic services.

Forwarding services: The secondary segment represents transportation solutions outside Eimskip's own operating system, utilizing the global network of Eimskip offices and agency network, mainly in the reefer sector.

NOTES, CONTINUED

5. SEGMENT REPORTING, CONTINUED

Unallocated: The unallocated column consists of costs relating to the forfeited share option agreements and the costs associated with the registration of the Company's shares on NASDAQ OMX Iceland. In 2011 the unallocated income is a payment of claims received in 2011 against former subsidiaries that made up the aviation sector of the Avion Group in excess of their carrying amounts.

The unallocated expense in 2012 is presented as other expenses in the statement of comprehensive income and 2011 unallocated income as other income. Specific one-off items are as follows:

	2012	2011
Operating profit (EBITDA)	36,168	43,155
Operating revenue:		
Recognition of claim previously written off	0	(6,390)
Expenses:		
Effects of cancellation of share based payment agreements	2,914	0
Registration on NASDAQ OMX Iceland	1,682	0
	4,596	0
Operating profit (EBITDA) without specific one-off items	40,764	36,765

Business segments

	LINER SERVICES	FORWARDING SERVICES	UNALLOCATED	CONSOLI-DATED
For the year 2012				
Revenue, external	298,213	116,117	0	414,330
Inter-segment revenue	25,338	26,920	0	52,258
Total	323,551	143,037	0	466,588
Expenses, external	(261,136)	(112,430)	(4,596)	(378,162)
Inter-segment expense	(26,920)	(25,338)	0	(52,258)
EBITDA	35,495	5,269	(4,596)	36,168
Depreciation and amortization	(21,113)	(1,323)	0	(22,436)
EBIT	14,382	3,946	(4,596)	13,732
Finance income	501	156	0	657
Finance expense	(3,017)	(623)	0	(3,640)
Income tax	3,108	(1,126)	0	1,982
Non-controlling interest	0	(212)	0	(212)
Net earnings for the year	14,974	2,141	(4,596)	12,519
Segment assets	267,552	45,729	0	313,281
Segment liabilities	88,576	25,106	0	113,682
Capital expenditure	49,724	804	0	50,528

NOTES, CONTINUED

5. SEGMENT REPORTING, CONTINUED

Business segments, continued

For the year 2011	LINER SERVICES	FORWARDING SERVICES	UNALLOCATED	CONSOLI-DATED
Revenue, external	268,458	109,879	6,390	384,727
Inter-segment revenue	18,476	20,578	0	39,054
Total	286,934	130,457	6,390	423,781
Expenses, external	(235,675)	(105,897)	0	(341,572)
Inter-segment expense	(20,578)	(18,476)	0	(39,054)
EBITDA	30,681	6,084	6,390	43,155
Depreciation and amortization	(21,987)	(1,236)	0	(23,223)
EBIT	8,694	4,848	6,390	19,932
Finance income	1,016	263	0	1,279
Finance expense	(4,511)	(477)	0	(4,988)
Income tax	(1,655)	(1,423)	0	(3,078)
Non-controlling interest	(305)	0	0	(305)
Net earnings for the year	3,239	3,211	6,390	12,840
Segment assets	235,711	47,513	0	283,224
Segment liabilities	87,203	19,512	0	106,715
Capital expenditure	24,686	621	0	25,307

Geographical segments

In presenting information on the basis of geographical segments, segment revenue and assets are based on the geographical location of assets.

Geographical segments

	NORTH ATLANTIC	OTHER TERRITORIES	CONSOLIDATED
For the year 2012			
Revenue, external	358,061	56,269	414,330
Segment assets	295,557	17,724	313,281
Capital expenditure	50,515	13	50,528
For the year 2011			
Revenue, external	328,260	56,467	384,727
Segment assets	264,350	18,874	283,224
Capital expenditure	25,294	13	25,307

6. SALARIES AND RELATED EXPENSES

Salaries and related expenses are specified as follows:

	2012	2011
Salaries	58,756	51,900
Defined contribution plan	4,521	4,158
Share based payments expense	273	319
Other related expenses	7,253	5,946
Salaries and related expenses	70,803	62,323
Average number of positions	1,312	1,248
Number of employees at year-end	1,329	1,272

NOTES, CONTINUED

7. FINANCE INCOME AND EXPENSE

Finance income is specified as follows:	2012	2011
Interest income	598	998
Dividend received	59	106
Fair value changes of financial instruments	0	175
	657	1,279
Finance expense is specified as follows:		
Interest on long-term loans	(2,528)	(3,029)
Other finance expenses	(856)	(929)
Net foreign exchange loss	(256)	(1,030)
	(3,640)	(4,988)
Net finance expense	(2,983)	(3,709)

8. INCOME TAX

(i) *The net taxes for the year is income despite earnings before taxes*

One of the Company's subsidiaries has taxable losses that were not recognized due to uncertainty. Following the purchase of three vessels in 2012 this company now has operating income which will offset the previously unrecognized tax losses. As a result the benefit of tax losses amounting to EUR 3.6 million were recognized.

Further the fluctuations in effective income tax rates in profit or loss is explained by different geographical composition of profit or loss before taxes in individual companies.

(i) *Income tax recognized in the statement of comprehensive income:*

	2012	2011
Current tax expense:		
Current period	(867)	(2,845)
Deferred tax:		
Origination and reversal of temporary differences	(816)	(237)
Changes in tax rates	(6)	0
Benefit of tax losses recognized	3,642	0
Other changes	29	4
	2,849	(233)
Total income tax	1,982	(3,078)

(ii) *Reconciliation of effective tax rate:*

	2012	2011
Net earnings before income tax	10,749	16,223

		2012		2011
Income tax using the Company's domestic tax rate	20.0%	2,150	20.0%	3,245
Effect of tax rates in foreign jurisdictions	0.6%	60	(1.0%)	(167)
Effects of tax losses recognized	(33.9%)	(3,642)	0.0%	0
Under / over provided in previous years	(2%)	(209)	0.0%	0
Other changes	(3%)	(341)	0.0%	0
Effective tax	(18.4%)	(1,982)	19.0%	3,078

NOTES, CONTINUED

9. PROPERTY, VESSELS AND EQUIPMENT

Property, vessels and equipment are specified as follows:

Cost	LAND AND BUILDINGS	VESSELS	CONTAINERS AND EQUIPMENT	TOTAL
Balance at 1 January 2011	62,952	72,839	34,760	170,551
Reclassification of assets	160	0	151	311
Additions	934	9,214	13,735	23,883
Disposals	0	0	(2,515)	(2,515)
Currency adjustments	271	0	(334)	(63)
Balance at 31 December 2011	64,317	82,053	45,797	192,167
Balance at 1 January 2012	64,317	82,053	45,797	192,167
Reclassification of assets	13	368	(792)	(411)
Additions	4,169	26,370	17,563	48,102
Disposals	(709)	(337)	(1,811)	(2,857)
Currency adjustments	347	761	23	1,131
Balance at 31 December 2012	68,137	109,215	60,780	238,132
Depreciation				
Balance at 1 January 2011	4,287	10,792	7,481	22,560
Reclassification of assets	0	0	111	111
Disposals	0	0	(1,847)	(1,847)
Depreciation	2,844	8,201	8,172	19,217
Currency adjustments	77	0	(630)	(553)
Balance at 31 December 2011	7,208	18,993	13,287	39,488
Balance at 1 January 2012	7,203	18,993	13,292	39,488
Disposals	(243)	(365)	(1,981)	(2,589)
Depreciation	2,934	10,222	7,705	20,861
Currency adjustments	181	(315)	66	(68)
Balance at 31 December 2012	10,075	28,535	19,082	57,692
Carrying amounts				
At 31 December 2010	58,665	62,047	27,279	147,991
At 31 December 2011	57,109	63,060	32,510	152,679
At 31 December 2012	58,062	80,680	41,698	180,440

Finance leases

As part of Eimskip's activities, customary leasing agreements are entered into, especially with regard to the chartering of vessels and leasing of containers and other equipment. In some cases, the leasing agreements comprise purchase options and options for extension of the lease term. In the consolidated financial statements, assets held under finance leases are recognized in the same way as owned assets. The carrying amount of assets under finance leases at year end 2012 amounted to EUR 9.5 million. The commitment according to the lease agreements at the same time amounted to EUR 8.6 million.

