Norðurorka hf.

Consolidated Financial Statements

2011

Norðurorka hf.
Rangárvöllum
603 Akureyri

Reg. no. 550978-0169

Contents

Endorsement by the Board of Directors and the CEO

The Company is an energy company that produces and distributes geothermal water for heating, electricity and cold water at Akureyri and its neighbourhood. The financial statements of Norðurorka hf. contain the consolidated financial statements of the Group and its subsidiary, Fallorka ehf.

According to the income statement, net profit for the year 2011 amounted to ISK 473.1 million. According to the balance sheet, equity amounted to ISK 5,193.3 million at the end of 2011.

The Company's Board of Directors proposes that dividends of 15% shall be paid to shareholders in the year 2012 and refers to the financial statements for further allocation of profit and changes in equity during the year.

The Company's share capital at year end amounted to ISK 846.7 million. At the end of the year the number of shareholders was six and remained unchanged from previous year. One shareholder held more than 10% of outstanding shares; Akureyri Municipality (Akureyrarbær), with 98.3% share.

The Company's Board of Directors emphasizes on maintaining good management practice. The Board of Directors has laid down comprehensive guidelines wherein the competence of the Board is defined and its scope of work vis-à-vis the CEO. These rules include rules regarding order at meetings, comprehensive rules on the competence of Directors to participate in the discussion and decision of issues presented to the Board, rules on secrecy, rules on information disclosure by the CEO to the Board and other issues.

The Board of Directors and the CEO have today discussed the annual consolidated financial statements of Norðurorka hf. for the year 2011 and confirm them by means of their signature. The Board of Directors and the CEO recommend that the consolidated financial statements will be confirmed at the annual general meeting of Norðurorka hf.

Akureyri, 5 March 2012.

Board of Directors:

Geir Kristinn Aðalsteinsson
Njáll Trausti Friðbertsson
Edward H. Huijbens
Ásdís Elva Rögnvaldsdóttir
Halla Björk Reynisdóttir

CEO:

Ágúst Torfi Hauksson

Independent Auditor's Report

To the Board of Directors and Shareholders of Norðurorka hf.

We have audited the accompanying consolidated financial statements of Norðurorka hf., which comprise the consolidated balance sheet as at December 31, 2011, the consolidated statement of income and cash flow statement 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 Icelandic Financial Statements Act, 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.

Auditor's 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 financial position of Norðurorka hf. as at December 31, 2011, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Icelandic Financial Statements Act.

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.

Akureyri, 5 March 2012.

KPMG ehf.

Arnar Árnason

Income Statement for the year 2011

	Notes	2011	2010
Operating revenue:			
Sales	3	2.432.029	2.291.536
Gain on sale of assets		2.844	807
		2.434.873	2.292.343
Operating expenses:			
Energy purchase		589.279	547.345
Salaries and related expenses	4	309.789	277.386
General and administrative expenses		389.677	347.142
Depreciation	8,9	348.087	340.116
		1.636.832	1.511.989
Operating profit		798.041	780.354
Financial income and expenses	5	(259.206)	589.560
Share of results in associated companies	11	31.359	9.892
Profit before income tax		570.193	1.379.806
Income tax	6,14	(97.059)	(125.219)
Profit for the year	17	473.134	1.254.587
Earnings per share	7	0,56	1,48

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Balance Sheet 31 December 2011

