Condensed
Interim Financial Statement
January 1st - June 30th 2018

Landsnet hf.
Gylfaflöt 9
112 Reykjavík

Reg.no. 580804-2410

Contents

Report of the Board of Directors and the CEO

The role of Landsnet is to administer the transmission of electricity and system operation in accordance with the provisions of Chapter III of the Electricity Act No. 65/2003.

Profit of the period amounted to USD 16,233 thousand and the Company´s equity at end of June amounted to USD 350,032 thousand.

Share capital at the end of June 2018 is divided between four shareholders:

	Share
Landsvirkjun	64.73%
Rarik ohf.	22.51%
Orkuveita Reykjavíkur	6.78%
Orkubú Vestfjarða ohf.	5.98%

Statement of the Board of Directors and the CEO

According to the best of the Board of Director's and the CEO's knowledge, the Interim Financial Statements are in accordance with the International Financial Reporting Standards as adopted by the EU and it is the Board's and CEO's opinion that the Interim Financial Statements give a true an fair view of the financial performance of the Company for the six month period ended 30 June 2018, its assets, liabilities and financial position as at 30 June 2018 and its cash flow for the period then ended.

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

The Board of Directors and the CEO have today discussed the Interim Financial Statements of Landsnet hf. for the period 1 January to 30 June 2018 and confirmed them by means of their signatures.

Reykjavík, 16 August 2018.

The Board of Directors:

Sigrún Björk Jakobsdóttir
Svana Helen Björnsdóttir
Svava Bjarnadóttir
Ólafur Rúnar Ólafsson

CEO:

Guðmundur Ingi Ásmundsson

Independent Auditors' Review Report

To the Board of Directors and Shareholders of Landsnet hf.

We have on behalf of The Icelandic National Audit Office, reviewed the accompanying condensed interim financial statements of Landsnet hf., which comprise the endorsement by the Board of Directors and the CEO, the statement of financial position as at 30 June 2018 and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six-month period then ended, and a summary of accounting policies and other explanatory notes.

Management´s responsibility for the financial statements

The Board of Directors and CEO are responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with IAS 34 as adopted by the EU.

Auditor´s responsibility

Our responsibility is to express an opinion on these condensed interim financial statements.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements, ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial statements does not give a true and fair view of the financial position of Landsnet hf. as at June 30, 2018, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standard, IAS 34, as adopted by the EU.

Reykjavík, 16 August 2018.

Deloitte ehf.

Páll Grétar Steingrímsson
Rúnar Dór Daníelsson
Certified Public Accountants

Income Statement
Income for six months ended 30 June 2018

	Notes	1.1-30.6.2018	1.1.-30.6.2017
Operating revenue			
Transmission	5	75.824	70.620
Other income		918	884
		76.742	71.504
Operating expenses			
Energy procurement costs	6	14.538	12.778
Transmission costs	7	23.330	20.649
System operation	7	4.627	4.427
Other operating expenses	7	5.018	4.515
		47.513	42.369
Operating profit		29.229	29.135
Financial income		1.595	499
Financial expenses		(10.699)	(16.536)
Net financial expenses	8	(9.104)	(16.037)
Share in net earnings of associated company		67	66
Profit before income tax		20.192	13.164
Income tax	9	(3.959)	(2.620)
Profit for the period		16.233	10.544
Earnings per share:			
Basic and diluted earnings per each USD 1 share		0,36	0,23

Notes no. 1 to 17 are an integral part of these financial statements.

Condensed Interim Financial Statements of Landsnet hf. 30 June 2018 5 Amounts are in thousand USD

Statement of Comprehensive Income
for six months ended 30 June 2018

	Notes	1.1-30.6.2018	1.1.-30.6.2017
Profit		16.233	10.544
Items under total profit recognised among equity:			
Translation difference due to subsidiaries and associated companies		(140)	615
Total items under total profit recognised among equity		(140)	615
Total profit of the year		16.093	11.159

Notes no. 1 to 17 are an integral part of these financial statements.