Eimskip's non-ISK finance leases, which amounted to EUR 5.5 million at 31 December 2012, could be subject to recent general legal cases results and legal cases pending court results. Eimskip is not directly a party to those cases nontheless the outcome might create a precedent for Eimskip's agreements. Of those lease agreements, approximately 80% were originally lent in non-ISK currency with the installments charged in ISK, while the remainder was originally lent in ISK currency and installments charged in ISK. Court rulings regarding these agreements could in the future have positive impact on Eimskip's financial position.

Pledges

Vessels, buildings, etc, with a carrying amount of EUR 52.9 million (2011: 59 million) have been pledged as security for loans amounting to EUR 50.7 million (2011: 52.1 million) at year-end.

NOTES, CONTINUED

10. INTANGIBLE ASSETS

Intangible assets and amortization are specified as follows:

Cost	BRAND NAME	SOFTWARE	MARKET AND CUSTOMER RELATED	TOTAL
Balance at 1 January 2011	14,003	10,006	2,701	26,710
Reclassification of assets	0	(311)	0	(311)
Additions	0	1,755	0	1,755
Disposals	0	(5)	0	(5)
Currency adjustments	0	7	0	7
Balance at 31 December 2011	14,003	11,452	2,701	28,156
Balance at 1 January 2012	14,003	11,452	2,701	28,156
Reclassified assets	0	410	0	410
Additions	0	2,426	0	2,426
Disposals	0	(2)	0	(2)
Currency adjustments	0	4	0	4
Balance at 31 December 2012	14,003	14,290	2,701	30,994
Amortization				
Balance at 1 January 2011	0	5,608	270	5,878
Reclassification of assets	0	(111)	0	(111)
Amortization	0	3,736	270	4,006
Currency adjustments	0	1	0	1
Balance at 31 December 2011	0	9,234	540	9,774
Balance at 1 January 2012	0	9,234	540	9,774
Amortization	0	1,305	270	1,575
Currency adjustments	0	(2)	0	(2)
Balance at 31 December 2012	0	10,537	810	11,347
Carrying amounts				
At 31 December 2010	14,003	4,398	2,431	20,832
At 31 December 2011	14,003	2,218	2,161	18,382
At 31 December 2012	14,003	3,753	1,891	19,647

Amortization

Intangible assets other than brand name, such as software and customer related developments that have been acquired are stated at cost less accumulated amortization.

The carrying amount of Eimskip's brand name is stated at allocated amount and is tested annually for impairment. No impairment was recognized.

11. FINANCE ASSETS

Non-current finance assets	2012	2011
Interest-bearing bonds	75	653
Other financial assets	909	1,063
	984	1,716

NOTES, CONTINUED

12. DEFERRED TAX ASSETS AND LIABILITIES

Recognized deferred tax assets and liabilities

	ASSETS	LIABILITIES	NET
2012			
Intangible assets	131	(258)	(127)
Operating fixed assets	583	(57)	526
Current assets	1,207	0	1,207
Current liabilities	62	(1)	61
Other	268	(7)	261
Tax loss carried-forward	6,724	0	6,724
Total tax assets (liabilities)	8,975	(323)	8,652
Set off tax	(323)	323	0
Net tax assets	8,652	0	8,652
2011			
Intangible assets	203	0	203
Operating fixed assets	2,052	(91)	1,961
Current assets	116	0	116
Current liabilities	1,399	0	1,399
Other	97	0	97
Tax loss carried-forward	393	0	393
Total tax assets (liabilities)	4,260	(91)	4,169
Set off tax	(91)	91	0
Net tax assets	4,169	0	4,169

13. TRADE AND OTHER RECEIVABLES

Trade and other receivables are specified as follows:

	2012	2011
Trade receivables, par value	56,176	53,102
Restricted cash	1,953	0
Current maturities of long-term notes	0	97
Other receivables	5,011	4,942
Trade and other receivables total	63,140	58,141

Restricted cash consists of deposits for guarantees issued by Eimskipafélag Íslands hf. on behalf of its subsidiaries for, among other, tax authorities, customs, port authorities and leases of office buildings.

Allowance for impairment losses of trade receivables are specified as follows:

	2012	2011
Balance at beginning of year	(7,772)	(11,168)
Impairment loss recognized	746	6,645
Changes in allowance for impairment losses	113	(3,249)
Balance at year-end	(6,913)	(7,772)

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are specified as follows:

	2012	2011
Bank balances	34,385	36,171
Marketable securities	2,919	7,346
Cash and cash equivalents	37,304	43,517

NOTES, CONTINUED

15. CAPITAL AND RESERVES

The Company's capital stock is nominated in Icelandic krónur. The nominal value of each share is one ISK and one vote is attached to each share. The EUR amount of capital stock was 1.2 million at year-end 2012. During the year the number of shares was increased from 20 million shares to 200 million by a stock split. The amount of the stock split was EUR 1.07 million. The nominal value of the share capital was increased by this amount with a corresponding reduction in the share premium reserve.

	NUMBER OF SHARES ,000	EUR
Outstanding shares at 31 December 2011	18,808	104
Stock split	169,273	1,070
Treasury shares sold	6,000	37
Outstanding shares at 31 December 2012	194,081	1,211

Shares issued to A1988 hf.

According to the composition agreement for A1988 hf. a 4.2% shareholding in Eimskipafélag Íslands hf. was not distributed to lenders but assigned to A1988 hf. The shares are only to be used to satisfy contingent liabilities that may arise in coming periods resulting from events prior to the composition agreement.

If the value of the shares exceeds the contingent claims accepted by A1988 hf. in accordance with the composition agreement, the remaining shares will be transferred to Eimskipafélag Íslands hf. without any compensation. These shares are not recognized in the statement of financial position at year-end. To date no material unrecorded contingent claims have been accepted by A1988 hf.

Share premium

Share premium represents excess of payment above nominal value that shareholders have paid for shares sold by the Company. The balance of the share premium account can be used to offset losses not covered by other reserves or to offset stock splits.