	Notes	2011	2010
Assets			
Operating assets	8	7.243.720	7.366.880
Intangible assets	9	189.977	218.638
Investments in associates	11	128.547	95.137
Investments in other companies	12	15.356	10.777
Long-term notes receivable	13	673.310	631.290
Prepayments		5.160	5.823
Deferred income tax asset	14	60.720	142.505
Total non-current assets		8.316.790	8.471.050
Inventories		86.556	85.324
Trade receivables		254.151	241.659
Receivables, related companies	21	56.661	59.012
Other receivables		4.443	7.971
Cash and cash equivalents	16	648.660	347.316
Total current assets		1.050.471	741.282
Total assets		9.367.261	9.212.332
Equity			
Share capital		846.662	846.662
Share premium		268.225	268.225
Revaluation reserve		1.909.936	2.000.840
Translation reserve		5.381	3.330
Retained earnings		2.163.098	1.710.786
Total equity	17	5.193.302	4.829.843
Liabilities			
Loans and borrowings	18	3.481.938	3.713.076
Total non-current liabilities		3.481.938	3.713.076
Accounts payable		139.635	131.496
Payables, related parties	21	367	2.114
Current maturities of long-term debt	18	410.061	410.132
Other current liabilities		141.958	125.670
Total current liabilities		692.021	669.413
Total liabilities		4.173.959	4.382.489
Total equity and liabilities		9.367.261	9.212.332

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Cash Flow Statement for the year 2011

	Notes	2011	2010
Cash flows from operating activities:			
Profit for the year	17	473.134	1.254.587
Difference between net earnings and cash from operations:			
Gain on sale of assets		(2.844)	(807)
Provision of shares in other companies, change		0	(298)
Depreciation	8,9	348.087	340.116
Remission of long term debt		0	(321.334)
Indexation and currency fluctuation on non-current notes and liabilities		153.010	(341.991)
Effects of associates	11	(31.359)	(9.892)
Deferred tax asset, change	14	97.059	125.219
Working capital from operations		1.037.088	1.045.600
Changes in operating assets and liabilities:			
Inventories, (increase) decrease		(1.232)	(9.142)
Receivables, increase		54.786	(45.986)
Current liabilities, decrease		24.427	(130.889)
Changes in operating assets and liabilities		77.981	(186.016)
Net cash provided by operating activities		1.115.069	859.584
Cash flows from investing activities:			
Acquisition of operating assets	8	(217.263)	(211.843)
Proceeds from sale of operating assets		3.840	1.067
Acquisition of subsidiaries and associates		0	(39.225)
Acquisition of other companies		(5.527)	0
Proceeds from sale of shares in other companies		948	1.246
Receivables, change		2.000	558.700
Net cash used in investing activities		(216.002)	309.944
Cash from financing activities:			
Dividends paid	17	(126.999)	0
Proceeds from long-term borrowings		0	120.000
Repayment of long-term borrowings		(406.240)	(1.016.459)
Liabilities to related companies, change		(64.484)	(37.338)
Net cash used in financing activities		(597.724)	(933.796)
Increase in cash and cash equivalents		301.344	235.731
Cash and cash equivalents at beginning of year		347.316	111.585
Cash and cash equivalents at end of year		648.660	347.316
Investing- and financing activities not affecting cash flow:			
Acquisition of operating assets	8	20.000	0
Repayment of long-term borrowings		(20.000)	0

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Notes

1. Basis of preparation

The financial statements of Norðurorka hf. contain the consolidated financial statements of the Company and its subsidiary, Fallorka ehf. The financial statements are prepared in accordance with the Financial Statements Act and the Regulation on the Presentation and Content of Financial Statements and Consolidated Financial Statements. They are based on cost accounting except that a part of the operating assets have been restated at fair value at the revaluation day less revalued depreciation from the date of acquisition of the assets. The financial statements are prepared in Icelandic krona (ISK) and all amounts are presented in thousands of ISK.

A subsidiary is a company in which the Company holds controlling interest, directly or indirectly. A controlling interest exists when the Company has significant influence over the financial and operational policies of a subsidiary. The financial statements of the subsidiary are included in the Group's consolidated financial statements from the acquisition of the controlling interest until the interest is no longer held.

All material balances between the Group entities, transactions and profits created in transactions between Group entities are eliminated in the consolidated financial statements.

Associated company is a company in which the Group has significant influence over the financial and operational policies but not controlling interest. The Consolidated Financial Statements include the Group's share in the net profit or loss of an associated company. Should the Group's share of loss be higher than the book value of an associated company the book value is recorded at zero and further share of loss is not recorded unless the Company has granted guarantees for the associated company or financed it.

