



Condensed Consolidated Interim Financial Statements  
1 January - 30 September 2008

Exista hf.  
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108 Reykjavík  
Iceland  
ID 610601-2350

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# Exista hf.

## Condensed Consolidated Interim Financial Statements

1 January - 30 September 2008

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## Endorsement of the Board of Directors and the CEOs

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The Condensed Consolidated Interim Financial Statements for the period 1 January to 30 September 2008 consist of the Condensed Consolidated Interim Financial Statements of Exista hf. and its subsidiaries, together referred to as the Group. The Condensed Consolidated Interim Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and additional Icelandic disclosure requirements for listed companies.

According to the Condensed Consolidated Income Statement, loss for the period amounted to EUR 170 million. According to the Condensed Consolidated Balance Sheet, total assets amounted to EUR 6,276 million and total equity to EUR 1,987 million at the end of the period.

On 30 May 2008 the share capital was increased from 11,361,092,458 shares by 2,813,675,174 new shares as a consideration for shares in Skipti hf. acquired as a result of Exista's takeover bid of the entire share capital of Skipti not previously owned by Exista. After the share increase the total share capital of Exista consist of 14,174,767,632 shares of ISK 1 each.

The status and prospects of Exista are currently very uncertain. The recent collapse of the Icelandic financial system has chiefly impacted Exista in two ways. Firstly, the nationalisation of Kaupthing had a tremendous effect on company's financial position, as Exista was by far the largest shareholder of Kaupthing with a 24.75% holding. Secondly, there remains great uncertainty regarding the settlement of agreements with the domestic banks as well as the value of claims and deposits. The ability of Exista to continue as a going concern is to a large extent dependent on the outcome of ongoing negotiations. In addition, the Management of the company is engaged in discussions with creditors in light of the altered circumstances. Finally, Exista is exploring its legal position, including the possibility of a lawsuit, in relation to the actions undertaken by the British authorities against Kaupthing's british subsidiary.

As previously announced, the Shareholders Meeting agreed to the delisting of the Company, due to the present uncertainty and in order to facilitate the work currently being undertaken by the Board and Management in order to shape a future plan for the company.

Note no. 26 to the accounts contains main events after reporting date and the resolutions of Shareholder's meeting of 30th October. The Board of Directors is of the opinion the resolutions provide the Board sufficient basis to continue the efforts of maintaining the company as a going concern.

Taking into consideration the aforementioned, it is the opinion of the Board of Directors and the CEOs that the accounting policies used are appropriate and that these Condensed Consolidated Interim Financial Statements present all the information necessary to give a true and fair view of the Group's assets and liabilities, financial position and operating performance for the nine months ended 30 September 2008.

The Board of Directors and the CEOs of Exista hf. have today discussed and approved the Condensed Consolidated Interim Financial Statements for the period 1 January to 30 September 2008 with their signature.

Reykjavík, 27 November 2008

**Board of Directors**

Lýdur Gudmundsson  
Chairman

Ágúst Gudmundsson

Gudmundur Örn Hauksson

Bogi Pálsson

Sigurjón Rúnar Rafnsson

Robert Tchenguiz

Hildur Árnadóttir

**CEOs**

Erlendur Hjaltason

Sigurður Valtýsson

# Report on Review of Interim Financial Information

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To the Board of Directors and shareholders of Exista hf.

## Introduction

We have reviewed the accompanying condensed consolidated balance sheet of Exista hf. as of 30 September 2008 and the related condensed consolidated statements of income, condensed consolidated changes in equity and condensed consolidated cash flows for the nine month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards as adopted the EU. Our responsibility is to express a conclusion on this interim financial information based on our review.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 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.

## Basis for Qualified Conclusion

Very unusual and extraordinary circumstances have occurred on the Icelandic financial market in October 2008 as they are described in act no. 125/2008 on the Authority for Treasury Disbursements due to Unusual Financial Market Circumstances etc. and the current uncertainty regarding continuing operations of Icelandic Financial Institutions.

Due to these circumstances the Company had to sell and write down after balance sheet date a large portion of its assets as can be seen in note 26 in the Interim Financial statements with extremely negative effect on Exista's equity. On the other hand, Exista owns claims and unrealized gain on contracts with counterparties, including the domestic banks. Those claims and contracts are unsettled and due to the banking crisis it still remains uncertain how settlement will be completed. Management of Exista is currently engaged in discussions with financial institutions and governmental authorities in an attempt to gain a clearer view of these matters. At the same time, Exista is engaged in discussions with domestic and foreign lenders concerning the review of the Company's liabilities and other obligations. If these discussions will not be acceptable for Exista hf., for whatever reasons, a material uncertainty may arise about the Group's ability to carry on as a going concern.