Share option reserve

The share option reserve states the share-based payments awards granted to employees that have been recognized as expenses in the statement of comprehensive income. The amount recognized as equity is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized in the share option reserve is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. The share options were forfeited by excecutive management in October 2012. As a result the total value of the share option agreement was recognized as expense in profit or loss. Finally the balance of the share-option reserve was transferred to retained earnings. See note 19.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Dividend

Shareholders are entitled to receive dividend as declared from time to time. The Board of Directors proposes a dividend payment of ISK 408 million to shareholders in 2013, equal to EUR 2.5 million, which represents 20% of net earnings for the year 2012. Treasury shares are not entitled to receive dividend.

NOTES, CONTINUED

16. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share for the year 2012 was based on earnings attributable to shareholders and a weighted average number of shares outstanding during the year taking into effect the stock split in 2012. Calculations are as follows:

	2012	2011
Net earnings attributable to ordinary shareholders	12,519	12,840
Number of outstanding shares at the beginning of the year	20,000	20,000
Effect of stock split issued in 2012	180,000	180,000
Effect of treasury shares held	(5,919)	(11,920)
Weighted average number of ordinary shares at 31 December	194,081	188,080
Basic earnings per share (EUR)	0.0645	0.0683

Diluted earnings per share

The calculation of diluted earnings per share for the year 2012 was based on profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding after adjustments for the effects of all dilutive potential shares and also taking into consideration the effects of the stock split in 2012. Calculations are as follows:

	2012	2011
Net earnings attributable to ordinary shareholders	12,519	13,145
Effect of shares issued	20,000	20,000
Effect of stock split issued in 2012	180,000	180,000
Effect of share options on issue	0	5,650
Effect of treasury shares held	(5,919)	(11,920)
Weighted average number of ordinary shares at 31 December	194,081	193,730
Diluted earnings per share (EUR)	0.0645	0.0679

Earnings per share without specific one-off items

The calculation of basic and diluted earnings per share for the year 2012 without specific one-off items was based on profit attributable to ordinary shareholders without the effects of the share option programme cancellation and with the registration of the Company's shares on NASDAQ OMX Iceland and a weighted average number of ordinary shares outstanding after adjustments for the effects of all dilutive potential shares. Calculations are as follows:

	2012	2011
Net earnings, without specific one-off items attributable to ordinary shareholders (see note 5)	17,115	6,755
Basic earnings per share (EUR)	0.0882	0.0359
Diluted earnings per share (EUR)	0.0882	0.0349

NOTES, CONTINUED

17. LOANS AND BORROWINGS

This note provides information on the contractual terms of Eimskip's interest bearing loans and borrowings. For more information about the Eimskip's exposure to foreign currency risk, see note 20:

Non-current loans and borrowings consist of the following:

	2012	2011
Finance lease liabilities	8,538	10,074
Loans and borrowings	50,716	52,132
	59,254	62,206

	2012		2011	
	NOMINAL INTEREST	CARRYING AMOUNT	NOMINAL INTEREST	CARRYING AMOUNT
Loans in EUR	3.9%	42,470	5.6%	39,705
Loans in USD	1.8%	5,116	1.9%	8,086
Loans in CHF	-	0	0.1%	1,097
Loans in DKK	4.5%	929	5.0%	1,055
Loans in other currencies	-	2,201	-	2,189
		50,716		52,132
Current maturities		(5,568)		(7,324)
		45,148		44,808

Aggregated annual maturities are as follows:

	2012	2011
On demand or within 12 months	5,568	7,324
Within 24 months	11,158	5,450
Within 36 months	4,373	5,469
Within 48 months	3,120	4,447
Within 60 months	3,120	3,138
After 60 months	23,377	26,304
	50,716	52,132

Collateral of loans and borrowings is specified as follows:

	2012	2011
Loans with collateral in fixed assets	50,716	52,132
Finance leases	8,538	10,074
Total	59,254	62,206

Finance lease liabilities

Finance lease liabilities are payable as follows:

	2012		2011	
	MINIMUM LEASE PAYMENTS	PRINCIPAL	MINIMUM LEASE PAYMENTS	PRINCIPAL
Less than one year	2,604	2,598	4,091	4,087
Between one and five years	4,743	4,731	4,826	4,824
More than five years	1,210	1,209	1,164	1,163
	8,557	8,538	10,081	10,074

NOTES, CONTINUED

18. TRADE AND OTHER PAYABLES

Trade and other payables are attributable to the following:

	2012	2011
Accounts payable	40,649	28,059
Other payables	13,779	16,143
Provisions and claims	0	307
Total	54,428	44,509

19. SHARE-BASED PAYMENT

Share option program (equity settled)

In 2010, 2011 and 2012 share option programs that entitled executive management to purchase shares in the Company were established and unanimously ratified at each annual shareholders meeting. The share options were to be settled by the sale of shares to executive management at a specific exercise price against payment in cash or equity-settled-share-based-payments. The cost of the agreements was, until year-end 2012, recognized in the financial statements over the option period which was 10 years for these agreements.

Cancellation of share option agreements

In connection with the Company's listing on NASDAQ OMX Iceland the executive management decided to forfeit their share options granted under the Company's stock option program. The management forfeiture and the Company's disclosure to the stock exchange had the effect that the total cost of the agreements was expensed in full.

The derived value of the share options was EUR 3.6 million according to the Black-Scholes Option Pricing Model. Total cost that had been recognized at 30 September 2012 was EUR 0.7 million and therefore the remaining balance of EUR 2.9 million was expensed in the fourth quarter. The expense has a direct affect on net income and EPS but has no effect on the Company's cash flows or the amount of total equity.

20. FINANCIAL RISK MANAGEMENT

Overview

Eimskip has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Eimskip's exposure to each of the above risks, Eimskip's objectives, policies and processes for measuring and managing risk, and Eimskip's management of capital. Further quantitative disclosure are included throughout these consolidated financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of Eimskip's risk management framework.

Eimskip's risk management policies are established to identify and analyse the risks faced by Eimskip, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Eimskip's activities. Eimskip, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with Eimskip's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by Eimskip.

NOTES, CONTINUED

20. FINANCIAL RISK MANAGEMENT, CONTINUED

(i) Credit risk

Credit risk is the risk of financial loss to Eimskip if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from Eimskip's receivables from customers and investment securities.

Trade and other receivables

Eimskip's exposure to credit risk is influenced mainly by the individual characteristics of each customer. No single customer accounts for more than 10% of Eimskip's revenue from sales transactions. Geographically, there is some concentration of credit risk.

Eimskip has established a credit policy under which each new customer is analysed individually for creditworthiness before Eimskip's standard payment and delivery term and conditions are offered. Eimskip's review includes external ratings, when available, and in some cases bank references. Customers that fail to meet Eimskip's benchmark creditworthiness may transact with Eimskip only on a prepayment basis.

Goods that are shipped or transported may be with-held until payment for service rendered has been received. Eimskip usually does not require collateral in respect to trade and other receivable.