Condensed Interim Financial Statements of Landsnet hf. 30 June 2018 6 Amounts are in thousand USD

Balance Sheet as at 30 June 2018

	Notes	30.6.2018	31.12.2017
Assets			
Fixed assets in operation	10	729.969	731.133
Projects under construction	10	20.490	17.485
Intangible assets	11	23.101	20.180
Investment in subsidiary and associate		7.299	7.372
Long-term note	15	1.006	1.044
Fixed assets		781.865	777.214
Inventories		5.115	5.111
Receivable from parent company	15	5.053	5.131
Trade and other receivables		13.525	14.671
Cash and cash equivalents		47.751	49.175
Current assets		71.444	74.088
Total assets		853.309	851.302
Equity			
Share capital		45.549	45.549
Statutory reserve		6.916	6.104
Restricted equity		436	369
Revaluation account		196.256	200.766
Foreign currency translation		1.249	1.389
Retained earnings		99.626	82.787
Equity		350.032	336.964
Liabilities			
Long term liabilities from parent company	12	88.535	135.054
Other interest bearing long-term liabilities	12	303.949	274.947
Deferred income tax liability	13	54.361	51.090
Deferred income		2.973	3.043
Provision due to site restoration		8.961	8.551
Long-term liabilities		458.779	472.685
Loans from parent company	12	1.089	1.609
Current maturities	12	23.266	18.604
Income tax payable		2.805	4.978
Trade and other payables		17.338	16.462
Short-term liabilities		44.498	41.653
Total liabilities		503.277	514.338
Total equity and liabilities		853.309	851.302

Notes no. 1 to 17 are an integral part of these financial statements.

Condensed Interim Financial Statements of Landsnet hf. 30 June 2018 7 Amounts are in thousand USD

Statement of Equity 30 June 2018

	Share capital	Statutory reserve	Restricted equity	Translation difference	Revaluation account	Retained earnings	Total
Changes in equity for six months ended 30 June 2017							
Equity at 1 January 2017	45.549	4.703	205	849	210.520	46.585	308.411
Foreign currency translation				615			615
Profit for the period						10.544	10.544
Total comprehensive income		0	0	615	0	10.544	11.159
Transfer to statutory reserve		528				(528)	0
Share in net earnings of associated company			66			(66)	0
Depreciation on revaluation recognised under retained earnings					(4.684)	4.684	0
Equity at 30 June 2017	45.549	5.231	271	1.464	205.836	61.219	319.570
Changes in equity for six months ended 30 June 2018							
Equity at 1 January 2018	45.549	6.104	369	1.389	200.766	82.787	336.964
Foreign currency translation				(140)			(140)
Profit for the period						16.233	16.233
Total comprehensive income		0	0	(140)	0	16.233	16.093
Transfer to statutory reserve		812				(812)	0
Share in net earnings of associated company			67			(67)	0
Dividend paid to shareholders						(3.025)	(3.025)
Depreciation on revaluation recognised under retained earnings					(4.510)	4.510	0
Equity at 30 June 2018	45.549	6.916	436	1.249	196.256	99.626	350.032

Notes no. 1 to 17 are an integral part of these financial statements.

Condensed Interim Financial Statements of Landsnet hf. 30 June 2018 8 Amounts are in thousand USD

Statement of Cash Flows for the six months ended 30 June 2018

	Notes	1.1-30.6.2018	1.1.-30.6.2017
Cash flow from operating activities			
Operating profit		29.229	29.135
Adjustments for:			
(Profit) loss from sales of fixed assets		(5)	1
Depreciation and amortisation	7	14.548	13.739
Working capital from operation before financial items		43.772	42.875
Operating assets, decrease (increase)		1.638	(2.261)
Operating liabilities, increase		1.802	6.065
Net cash from operating activities before financial items		47.212	46.679
Interest income received		343	178
Interest expenses paid and foreign exchange difference		(7.799)	(5.329)
Taxes paid		(2.860)	(4.249)
Net cash from operating activities		36.896	37.279
Cash flow from investing activities			
Investment in transmission infrastructures	10	(14.908)	(34.262)
Other investments	10,11	(5.786)	(1.307)
Proceeds from sale of property, plant and equipment		15	30
Long-term note, change		32	33
Net cash used in investing activities		(20.647)	(35.506)
Cash flow from financing activities			
Change in loans from parent company		(47.301)	(60.301)
Payments of long-term liabilities		(6.634)	(3.755)
New long-term liabilities		40.000	99.867
Dividend paid to shareholders		(3.025)	0
Net cash used in financing activities		(16.960)	35.811
Net (decrease) increase in cash and cash equivalents		(711)	37.584
Effect of exchange rate changes on cash and cash equivalents		(713)	733
Cash and cash equivalents at 1 January		49.175	18.253
Cash and cash equivalents at the end of the period		47.751	56.570

Notes no. 1 to 17 are an integral part of these financial statements.

