



INTERIM REPORT

January – June 2008



31 July 2008

Exista interim results for the first six months of 2008

Today the financial services group Exista hf. published its interim financial statements for the first six months of 2008.

Performance in the second quarter:

- After-tax loss EUR 38.4 million
- Total revenues EUR 89.6 million

Performance in the first half of 2008:

- After-tax loss EUR 82.2 million
- Net profit from financial services EUR 66.4 million
- Net loss from investments EUR 148.6 million

Key Balance Sheet figures:

- Total assets EUR 6.9 billion, down 13.6% from beginning of year
- Total equity EUR 2.3 billion, down 3.6% from beginning of year
- Total liabilities reduced by EUR 1.0 billion, or 17.7%, from year-end 2007
- Cash EUR 303.4 million and committed liquidity to meet refinancing obligations until December 2009
- Equity ratio 37% (including hybrid securities)

Lýður Gudmundsson, Executive Chairman:

“Given current market conditions we are satisfied with Exista’s result for the quarter. Through challenging times in global markets we have concentrated on preserving the Group’s solid fundamentals. Our companies’ operations are sound and we have strong faith in their future potential despite ongoing weakness in equity markets. We continue to carry out our operations, cost control and risk management in such a way that the foundations of the Group remain robust. With our excellent group of companies and strong presence in the Nordic financial services sector we are able to withstand fragile markets and look forward to future opportunities.”

For further information on the interim accounts, please contact:

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About Exista

Exista is a financial services group with core operations in insurance underwriting and other financial services activities, coupled with international investments. The company is a leading insurance underwriter in Iceland, as well as the country’s largest provider of asset finance products. As an international investor, Exista has strategic holdings in several companies, including Sampo Group, Kaupthing Bank, Bakkavör Group, Storebrand and Skipti (Iceland Telecom). Exista is listed on the OMX Nordic Exchange in Iceland, and its shareholders number around 30,000. Information on Exista hf. and its financial statements can be found on the Group’s website: www.exista.com.

Consolidated Income Statement

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

Exista's loss before tax in the second quarter 2008 amounted to EUR 38.7 million. Losses before tax for the first six months of the year totalled EUR 84.6 million.

After-tax losses amounted to EUR 38.4 million during the quarter and EUR 82.2 million for the first six months of the year, as opposed to a profit of EUR 862.1 million the first half of 2007.

Revenue

Total revenues amounted to EUR 89.6 million for the second quarter. Revenue amounted to EUR 105.7 million for the first half of the year, as compared with EUR 958.2 million for the same period in 2007.

Net losses on financial assets at fair value were EUR 63.9 million during the quarter and EUR 237.2 million for the first half of the year. Financial assets at fair value yielded capital gains of EUR 73.5 million in the first six months of 2007.

Net gains on financial assets held for trading were EUR 20.6 million during the second quarter. Gains on financial assets held for trading totalled EUR 79.1 million during the six-month period, as opposed to EUR 147.3 million during the same period a year ago.

Dividend income totalled EUR 6.9 million in the quarter and EUR 11.2 million for the first six months of the year, as opposed to EUR 12.0 million during the first half of 2007. It should be noted that dividends from associates, Kaupthing Bank and Sampo Group, are not recorded in the income statement. Instead, dividends of associated companies are recorded as a reduction in book value in the balance sheet and are accounted for in the cash flow statement. Dividend payment from associates amounted to 138.7 million in the second quarter and totalled 167.3 million for the first six months of the year.

Interest income totalled EUR 28.0 million during the period and EUR 56.5 million for the first half of the year. Interest income amounted to EUR 37.8 million for the first six months of 2007. The year-on-year increase is due mainly to more interest on the Group's cash position, while half of the interest income is generated by the Group's asset financing operations.

Income from life and non-life insurance premiums totalled EUR 24.8 million during the quarter and EUR 53.6 million during the first half of the year. Premium income amounted to EUR 65.8 million in the first six months of 2007. Lower premium income is due to depreciation of the Icelandic króna (ISK) as the insurance premiums are predominantly in ISK. In ISK terms net earned premiums increased by 17% between years.

Share in profit of associates amounted to EUR 67.8 million in the second quarter and EUR 132.4 million for the first six months of the year. Revenue from associates amounted to EUR 615.3 million in the first half of 2007, in which period Sampo recorded a gain from the sale of its banking operation. The calculation of Exista's share in the quarterly profits of the financial associates Sampo and Kaupthing Bank is based on market consensus concerning these companies' performance for the period. If actual profit or loss deviates from these estimates, the difference is recorded as income or expense in the next reporting period.