Trade and other receivables, continued

Eimskip establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	NOTE	2012 CARRYING AMOUNT	2011 CARRYING AMOUNT
Interest-bearing bonds	11	140	653
Other financial assets	11	844	1,063
Trade and other receivables	13	63,140	58,141
Cash and cash equivalents	14	37,304	43,517
		101,428	103,374

The maximum exposure to credit risk for trade receivable at the reporting date by geographic region was as follows:

	2012 CARRYING AMOUNT	2011 CARRYING AMOUNT
North Atlantic	50,023	46,062
Other regions	13,117	12,079
	63,140	58,141

Impairment risk

The aging of trade receivables at the reporting date was as follows:

	GROSS 2012	IMPAIRMENT 2012	GROSS 2011	IMPAIRMENT 2011
Not past due	48,633	(661)	44,799	(906)
Past due 0 - 90 days	14,801	(1,390)	14,881	(2,178)
Past due 91 - 180 days	3,755	(1,998)	3,936	(2,390)
More than 180 days	2,864	(2,864)	2,298	(2,298)
	70,053	(6,913)	65,913	(7,772)

NOTES, CONTINUED

20. FINANCIAL RISK MANAGEMENT, CONTINUED

(ii) Liquidity risk

Liquidity risk is the risk that Eimskip will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Eimskip's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Eimskip's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

Non-derivative financial liabilities: **31 December 2012**	CARRYING AMOUNT	CONTRACTUAL CASH FLOW	LESS THAN 1 YEAR	1 - 2 YEARS	2 - 5 YEARS	MORE THAN 5 YEARS
Secured bank loans	50,716	(76,221)	(8,064)	(7,646)	(15,582)	(44,929)
Finance lease liabilities	8,538	(12,164)	(2,994)	(2,388)	(6,594)	(188)
Trade and other payables	54,428	(54,428)	(54,428)	0	0	0
	113,682	(142,813)	(65,486)	(10,034)	(22,176)	(45,117)
31 December 2011						
Secured bank loans	52,132	(76,416)	(10,462)	(8,206)	(19,175)	(38,573)
Finance lease liabilities	10,074	(11,066)	(4,519)	(1,954)	(3,442)	(1,151)
Trade and other payables	44,509	(44,509)	(44,509)	0	0	0
	106,715	(131,991)	(59,490)	(10,160)	(22,617)	(39,724)

Cash flows included in the maturity analysis are not expected to occur significantly earlier, or at significantly different amounts.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect Eimskip's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in currencies other than the respective functional currencies of the Group entities. At year-end 2012 the primary risks are attached to the Danish Krona (DKK), the Chinese Yuan (RMB) but also the Icelandic krona (ISK) as can be seen in the table below.

Exposure to currency risk

Eimskip's exposure to foreign currency risk is as follows based on notional amounts:

31 December 2012	ISK	USD	DKK	RMB	OTHER
Trade and other receivables	12,189	20,729	1,951	5,153	3,717
Cash and cash equivalents	2,448	4,997	3,789	281	3,904
Loans and borrowings	(2,995)	(8,016)	0	(763)	(1,248)
Trade and other payables	(8,107)	(17,577)	(2,276)	(2,954)	(2,496)
Gross balance sheet exposure	3,535	133	3,464	1,717	3,877
31 December 2011					
Trade and other receivables	14,802	14,923	1,364	2,493	2,402
Cash and cash equivalents	3,348	5,468	4,033	339	4,362
Loans and borrowings	(1,246)	(11,485)	0	(944)	(3,959)
Trade and other payables	(8,954)	(5,928)	(1,553)	(4,930)	(4,016)
Gross balance sheet exposure	7,950	2,978	3,844	(3,042)	(1,211)

NOTES, CONTINUED

20. FINANCIAL RISK MANAGEMENT, CONTINUED

(iii) Market risk, continued

The following significant exchange rates were applied during the year:

	AVERAGE RATE		REPORTING DATE SPOT RATE	
	2012	2011	2012	2011
ISK	160.7343	161.4194	168.9500	158.7050
USD	1.2854	1.3907	0.7579	1.2939
DKK	7.4437	7.4506	0.1340	7.4342
RMB	0.1233	0.1113	0.1216	0.1226
NOK	7.4764	7.7968	0.1361	7.7540

Sensitivity analysis

A 10% strengthening of the EUR against the following currencies at 31 December would have increased result before income tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis was performed on the same basis for the year 2011.

	2012	2011
ISK	(277)	(618)
USD	(10)	(231)
DKK	(271)	(299)
RMB	(135)	236

A 10% weakening of the EUR against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above on the basis that all other variables remain constant.

Interest rate risk

At the reporting date the interest rate profile of Eimskip's interest bearing financial instruments was:

	CARRYING AMOUNT	
Variable rate instruments	2012	2011
Financial assets	37,303	43,517
Financial liabilities	(57,562)	(61,151)
Net exposure	(20,259)	(17,634)

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) result after income tax by EUR 164 thousands (2011: EUR 147 thousands). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for the year 2011. The Group does not account for any fixed rate financial assets and liabilities.

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	2012		2011	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Interest-bearing bonds	140	140	653	653
Other financial assets	844	844	1,063	1,063
Trade and other receivables	63,140	63,140	58,141	58,141
Cash and cash equivalents	37,304	37,304	43,517	43,517
	101,428	101,428	103,374	103,374
Loans and borrowings	50,716	51,354	52,132	55,567
Finance lease liabilities	8,538	10,710	10,075	10,559
Trade and other payables	54,427	54,427	44,509	44,509
	113,681	116,491	106,716	110,635

NOTES, CONTINUED

20. FINANCIAL RISK MANAGEMENT, CONTINUED

(iii) Market risk, continued

The methods used in determining the fair values of financial instruments are discussed in note 4.

Interest rates used for determining fair values

The interest rate used to discount estimated cash flows, where applicable, are based on three-month interest rates on interbank market at the reporting date plus an 1.0% credit spread.

(iv) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with Eimskip's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of Eimskip's operations.

Eimskip manages operational risk in order to avoid financial losses and damage to Eimskip's reputation. When managing this risk overall cost effectiveness and avoidance of control procedures that restrict initiative and creativity are considered.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines result from operating income divided by total shareholders' equity, excluding non-controlling interests.

21. COMMITMENTS

Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	2012	2011
Less than one year	3,900	5,870
Between one and five years	4,356	4,627
More than five years	1,161	1,868
	9,417	12,367

Eimskip leases vessels, real estate, trucks, equipment and containers under operating leases. The leases generally run for a period of six months to eight years.

Capital commitments

In 2011 Eimskip entered into an agreement with a Chinese shipbuilding company for the building of two new container vessels which are to be delivered in 2013. The total value of the agreement is USD 50.4 million or EUR 38.4 million. The remaining obligation as at 31 December 2012 is EUR 23.8 million and is to be paid in 2013.

22. RELATED PARTIES

The Company's largest shareholders Yucaipa American Alliance Fund II LP, with 15.25% shareholding, Lífeyrissjódur verzlunarmanna with 14.57% shareholding, LBI hf. with 10.4% shareholding and Yucaipa American Alliance (Parallel) Fund II LP with 10.05% shareholding are considered related parties as well as subsidiaries (see note 23). Intercompany transactions with subsidiaries are eliminated on consolidation.

In the year-end 2012 there was one loan from Lifeyrissjodur verzlunarmanna to Eimskip outstanding. The balance of the loan amounted to 235 thousand EUR and is negotiated on market terms. During the year there were no transactions nor other outstanding balances at year-end with the four major shareholders.

During the year there were no transactions nor outstanding balances at year-end with the management.