2. Summary of accounting policies

a. *Foreign currency*

Assets and liabilities in foreign currencies are converted to Icelandic currency at the year end 2011 exchange rate. Currency fluctuations on assets and liabilities are entered in the income statement.

b. *Revenue recognition*

Revenue from the sale is recognized when service has been rendered to the buyer.

Initial charges are entered as income in the income statement as they are insignificant part of the total operating revenue.

c. *Operating assets*

Operating assets, other than utilities and real estate, are capitalized at historical cost value less depreciation. Depreciation is calculated as a fixed annual percentage based on the estimated useful life of fixed assets, until residual value is reached.

Utilities and real estate are entered at revalued value in the balance sheet. All increase in book value from the revaluation is posted to a special revaluation reserve among equity with respect to effects on deferred income tax. Depreciation of the revalued book value is recognised to the income statement. Redemption of revaluation owing to depreciation is entered from the revaluation reserve to equity with respect to influence on income tax. At sale or disposal of the assets the part of the revaluation reserve which belongs to the relevant asset is posted to retained earnings.

The latest revaluation of utilities and real estate was carried out at year end 2009.

d. *Intangible assets*

Intangible assets stem from difference of the acquisition cost of energy distribution companies and the valuation of the fixed assets of these companies. Intangible assets will be expensed over the period of ten to twenty years.

e. *Subsidiary*
Investment in a subsidiary is capitalized at a value corresponding to the Company's share in its equity, including the difference between the purchase price and the Company's share in the equity of the subsidiary at the acquisition date. The premium is entered as other intangible assets and expensed over a period of ten to twenty years.

f. *Associated companies*
Investments in associated companies are capitalized at a value corresponding to the Company's share in the equity of the associated companies taking into account the acquisition cost.

g. *Investment in other companies*
Investments in other companies are entered at purchase price less provision.

h. *Inventories*
Inventories of supplies are valued at purchase price.

i. *Trade receivables*
Allowance has been made for doubtful trade receivables. This entry does not represent a final write-off, but only a reserve to meet possible losses, and is deducted from the appropriate balance sheet items.

j. *Cash and cash equivalents*
Cash and cash equivalents consist of cash and bank deposits.

k. *Impairment*
The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

Impairment loss is recognised when the book value of the asset or its cash generating unit exceeds its recoverable amount. A cash generating unit is the smallest distinguishable asset group that generates cash, which is mostly independent from other units or unit groups. Impairment loss of cash generating units is first entered as a reduction in the book value of the relevant goodwill. Impairment loss is expensed in the income statement and later proportionally as reduction in the book value of other assets pertaining to the unit.

The recoverable amount of an asset and cash generating unit is the greater of its fair value less cost to sell or its value in use. 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 specified to the asset.

Impairment loss of goodwill is not reversed. Impairment loss of former periods of other assets is reviewed at each reporting date to determine whether there is any indication of a reduction or a cease of the impairment loss. 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 if no impairment loss had been recognised.

l. *Income tax*
Income tax expense comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognised directly in equity, but in such instances the income tax is recognised in equity.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date. Operation of cold water utility is exempt from income tax.

I. *Income tax, contd.*

Deferred income tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The subsidiary's deferred tax asset is calculated but not entered in the financial statements due to uncertainty of its usefulness in the future. Calculated deferred tax asset of the subsidiary amounts to ISK 81.1 million at year end.

The deferred tax asset of the Parent Company is capitalized in full.