This situation indicates the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern but the Interim Financial statements are prepared on a going concern basis.

## Qualified Conclusion

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the entity as at 30 September 2008, and of its financial performance and its cash flows for the nine month period then ended in accordance with International Financial Reporting Standards as adopted by the EU.

We would also like to draw attention to note 17 where book value of investments in associates is compared to its market value. Book value of investments in associates exceeds its market value.

Reykjavík, 27 November 2008

Deloitte hf.

Hilmar A. Alfreðsson  
State Authorised Public Accountant

## Condensed Consolidated Income Statement for the period 1 January - 30 September 2008

	Notes	Q3		9M	
		1 July - 30 September 2008	30 September 2007	1 January - 30 September 2008	30 September 2007
Net gain (loss) on financial assets at fair value through profit or loss ..	5	(67.6)	32.0	(304.7)	105.4
Net gain on financial assets held for trading .....		(3.2)	(37.3)	75.9	110.0
Dividend .....	6	(0.0)	0.7	11.2	12.6
Interest revenue .....	7	34.2	23.2	90.7	60.9
Insurance premium .....	8	25.7	32.0	79.3	97.8
Share of profits of associates .....	17	47.2	92.5	179.6	707.8
Other revenues .....	9	15.3	4.2	25.2	10.8
<b>Total revenues</b> .....		<u>51.5</u>	<u>147.1</u>	<u>157.3</u>	<u>1,105.3</u>
Insurance claims .....	10	(17.5)	(25.1)	(67.5)	(76.2)
Operating expenses .....	11	(12.9)	(14.5)	(45.1)	(46.6)
<b>Total expenses</b> .....		<u>(30.3)</u>	<u>(39.6)</u>	<u>(112.7)</u>	<u>(122.8)</u>
<b>Profit before financial expenses</b> .....		21.2	107.5	44.6	982.5
Interest expense .....		(93.1)	(106.2)	(298.6)	(240.9)
Net foreign exchange gain .....		(17.0)	8.7	80.6	90.5
<b>Total financial expenses</b> .....		<u>(110.0)</u>	<u>(97.5)</u>	<u>(218.0)</u>	<u>(150.3)</u>
<b>(Loss) profit before tax</b> .....		(88.9)	10.0	(173.4)	832.2
Income tax .....		1.1	(2.6)	3.5	37.3
<b>(Loss) profit for the period</b> .....		<u>(87.8)</u>	<u>7.4</u>	<u>(170.0)</u>	<u>869.5</u>
<b>Attributable to:</b>					
Equity holders of the parent .....		(87.7)	7.4	(169.7)	869.5
Minority interest .....		(0.1)	0.0	(0.3)	(0.0)
		<u>(87.8)</u>	<u>7.4</u>	<u>(170.0)</u>	<u>869.5</u>
<b>(Loss) earnings per share (cents):</b>					
Basic .....	13	(0.62)	0.07	(1.31)	7.69
Diluted .....		(0.62)	0.07	(1.31)	7.69

## Condensed Consolidated Balance Sheet at 30 September 2008

	Notes	<u>30.9.2008</u>	<u>31.12.2007</u>
<b>Assets</b>			
Financial assets at fair value through profit or loss .....	14	768.3	1,123.4
Financial assets held for trading .....	15	122.9	210.2
Loans and receivables .....		802.7	785.0
Goodwill and other intangible assets .....	16	294.0	469.4
Investments in associates .....	17	3,925.5	4,737.6
Reinsurance assets .....	18	6.3	10.1
Investment properties .....	19	0.0	70.1
Property and equipment .....	20	4.6	27.6
Cash and equivalents .....	21	287.6	567.6
Other assets .....		64.0	9.5
<b>Total assets</b>		<u>6,275.9</u>	<u>8,010.5</u>
<b>Equity</b>			
Share capital .....	22	143.5	120.6
Reserves .....		502.0	736.3
Retained earnings .....		1,341.6	1,511.3
<b>Equity attributable to equity holders of the parent</b>		<u>1,987.1</u>	<u>2,368.1</u>
Minority interest .....		0.2	0.6
<b>Total equity</b>		<u>1,987.3</u>	<u>2,368.7</u>
<b>Liabilities</b>			
Borrowings .....	23	3,834.4	5,123.7
Hybrid securities .....		266.4	250.0
Technical provision .....	24	150.5	221.5
Deferred income tax liability .....		9.3	18.8
Other liabilities .....		28.0	27.8
<b>Total liabilities</b>		<u>4,288.6</u>	<u>5,641.8</u>
<b>Total equity and liabilities</b>		<u>6,275.9</u>	<u>8,010.5</u>