NOTES, CONTINUED

22. RELATED PARTIES, CONTINUED

Salaries and benefits paid to the Board of Directors and excecutive management

	BOARD FEE	SHARES AT YEAR-END**
Bragi Ragnarsson, Chairman	37	88,718
Ólafur Helgi Ólafsson, Board Member	22	14,424
Tómas Kristjánsson, Board Member	19	9,858
Richard Winston Mark d'Abo, Board Member	19*	0 ****
Ronald Wayne Burkle, Board Member	19*	0 ****
Marc Jason Smernoff, Alternate of the Board	15*	0 ****

	SALARIES AND BENEFITS***	SHARES AT YEAR-END**
Gylfi Sigfússon, CEO	374	9,615
Hilmar Pétur Valgardsson, CFO	289	9,616
Bragi Thór Marínósson, EVP International	248	2,404
Gudmundur Nikulásson, EVP Iceland domestic	178	4,808
Ásbjörn Skúlason, EVP Liner and vessel operation	188	2,404
Matthías Matthíasson, EVP Sales & services	184	9,615

* Board fee has been accrued but not paid.

** Shares held directly by Board of Directors and excecutive management or parties related to them.

*** Salaries, pension contribution and car benefits.

**** These board members are not independent of Yucaipa Funds which owns in total 50.6 million shares in the Company.

23. GROUP ENTITIES

At year-end the Company owned directly nine subsidiaries that are all included in the consolidation. The direct subsidiaries further owned 40 subsidiaries at year-end. The Group's subsidiaries are as follows:

	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2012	OWNERSHIP INTEREST 2011
Eimskip Ísland ehf.	Iceland	100%	100%
TVG-Zimsen ehf.	Iceland	100%	100%
Eimskip USA, Inc.	USA	100%	100%
Eimskip UK Ltd.	England	100%	100%
Eimskip Holding B.V.	Holland	100%	100%
P/F Faroe Ship	Faroe Islands	100%	100%
Avia Technical Services Ltd.	England	100%	100%
Harbour Grace CS Inc.,	Canada	51%	51%
Eimskip REIT ehf.	Iceland	100%	100%

24. SUBSEQUENT EVENTS

There are no material subsequent events.

QUARTERLY STATEMENTS (UNAUDITED)

YEAR 2012	Q1	Q2	Q3	Q4	2012
Operating revenue	93,726	104,352	110,744	105,508	414,330
Salaries and operating epenses	86,950	92,086	99,224	95,306	373,566
Other expenses			681	3,915	4,596
Operating expenses	86,950	92,086	99,905	99,221	378,162
Operating profit (EBITDA)	6,776	12,266	10,839	6,287	36,168
Depreciation and amortization	(5,462)	(5,830)	(5,026)	(6,118)	(22,436)
Results from operating activities	1,314	6,436	5,813	169	13,732
Finance income	195	110	541	(189)	657
Finance expense	(1,212)	(1,131)	(437)	(860)	(3,640)
Net finance expense	(1,017)	(1,021)	104	(1,049)	(2,983)
Net earnings before income tax	297	5,415	5,917	(880)	10,749
Income tax	285	1,979	(169)	(113)	1,982
Net earnings (loss)	582	7,394	5,748	(993)	12,731

YEAR 2011	Q1	Q2	Q3	Q4	2011
Sales	83,817	96,330	98,053	100,137	378,337
Other income	6,390	0	0	0	6,390
Operating revenue	90,207	96,330	98,053	100,137	384,727
Operating expenses	77,254	85,700	87,074	91,544	341,572
Operating profit (EBITDA)	12,953	10,630	10,979	8,593	43,155
Depreciation and amortization	(5,842)	(6,011)	(6,143)	(5,227)	(23,223)
Results from operating activities	7,111	4,619	4,836	3,366	19,932
Finance income	222	324	51	682	1,279
Finance expense	(1,773)	(2,215)	839	(1,839)	(4,988)
Net finance expense	(1,551)	(1,891)	890	(1,157)	(3,709)
Net earnings before income tax	5,560	2,728	5,726	2,209	16,223
Income tax	276	(1,105)	(655)	(1,594)	(3,078)
Net earnings	5,836	1,623	5,071	615	13,145

AMOUNTS ARE IN THOUSANDS OF EUR

CORPORATE GOVERNANCE STATEMENT

With this statement on the Corporate Governance of Eimskipafélag Íslands hf. (Eimskip) it is declared that the Company is complying with the accepted practices in the Corporate Governance Guidelines published by the Iceland Chamber of Commerce in co-operation with the Confederation of Icelandic Employers and NASDAQ OMX Iceland.

The Corporate Governance Guidelines, along with the Company's Articles of Association and rules for Issuers of Securities listed on the NASDAQ OMX Iceland, make up the framework for the Corporate Governance practices for Eimskip. The purpose of the issue of this Corporate Governance Statement is to strengthen the infrastructure of Eimskip and increase transparency.

The Corporate Governance statement of Eimskip is accessible on the Company's website, www.eimskip.is, and is published in a special chapter in the Company's Financial Statements.

The Corporate Governance Guidelines are available on the website of the Iceland Chamber of Commerce, www.vi.is.

The Company is of the opinion that it follows and complies with the Guidelines in all main respect. However the Company has not established a Nomination Committee as the Board of Directors has considered it unnecessary.

LAWS AND REGULATIONS

Eimskip is a limited liability company that is governed by Act No. 2/1995 on Limited Liability Companies (Company Act). Acts can be found on the Parliament's website, www.althingi.is.

COMMUNICATION OF SHAREHOLDERS AND THE BOARD OF DIRECTORS

The supreme authority of the Company is in the hands of the shareholders who attend shareholders' meetings at least once a year. Share register is held at the Company's headquarters where it is available to shareholders.

THE BOARD OF DIRECTORS OF EIMSKIP

The Board consists of five Directors and two alternate directors and they are all elected annually at the Annual General Meeting. The Board of Directors is responsible for the operations of the Company and is the supreme authority in all its matters between shareholders' meetings. The Board of Directors has statutory role which it is responsible for unless the Board grants permission by law to transfer authority by delegation.

Board meetings are called with one weeks' notice. A schedule has been made for one year in advance. The invitation contains the agenda for the meeting. The CEO and the CFO attend Board meetings.

The majority of the Directors are independent of the Company and its day-to-day managers, and three Directors and one alternate Director are independent of the Company's significant shareholders. The Board evaluates whether Directors are independent of the Company and its significant shareholders. Moreover, the Board evaluates the independence of new Directors before the Company's Annual General Meeting and makes available to shareholders the result of such evaluation.

Annually the Board evaluates its work, size, composition and practices and also revises and assesses the Company's development and whether it is in line with its objectives. The assessment entails e.g. evaluation of the strengths and weaknesses of the Board's work and practices and takes into consideration the work components the Board believes may be improved. The evaluation is built on self-assessment, but the assistance of outside parties may be sought as appropriate. The evaluation includes an examination of whether the Board has operated in accordance with its Rules of Procedure and how the Board operates in general. Examination must be made whether important matters relating to the Company have been sufficiently prepared and discussed within the Board, and individual Directors must be considered with respect to both attendance and participation in meetings.