Expenses

Operating expenses totalled EUR 15.8 million for the second quarter and EUR 32.3 million for the first six months. Operating expenses amounted to EUR 32.2 million for the first half of 2007.

Life and non-life insurance claims totalled EUR 21.2 million for the quarter and EUR 50.1 million for the first half of the year, compared with EUR 51.0 million for the first half of 2007.

The Group's total expenses, including insurance claims, amounted to EUR 37.0 million for the quarter. In the first half of 2008 total expenses amounted to EUR 82.3 million as opposed to EUR 83.2 million for the same period last year.

Operating results, financial expenses, and taxes

Profit before financial expenses amounted to EUR 52.5 million for the second quarter. Profit before financial expenses totalled EUR 23.4 million for the first six months of the year, as opposed to EUR 875.0 million for the first half of 2007.

Interest expenses totalled EUR 100.4 million for the quarter and EUR 205.5 million for the first six months. Interest expenses amounted to EUR 134.6 million for the first half of 2007.

Net foreign exchange gains amounted to EUR 9.1 million for the quarter and EUR 97.5 million for the first six months, as against EUR 81.8 million for the first six months of 2007.

Income tax was positive in the amount of EUR 0.3 million for the second quarter and positive in the amount of EUR 2.4 million for the first half of the year. The income tax was positive by EUR 39.9 million in the first half of 2007, after a deferred income tax liability was dissolved in the first quarter of 2007.

Consolidated Income Statement

(EUR MILLIONS)	JAN-JUNE 2008	JAN-JUNE 2007	CHANGE
Financial assets designated at fair value	-237.2	73.5	-422.9%
Financial assets held for trading	79.1	147.3	-46.3%
Dividends ¹	11.2	12.0	-6.1%
Interest income	56.5	37.8	49.6%
Insurance premium	53.6	65.8	-18.6%
Share in profit of associates	132.4	615.3	-78.5%
Other revenue	10.0	6.6	51.1%
Revenue	105.7	958.2	-89.0%
Insurance claims	-50.1	-51.0	-1.9%
Operating expenses	-32.3	-32.2	0.3%
Expenses	-82.3	-83.2	-1.0%
Profit before financial expenses	23.4	875.0	-97.3%
Interest expenses	-205.5	-134.6	52.7%
Foreign exchange difference	97.5	81.8	19.3%
Profit (loss) before tax	-84.6	822.1	-110.3%
Income tax	2.4	39.9	-94.1%
Profit (loss) for the period	-82.2	862.1	-109.5%

(EUR MILLIONS)	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007
Financial assets designated at fair value	-63.9	-173.2	-104.6	32.0	35.3
Financial assets held for trading	20.6	58.5	-156.3	-37.3	36.4
Dividends ¹	6.9	4.3	0.0	0.7	6.9
Interest income	28.0	28.5	30.3	23.2	19.3
Insurance premium	24.8	28.8	31.2	32.0	30.6
Share in profit of associates	67.8	64.6	48.4	92.5	158.3
Other revenue	5.4	4.6	7.2	4.2	3.3
Revenue	89.6	16.1	-143.8	147.1	290.2
Insurance claims	-21.2	-28.8	-28.3	-25.1	-24.5
Operating expenses	-15.8	-16.5	-18.8	-14.5	-15.5
Expenses	-37.0	-45.3	-47.1	-39.6	-40.0
Profit (loss) before financial expenses	52.5	-29.2	-190.8	107.5	250.2
Interest expenses	-100.4	-105.1	-109.4	-106.2	-78.2
Foreign exchange difference	9.1	88.4	-6.2	8.7	52.7
Profit (loss) before tax	-38.7	-45.9	-306.5	10.0	224.7
Income tax	0.3	2.0	10.9	-2.6	-3.3
Profit (loss) for the period	-38.4	-43.8	-295.6	7.4	221.4

¹ Dividends from associates of EUR 167.3 million are not recorded in the income statement but recorded as a reduction in book value in the balance sheet

Performance of business units

Exista's operations are concentrated on two main business units, Financial Services and Investments.

Financial Services

Financial services generated an after-tax profit of EUR 66.4 million for the first half of the year. Financial services, which account for approximately 84% of Exista's balance sheet, are divided into subsidiaries and associates. Subsidiaries in financial services are wholly owned by Exista and are accounted for as such in the consolidated financial statements. Associates in financial services are long-term strategic holdings and are recorded in Exista's accounts using the equity method. As discussed on page 9, Exista's Board has decided to categorize the holding in Storebrand among financial services, instead of investments, as of the third quarter 2008.

