INTERIM REPORT

JANUARY - SEPTEMBER 2008

27 November 2008

Exista Interim Results January - September 2008

Today Exista hf. published its interim financial statements for the first nine months of the year 2008.

- Earnings after taxes were negative in the amount of EUR 170 million during the first nine months of the year
- Total assets amounted to EUR 6.3 billion at the end of September
- Book value of equity amounted to EUR 2.0 billion at the end of September
- Total liabilities decreased by EUR 1.4 billion, or 24%, in the first nine months of the year
- Cash totalled EUR 288 million at the end of September
- The equity ratio was 36% (including hybrid securities) at the end of the period

Events after the end of the period:

- The Financial Supervisory Authority took over the operations of Kaupthing Bank on 9 October
- Exista responded to external shocks by selling assets, including holdings in Sampo, Storebrand, and Bakkavör Group
- Extraordinary shareholders meeting held on 30 October gave the Board extensive authority to take action
- Exista will be delisted from the Nasdaq OMX stock exchange

Lýdur Gudmundsson, Executive Chairman:
"Exista's balance sheet as of the end of September demonstrates the Group's strength prior to the collapse of the Icelandic financial market. Book value of equity amounted to EUR 2 billion, one of the highest levels among Icelandic companies. Kaupthing's collapse was a heavy blow to Exista, as the largest owner of the most valuable company in Iceland. However, because its holding in Kaupthing was only secured to a limited degree, Exista has not faltered as a result.

In recent years, we have placed primary emphasis on strengthening the foundations of the Group amid falling financial markets. Exista has reduced its liabilities and the size of the balance sheet has declined. We have emphasised a sound liquidity position, and in the third quarter Exista repaid EUR 300 million of debt. In spite of the Group's preparation for difficult times, however, the collapse of the financial system this October was a more colossal blow than anyone could have foreseen.

Exista's position is unclear at this time. When the banks fell, the group had assets in excess of liabilities in the Icelandic banking system, and it is still unclear whether and when the banks' obligations towards Exista will be met. For this reason, the group's asset position is uncertain.

In spite of this uncertainty, we believe the Group has the capacity to weather these shocks. Within Exista are solid Icelandic companies with strong market position. At the end of October, an extraordinary shareholders meeting approved the delisting of the company from the stock exchange and granted the Board of Directors extensive authority to take action in order to secure the Group's position for the long term. On that foundation, we are working toward creating a sound future for Exista."

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Consolidated Profit and Loss Account

Exista's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

Income
Total revenues amounted to EUR 51.5 million in the third quarter. Revenues totalled EUR 157.3 million for the first nine months of the year, down from EUR 1,105.3 million for the same period in 2007.

The loss on financial assets designated at fair value totalled EUR 67.6 million in Q3 and EUR 304.7 million for the nine-month period. For the first nine months of 2007, however, profit on financial assets totalled EUR 105.4 million.

Financial assets held for trading generated a loss of EUR 3.2 million in Q3 and a profit of EUR 75.9 million for the first nine months of the year. The profit on financial assets held for trading totalled EUR 110.0 million for the first nine months of 2007.

While there was no dividend income in Q3, dividend income totalled EUR 11.2 million for the nine-month period, down from EUR 12.6 million for the first nine months of 2007. Dividends from associates in financial services, Kaupthing and Sampo, are not recorded as income but are recorded as a reduction in book value in the balance sheet and included in the company's cash flow. Dividends paid by associates to Exista totalled EUR 167.3 million during the first nine months of the year.

Interest income totalled EUR 34.2 million during the third quarter and EUR 90.7 million for the first nine months of 2008, as opposed to EUR 60.9 million for the first nine months of 2007. The year-on-year increase is primarily due to interest on the Group's cash position. Half of interest income is derived from asset financing operations.

Insurance premiums totalled EUR 25.7 million during the third quarter and EUR 79.3 million for the nine-month period, as compared with EUR 97.8 million for the first nine months of 2007. The decline is attributable to the depreciation of the Icelandic króna, as insurance premiums are almost solely in krónur. In krónur terms, own premiums increased by 17% year-on-year.