CORPORATE GOVERNANCE STATEMENT, CONTINUED

MAIN TASKS OF THE BOARD OF DIRECTORS

- To have supreme power in the Company's matters between shareholders' meetings and to bind the Company with resolutions and agreements.
- To hire the CEO, decide his terms of employment and execute a written employment contract.
- To set the Company's goals regarding its business, represent the Company and govern the social affairs of the Company between shareholders' meetings.
- To grant power of procuration.
- To work in accordance with the Rules of Procedures for the Board of Directors, the Company's Articles of Association and the Company Act.
- To monitor the Company's operations and financial position and that accounting and information processing are carried out with appropriate diligence. To obtain information on regular basis, including monthly operating results, to be presented to the Board in time for the Board meetings, which are to be held monthly or more frequently if necessary.
- To elect a Chairman and Vice-Chairman and to delegate other tasks as applicable.
- To ensure that the Company is being operated in accordance with the law pertaining to its operations, such as taxation and notifications to public authorities.
- To make decisions on material contracts of the Company and to formulate the policy by which the Company is to operate.
- To ensure that a share register is kept.
- To present recommendations to shareholders' meetings concerning the allocation of profits.

Extraordinary or major matters which require the approval of four out of five Directors and are therefore not a part of the CEO's daily operation are defined in the Rules of Procedure for the Board of Directors.

THE RULES OF PROCEDURE FOR THE BOARD OF DIRECTORS

The Board of Directors has established its Rules of Procedure which were amended and approved at a Board meeting on February 9 2012. A copy can be obtained from the Company's website, www.eimskip.is.

The Board of Directors has appointed two subcommittees, Audit Committee and Remuneration Committee.

The Audit Committee shall operate in accordance with its Rules of Procedure. The principal duty of the Audit Committee is to ensure the quality of the Company's Consolidated Financial Statements and other financial information, and the independence of the Company's Auditors.

Members of the Audit Committee are Ólafur Helgi Ólafsson, Ólafur Viggó Sigurbergsson and Marc Jason Smernoff.

The task of the Remuneration Committee involves negotiating wages and other benefits for the CEO and framing the Company's remuneration policy, including wage incentives and share option rights for company shares.

The Remuneration Committee is composed of all the members of the Board and shall work according to its Rules of Procedure.

CORPORATE GOVERNANCE STATEMENT, CONTINUED

THE DIRECTORS OF THE BOARD OF EIMSKIP

Chairman of the Board of Directors

Name:	*Bragi Ragnarsson.*
Year of birth:	1942.
First elected:	23 September 2009.
Shares in Company:	Bragi Ragnarsson does not own shares in the Company. Jónína Gissurardóttir who is defined as related party owns 88,718 shares in the Company.
Education:	Bragi graduated from Samvinnuskólinn in 1962. In addition, he has attended various courses and seminars.
Experience:	Bragi was the MD of the travel agency BR Tours ehf. from 2006 to 2012. Bragi served in various managerial positions for Eimskip and related companies from 1985 to 2005. He was a business consultant from 1981 to 1985 and was the MD for several trading companies from 1965 to 1980. Bragi has lectured on Logistics and related topics at the Continuing Education of the University of Iceland and other educational institutions.
Board membership:	Previous board membership in the following companies (and senior management and/or supervisory board if specified) during the last five years: Travel Agency BR Tours ehf. (also MD).

Vice-Chairman of the board

Name:	*Ólafur Helgi Ólafsson.*
Year of birth:	1945.
First elected:	23 September 2009.
Shares in Company:	Ólafur Helgi Ólafsson owns 9,616 shares in the Company. Margrét Th. Thorlacius who is defined as a related party owns 4,808 shares in the Company.
Education:	Ólafur graduated with a Cand.Oecon. degree from the University of Iceland and a degree in System Analysis and Programming from the IBM school in 1970.
Experience:	Ólafur has been the owner and CEO of the business consulting company Marcus-rádgjöf ehf. since 2007. Ólafur was the CEO of Lýsing hf. from 1992 to 2007 and Finance Manager of Lýsing from 1987 to 1991. Ólafur was Finance Manager of Orkubú Vestfjarda from 1980 to 1986. From 1976 to 1980 Ólafur worked as the head of the computer department of Heimilistæki hf. From 1970 to 1976 Ólafur worked as the head of the computer department of Icelandic Aluminium (ISAL).
Board membership:	Current board membership in the following companies (and senior management and/or supervisory board if specified): Urridaholt ehf., Urridaland ehf., Náttúrufrædihús ehf., Landsbankinn hf. and Marcus-rádgjöf ehf. (also CEO). Previous board membership in the following companies (and senior management and/or supervisory board if specified) during the last five years: VSB Verkfrædistofa ehf., alternate member of the board of Arion banki hf., Vátryggingafélag Íslands hf., Lýsing hf. (CEO), alternate member of the board of Pera ehf. (also CEO) and Loftorka í Borgarnesi ehf.

CORPORATE GOVERNANCE STATEMENT, CONTINUED

THE DIRECTORS OF THE BOARD OF EIMSKIP, CONTINUED

Board Member

Name:	*Tómas Kristjánsson.*
Year of birth:	1965.
First elected:	23 September 2009.
Shares in Company:	Tómas Kristjánsson owns 9,858 shares in the Company.
Education:	Tómas graduated from the University of Edinburgh in 1997 with a Master's degree in Business Administration. Tómas also graduated with a Cand.Oecon. degree from the University of Iceland in 1989.
Experience:	Tómas has been a Managing Partner of Sigla ehf. since 2007. Tómas was a member of the executive board of Glitnir banki hf. and its predecessors from 1998 to May 2007. From 2004, Tómas was the Chief Financial Officer of Glitnir banki hf. and was furthermore responsible for accounting and credit control from 2005-2007. He was the head of risk management and treasury of FBA from 1998, and continued to serve in that position when Fjárfestingarbanki atvinnulífsins hf. (FBA) and Íslandsbanki merged in year 2000. In the past, Tómas worked as a Director of Credit Control for the Industrial Loan Fund from 1990 to 1996.
Board membership:	Current board membership in the following companies (and senior management and/or supervisory board if specified): Klasi hf. and the following subsidiaries of Klasi hf.: Gardabær midbær ehf., alternate of the board of Háskólavellir, Háskólagardar ehf. and HV2 ehf., Klasi fasteignastýring ehf., Nesvellir ehf., Nesvellir íbúdir ehf., NV lódir ehf. and NVL ehf. Tómas is also a board member of Sigla ehf., Sjóvá-Almennar tryggingar hf., SF slhf., SF 1GP ehf. and Sena ehf. Previous board membership in the following companies (and senior management and/or supervisory board if specified) during the last five years: GAM Management hf. and alternate of the board of Icelandair Group hf.

Board Member

Name:	*Richard Winston Mark d'Abo.*
Year of birth:	1956.
First elected:	23 September 2009.
Shares in Company:	Richard Winston Mark d'Abo does not own shares in the Company but is not independent of Yucaipa Funds which own in total 50.6 million shares in the Company.
Education:	Richard pursued a degree in finance from the University of South California from 1975 to 1977.
Experience:	Richard is a Partner at The Yucaipa Companies, LLC. Richard has ten years of banking experience and 23 years of experience in private equity. From 1995 to 2003 Richard was involved in various activities in investment banking and private equity investing, co-founding and serving as the Director of Apogee Electronics, Inc. Richard was a Partner of The Yucaipa Companies, LLC from 1988 to 1994. During this time he was a key contributor to the acquisitions of Cala Foods, ABC Markets, Boys Markets, Almacs, Bell Markets, Alpha Beta and Food4Less. From 1992 to 1994 Richard served as a director of Food4Less Supermarkets. From 1978 to 1987, Richard worked at Union Bank and was involved in financing multiple leveraged and management buyouts.
Board membership:	Current board membership in the following companies (and senior management and/or supervisory board if specified): A Tango ehf. and Apogee Electronics, LLC and NPE Holdings, LLC. Previous board membership in the following companies (and senior management and/or supervisory board if specified) during the last five years: Americold Realty Trust (board of Trustees).