3. Sales

Sales specify as follows:

	2011	2010
Hot water utility	952.373	927.736
Cold water system	281.826	259.379
Electric works	1.105.082	1.019.606
Other operating revenue	92.748	84.815
	2.432.029	2.291.536

4. Salaries and salary related expenses

Salaries and related expenses are specified as follows:

Salaries	264.924	238.111
Salary-related expenses	75.806	66.962
Cost price of own work	(30.941)	(27.688)
Total salaries and related expenses	309.789	277.386
Number of full time employees at year end	52	53

Salaries and fringe benefits to the Boards of Directors and the CEOs of the Company and its subsidiary amounted to ISK 29.7 million for the year.

5. Financial income and financial expenses

Financial income and financial expenses specify as follows:

Interest income and dividend	54.214	57.770
Interest expenses and indexation	(273.361)	(202.084)
Remission of long term debt	0	321.334
Exchange rate difference	(40.059)	412.242
Provision of shares	0	298
Net finance income (expense)	(259.206)	589.560

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6. Effective tax rate

Effective income tax rate is specified as follows:

		2011		2010
Profit before income tax		570.193		1.379.806
Income tax according to current tax rate	20,00%	114.039	18,00%	248.365
Effect of change in income tax rate	0,00%	0	(1,03%)	(14.251)
Investment in other companies	0,00%	0	(0,00%)	(54)
Effects of subsidiary	(1,42%)	(8.099)	(4,84%)	(66.850)
Cold water system, exempt from income tax	(4,24%)	(24.178)	(1,42%)	(19.544)
Other items	2,68%	15.298	(1,63%)	(22.447)
Effective tax rate	17,02%	97.059	9,08%	125.219

7. Earnings per share

Earnings per share is the ratio between profit and weighted average share capital during the year and shows the profit per each ISK 1 of share capital.

	2011	2010
Profit for the year	473.134	1.254.587
Weighted average share capital	846.662	846.662
Earnings per share	0,56	1,48

8. Operating assets

Operating assets are specified as follows:

	Hot water utility	Cold water utility	Electric works	Other assets	Total
Total value 1.1.2011	5.413.678	1.965.321	2.580.031	1.126.802	11.085.833
Previously depreciated	(1.302.280)	(898.734)	(1.043.557)	(474.383)	(3.718.953)
Book value 1.1.2011	4.111.399	1.066.588	1.536.474	652.420	7.366.880
Additions during the year	39.719	40.120	59.703	57.721	197.263
Sales during the year	0	0	0	(996)	(996)
Depreciated during the year	(146.218)	(49.635)	(73.945)	(49.628)	(319.426)
Book value 31.12.2011	4.004.899	1.057.073	1.522.232	659.516	7.243.720
Depreciation ratio	2.5 - 5%	2.5%	1.7 - 6%	2 - 20%	
Estimated useful life	20 - 40 years	40 years	17 - 60 years	5 - 50 years	

Revaluation of operating assets

At year end 2009, a special revaluation was carried out on the production and distribution systems and real estate of the Group.

In the revaluation the relevant asset groups are measured at fair value. The aforementioned increases are recognised in a revaluation reserve among equity taken into account effects of deferred income tax.

The fair value of production and distribution assets and real estate is determined on the basis of depreciated replacement value. This entails that an assessment is made on changes in the construction cost of comparable assets and both cost and accumulated depreciation are revalued in accordance with those changes.

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8. Operating assets, contd:

Revalued production and distribution systems are used in operations subject to special licence and income limits are primarily based on changes in the building cost index. This is also taken into account when determining the fair value of the assets.

The Company´s management is of the opinion that there is no reason for revaluation at year end 2011.

Revaluation is specified as follows at year-end:	2011	2010
Revalued book value	7.243.720	7.366.880
Thereof effects of the revaluation	(2.252.570)	(2.358.747)
Book value without revaluation	4.991.150	5.008.133

Rateable value and insurance value

Insurance value, rateable value and book value of the Group's assets at year end are as follows:

Insurance value of production and distribution systems	22.518.488
Book value of production and distribution systems	6.591.217
Insurance value of real estate	1.834.033
Rateable value of real estate	949.998
Rateable value of rented premises	152.425
Book value of real estate	567.991
Insurance value of liquid assets	284.968
Book value of liquid assets	84.511

9. Intangible assets

Book value of intangible assets is specified as follows:

Book value 1.1.2011	218.638
Expensed during the year	(28.661)
Book value 31.12.2011	189.977

10. Subsidiary

At the end of the year the Company had one subsidiary, Fallorka ehf. which is a part of the Company's consolidated financial statements. The book value of the investment is ISK 30.6 million on the balance sheet of the Parent Company at year end.