## Condensed Consolidated Statement of changes in Equity for the period 1 January - 30 September 2008

	Share capital	Reserves	Retained earnings	Minority interest	Total equity
Equity at 1 January 2007 .....	112.3	720.7	1,061.3	5.9	1,900.2
Change in minority interest .....				(5.5)	(5.5)
Issue of share capital .....	5.9	139.7			145.6
Payment of dividends .....			(123.7)		(123.7)
Profit for the period .....			869.5	(0.0)	869.5
Net buyback of own shares .....	2.3	54.9			57.1
Changes in equity of associates .....		(14.0)			(14.0)
Exchange difference arising on translation of foreign operation .....		(104.9)			(104.9)
Equity at 30 September 2007 .....	<u>120.6</u>	<u>796.4</u>	<u>1,807.1</u>	<u>0.4</u>	<u>2,724.4</u>
Equity at 1 January 2008 .....	120.6	736.3	1,511.3	0.6	2,368.7
Change in minority interest .....				(0.2)	(0.2)
Issue of share capital .....	23.0	209.0			232.0
Loss for the period .....			(169.7)	(0.3)	(170.0)
Net buyback of own shares .....	0.0	0.0			0.0
Changes in equity of associates .....		(228.0)			(228.0)
Exchange difference arising on translation of foreign operation .....		(215.2)			(215.2)
Equity at 30 September 2008 .....	<u><u>143.5</u></u>	<u><u>502.0</u></u>	<u><u>1,341.6</u></u>	<u><u>0.2</u></u>	<u><u>1,987.3</u></u>



## Condensed Consolidated Cash Flow Statement for the period 1 January - 30 September 2008

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	<b>9M 2008</b>	<b>9M 2007</b>
Net cash (to) from operating activities .....	(89.1)	7.4
Net cash provided by (used in) investing activities .....	71.6	(2,566.2)
Net cash provided by (used in) financing activities .....	(233.5)	3,117.2
Net change in cash and cash equivalents .....	(251.0)	558.4
Cash and equivalents at beginning of year .....	567.5	76.1
Effect of foreign exchange rate changes .....	(28.8)	2.0
<b>Cash and equivalents at the end of the period .....</b>	<b>287.6</b>	<b>636.5</b>

# Notes to the Condensed Consolidated Interim Financial Statements

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## 1. General information

Exista hf. is a company incorporated and domiciled in Iceland. The Condensed Consolidated Interim Financial Statements for the nine months ended 30 September 2008 comprise Exista hf. (the Parent or the Company) and its subsidiaries (together referred to as the Group).

The principal activities of the Group are insurance and asset finance, together with strategic holdings as a major shareholder in several of Iceland's largest companies and the Finnish financial services company, Sampo Oyj. The Group concentrates on Northern Europe as its core market.

## 2. Basis of preparation

The Condensed Consolidated Interim Financial Statements have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and in accordance with International Accounting Standard (IAS) no. 34, *Interim Financial Reporting*.

## 3. Significant accounting policies

The Condensed Consolidated Interim Financial Statements have been prepared under the historical cost convention, except for the revaluation of certain properties and financial instruments. The same accounting policies, presentation and methods of computation are followed in these Condensed Consolidated Interim Financial Statements as were applied in the preparation of the Group's Financial Statements for the year ended 31 December 2007.

## 4. Segment information

### 4.1 Business segment

The Group's operation is based on two main foundations: Financial Services and Investments.

These foundations are monitored and supported by six units at group level: Finance, Risk Management, Treasury, Legal Counsel, Research and Communications.

#### Financial Services

Financial Services are divided into subsidiaries and associates:

Subsidiaries in Financial Services are wholly owned by Exista hf. and are accounted for as such in the Consolidated Financial Statements: the property & casualty insurance company Vátryggingafélag Íslands hf. (VÍS), the life insurance company Líftryggingafélag Íslands hf. (Lífís) and the asset finance company Lýsing hf.

Associates in Financial Services are long-term strategic holdings and are recorded in Exista's accounts using the equity method: the financial services group Sampo Oyj. and Kaupthing Bank hf.