Condensed Interim Financial Statements of Landsnet hf. 30 June 2018 9 Amounts are in thousand USD

Notes to the Financial Statements

1. Reporting entity

Landsnet hf. is domiciled at Gylfaflöt 9 in Reykjavik, Iceland. The Company is a subsidiary of Landsvirkjun, and the interim financial statement of Landsnet hf. is included in the consolidated financial statements of Landsvirkjun. Landsnet was established in 2004 on the basis of the Electricity Act passed by the Icelandic parliament, the Althingi, in the spring of 2003. The role of Landsnet is to administer the transmission of electricity and system operation in accordance with the provisions of Chapter III of the Electricity Act No. 65/2003, which stipulates that the Company must not engage in any activities other than necessary to perform its duties under the Act.

2. Statement of compliance

The condensed interim financial statements have been prepared in accordance with International Financial Reporting Standard, IAS 34 Interim Financial Reporting as adopted by the EU. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended December 31, 2017. The Company's financial statements for the year 2017 can be found at its website www.landsnet.is and the website of NASDAQ OMX Iceland; www.nasdaqomxnordic.com

3. Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS standards 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 recognised in the period in which the estimates are revised and in any future periods affected.

4. Accounting policies

The condensed interim financial statements are prepared using the same accounting policies as for the year 2017, except for changes to the accounting policies for IFRS 15 and IFRS 9 which are effective from 1 January 2018 and reported under "New International Financial Reporting Standards".

The interim financial statements are presented in USD, which is the Company's functional currency. Amounts are presented in USD thousand unless otherwise stated. The interim financial statements have been prepared on the historical cost basis, except for the Company's transmission system is recognised at a revalued amount.

New International Financial Reporting Standards

The Company has adopted all International Financial Reporting Standards, as adopted by the EU, for the accounting period beginning 1 January 2018, changes to the standards and new interpretations.

a. *IFRS 9 Financial Instruments*

IFRS 9 *Financial Instruments* became effective as at 1 January 2018 and replaced IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Company´s accounting policies related to financial liabilities. Under IFRS 9, on initial recognition, given certain condition, it is allowed to classify financial assets at fair value through profit or loss (FVTPL) or at fair value through other comprehensive income (FVOCI). After that the classification cannot be changed.

Accounts receivable and other receivables, which were under IAS 39 classified as loan and receivables, are now classified at amortised cost.

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 39, credit losses are recognised earlier than under IAS 39.

This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability weighted basis. Under IFRS 9, loss allowances will be measured as either 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date or lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

4. Accounting policies, contd.:

The Company´s asset classified at amortised cost consist of accounts receivable and contract assets, other receivables, cash and cash equivalents as well as an immaterial long-term note. Accounts receivable and other receivables are without material financing component, the risk is immaterial and the loss allowances will be measured as lifetime ECLs.

Financial assets measured at amortised cost according to IFRS 9 are either short-term receivables with expected life less than 12 months or receivables with low credit risk. Therefore the expected credit loss is proportionally low and the effect of the adoption of the standard on the Company´s financial statements immaterial, except that the standard requires more extensive disclosures, as applicable.

b. *IFRS 15 Revenue from contracts with customers*

IFRS 15 *Revenue from contracts with customers* became effective as at 1 January 2018 and replaced various standards and interpretations on revenue recognition related to sale of goods and services. The standard establishes a comprehensive framework about revenue recognition of information on nature, amounts, timing and uncertainty of revenue and cash flows from contracts with customers. The new revenue recognition model is different from prior rules as revenue shall be recognised in a way that reflects the transfer of goods and service to customers, i.e. transfer of control, but according to prior rules the revenue recognition was based on transfer of the risk and rewards. The standard´s impact on the Company´s financial reporting has been assessed as minor.