11. Associates

Investment in associated companies is specified as follows:

	Share	Book value	Entered in the income statement
Norak ehf., Akureyri	33,33%	72.144	5.060
Tengir hf., Akureyri	38,41%	56.403	26.299
Book value 31.12.2011		128.547	31.359

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12. Investment in other companies

Investment in other companies specifies as follows:

	Share	Book value
Hrafnabjargavirkjun hf., Laugar	18,75%	1.875
Íslensk orka ehf., Akureyri	29,36%	57.113
NetOrka hf., Hafnarfjörður	4,40%	3.993
Orkey ehf., Akureyri	11,22%	6.278
Orkuvörður ehf., Akureyri	7,37%	20.000
		89.259
Provision for shares in other companies		(73.902)
Investment in other companies total		15.356

13. Long-term notes receivable

At the end of the year 2009, Norðurorka hf. sold its share in Þeistareykir ehf. The part of the selling price which will be paid in the year 2019 to 2034 amounts to ISK 673.3 million and is posted among long-term notes receivable. Additional payment is contingent on power production having started within twenty five years from the signing of the contract and it is not recognised in the financial statements due to uncertainty of the payment.

14. Deferred tax asset

The deferred tax asset of the Parent Company is specified as follows:

	2011	2010
Deferred tax asset at beginning of year	142.505	290.157
Revaluation change	15.273	(22.432)
Income tax for the year	(97.059)	(125.219)
Deferred tax asset at year end	60.720	142.505

The deferred tax asset of the Parent Company is attributable to the following:

	2011	2010
Intangible assets	(17.189)	(21.486)
Operating assets	48.893	104.554
Inventories	(728)	(717)
Trade receivables	161	(167)
Tax loss carry-forward of the Parent Company	46.473	92.788
Deferred exchange rate difference	(16.891)	(32.466)
Deferred tax asset at year end	60.720	142.505

15. Trade receivables

Provision for doubtful trade receivables specify as follows:

	2011	2010
Provision at beginning of year	15.000	13.000
Bad debts during the year	(6.381)	(9.744)
Increase in provision recorded as expense	6.881	11.744
Provision at end of year	15.500	15.000

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16. Cash and cash equivalents

Cash and cash equivalents specify as follows:

	2011	2010
On demand deposits	548.187	347.316
Market securities	100.472	0
Total cash and cash equivalents	648.660	347.316

17. Equity

Total share capital at year end amounted to ISK 846.7 million according to the Company's Articles of Association. Each share of one ISK in the Company carries one vote.

Changes in equity are as follows:

	Share capital	Share premium	Revaluation reserve	Translation reserve	Retained earnings	Total
Equity 1.1.2011	846.662	268.225	2.000.840	3.330	1.710.786	4.829.843
Dividends paid	0	0	0	0	(126.999)	(126.999)
Income tax of revaluation	0	0	15.273	0	0	15.273
Depreciation of revaluation	0	0	(106.177)	0	106.177	0
Translation reserve	0	0	0	2.051	0	2.051
Profit for the year	0	0	0	0	473.134	473.134
Equity 31.12.2011	846.662	268.225	1.909.936	5.381	2.163.098	5.193.302

18. Loans and borrowings

Non-current liabilties:

Loans in foreign currencies:	
Loans in EUR	1.461.585
Loans in JPY	200.408
Loans in USD	30.799
	1.692.791
Loans in domestic currency	2.199.208
Total non-current loans and borrowings including current maturities	3.891.999
Current maturities	(410.061)
Total non-current loans and borrowings	3.481.938