#### Investments

Investments are Exista's other shareholdings and investments in listed and unlisted companies. Among the Group's largest investments are the food company Bakkavor Group hf., the telecommunications company Skipti hf. and the pensions & life insurance company Storebrand ASA.

## Notes to the Condensed Consolidated Interim Financial Statements

### 4.2 Segment revenue and result

	Financial Services	Investments	Total 9M 2008	Total 9M 2007
Investment revenues .....	172.4	(210.4)	(38.0)	935.8
Insurance premium .....	79.3	-	79.3	97.8
Interest revenues .....	80.6	10.2	90.7	60.9
Other revenues .....	1.3	24.0	25.2	10.8
Total revenues.....	333.5	(176.2)	157.3	1,105.3
Insurance claims .....	(67.5)	-	(67.5)	(76.2)
Operating expenses .....	(34.2)	(11.0)	(45.1)	(46.6)
Total expenses.....	(101.7)	(11.0)	(112.7)	(122.8)
<i>Profit (loss) before financial items</i> .....	231.8	(187.2)	44.6	982.5
Financial items .....	(182.5)	(35.5)	(218.0)	(150.3)
<i>Profit (loss) before tax</i> .....	49.3	(222.7)	(173.4)	832.2
Income tax .....	0.0	3.5	3.5	37.3
<i>Profit (loss) for the period</i> .....	49.3	(219.3)	(170.0)	869.5

### 4.3 Segment assets and liabilities

	Financial Services	Investments	Total 30 Sep 2008	Total 31 Dec 2007
Financial assets measured at fair value .....	3.8	764.5	768.3	1,123.4
Financial assets held for trading .....	117.7	5.1	122.9	210.2
Loans and accounts receivable .....	769.7	32.9	802.7	785.0
Goodwill and other intangible assets .....	292.5	1.5	294.0	469.4
Investments in associates .....	3,925.1	0.4	3,925.5	4,737.6
Reinsurance assets .....	6.3	-	6.3	10.1
Investment properties .....	-	-	-	70.1
Property and equipment .....	2.8	1.8	4.6	27.6
Cash and equivalents .....	250.7	36.9	287.6	567.6
Other assets .....	60.5	3.6	64.0	9.5
Total assets.....	5,429.2	846.6	6,275.9	8,010.5
Borrowings .....	3,217.6	616.8	3,834.4	5,123.7
Hybrid securities .....	266.4	-	266.4	250.0
Technical provisions .....	150.5	-	150.5	221.5
Deferred income tax liability .....	9.1	0.2	9.3	18.8
Other liabilities .....	20.4	7.6	28.0	27.8
Total liabilities.....	3,664.0	624.6	4,288.6	5,641.8

## Notes to the Condensed Consolidated Interim Financial Statements

### 5. Net (loss) gain on financial assets at fair value through profit or loss

	9M 2008	9M 2007
Shares - listed .....	(333.8)	40.7
Shares - unlisted .....	29.1	64.7
	<u>(304.7)</u>	<u>105.4</u>

### 6. Dividend income

	9M 2008	9M 2007
Financial assets measured at fair value through profit or loss.....	9.9	5.0
Financial assets held for trading.....	1.3	7.6
	<u>11.2</u>	<u>12.6</u>

Total dividend received during 9M 2008 amounted to EUR 178.5 million, thereof EUR 167.3 million from associated companies. Dividend from associated companies is not recognised in the Income Statement because they are accounted for using the equity method.

### 7. Interest revenue

	9M 2008	9M 2007
From leasing contracts.....	46.2	44.6
Other interest revenue.....	44.6	16.3
	<u>90.7</u>	<u>60.9</u>

### 8. Insurance premiums, net of reinsurance

	9M 2008	9M 2007
Premiums written.....	96.4	125.1
Reinsurers' share.....	(5.3)	(6.9)
Change in the gross provision for unearned premiums.....	(13.2)	(12.9)
Change in the provision for unearned premiums, reinsurers' share.....	1.4	(7.4)
	<u>79.3</u>	<u>97.8</u>

### 9. Other revenues

	9M 2008	9M 2007
Security services.....	8.7	8.6
Rental income.....	3.1	0.5
Other revenues.....	13.4	1.7
	<u>25.2</u>	<u>10.8</u>

## Notes to the Condensed Consolidated Interim Financial Statements

### 10. Insurance claims, net of reinsurance

	9M 2008	9M 2007
Claims paid.....	67.6	75.5
Claims paid, reinsurers' share.....	(2.8)	(3.0)
Change in the provision for claims.....	1.2	3.4
Change in the provision for claims, reinsurers' share.....	1.5	0.3
	<u>67.5</u>	<u>76.2</u>