The Group's total revenue from financial services amounted to EUR 229.5 million, including insurance premiums of EUR 53.6 million, interest income of EUR 48.9 million, and investment revenue of EUR 126.5 million.

Total expenses in financial services amounted to EUR 74.5 million for the first six months of the year, including EUR 50.1 million in insurance claims and EUR 24.4 million in operating expenses.

Profit before financial items was EUR 155.0 million for the first half of the year. Financial items totalled EUR 88.6 million; therefore, there was a profit before tax of EUR 66.3 million.

The combined ratio for insurance underwriting was 113% for the first half of 2008, while the Group's target is to maintain a combined ratio of less than 100% for the year. Claims were high during the period due to unfavourable external conditions, such as inclement weather in the first quarter. From June 2007 to June 2008, the run rate for the combined ratio was 108%. Return on equity was 24% for asset finance operations.

Investments

Investments recorded an after-tax loss of EUR 148.6 million for the six-month period. Investments comprise Exista's shareholdings and investments in listed and unlisted companies. Investments are recorded at fair value in the Group's accounts and make up approximately 16% of Exista's balance sheet.

Investment revenue was negative in the amount of EUR 140.8 million, interest income totalled EUR 7.6 million and other revenues EUR 9.5 million.

Total expenses were EUR 7.8 million. Losses before financial expenses amounted to 131.6 million, while financial items amounted to EUR 19.3 million. Losses before tax therefore totalled EUR 150.9 million for the six-month period.

(EUR MILLIONS)	FINANCIAL SERVICES	INVESTMENTS	TOTAL
Investment revenue	126.5	-140.8	-14.4
Insurance premium	53.6	-	53.6
Interest income	48.9	7.6	56.5
Other revenue.	0.5	9.5	10.0
Revenue	229.5	-123.7	105.7
Insurance claims	-50.1	-	-50.1
Operating expenses	-24.4	-7.8	-32.3
Expenses	-74.5	-7.8	-82.3
Operating profit (loss) before financial items	155.0	-131.6	23.4
Financial items	-88.6	-19.3	-108.0
Profit (loss) before tax	66.3	-150.9	-84.6
Income tax	0.1	2.3	2.4
Profit (loss) after tax	66.4	-148.6	-82.2

Consolidated Balance Sheet

Assets

Exista's total assets amounted to EUR 6,925 million as at 30 June, a decrease of EUR 1,086 million or 14% since the beginning of the year.

Financial assets at fair value totalled EUR 944 million at the end of the quarter, a decrease of EUR 180 million since the beginning of the year. Listed shares totalled approximately EUR 391 million and unlisted companies totalled EUR 553 million.

Financial assets held for trading, which consist mainly of the technical provisions of insurance operations, totalled EUR 158 million at the end of the period. This was EUR 53 million less than at the beginning of the year.

Loans and receivables totalled EUR 793 million, up EUR 8 million since the beginning of the year.

The Group's goodwill, valued at EUR 341 million at the end of the second quarter, is due to the purchase of insurance and asset financing businesses in 2006. Goodwill was EUR 128 million lower on 30 June 2008 than at the beginning of the year, accounting for less than 5% of total assets.

Holdings in associated companies were valued at EUR 4,298 million as at 30 June 2008. These are predominantly the holdings in financial services associates Sampo Group and Kaupthing Bank. In Exista's accounts, the book value of associates was EUR 1,347 million above market value according to market prices on 30 June 2008, as is further discussed on page 8.

Reinsurance assets totalled EUR 9 million as at 30 June 2008. Investment properties totalled EUR 50 million, and other properties and equipment amounted to EUR 20 million.

Cash and equivalents amounted to EUR 303 million as at 30 June 2008. Other assets totalled EUR 8 million.

Liabilities and equity

Exista's total liabilities amounted to EUR 4,640 million as at 30 June 2008, having decreased by EUR 1,001 million since the beginning of the year. In essence, Exista's liabilities consist of borrowings, hybrid securities and technical provisions.

Borrowings totalled EUR 4,144 million at the end of the first half, a decrease of approximately EUR 980 million since the beginning of the year.

Hybrid securities amounted to EUR 261 million at the end of June.

Technical provisions totalled EUR 181 million and decreased by EUR 41 million over the six month period.