CORPORATE GOVERNANCE STATEMENT, CONTINUED

THE DIRECTORS OF THE BOARD OF EIMSKIP, CONTINUED

Board Member

Name:	*Ronald Wayne Burkle.*
Year of birth:	1952.
First elected:	31 March 2011.
Shares in Company:	Ronald Wayne Burkle does not own shares in the Company but is not independent of Yucaipa Funds which own in total 50.6 million shares in the Company.
Education:	Ronald studied Chemistry at California Poly in Pomona California from 1970 to 1972.
Experience:	Ronald is the Managing Partner of The Yucaipa Companies, LLC which he founded in 1986. Ronald has 15 years of diverse business experience and 20 years of experience in private equity, and is widely recognized as a leading investor in the retail, distribution and logistics industries. Ronald has served as Chairman of the Board and controlling shareholder of numerous companies including Alliance Entertainment, Golden State Foods, Dominick's, Fred Meyer, Ralphs and Food4Less. Ronald is a Co-Chairman of the Burkle Center for International Relations at UCLA and is broadly involved in the community. He is a trustee of the Carter Center, the National Urban League and AIDS Project Los Angeles (APLA). Ronald was the Founder and Chairman of the Ralphs/Food4Less Foundation and the Fred Meyer Inc. Foundation. Ronald has received numerous honors and awards including the AFL-CIO's Murray Green Meany Kirkland Community Service Award, the Los Angeles County Federation of Labor Man of the Year, the Los Angeles County Boy Scouts Jimmy Stewart Person of the Year Award and the APLA Commitment to Life Award.
Board membership:	Current board membership in the following companies (and senior management and/or supervisory board if specified): Managing Partner of The Yucaipa Companies, LLC and on the board of Ceiva Logics, Inc., Morgans Hotel Group Co., Soho House Limited, Americold Realty Trust, Delltrade Limited, Independent Talent Group Limited, Marc Entertainment, Inc., LBI Entertainment, LLC, Pittsburgh Penguins, LP and YC Holdings, LLC. Previous board membership in the following companies (and senior management and/or supervisory board if specified) during the last five years: Yahoo! Inc., Occidental Petroleum Corporation and KB Home.

Alternate Member of the Board

Name:	*Elín Thórunn Eiríksdóttir.*
Year of birth:	1967.
First elected:	29 March 2012.
Shares in Company:	Elín Thórunn Eiríksdóttir does not own shares in the Company.
Education:	Elín received a Cand.Oecon. degree from the University of Iceland in 1993.
Experience:	Elín has been a Director of Sales at Sjóvá-Almennar tryggingar hf. from 2012. Elín was Director of Corporate Markets at Síminn hf. from 2005 to 2010 and a manager at Eimskip hf. from 1997 to 2005.
Board membership:	Current board membership in the following companies (and senior management and/or supervisory board if specified): Síminn hf., Staki Automation ehf., Radiomidun ehf., Sjóvá-Almennar líftryggingar hf. and Sjóvá-Almennar tryggingar hf. (senior management). Previous board membership in the following companies (and senior management and/or supervisory board if specified) during the last five years: Valitor hf.

CORPORATE GOVERNANCE STATEMENT, CONTINUED

THE DIRECTORS OF THE BOARD OF EIMSKIP, CONTINUED

Alternate Member of the Board

Name:	*Marc Jason Smernoff.*
Year of birth:	1973.
First elected:	23 September 2009.
Shares in Company:	Marc Jason Smernoff does not own shares in the Company but is not independent of Yucaipa Funds which own in total 50.6 million shares in the Company.
Education:	Marc has a Master's degree in Business Administration from UCLA Anderson School of Management from 2005. He further holds a bachelor's degree in Business Economics from University of California, Santa Barbara from 1995. Marc is a Certified Public Accountant.
Experience:	Marc has been a Director of Private Equity of the Yucaipa Companies, LLC from 2004. Marc was a Manager of Transaction Services at KPMG from 2003 to 2004 and an Associate of Investment Banking at Wells Fargo Securities, LLC from 2000 to 2002. He was a Manager of Corporate Finance at Ernst & Young, LLP from 1997 to 2000 and a Staff Accountant of Assurance & Advisory Business Services at Ernst & Young, LLP from 1995 to 1997.
Board membership:	Current board membership in the following companies (and senior management and/or supervisory board if specified): Digital On-Demand Inc. and La Canada Flintridge Educational Foundation. Previous board membership in the following companies (and senior management and/or supervisory board if specified) during the last five years: Americold Realty Trust (board of Trustees).

Bragi Ragnarsson, Ólafur Helgi Ólafsson, Tómas Kristjánsson and Elín Thórunn Eiríksdóttir are independent members of the Board of Directors.

THE CHIEF EXECUTIVE OFFICER OF EIMSKIP

The Company's CEO is responsible for the daily operations in accordance with law, regulations and the Company's Articles of Association, towards the Board and the shareholders. The daily operations do not include matters which are unusual or of great significance. The CEO shall make sure that the Company's accounts are kept in accordance with law and practice and that the Company's assets are kept in a secure manner. The CEO is obligated to abide by all instructions of the Board of Directors and shall give the auditor any information requested. The CEO does not have the authority to make decisions concerning any matters that are assigned to others by law or are reserved to the Board in the Rules of Procedure. The CEO is to acquaint the Board with all major issues involving the operations of the Company or its subsidiaries and is to attend the Board meetings. He participates in the Boards of the subsidiaries.

Chief Executive Officer

Name:	*Gylfi Sigfússon.*
Year of birth:	1961.
Shares in Company:	Gylfi Sigfússon owns 9,615 shares in the Company and does not have share option agreement with the Company.
Education:	Gylfi holds a Cand.Oecon. degree from the University of Iceland from 1990.
Experience:	Gylfi has worked for Eimskip and related companies since 1990. Gylfi held the position of CEO of Eimskip USA, Eimskip Logistics and Eimskip Canada from 2006 to 2008, overseeing all of Eimskip's transport operations in USA and Canada. Gylfi was the CEO of Eimskip Logistics in USA from 2000 to 2006. He was an EVP of Ambrosio Shipping in USA from 1996 to 2000 and an EVP of marketing and operations at Tollvörugeymslan hf., now TVG-Zimsen ehf., from 1990 to 1996.
Board membership:	Current board membership in the following companies (and senior management and/or supervisory board if specified): A1988 hf. (CEO), A Tango ehf., A Orange ehf., and various subsidiaries of Eimskipafélag Íslands hf. (board member, CEO or both). In addition Gylfi is a board member of the Iceland Chamber of Commerce, the American-Icelandic Chamber of Commerce, the Icelandic-Canadian Chamber of Commerce and the Greenland-Icelandic Chamber of Commerce. Gylfi has not been on the board of directors, senior management and/or supervisory board of any company that he is not serving anymore, during the last five years.