The share in the profit of associates totalled EUR 47.2 million during the quarter and EUR 179.6 million during the first nine months of the year, down from EUR 707.8 million for the first nine months of 2007.

Other revenues amounted to EUR 15.3 million during the third quarter. A profit of EUR 10.8 million was recorded in the third quarter due to the sale of Exista Properties. In all, other revenues amounted to EUR 25.2 million for the first nine months of the year, up from EUR 10.8 million year-on-year.

Expenses
Operating expenses totalled EUR 12.9 million in Q3 and EUR 45.1 million for the first nine months of the year. Operating expenses were EUR 46.6 million during the first nine months of 2007.

Life and non-life insurance claims totalled EUR 17.5 million during the quarter. They amounted to EUR 67.5 million for the first nine months of the year, as opposed to EUR 76.2 million for the same period in 2007.

The group's total expenses, including insurance claims, totalled EUR 30.3 million for the third quarter. For the first nine months of 2008, total expenses amounted to EUR 112.7 million, down slightly from EUR 122.8 million at the same time in 2007.

Operating profit, financial expenses, and taxes
Profit before financial expenses totalled EUR 21.2 million during the quarter. For the first nine months of the year, profit before financial expenses was EUR 44.6 million, as opposed to EUR 982.5 million a year ago.

Interest expenses totalled EUR 93.1 million in the third quarter and EUR 298.6 million for the first nine months of the year, compared with EUR 240.9 million for the nine-month period in 2007.

Exchange rate differences generated a loss of EUR 17.0 million during the quarter. For the first nine months of the year, exchange rate differences generated a profit of EUR 80.6 million, as opposed to a profit of EUR 90.5 million for the first nine months of 2007.

Income taxes were positive in the amount of EUR 1.1 million in Q3 and by EUR 3.5 million for the 9 month period.

Results from the Profit and Loss Account
Earnings before taxes were negative by EUR 88.9 million in the third quarter and negative by EUR 173.4 million for the first nine months of the year. For the first nine months of 2007, profit before tax totalled EUR 832.2 million.

Earnings after taxes were negative by EUR 87.8 million in the third quarter and negative by EUR 170.0 million for the first nine months of the year. For the nine-month period in 2007, the company recorded an after-tax profit of EUR 869.5 million.

Consolidated Profit and Loss Account

(EUR MILLIONS)	JAN-SEP 2008	JAN-SEP 2007
Financial assets designated a fair value	304.7	105.4
Financial assets held for trading	75.9	110.0
Dividends	11.2	12.6
Interest income	90.7	60.9
Insurance premiums	79.3	97.8
Share in profit of associates	179.6	707.8
Other revenues	25.2	10.8
Income	157.3	1.105.3
Insurance claims	-67.5	-76.2
Operating expenses	-45.1	-46.6
Expenses	-112.7	-122.8
Profit before financial expenses	44.6	982.5
Interest expense	-298.6	-240.9
Foreign exchange difference	80.6	90.5
Profit (loss) before taxes	-173.4	832.2
Income tax	3.5	37.3
Profit (loss) for the period	-170.0	869.5

(EUR MILLIONS)	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007
Financial assets designated a fair value	-67.6	-63.9	-173.2	-104.6	32.0
Financial assets held for trading	-3.2	20.6	58.5	-156.3	-37.3
Dividends	0.0	6.9	4.3	0.0	0.7
Interest income	34.2	28.0	28.5	30.3	23.2
Insurance premiums	25.7	24.8	28.8	31.2	32.0
Share in profit of associates	47.2	67.8	64.6	48.4	92.5
Other revenues	15.3	5.4	4.6	7.2	4.2
Income	51.5	89.6	16.1	-143.8	147.1
Insurance claims	-17.5	-21.2	-28.8	-28.3	-25.1
Operating expenses	-12.9	-15.8	-16.5	-18.8	-14.5
Expenses	-30.3	-37.0	-45.3	-47.1	-39.6
Operating profit (loss)	21.2	52.5	-29.2	-190.8	107.5
Interest expense	-93.1	-100.4	-105.1	-109.4	-106.2
Foreign exchange difference	-17.0	9.1	88.4	-6.2	8.7
Profit (loss) before taxes	-88.9	-38.7	-45.9	-306.5	10.0
Income tax	1.1	0.3	2.0	10.9	-2.6
Profit (loss) for the period	-87.8	-38.4	-43.8	-295.6	7.4