Landsnet is responsible for the transmission of electricity and system management under the provisions of Chapter III of the Electricity Act No. 65/2003. Income from transmission is recognised on the basis of measured delivery of electricity and the tariff in force at any given time. The tariff is subject to a revenue cap set for the Company on the basis of Article 12 of the Electricity Act and regulated by the National Energy Authority. Income relating to transmission losses and ancillary services is also recognised on the basis of measured delivery and the tariff in force. The tariff is based on purchase prices determined by tendering processes. It is external to the revenue cap but subject to regulation by the National Energy Authority. The criteria for recognition as income and for billing for transmission are met once the electricity is transmitted and delivered.

5. Transmission revenue

Transmission revenue consist of:

	2018 1.1.-30.6.	2017 1.1.-30.6.
Energy transmission to power-intensive consumers	35.726	34.194
Energy transmission to distribution system operators	26.840	22.644
Transmission losses and ancillary services	12.350	12.963
Service income	319	273
Input fees	589	546
Transmission revenue total	75.824	70.620

6. Energy procurement costs

Energy procurement costs consist of:

Electricity purchases due to transmission losses	10.153	8.996
Purchase of ancillary services	4.385	3.782
Energy procurement costs total	14.538	12.778

7. Depreciation and amortisation

Depreciation and amortisation are specified as follows:

Depreciation of fixed assets in operation, see Note 10	14.259	13.500
Amortisation and impairment losses of intangible assets, see Note 11	289	239
Depreciation and amortisation recognised in the income statement	14.548	13.739

Depreciation and amortisation are allocated as follows to operating items:

Transmission costs	13.937	13.180
System operation	216	164
Other operating expenses	395	395
Depreciation and amortisation recognised in the income statement	14.548	13.739

Condensed Interim Financial Statements of Landsnet hf. 30 June 2018 11 Amounts are in thousand USD

Notes, continued:

8. Financial income and expenses

Financial income and expenses are specified as follows:

	2018 1.1.-30.6.	2017 1.1.-30.6.
Interest income	337	438
Net gain in fair value of marketable securities	292	61
Exchange rate difference	966	0
Total financial income	1.595	499
Interest expenses	(10.590)	(10.300)
Indexation	(636)	(481)
Exchange rate difference	0	(6.418)
Change in present value of the provision due to site restoration	(409)	(694)
Capitalised interest expense due to projects under construction	936	1.357
Total financial expenses	(10.699)	(16.536)
Net financial expenses	(9.104)	(16.037)

Capitalised financial expenses were 5.3% (30.06.17: 5.3%) of capital tied in transmission structures under construction during the year. This is the Company's average finance cost.

9. Income tax

Income tax recognised in the income statement is specified as follows:

	2018 1.1.-30.6.	2017 1.1.-30.6.
Deferred income tax for the period	(3.271)	(1.789)
Income tax payable	(688)	(831)
Income tax recognised in the income statement	(3.959)	(2.620)
Effective tax rate	(19,6%)	20,7%

10. Fixed assets in operation

Fixed assets in operation specified as follows:

	Substations	Transmission lines	Other	Total
Cost				
Balance 1.1.2017	358.729	546.663	33.815	939.207
Additions	3.861	7.491	981	12.333
Transferred from projects under construction	54.507	27.168	0	81.675
Sold	0	0	(140)	(140)
Balance 31.12.2017	417.097	581.322	34.656	1.033.075
Additions	3.272	1.040	2.382	6.694
Transferred from projects under construction	6.412	0	0	6.412
Sold	0	0	(60)	(60)
Balance 30.6.2018	426.781	582.362	36.978	1.046.121
Depreciation				
Balance 1.1.2017	97.232	164.668	12.223	274.123
Depreciation	12.070	14.659	1.197	27.926
Sold	0	0	(107)	(107)
Balance 31.12.2017	109.302	179.327	13.313	301.942
Depreciation	6.096	7.508	655	14.259
Sold	0	0	(49)	(49)
Balance 30.6.2018	115.398	186.835	13.919	316.152

Condensed Interim Financial Statements of Landsnet hf. 30 June 2018 12 Amounts are in thousand USD

