



Earnings Release
Reykjavík, 8 May, 2008

Financial Statements for TM, Q1 2008

Highlights for Q1 2008

- Loss for the quarter amounted to ISK 3,271 m, compared with a profit of ISK 886 m for the corresponding period last year.
- Net insurance premium revenue increased by 34% and amounted to ISK 3,176 m compared to ISK 2,378 m during Q1 2007.
- Net insurance claims increased by 41% and amounted to ISK 3,327 m compared to ISK 2,362 m during Q1 2007.
- Combined ratio for the quarter amounted to 127%, compared to a combined ratio of 119% for the corresponding period last year.
- Insurance operations during the period returned a loss of ISK 318 m; last year's corresponding figure was a loss of ISK 5 m.
- Investment losses amounted to ISK 2,141 m during the period compared to an investment profit of ISK 1,898 m for the same period last year.
- TM's total assets as of 31 March 2008 stood at ISK 75,858 m, increasing by 7.7% from ISK 70,444 m since the turn of the year.

Comments

Sigurður Viðarsson, TM's president and CEO, says there will be an ongoing effort to improve the performance of TM's insurance operations. TM's net insurance premium has risen by a third between years, which is explained by a 28% rise of premium revenue while the part of re-insurers is decreasing. Claims for property insurance and voluntary motor insurance were unusually high in Q1, mostly attributable to harsh weather conditions during the winter. After a substantial loss on seamen's accident insurance last year, a reversal has occurred following significant re-organisation of premium structure for those insurances at the beginning of the year.

Performance of marine insurance at Nemi in Norway did not meet expectations at all and this largely justifies the group's poor insurance results during the quarter. However, the risks of Nemi's operations are many and large and one claim can seriously affect the performance of the branch as a whole, which yielded considerable profits last year.

Investment losses in Q1 are however the main contributing factor for the overall performance during the quarter, and reflect the overall global market stress. The company's market risk has been significantly reduced during the quarter, by debt payoffs and sales of shares.

For further information, please contact Sigurður Viðarsson, President and CEO, tel. +354 515 2609.



Key figures from the operations of Tryggingamiðstöðin hf.

In ISK thousands	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Net insurance premium revenue	3,175,858	2,769,418	2,741,552	2,653,829	2,377,804
Investment income	(2,140,668)	(432,199)	254,741	2,175,946	1,898,421
Net Income	1,035,190	2,337,219	2,996,293	4,829,775	4,276,225
Net insurance claims	(3,327,027)	(2,598,484)	(2,408,224)	(2,176,231)	(2,361,763)
Other operating expenses	(876,765)	(856,120)	(789,352)	(773,953)	(540,875)
Expenses	(4,203,792)	(3,454,604)	(3,197,576)	(2,950,184)	(2,902,638)
Results of operating activities	(3,168,602)	(1,117,385)	(201,283)	1,879,591	1,373,587
Finance costs	(359,799)	(428,039)	(428,506)	(272,358)	(324,197)
Impairments of loans	(202,859)	14,130	(24,709)	(3,375)	(4,587)
Share of profit (loss) of associates	4,177	10,346	4,748	5,892	3,922
Profit (loss) before tax	(3,727,084)	(1,520,948)	(649,750)	1,609,750	1,048,725
Income tax	455,689	4,023,701	94,335	(68,135)	(162,421)
Profit (loss) for the period	(3,271,395)	2,502,753	(555,415)	1,541,615	886,304
Attributable to:					
Equity holders of the Company	(3,287,718)	2,493,517	(556,483)	1,536,365	882,524
Minority interest	16,323	9,236	1,069	5,250	3,780
	(3,271,395)	2,502,753	(555,415)	1,541,615	886,304

Helstu kennitölur og upplýsingar:

	2008	2007
	1F	1F
	%	%
Kennitölur úr váttryggingarekstri		
1. Eigin tjón af eigin iðgjöldum	104,8	99,3
2. Annar rekstrarkostnaður af eigin iðgjöldum	22,6	19,2
3. Samsett hlutfall.....	127,3	118,5
4. Fjárfestingartekjur af eigin iðgjöldum	17,3	18,3
5. Hlutföll 3 - 4	110,0	119,4
Aðrar kennitölur		
6. Arðsemi eiginfjár.....	-	16,3
7. Eiginfjárlutfall.....	31,3	28,8
	kr.	kr.
8. Afkoma á hverja krónu nafnverðs hlutfjár.....	-3,04	0,82
9. Meðalföldi útistandandi hluta (þús kr.).....	1.081.639	1.081.639

Key figures from the balance sheet

In ISK thousands	31.3.2008	31.12.2007	Change
Total assets	75,857,559	70,443,892	7.7%
Total equity of the Parent Company's holders	23,413,338	25,297,044	-7.4%
Minority interest	334,958	318,634	5.1%
Total liabilities	52,109,263	44,828,214	16.2%



Income Statement

Loss for Q1 amounted to ISK 3,271 m, compared with a profit of ISK 886 m for the corresponding period last year. Loss on operations before financial expenses and profit share from associated companies amounts to ISK 3,169 m; the figure for the same period in 2007 was ISK 1,374 m.