Performance of business divisions

Financial Services
The Financial Services division recorded a profit of EUR 49.3 million for the first nine months of the year. Exista's financial services companies include subsidiaries and associates in the financial services sector.

Total revenues from financial services amounted to EUR 333.5 million in the first nine months of the year. Of that amount, insurance premiums totalled EUR 79.3 million, interest income totalled EUR 80.6 million, and investment income amounted to EUR 172.4 million.

Total expenses from financial services amounted to EUR 101.7 million for the first nine months of the year, with insurance claims accounting for EUR 67.5 million and operating expenses EUR 34.2 million.

Profit from financial services before financial expenses totalled EUR 231.8 million during the period. Financial expenses totalled EUR 182.5 million, and profit before tax amounted to EUR 49.3 million.

The combined ratio for insurance operations was 105% for the first nine months of the year. During the same nine-month period, the annualised return on equity from asset financing activities was 18%.

Investment Businesses
Earnings from Investment Businesses were negative in the amount of EUR 219.3 million during the first nine months of the year. Investment Businesses includes Exista's holdings and investments in listed and unlisted companies.

Investment revenues were negative by EUR 210.4 million in the first nine months of the year, while interest income totalled EUR 10.2 million and other revenues totalled EUR 24.0 million.

Total expenses for the first nine months amounted to EUR 11.0 million. Earnings before financial expenses were negative in the amount of EUR 187.2 million, and financial expenses totalled EUR 35.5 million. Earnings before taxes were therefore negative in the amount of EUR 222.7 million during the first nine months of the year

(EUR MILLIONS)	FINANCIAL SERVICES	INVESTMENT BUSINESSES	TOTAL
Investment revenue	172.4	-210.4	-38.0
Insurance premiums	79.3	-	79.3
Interest income	80.6	10.2	90.7
Other revenues	1.3	24.0	25.2
Income	333.5	-176.2	157.3
Insurance claims	-67.5	-	-67.5
Operating expenses	-34.2	-11.0	-45.1
Expenses	-101.7	-11.0	-112.7
Operating profit (loss) before financial expenses	231.8	-187.2	44.6
Financial items	-182.5	-35.5	-218.0
Profit (loss) before taxes	49.3	-222.7	-173.4
Income tax	0.0	3.5	3.5
Profit (loss) after taxes	49.3	-219.3	-170.0

Consolidated Balance Sheet

Assets
Total assets amounted to EUR 6,276 million as of 30 September 2008, having declined by EUR 1,735 million, or 21.6%, since the beginning of the year.

Financial assets designated at fair value totalled EUR 768 million at the end of the third quarter, having declined by EUR 355 million since the beginning of the year.

Financial assets held for trading totalled EUR 123 million at the end of the third quarter, after having decreased by roughly EUR 87 million since the beginning of the year.

Loans and accounts receivable totalled EUR 803 million, an increase of EUR 18 million since the beginning of the year. Loans are derived largely from the Group's asset financing activities.

The Group's goodwill was valued at EUR 294 million at the end of the third quarter and is due to the purchase of insurance and asset financing businesses in 2006. Goodwill declined by EUR 175 million during the first nine months of the year and amounted to less than 5% of total assets at the end of September.

Holdings in associated companies amounted to EUR 3,925 million at the end of the quarter.

Reinsurance assets totalled EUR 6 million at the end of September. Property and equipment amounted to just under EUR 5 million.

Cash and equivalents totalled EUR 288 million as of 30 September 2008. Other assets totalled EUR 64 million.