The Group's deferred income tax liability amounted to EUR 8 million at the end of the quarter, as opposed to EUR 19 million at the beginning of the year.

The Group's equity totalled EUR 2,284 million as at 30 June 2008, a decrease of EUR 85 million since the beginning of the year.

The Group's equity ratio was 37% as at 30 June 2008 and not including leverage from asset finance operations, the equity ratio was 40%. Excluding hybrid securities, the equity ratio was 33%.

Consolidated Balance Sheet

(EUR MILLIONS)	30 JUNE 2008	31 DEC 2007	CHANGE
ASSETS			
Financial assets designated at fair value through profit and loss	944	1,123	-16%
Financial assets held for trading	158	210	-25%
Loans and accounts receivable	793	785	1%
Goodwill and other intangibles	341	469	-27%
Associates	4,298	4,738	-9%
Reinsurance assets	9	10	-13%
Investment properties	50	70	-28%
Property and equipment	20	28	-28%
Cash and cash equivalents	303	568	-47%
Other assets	8	10	-14%
Total assets	6,925	8,010	-14%
EQUITY			
Share capital	144	121	19%
Reserves	711	736	-3%
Retained earnings	1,429	1,511	-5%
Shareholders' equity	2,284	2,368	-4%
Minority interest	0	1	-
Total equity	2,284	2,369	-4%
LIABILITIES			
Borrowings	4,144	5,124	-19%
Hybrid securities	261	250	4%
Technical provisions	181	221	-18%
Deferred Income tax liability	8	19	-56%
Other liabilities	47	28	69%
Total liabilities	4,640	5,642	-18%
Total equity and liabilities	6,925	8,010	-14%

Funding and liquidity

Exista's funding and liquidity strategy focuses on three key principles: diversifying funding sources, extending maturities and maintaining strong liquidity.

At the end of June, the Group's committed liquidity covered 76 weeks of refinancing obligations. The Group therefore has sufficient funds to meet maturing liabilities until December 2009. Committed liquidity includes cash, committed credit lines and repo-eligible securities. Not included are other liquid assets, estimated cash generation from insurance and asset finance activities, and pending dividends.

Committed liquidity at the end of June was composed of 33% cash, 51% committed lines and 16% repo-eligible securities.

During the first half of the year, total borrowings decreased by EUR 1.0 billion, or 19%.

Market value of associates

On 1 January 2007, Sampo Group and Kaupthing Bank became associated companies in Exista's accounts. Exista currently holds 24.75% of the share capital of Kaupthing Bank and 19.98% of Sampo. These are long-term strategic holdings in Exista's core activity, financial services.

Associates are accounted for by the equity method, reflecting their long-term value to the Group which should not be affected by short-term market share price fluctuations. In market cycles, the prevailing market value of an associate can become markedly higher or lower than the book value. As at 30 June 2008, the market value of Exista's associated companies was EUR 1,347 million lower than book value.

(EUR MILLIONS)	30 JUNE 2008
Book value of associates	4,298
Market value of associates	2,951
Book value in excess of market value	1,347

Associates are regularly tested for impairment according to International Accounting Standards (IFRS). Holdings other than associates, including Bakkavör Group and Storebrand, are accounted for by the fair value method.

Acquisition of Skipti and transfer of voting rights

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's shares. Following the offer and the delisting of the company, outstanding shares were called in. Skipti is now 100% owned by Exista.

Exista remains strategic shareholder

As was stated in connection with the takeover offer, it is Exista's intention to broaden the Skipti shareholder group again once current market turmoil has subsided. To that end, the Group has concluded an agreement with MP Investment Bank and Kaupthing Bank, under which the two banks will oversee preparations for the sale of Skipti shares. The agreement also involves refinancing part of Exista's ownership in Skipti. In relation to the agreement and because Skipti is now being held for sale for an indeterminate period of time, Exista and the two banks have concluded an agreement concerning the transfer of voting rights in Skipti. Exista does intend to retain a strategic holding in Skipti, although the Group does not intend to be sole owner in the long term.