10. Fixed assets in operation, contd.:

	Substations	Transmission lines	Other	Total
Carrying amount				
1.1.2017	261.497	381.995	21.592	665.084
31.12.2017	307.795	401.995	21.343	731.133
30.6.2018	311.383	395.527	23.059	729.969
Carrying amount without revaluation				
1.1.2017	164.310	216.031	21.592	401.933
31.12.2017	215.543	243.287	21.343	480.173
30.6.2018	221.142	240.446	23.059	484.647

Basis of revaluation of fixed assets in operation

In accordance with the International Accounting Standard ISA 16, the Company's lines and substations are recognised according to the revaluation method. A revaluation was conducted on those assets in the year 2015.

Projects under construction:

	2018 1.1.-30.6.	2017 1.1.-31.12
Cost		
Balance 1.1.	17.485	51.615
Additions	9.137	54.850
Transferred from (to) intangible assets	280	(7.305)
Transferred to fixed assets in operation	(6.412)	(81.675)
Balance 30.6. / 31.12.	20.490	17.485

11. Intangible assets:

Intangible assets specified as follows:

	Capitalised development cost	Software	Total
Cost			
Balance 1.1.2017	14.025	4.894	18.919
Additions	2.302	128	2.430
Transferred to projects under construction	7.305	0	7.305
Balance 31.12.2017	23.632	5.022	28.654
Additions	3.490	0	3.490
Transferred to projects under construction	(280)	0	(280)
Balance 30.6.2018	26.842	5.022	31.864
Amortisation and impairment losses			
Balance 1.1.2017	4.968	2.948	7.916
Amortisation and impairment losses	226	332	558
Balance 31.12.2017	5.194	3.280	8.474
Amortisation and impairment losses	123	166	289
Balance 30.6.2018	5.317	3.446	8.763
Carrying amount			
1.1.2017	9.057	1.946	11.003
31.12.2017	18.438	1.742	20.180
30.6.2018	21.525	1.576	23.101

Condensed Interim Financial Statements of Landsnet hf. 30 June 2018 13 Amounts are in thousand USD

12. Interest-bearing loans and borrowings

This Note provides information on the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

Long-term liabilities	**30.6.2018**	**31.12.2017**
Loan from parent company in USD, fixed interest	99.137	144.921
Loan agreement and notes in USD, fixed interest	246.219	208.638
Loan agreement in CHF, LIBOR + margin	23.598	27.044
Listed indexed bond loan in NASDAQ OMX in ISK, fixed interest	46.796	48.002
	415.750	428.605
Current maturities on long-term liabilities	(23.266)	(18.604)
Interest-bearing long-term liabilities total	392.484	410.001

Interest rates on the loans range between 0% - 5%. Weighted average interest rates of the Company are 4.12% (31.12.2017: 4.07%).

Short-term liabilities

Short-term loans from parent company consists of accrued interest of USD long-term liabilities with parent company. At the end of June 2018, accrued interes amounted to USD 1.1 million (30.6.2017: USD 1.7 million).

Maturities by year of interest-bearing loans and borrowings:

1.7.2018 - 30.6.2019 / 1.1.2018 - 31.12.2018	23.266	18.604
1.7.2019 - 30.6.2020 / 1.1.2019 - 31.12.2019	23.369	18.795
1.7.2020 - 30.6.2021 / 1.1.2020 - 31.12.2020	90.808	134.038
1.7.2021 - 30.6.2022 / 1.1.2021 - 31.12.2021	22.994	9.054
1.7.2022 - 30.6.2023 / 1.1.2022 - 31.12.2022	7.223	21.167
Later	248.090	226.947
	415.750	428.605

13. Deferred tax liability

The breakdown of deferred tax liability is as follows:	**2018** **1.1.-30.6.**	**2017** **1.1.-31.12.**
Deferred tax liability at 1 January	51.090	49.019
Calculated income tax for the year	3.959	7.049
Income tax payable	(688)	(4.978)
Deferred tax liability at 30 June	54.361	51.090

The breakdown of deferred tax liability was as follows at end of June:

Fixed assets in operation	54.823	54.957
Intangible assets	2.053	1.754
Other assets	448	495
Provision due to site restoration	(1.792)	(1.710)
Other obligations	(926)	(644)
Unrealized exchange rate difference	(245)	(3.762)
Deferred tax liability at 30 June	54.361	51.090

Condensed Interim Financial Statements of Landsnet hf. 30 June 2018 14 Amounts are in thousand USD

14. Financial instruments

Liquidity risk

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

30 June 2018

	Carrying amount	Contractual cash flow	Within 12 months	1-2 years	2-5 years	After 5 years
Non-derivative financial liabilities:						
Long-term liabilities from parent comp. ...	100.226	106.311	14.398	91.913	0	0
Long-term liabilities	318.882	389.046	11.976	21.062	75.698	280.310
Trade and other payables	9.218	9.218	9.218	0	0	0
	428.326	504.575	35.592	112.975	75.698	280.310

31 December 2017

	Carrying amount	Contractual cash flow	Within 12 months	1-2 years	2-5 years	After 5 years
Non-derivative financial liabilities:						
Long-term liabilities from parent comp. ...	146.530	157.650	14.094	15.839	127.717	0
Long-term liabilities	285.707	394.095	16.257	20.829	69.164	287.845
Trade and other payables	11.088	11.088	11.088	0	0	0
	443.325	562.833	41.439	36.668	196.881	287.845

Fair value

Fair value versus carrying amounts

The fair values and carrying amounts of financial assets and liabilities as reported in the balance sheet are specified as follows:

	30.6.2018		31.12.2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term liabilities from parent company	(99.137)	(100.649)	(144.921)	(148.828)
Other long-term liabilities	(316.613)	(337.258)	(283.684)	(315.471)
	(415.750)	(437.907)	(428.605)	(464.299)

Interest rate in valuation of fair value

Where applicable, expected contractual cash flow is discounted using the interest rate on government bonds plus a 1% margin on the reporting date.

15. Related parties

Definition of related parties

The Company has a related-party relationship with its shareholders, subsidiary, associates, directors, excecutive officers and companies in their possession. Transactions with related parties are on the same basis as transactions with non-related parties.

Condensed Interim Financial Statements of Landsnet hf. 30 June 2018 15 Amounts are in thousand USD

Notes, continued:

15. Related parties, contd.:
Transactions with related parties

	1.1.-30.6.2018	1.1.-30.6.2017
Sale of goods and services:		
Landsnet's parent company and its subsidiaries	32.460	32.544
Landsnet's other shareholders	29.572	27.194
Sale of goods and services to related parties total	62.032	59.738
Cost of goods and services:		
Landsnet's parent company and its subsidiaries	10.273	12.258
Landsnet's other shareholders	3.637	2.140
Cost of goods and services to related parties total	13.910	14.398

In addition to the costs outlined above, the Company paid USD 2.7 million (30.6.2017: USD 1.9 million) in interest to its parent company.

Balance:

Trade receivables and trade payables with related parties are as follows:

	30.6.2018		31.12.2017	
	Receivables	Payables	Receivables	Payables
Landsnet's parent company and its subsidiaries	5.053	0	5.131	0
Landsnet's other shareholders	6.185	0	7.194	0
Total	11.238	0	12.325	0

	30.6.2018	31.12.2017
Interest-bearing long-term note to associate	1.069	1.107
Interest-bearing liabilities to parent company, see note 12	(99.137)	(144.921)
Accrued interest payable to parent company	(1.089)	(1.609)
Total	(99.157)	(145.423)

16. Other issues

At the annual general meeting at March 23, 2018 the payment of dividends to shareholders in the amount of ISK 300 million (USD 3.0 million) was approved. The dividends were paid to shareholders in May 2018.

17. Financial ratios

The company's key financial ratios:

Financial performance:	1.1.-30.6.2018	1.1.-30.6.2017
EBIT	29.229	29.135
EBITDA	43.777	42.874

Financial position:	30.6.2018	31.12.2017
Current ratio – current assets/current liabilities	1,61	1,78
Equity ratio – equity/total assets	41,0%	39,6%
Return on average equity	9,5%	8,7%

Condensed Interim Financial Statements of Landsnet hf. 30 June 2018 16 Amounts are in thousand USD