Liabilities and equity
Total liabilities amounted to EUR 4,289 million as of 30 September, having declined by EUR 1,353 million, or 24.0%, since the beginning of the year. In broad terms, Exista's liabilities consist of borrowings, hybrid securities, and technical provisions.

Borrowings amounted to EUR 3,834 million at the end of the third quarter, having decreased by EUR 1,289 million, or 25.2%, in the first nine months of the year.

Hybrid securities amounted to EUR 266 million at the end of the quarter

Technical provisions amounted to EUR 150 million, having declined by EUR 71 million during the first nine months of the year.

Deferred income tax liability amounted to EUR 9 million at the end of the third quarter.

Book value of equity amounted to EUR 1,987 million as of 30 September 2008, a decrease of EUR 381 million since the beginning of the year.

The equity ratio as of the end of September was 35.9%. Excluding borrowings related to asset financing operations, the equity ratio was 40.0%. Excluding hybrid securities, the equity ratio was 31.7%.

On 1 January 2007, Sampo Group and Kaupthing Bank became associated companies in Exista's accounts. Associates are accounted for by the equity method. As at 30 September 2008, the market value of Exista's associated companies was EUR 1,246 million lower than book value.

(EUR MILLIONS)	30 SEPTEMBER 2008
Book value of associates	3,926
Market value of associates	2,680
Book value in excess of market value	**1,246**

Consolidated Balance Sheet

(EUR MILLIONS)	30 SEP 2008	31 DEC 2007	CHANGE
ASSETS			
Financial assets designated at fair value through profit and loss	768	1,123	-32%
Financial assets held for trading	123	210	-42%
Loans and accounts receivable	803	785	2%
Goodwill and other intangibles	294	469	-37%
Associates	3,925	4,738	-17%
Reinsurance assets	6	10	-38%
Investment properties	-	70	-
Property and equipment	5	28	-83%
Cash and equivalents	288	568	-49%
Other assets	64	10	-
Total assets	**6,276**	**8,010**	**-22%**
EQUITY			
Share capital	144	121	19%
Reserve funds	502	736	-32%
Retained earnings	1,342	1,511	-11%
Shareholders' equity	**1,987**	**2,368**	**-16%**
Minority interest	0	1	-74%
Total equity	**1,987**	**2,369**	**-16%**
LIABILITIES			
Borrowings	3,834	5,124	-25%
Hybrid securities	266	250	7%
Technical provisions	150	221	-32%
Deferred income tax liability	9	19	-51%
Other liabilities	28	28	1%
Total liabilities	**4,289**	**5,642**	**-24%**
Total equity and liabilities	**6,276**	**8,010**	**-22%**

Funding and liquidity position

On 30 September 2008, the Group's committed liquidity covered 51 weeks of refinancing obligations. The Group therefore had access to liquidity to meet maturing liabilities until the end of Q3 2009. Committed liquidity includes cash and committed credit lines. It does not include other liquid securities, revenues from insurance operations and asset financing operations, or expected dividend payments. Committed liquidity at the end of September was composed of 51% cash and 49% committed lines.

In the third quarter 2008, Exista repaid EUR 300 million of debt. In the first nine months of 2008, the Group's borrowings declined by EUR 1.3 billion, or approximately 25%.

Events after the end of the quarter

As is well known, the financial markets in Iceland and abroad have been subjected to enormous trauma in October and November. Actually, it can be said that the entire Icelandic financial system fell apart in early October, when the nation's three largest banks collapsed. Although the consequences of these events have not yet surfaced in full, it is clear that their impact on the national economy is massive and will touch all households and businesses in the country.

The collapse of Kaupthing and the sale of assets

Following extremely harsh action taken by the British authorities against Kaupthing's subsidiary in the United Kingdom, the Icelandic Financial Supervisory Authority intervened in the operations of Kaupthing Bank on 9 October 2008, based on the authority contained in new legislation on unusual circumstances in the financial markets. That intervention made a profound impact on Exista's financial position, but because its holding in Kaupthing is only secured to a limited degree, the Group was able to respond to dramatically changed circumstances.