CORPORATE GOVERNANCE STATEMENT, CONTINUED

THE EXECUTIVE MANAGEMENT OF EIMSKIP

The executive management of Eimskip consists of the Chief Executive Officer, the Chief Financial Officer and the Directors of International, Iceland Domestic, Liner and Vessels Operations and Sales and Services. All the executives have an extensive experience within the Company.

Hilmar Pétur Valgardsson is the Chief Financial Officer, Bragi Thór Marinósson is the Executive Vice President International, Gudmundur Nikulásson is the Vice President of Iceland Domestic, Ásbjörn Skúlason is the Vice President of Liner and Vessels Operations, and Matthías Matthíasson is the Vice President of Sales and Services.

Further information on the executive management can be found on the Company's website, www.eimskip.is.

EIMSKIP'S FINANCIAL STATEMENTS

Eimskip's financial year is the calendar year. The Company's Financial Statements are accessible at the Company's website, www.eimskip.is.

INTERNAL CONTROL AND RISK MANAGEMENT

Active risk management plays an important role in Eimskip to ensure stable operations and earnings. The Company's risk management policy is aimed at minimizing potential negative effects on operations and earnings from marketing, operational and financial activities and to limit risks to acceptable levels.

Risk management within Eimskip is governed by the Board of Directors while the Audit Committee is responsible for its review on a regular basis. The Executive Management is responsible for identifying material risks and developing the Company's risk management.

The Company is monitoring risk factors within its operation on continuous basis. Each division of the Company is responsible for maintaining a list of all potential risk factors and for ensuring that relevant processes are in place to prevent potential risks.

Eimskip is focused on importance of safety and security and loss prevention and has increased the resources in those activities during recent years.

The Company goes through a detailed strategic and budgeting process each year and a strategy and budget report is prepared. The Board approves the Company's strategy and budget each year. Deviations from the strategy and budget are carefully monitored on a monthly basis.

Eimskip monitors its financial risk factors and has defined treasury policies and procedures which, among other, sets acceptable risk limits and stipulates how to identify, measure and manage financial risk exposure.

The Company's risk exposure is discussed at Board Meetings.

INFORMATION ON VIOLATION OF RULES DETERMINED BY THE APPLICABLE AUTHORITY

The Competition Authority in Iceland has a few cases concerning the Company in process, of which the outcome is not yet determined.

COMPANY VALUES, CODE OF CONDUCT AND SOCIAL RESPONSIBILITY AND ENVIRONMENTAL MATTERS

The Company has set out its values which are: Achievement, Co-operation and Trust (ACT).

The CEO supervises all grants related to the company's social responsibility program through the Corporate Communication and Marketing division and the Vice Presidents. All final and major decisions on grants are taken by the CEO according to the approved budget and the Board of Directors is kept informed.

In Eimskip's Annual Report 2012 analysis is made of elements concerning the Company's values, its code of conduct and social responsibility as well as environmental matters, which the Company uses to better understand its development, success and position. Eimskip's Annual Reports are accessible on its website, www.eimskip.is.

FORWARD-LOOKING STATEMENTS

Any statement contained in this Annual Report that refers to Eimskip's estimated or anticipated future results or future activities are forward-looking statements which reflect the Company's current analysis of existing trends, information and plans. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially depending on factors such as the availability of resources, the timing and effect of regulatory actions and other factors. Eimskip undertakes no obligation and does not intend to update these forward-looking statements to reflect events or circumstances occurring after the date of issue of this Annual Report. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the issue of this Annual Report. All forward-looking statements are qualified in their entirety by this cautionary statement.

EIMSKIP ANNUAL REPORT 2012

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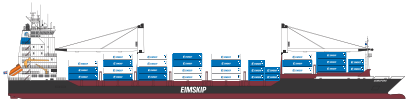
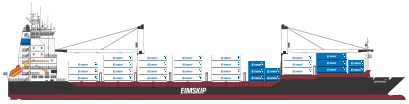
SELFOSS
EIMSKIP

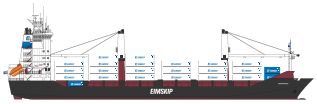
EIMSKIP'S VESSEL FLEET



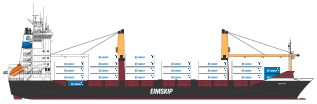
Godafoss O
Built 1995
TEU 1,457
Gross Tonnage 14,664



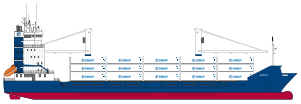
Dettifoss O
Built 1995
TEU 1,457
Gross Tonnage 14,664



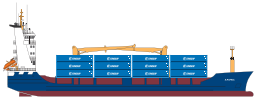
Brúarfoss O
Built 1992
TEU 724
Gross Tonnage 7,676



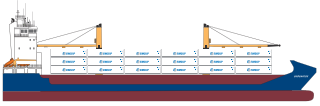
Selfoss O
Built 1991
TEU 724
Gross Tonnage 7,676



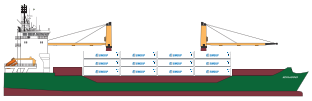
Horst B C
Built 1994
TEU 703
Gross Tonnage 6,297



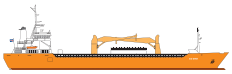
S. Rafael C
Built 2000
TEU 501
Gross Tonnage 4,454



Skógafoss C
Built 2007
TEU 698
Gross Tonnage 7,545



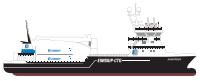
Reykjafoss C
Built 1999
TEU 712
Gross Tonnage 7,589



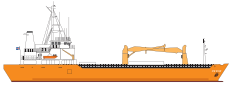
Ice Bird O
Built 1990
Reefer (bulk)
Gross Tonnage 3,625

Hólmfoss O
Built 2007
Reefer (bulk/TEU 24)
Gross Tonnage 3,538

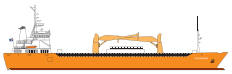
Pólfoss O
Built 2008
Reefer (bulk/TEU 24)
Gross Tonnage 3,578



Svartfoss O
Built 2005
Reefer (bulk/TEU 48)
Gross Tonnage 2,990



Ice Star O
Built 1990
Reefer (bulk)
Gross Tonnage 3,625



Ice Crystal O
Built 1991
Reefer (bulk)
Gross Tonnage 3,625

Laxfoss O
Built 1995
Bulk Cargo
Gross Tonnage 1,682

Herjólfur C
Built 1992
Ferry
Gross Tonnage 3,354

O Own Vessel C Chartered Vessel

BLUE LINE
Iceland, Faroe Islands, The Netherlands, Poland, Sweden, Norway, Denmark, Faroe Islands, Iceland

YELLOW LINE
Iceland, Faroe Islands, England, The Netherlands, Germany, England, Iceland

RED LINE
Iceland, Faroe Islands, Scotland, The Netherlands, Iceland

GREEN LINE
Norway, Iceland, Newfoundland, Nova Scotia, United States, Newfoundland, Iceland

BROWN LINE
Russia, Norway, The Netherlands, England, Scotland, Norway

OTHER OPERATIONS
North Atlantic

EIMSKIP