Annual maturities of non-current loans are as follows:

Year 2012	410.061
Year 2013	413.013
Year 2014	416.145
Year 2015	419.468
Year 2016	362.092
Subsequent years	1.871.219
Total non-current loans and borrowings including current maturities	3.891.999

19. Taxes

As of December 31, 2011 the Company has available as an offset against future taxable income net operating tax loss carry-forwards of ISK 232.4 million. Tax loss carry-forward can only be utilized to offset taxable income over the next ten years after the loss incurred. Tax loss carry-forward is valid until 2018.

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20. Uncertainty

On December 20, 2006 a flood in the river Djúpadalsá, as a result of a natural catastrophe, incurred damage to both power plants at Djúpadalsvirkjun which are in the possession of the Company's subsidiary, Fallorka ehf., and roads and assets of a third party were also damaged. Damage to the power plants of Fallorka is estimated as ISK 128.0 million and the damage to the dam is not included in that figure. Accrued damage expenses have been taken into consideration in the financial statements of Fallorka ehf. and the subsidiary´s power plants are now in full operation.

On January 16, 2010 the Decision Committee of Catastrophe Insurance decided against the decision of the Board of Directors of Iceland Catastrophe Insurance, to decline to pay compensation due to the natural catastrophe in Djúpidalur in December 2006. Obligation of the Iceland Catastrophe Insurance to pay the damage claim are on the other hand not provided for in the decision. Main reason for the committee's verdict was that the flood had been caused by natural catastrophe, cf. report from the Icelandic Institute of Natural History, the assets had been insured against natural catastrophe and that Fallorka ehf. had neither on purpose or by gross negligence abolished its rights to compensation.

By a letter dated 4 February 2010 the Board of Directors of the Iceland Catastrophe Insurance announced that it had decided that compensation will not be paid for the time being. The Board of Directors of Fallorka ehf. requested by a letter dated 3 November 2010 that the Decision Committee of Catastrophe Insurance discussed the issue again. On November 3, 2011 the Board of Directors of the Iceland Catastrophe Insurance declined obligations to pay. On December 2, 2011 Fallorka ehf. remitted this decision to the Decision Committee of Catastrophe Insurance. Uncertanty excists on when to expect final results.

21. Related parties

Definition of related parties

Shareholders, subsidiary, associates, members of the Board, management and companies controlled by these parties are classified as related parties of the Company.

Transactions with management and key personnel

Reference is made to note no. 4 regarding salaries and fringe to the Board of Directors and the CEO. Transactions with management and key personnel do not include non significant transactions concerning normal household supply of the relevant parties. No further transactions were carried out between the Company and management during the year. Management holds no shares in the Company.

Other related party transactions

	2011
Goods and services sold to related parties:	
Akureyri Municipality and the Town's institutions	100.434
Other shareholders	13.709
Associates	3.038
	117.180

	2011
Goods and services bought from related parties:	
Akureyri Municipality and the Town's institutions	56.159
Other shareholders	1.948
Associates	1.779
	59.886

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21. Related parties, contd:

Balance

Payables and receivables from related parties at year end specify as follows at year end:

	31.12.2011	
	Receivable	Payable
Akureyri Municipality and the Town's institutions	52.056	(23)
Other shareholders	3.381	(344)
Associates	1.225	0
	56.661	(367)

In addition to the above mentioned figures the Company received interest income in the amount of ISK 1.4 million from Akureyri Municipality during the year 2011.

Related party transactions are on an arm's length basis in terms of price, payment term, payment arrangement and other business terms.

22. Ratios

Financial ratios:	2011	2010
EBITDA	1.146.128	1.120.470
Working capital ratio	1,52	1,11
Equity ratio	55,4%	52,4%
Intrinsic value of share capital	6,13	5,70

Financial Statements of Norðurorka hf. 2011 16 Amounts are in ISK thousands