### 11. Operating expenses

	9M 2008	9M 2007
Salaries and related expenses.....	22.7	23.3
Administrative expenses.....	13.2	11.8
Depreciation and amortisation.....	1.4	2.7
Other operating expenses.....	7.9	8.9
	<u>45.1</u>	<u>46.6</u>

### 12. Dividend paid

On 28 February 2008 the Exista hf. Board of Directors proposed at the Annual General Meeting that no dividend would be paid in respect of profits for the year 2007, the proposal was approved. On 30 April 2007, a dividend of ISK 1.00 per share, a total dividend EUR 124 million (ISK 10,838 million) was paid to shareholders.

### 13. Earnings per share

	9M 2008	9M 2007
Net (loss) earnings attributable to equity holders of the Parent .....	(169.7)	869.5
* Weighted average number of shares for earnings per share calculation .....	12,939.9	11,303.1
Basic (loss) earnings per share (cents) .....	(1.31)	7.69
Diluted (loss) earnings per share (cents) .....	(1.31)	7.69

\* Shares are registered in Icelandic Krónas (ISK).

## Notes to the Condensed Consolidated Interim Financial Statements

### 14. Financial assets measured at fair value through profit or loss

	30.9.2008	31.12.2007
Shares - listed .....	289.5	849.6
Shares - unlisted .....	478.8	273.8
	<u>768.3</u>	<u>1,123.4</u>

Shares in listed companies are as follows:

	Share %	Nominal value	Closing price	30.9.2008	31.12.2007
Bakkavor Group hf.....	39.63%	855,151,478	ISK 29.40	125.2	548.5
Storebrand ASA.....	8.69%	39,097,164	NOK 37.80	160.5	278.3
SPRON hf.....	4.26%	213,135,934	ISK 3.33	3.8	21.3
Other.....	-	-	-	-	1.5
Listed shares total .....				<u>289.5</u>	<u>849.6</u>

Shares in unlisted companies are as follows:

	30.9.2008	31.12.2007
* Skipti hf.....	463.0	148.1
Other.....	15.8	125.7
Unlisted shares total .....	<u>478.8</u>	<u>273.8</u>

\* Skipti hf. was listed on the OMX Nordic Exchange in Iceland on 19 March 2008. On 19 March 2008, Exista announced a voluntary offer for all shares in Skipti hf. The offer amounted to ISK 6.64 per share, which was paid with new Exista shares. The offer was valid from 27 March through 26 May, by which time Exista had acquired 99.22% of Skipti shares. Following the offer and the delisting of the company, outstanding shares were called in. Skipti has been 100% owned by Exista since 2 July 2008.

Skipti is now being held for sale for an indeterminate period of time, Exista and two banks have concluded an agreement, which includes a transferral of voting rights in Skipti to the banks. However, Exista intends to retain a strategic holding in Skipti as before although the Group does not intend to be a sole owner in the long term. On the basis of control issues, Exista will continue to classify its share in Skipti as financial asset held for sale.

### 15. Financial assets held for trading

	30.9.2008	31.12.2007
Shares - listed .....	6.8	58.0
Shares - unlisted .....	3.5	6.4
Funds - listed.....	23.1	64.9
Funds - unlisted.....	3.8	2.9
Bonds - listed.....	81.0	63.6
Bonds - unlisted.....	4.6	12.8
Other.....	-	1.6
	<u>122.9</u>	<u>210.2</u>

## Notes to the Condensed Consolidated Interim Financial Statements

### 16. Goodwill and other intangible assets

	Goodwill	Customer contracts	Trademark	Total
At beginning of year .....	464.0	5.2	0.2	469.4
Disposal of assets .....	(0.0)	-	-	(0.0)
Amortisation during the period .....	-	(0.2)	(0.0)	(0.2)
Net foreign currency exchange difference.....	(173.1)	(1.9)	(0.1)	(175.2)
	<u>290.8</u>	<u>3.1</u>	<u>0.1</u>	<u>294.0</u>

The amortisation expense has been included in the line item "operating expenses" in the Income Statement.