After the end of the third quarter, the Group sold substantial assets. On 7 October, Exista sold its entire 19.98% holding in Sampo Oyj. The shares were sold in a book building offering to a number of institutional investors at EUR 11.50 per share. Morgan Stanley and Citigroup acted as joint bookrunners. As a result of that transaction, neither Exista nor any of its subsidiaries owns any shares in Sampo. On 9 October, Exista sold its holding in Storebrand ASA, amounting to 8.69% of the company's total share capital, to Gjensidige Forsikring BA. The shares were sold at NOK 20 per share. After that sale, neither Exista nor any of its subsidiaries owns any shares in Storebrand. Finally, the Board of Directors of Exista decided to sell the stake in Bakkavör Group, which amounted to 39.63% of total share capital in the company, to Lýdur Gudmundsson and Ágúst Gudmundsson, founders and managers of Bakkavör Group, through their company ELL 182 ehf. The price is ISK 9.79 per share, the last closing price for Bakkavör Group shares prior to the sale. The transaction is subject to the approval of lenders.

Results of the extraordinary shareholders' meeting

Exista called an extraordinary shareholders' meeting on 30 October 2008. Attendees at the meeting represented some 75% of total share capital. Proposals aimed at increasing the Board's scope for decision-making under the current circumstances were presented to the meeting. The main proposals approved by the shareholders' meeting are as follows:

- Authorisation to increase share capital by up to ISK 50 billion nominal value.
- Authorisation to issue bonds that can be converted into shares.
- Authorisation to purchase up to 10% of own shares.
- Authorisation for the unlimited sale of assets if such a sale is considered beneficial for the company.

Finally, the shareholders' meeting authorised the Board to request the immediate delisting of Exista from the stock exchange.

Trading halted and delisting requested

On 6 October 2008, the Financial Supervisory Authority decided to suspend trading on the stock exchange of all financial instruments issued by Exista, Glitnir Bank, Kaupthing Bank, Landsbanki, Straumur-Burdarás, and Spron. In the Financial Supervisory Authority's announcement of this temporary measure, it is stated that uncertainties regarding the issuers are likely to disrupt normal price formation, and as such, any trading could be detrimental for investors. It is also stated that the Financial Supervisory Authority has made this decision in order to ensure equal treatment of investors, as the issuers cannot ensure confidentiality of price-sensitive information that has not been made public.

In accordance with the results of the extraordinary shareholders' meeting of Exista shareholders, held on 30 October 2008, which agreed unanimously to request the immediate delisting of the Company's shares, the Board of Directors requested that the Nasdaq OMX Nordic Exchange in Iceland remove Exista shares from trading on the exchange. The exchange issued an announcement on 18 November, stating that it had approved Exista's request for removal from trading. According to the decision of the exchange, the shares will be removed from trading after the market close on Friday 12 December 2008, provided that they have been open for trading for at least 10 business days before they are delisted.

Current position and outlook

Exista's position and prospects for the future are unclear at this time. The loss sustained by the Group as a result of the collapse of the Icelandic financial system stems primarily from two factors. On the one hand, the Financial Supervisory Authority's intervention in the operations of Kaupthing Bank significantly affected the Group's financial position, as Exista was by far the largest shareholder in the bank, with a holding of nearly 25%. On the other hand, it is still unclear how Exista's agreements with Icelandic banks will be settled, including claims and deposits. Furthermore, Exista is in discussions with lenders concerning the status of its loan agreements in view of utterly changed circumstances. Finally, as a Kaupthing shareholder, Exista is investigating its legal position with respect to possible legal action against the British authorities because of the actions taken against Kaupthing's subsidiary in the UK. As has been stated previously, Exista has requested that its shares be removed from trading on the stock exchange because of this uncertainty and in order to give the management the scope needed to formulate future strategy for the Group.

Board approval and Auditors' certification

The Exista Board of Directors of approved the interim financial statements for the first nine months of 2008 at a Board meeting held today, 27 November 2008. The interim financial statements have been reviewed by the Company's auditing firm, Deloitte hf.

Further information:

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