Telecommunications assets merged

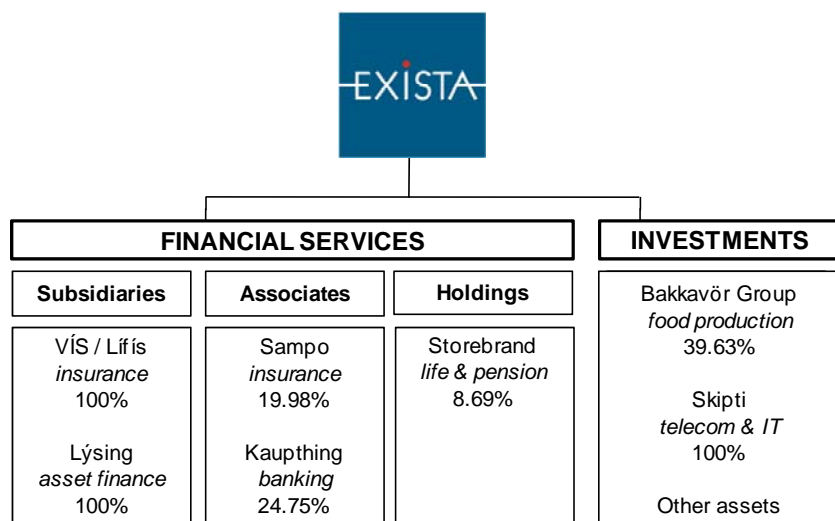
Skipti hf. has acquired Exista's assets in the telecommunications industry and information technology, thus merging all telecom and IT companies owned by Exista. Skipti is a holding company with focus on the telecommunications industry and information technology. Its aim is to invest in well-run companies with a solid operational foundation and genuine growth potential. As a company with considerable expertise in the telecom and IT fields, Skipti has operations in Iceland, Denmark, Norway, Sweden, and the United Kingdom.

The Exista assets that Skipti has now acquired are holdings in well-established telephone companies in the Czech Republic; that is, an 8.25% share in a holding company with a 39% stake in T-Mobile Czech Republic (TMCZ) and a 100% stake in Ceske Radiokomunikace (CRa). TMCZ, which is 61% owned by T-Mobile (Deutsche Telecom), is a leading mobile phone service provider in the Czech Republic, with a market share of over 40%. CRa is a leader in broadcast and fixed-line services in the Czech Republic.

Both companies' operations have been successful and grown rapidly in the past years. These assets fit very well with Skipti's core activities and investment strategy.

Storebrand a financial services holding

The Board of Directors has decided to amend the Group's business setup and segment reporting as of the third quarter 2008 and classify Storebrand as a holding in Financial Services as opposed to an Investments holding. As a result, Financial Services will be divided into three categories: Subsidiaries, Associates and Holdings. This does not imply any strategic changes as regards to Storebrand, which continues to be a long-term holding at fair value. Following this, approximately 87% of the Group's balance sheet is in Financial Services. Exista business setup is as follows:



Outlook

Exista's performance is based primarily on three factors: the performance of operating businesses in the insurance and asset financing sectors, the Group's share in the performance of associates, and developments in the market price of other assets. The operations and fundamental business strengths of subsidiaries and associates remain solid, and the same applies to the Group's largest investments. However, Exista's performance remains subject to uncertainty and may be affected by fluctuations that are beyond the Group's control, such as overall developments in the financial markets and price trends in the Group's assets.

Board approval and Auditors' certification

The Exista Board of Directors approved the interim financial statements at a Board meeting held today, 31 July 2008. The financial statements have been reviewed by the Company's auditing firm, Deloitte hf.

Presentation of Q2 results

Presentation of Exista's Q2 2008 results will be held in Reykjavík on Friday 1 August at 8:30am local time (9:30am UK time, 10:30am CET). At the presentation Exista's management will present the Group's interim accounts and answer questions.

The presentation will take place at Exista's headquarters at Ármúli 3 in Reykjavík. The building opens at 8:00am and a light breakfast will be served before the presentation begins.

The meeting will be held in English and is open to shareholders, analysts and market participants.

Real-time webcast and telephone access 1 August

The presentation will be webcast in real time on Exista's website, www.exista.com. The webcast begins at 8:30am (9:30am UK time, 10:30am CET).

Participants can also phone into the meeting and ask questions by calling +44 (0)20 3043 2436 (UK number) or +354 800 8660 (Icelandic number).

After the meeting, the presentation material and a recording of the meeting will be available on Exista's website, www.exista.com.

Financial calendar 2008

The dates of publication for the next financial statements of Exista are as follows:

- Third quarter: 31 October 2008
- Fourth quarter: 30 January 2009

Further information

For further information on the financial statements, please contact Exista Group Communications, Sigurdur Nordal, Managing Director, tel: +354 550 8620 or by e-mail: ir@exista.com.