The following useful lives are used in the calculation of amortisation:

Customer contracts.....	15 years
Trademark.....	15 years

### 17. Investments in associates

Changes in investments in associates:

	30.9.2008	31.12.2007
At beginning of year .....	4,737.6	-
Purchases of shares in associates .....	51.4	2,083.0
Transfers .....	49.1	1,995.3
Sold shares .....	(24.1)	-
Share of results for the period .....	179.6	756.2
Dividend .....	(167.5)	(135.4)
Equity adjustments .....	(228.0)	-
Net foreign currency exchange difference .....	(672.6)	38.5
	<u>3,925.5</u>	<u>4,737.6</u>

Investments in associates are as follows:

Name of associate	Nominal value	Incorporation	Ownership	Principal activity	Market value 30.9.2008
Kaupthing Bank hf. ....	183,264,688	Iceland	24.75%	Banking	871.7
Sampo Oyj .....	114,257,867	Finland	19.98%	Financial services	1,807.6
Other .....	-	-	-	-	0.4
Total associates .....					<u>2,679.6</u>

Market value compared to book value of investment in associates is as follows:

	30.9.2008
Book value of associates .....	3,925.5
Market value of associates .....	<u>2,679.6</u>
Book value exceeding market value .....	<u>1,245.9</u>

At the end of Q3 2008 it was assessed whether the Group's investment in associates were impaired by comparing their carrying amount with their recoverable amount. Because goodwill included in the carrying amount of an investment in an associate is not separately recognised, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36, *Impairment of assets*. Instead, the entire carrying amount of the investment is tested under IAS 36 for impairment, by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount. The impairment test concluded that there was no need for impairment of those assets.

Events in October affecting value of associates are disclosed separately in note 26; "Events after the Balance Sheet date".

## Notes to the Condensed Consolidated Interim Financial Statements

### 18. Reinsurance assets

Reinsurance share in the technical provision is as follows:	30.9.2008	31.12.2007
Premium reserve .....	2.4	2.0
Claims reserve .....	3.9	8.1
	<u>6.3</u>	<u>10.1</u>

### 19. Investment properties

	30.9.2008	31.12.2007
<b>At fair value</b>		
At beginning of year .....	70.1	-
Net additions/disposals during the period .....	(43.9)	68.0
Increase in value adjustment .....	-	2.1
Net foreign currency exchange differences .....	(26.1)	(0.1)
	<u>-</u>	<u>70.1</u>

### 20. Property and equipment

	Property	Equipment	Total 30.9.2008	Total 31.12.2007
<b>Cost or valuation</b>				
At beginning of year.....	23.0	10.7	33.7	22.1
Additions.....	0.9	1.6	2.5	16.5
Disposals.....	(14.3)	(0.3)	(14.6)	(17.6)
Revaluation increase due to goodwill allocation.....	-	-	-	12.4
Net foreign currency exchange difference.....	(8.8)	(4.0)	(12.8)	0.3
	<u>0.8</u>	<u>7.9</u>	<u>8.7</u>	<u>33.7</u>
<b>Accumulated depreciation</b>				
At beginning of year.....	1.3	4.9	6.1	9.9
Charge for the period.....	0.3	0.8	1.2	2.7
Eliminated on disposal.....	(0.7)	(0.1)	(0.8)	(7.0)
Net foreign currency exchange difference.....	(0.4)	(1.9)	(2.4)	0.5
	<u>0.5</u>	<u>3.6</u>	<u>4.1</u>	<u>6.1</u>
<b>Carrying Amount</b>				
At beginning of year.....	21.8	5.8	27.6	12.2
At end of the period.....	<u>0.3</u>	<u>4.3</u>	<u>4.6</u>	<u>27.6</u>

The assessment value and insurance value for the Group's assets are as follows:

	Assessment value	Insurance value
Property .....	1.4	1.4
Equipment .....		3.4



# Notes to the Condensed Consolidated Interim Financial Statements

## 21. Cash and equivalents

	30.9.2008	31.12.2007
Cash and bank balances .....	132.0	353.8
Term deposits .....	43.9	148.7
Money market deposit and current asset investments .....	111.8	65.0
	<u>287.6</u>	<u>567.6</u>

## 22. Share capital

Due to an acquisition of shares in Skipti hf. and with reference to Exista hf.'s announcement of 19 March 2008, the Board of Directors of Exista has increased the Group's share capital by 2,813,675,174 shares. After the share increase the total share capital of Exista consist of 14,174,767,632 shares of ISK 1 each. All Exista shares carry one vote on shareholders meetings. Own shares at 30 September 2008 amounted to ISK 1,161,709.