The loss per share for Q1 2008 amounted to ISK -3.04 compared to a profit per share of ISK 0.82 in 2007.

Revenue

Premiums written for the period amounted to ISK 9,844 m compared to ISK 8,675 m during the same period last year, which is an increase of 13.5%. Net insurance premium revenue for the period amounted to ISK 3,176 m, which represents an increase by 33.6% from the corresponding period last year when this revenue amounted to ISK 2,378 m.

Investment losses came to ISK 2,141 m while investment income amounted to ISK 1,894 m during Q1 2007.

Expenses

Claims paid by TM during Q1 amounted to ISK 5,050 m compared to ISK 3,272 m for Q1 2007, an increase of 54%.

Operating expenses for Q1 2008 came to ISK 887 m, against ISK 541 m in the year 2007.

Financial Items

Financial expenses amounted to ISK 360 m for the period compared to ISK 324 m during the corresponding period of last year.

Balance Sheet

Assets

TM's total assets as of 31 March 2008 stood at ISK 75,858 m. At the end of 2007 the assets added up to ISK 70,444 m. Thus the company's assets have increased by 7.7% since the turn of the year.

Equity and Liabilities

TM's equity stands at ISK 23,748 m and has dropped by ISK 1,867 m since the beginning of the year. Around ISK 2,098 m worth of dividends were paid during the period.

The company's liabilities totalled ISK 52,109 m as of 31 March 2008, an increase of ISK 7,281 m from the turn of the year, mostly accounted for by an increase of insurance technical provisions and accounts payable.

Cash Flow

Net cash flow used in operations came to ISK 1,612 m during the period, compared to ISK 366 m for the same period last year.

Cash in hand fell by ISK 3,745 m since the beginning of the year and stands at ISK 9,226 m as of 31 March 2008.

Operational Trends

The table below displays the performance of individual operational segments, comparing Q1 2008 to Q1 2007. The group's operations are divided into three segments: non-life insurance, life insurance and financial operations.



Results of operational segments in the first quarter 2008

In ISK thousands	Property and casualty							
	insurance		Life insurance		Financial operation		Group	
	Q1 2008	Q1 2007	Q1 2008	Q1 2007	Q1 2008	Q1 2007	Q1 2008	Q1 2007
Net insurance premium revenue	3,123,863	2,345,364	51,995	32,440			3,175,858	2,377,804
Investment income	539,706	433,048	11,109	1,640	(2,691,484)	1,463,733	(2,140,669)	1,898,421
Net income	3,663,569	2,778,412	63,104	34,080	(2,691,484)	1,463,733	1,035,190	4,276,225
Net insurance claims	(3,317,435)	(2,358,454)	(9,592)	(3,309)			(3,327,027)	(2,361,763)
Other operating expenses	(687,850)	(428,623)	(29,324)	(26,823)	(159,592)	(85,429)	(876,766)	(540,875)
Expenses	(4,005,285)	(2,787,077)	(38,916)	(30,132)	(159,592)	(85,429)	(4,203,792)	(2,902,638)
Results of operating activities	(341,716)	(8,665)	24,188	3,948	(2,851,076)	1,378,304	(3,168,602)	1,373,587
Finance costs					(359,800)	(324,197)	(359,800)	(324,197)
Impairments of loans					(202,859)	(4,587)	(202,859)	(4,587)
Share of profit (loss) of associates					4,177	3,922	4,177	3,922
Profit (loss) before tax	(341,716)	(8,665)	24,188	3,948	(3,409,558)	1,053,442	(3,727,084)	1,048,725
Income tax							455,689	(162,421)
Profit (loss) for the period							(3,271,395)	886,304
Attributable to:								
Equity holders of the Company							(3,287,718)	882,524
Minority interest							16,323	3,780
							(3,271,395)	886,304

Operational Prospects and Future Vision

Last year saw a targeted effort to improve the performance of insurance operations, with particular regard to seamen's accident insurance. The action taken has already proved successful, as reflected in Q1 2008. TM will continue the effort to improve results for voluntary motor insurance. It should be noted, however, that claims expenses are subject to intense fluctuations and can decisively affect the insurance operations performance.

Audit

This interim report has not been audited. TM's Board of Directors and CEO have today approved the company's Interim Financial Statement for Q1 2008. It can be found on the company's website: www.tm.is