## 23. Borrowings

### 23.1 By currency

	30.09.2008	31.12.2007
Loans in CHF .....	137.1	152.4
Loans in DKK .....	40.2	40.2
Loans in EUR .....	2,696.4	3,263.9
Loans in GBP .....	45.5	49.4
Loans in JPY .....	117.9	125.3
Loans in SEK .....	0.2	0.2
Loans in USD .....	106.0	101.3
Loans in ISK .....	603.2	1,231.0
	<u>3,746.6</u>	<u>4,963.7</u>
Accrued interests .....	87.9	160.0
	<u>3,834.4</u>	<u>5,123.7</u>

### 23.2 By maturity

	30.09.2008	31.12.2007
On demand .....	-	-
Up to 3 months .....	254.7	557.9
Over 3 months and up to a year .....	263.5	748.0
Over 1 year and up to 5 years .....	2,890.4	3,377.0
Over 5 years .....	425.7	440.9
	<u>3,834.4</u>	<u>5,123.7</u>

## Notes to the Condensed Consolidated Interim Financial Statements

### 23.3 By type

	30.09.2008	31.12.2007
Bonds issued .....	223.2	397.1
Bills issued .....	131.3	338.3
Money market loans .....	24.2	83.5
Subordinated loans .....	26.0	15.8
Other loans .....	3,429.8	4,289.0
	<u>3,834.4</u>	<u>5,123.7</u>

### 23.4 Other information

	30.09.2008	31.12.2007
Recourse borrowings .....	1,622.0	2,730.4
Non-recourse borrowings .....	2,212.4	2,393.3
	<u>3,834.4</u>	<u>5,123.7</u>

## 24. Technical Provisions

	30.9.2008	31.12.2007
Claims reported and loss adjustment expenses .....	90.6	143.0
Claims incurred but not reported .....	18.1	28.6
Claims outstanding .....	108.7	171.5
Provision for unearned premiums .....	41.8	49.9
Technical provision .....	<u>150.5</u>	<u>221.5</u>
Claims reported and loss adjustment expenses .....	3.5	7.4
Claims incurred but not reported .....	0.4	0.8
Claims outstanding .....	3.9	8.1
Provision for unearned premiums .....	2.4	2.0
Reinsurers' share .....	<u>6.3</u>	<u>10.1</u>

## Notes to the Condensed Consolidated Interim Financial Statements

### 25. Subsidiaries and associated companies

Name of subsidiary	Incorporation	Ownership	Principal activity
Áskaup ehf. ....	Iceland	100.00%	Holding company
Dymbiltur ehf. ....	Iceland	100.00%	Holding company
Exafin B.V. ....	Netherlands	100.00%	Holding company
Exista B.V. ....	Netherlands	100.00%	Investments
Exista Holdings B.V. ....	Netherlands	100.00%	Holding company
Exista Invest ehf. ....	Iceland	100.00%	Investments
Exista Trading ehf. ....	Iceland	100.00%	Investments
Exista UK Ltd. ....	United Kingdom	100.00%	Investments
Flutningar ehf. ....	Iceland	100.00%	Holding company
Framtíðarsýn hf. ....	Iceland	100.00%	Publishing
Frásögn ehf. ....	Iceland	100.00%	Holding company
Líftryggingafélag Íslands hf. ....	Iceland	100.00%	Life insurance
Lýsing hf. ....	Iceland	100.00%	Leasing
Pera ehf. ....	Iceland	100.00%	Holding company
Pond Street Investments ehf. ....	Iceland	100.00%	Investments
Vátryggingafélag Íslands hf. ....	Iceland	100.00%	Insurance
VÍS International Invest ehf. ....	Iceland	100.00%	Holding company
ÖM eignarhaldsfélag ehf. ....	Iceland	56.17%	Security
Name of associated company	Incorporation	Ownership	Principal activity
Árkaup ehf. ....	Iceland	35.70%	Holding company
Haed 14 ehf. ....	Iceland	50.00%	Real estate
Kaupthing Bank hf. ....	Iceland	24.75%	Banking
Sampo Oyj. ....	Finland	19.98%	Financial services

# Notes to the Condensed Consolidated Interim Financial Statements

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## 26. Events after the Balance Sheet date

After the end of the interim period, the following significant events have occurred:

On 7 October Exista sold its entire shareholding in Sampo (19.98%) by a book-building offering. Sale price was EUR 11.50 per share.

On 9 October Exista sold its entire shareholding in Storebrand (8.69%) to Gjensidige. Sale price was NOK 20.00 per share.

On 9 October the Icelandic Financial Supervisory Authorities (FME) takes Kaupthing Bank into administration.

On 10 October Exista announces its decision to sell its entire shareholding in Bakkavor (39.63%) to ELL 182 ehf. Sale price was ISK 9.79 pr. share. Sale is subject to creditors approval.

Sale of Sampo, Storebrand and FSA takeover of Kaupthing Bank have extremely negative effect on Exista's equity. On the other hand, Exista owns claims and unrealized gain on contracts with counterparties, including the domestic banks. Those claims and contracts are unsettled and due to the banking crisis it still remains uncertain how settlement will be completed. Going concern depends among other things on the outcome of ongoing discussions regarding settlement.

The position and prospects of Exista are uncertain at the present time. Exista's management is currently engaged in discussions with financial institutions and governmental authorities in an attempt to gain a clearer view of matters concerning the settlement of the Company's claims against Icelandic banks. At the same time, Exista is engaged in discussions with domestic and foreign lenders concerning the review of the Company's liabilities and other obligations. Due to uncertainty about financial effects of the above mentioned events it is not possible to provide information about total effects on Exista's equity.

Exista shareholders' meeting, held 30 October 2008, approved the following resolutions:

- Authorisation to the Board of Directors to increase the Company's share capital
- Authorisation to the Board of Directors to undertake financial obligations which shall be convertible into shares in the company and authorisation to raise the Company's share capital accordingly
- Authorisation to the Board of Directors to purchase own shares
- Authorisation to delist the company's shares from the NASDAQ OMX Nordic Exchange in Iceland
- Authorisation to the Board of Directors to transfer or otherwise dispose of any assets of the company to any third party

## 27. Disposal of subsidiaries

In 3rd quarter Exista sold its entire share (100%) in the property investment entity, Exista Properties ehf. Net assets of Exista Properties ehf. at the date of disposal were as follows:

Net assets disposed of .....	59.4
Profit on disposal .....	10.8
Total consideration .....	<u>70.2</u>

Total consideration was satisfied by cash.

## 28. Approval of Condensed Consolidated Interim Financial Statements

The Condensed Consolidated Interim Financial Statements were approved by the Board of Directors and CEOs and authorised for issue on 27 November 2008.

## Other information

### Key Ratios

	9M 2008	9M 2007
Earnings per share (EPS) - cents .....	(1.31)	7.69
Return on equity .....	(7.58%)	34.50%
Price earnings (P/E) .....	(3.99)	4.82
Price to book (P/B) .....	0.34	1.54
Price pr. share in ISK .....	6.00	32.40
Equity ratio .....	31.67%	32.10%
Internal value of shares .....	13.85	22.60

### EUR/ISK rates:

	9M 2008	2007
Average exchange rate for the period/year .....	115.43	87.60
Period/year end exchange rate .....	145.49	91.20

### Quarterly Consolidated Income Statements

	2008			2007	
	3rd quarter	2nd quarter	1st quarter	4th quarter	3rd quarter
At fair value.....	(67.6)	(63.9)	(173.2)	(104.6)	32.0
Held for trading.....	(3.2)	20.6	58.5	(156.3)	(37.3)
Dividend.....	(0.0)	6.9	4.4	0.0	0.7
Interest revenue.....	34.2	28.0	28.5	30.3	23.2
Insurance premium.....	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
Total revenues.....	<u>51.5</u>	<u>89.6</u>	<u>16.1</u>	<u>(143.8)</u>	<u>147.1</u>
Insurance claims.....	(17.5)	(21.2)	(28.8)	(28.3)	(25.1)
Operating expenses.....	(12.9)	(15.8)	(16.5)	(18.8)	(14.5)
Total expenses.....	<u>(30.3)</u>	<u>(37.0)</u>	<u>(45.3)</u>	<u>(47.1)</u>	<u>(39.6)</u>
<i>Profit (loss) before financial items.....</i>	21.2	52.5	(29.2)	(190.8)	107.5
Interest expense.....	(93.1)	(100.4)	(105.1)	(109.4)	(106.2)
Net FX gain (loss).....	(17.0)	9.1	88.4	(6.2)	8.7
<i>Profit (loss) before tax.....</i>	(88.9)	(38.7)	(45.9)	(306.5)	10.0
Income tax.....	1.1	0.3	2.0	10.9	(2.6)
<i>Profit (loss) for the period.....</i>	<u>(87.8)</u>	<u>(38.4)</u>	<u>(43.8)</u>	<u>(295.6)</u>	<u>7.4</u>