



## Condensed Consolidated Interim Financial Statements

1 January - 30 September 2007

Exista hf.  
Ármúli 3  
108 Reykjavík  
Iceland  
ID 610601-2350

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# Exista hf.

## Condensed Consolidated Interim Financial Statements

1 January - 30 September 2007

### **Contents**

Endorsement by the board of directors and CEOs	2
Auditors' report	3
Condensed consolidated income statement	4
Condensed consolidated balance sheet	5
Condensed consolidated statement of changes in equity	6
Condensed consolidated cash flow statement	7
Notes to the condensed consolidated interim financial statements	8

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## Endorsement by the Board of Directors and CEOs

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The condensed consolidated interim financial statements for the period 1 January to 30 September 2007 consist of the consolidated interim financial statements of Exista hf. and its subsidiaries. The consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

According to the condensed consolidated interim financial statement, profit for the period amounted to EUR 870 million. According to the condensed consolidated balance sheet, total assets amounted to EUR 8,488 million and total equity to EUR 2,724 million at the end of the period.

It is the opinion of the board of directors and CEOs that these condensed consolidated interim financial statements present the necessary information to evaluate the financial position of the Company at the end of September 2007 and its operating results and financial developments for the period 1 January to 30 September 2007.

The board of directors and CEOs of Exista hf. hereby confirm the condensed consolidated interim financial statements of Exista hf. for the period 1 January to 30 September 2007 with their signatures.

Helsinki, 25 October 2007

### Board of Directors

Lýður Guðmundsson  
Chairman

Ágúst Guðmundsson

Guðmundur Örn Hauksson

Bogi Pálsson

Sigurjón Rúnar Rafnsson

Robert Tchenguiz

### 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 September 30, 2007 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.

## **Conclusion**

Based on our review, 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 September 30, 2007, 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 the EU.

Reykjavík, 25 October 2007.

**Deloitte hf.**

Hilmar A. Alfreðsson  
State Authorized Public Accountant

Knútur Þórhallsson  
State Authorized Public Accountant

## Condensed Consolidated Income Statement for the period 1 January - 30 September 2007

	Notes	Q3		9M	
		1 July - 30 September 2007	2006	1 January - 30 September 2007	2006
Financial assets measured at FVTPL .....	5	32.0	309.0	105.4	334.3
Financial assets held for trading .....		(37.3)	2.9	110.0	23.9
Dividend .....	6	0.7	0.5	12.6	19.7
Interest revenues .....	7	23.2	15.7	60.9	27.4
Insurance premium .....	8	32.0	35.0	97.8	47.8
Share of profits of associates .....	19	92.5	0.0	707.8	0.0
Other revenues .....	10	4.2	4.8	10.8	5.1
<b>Total revenues</b> .....		<u>147.1</u>	<u>368.0</u>	<u>1,105.3</u>	<u>458.1</u>
Insurance claims .....	9	(25.1)	(28.1)	(76.2)	(36.6)
Operating expenses .....	11	(14.5)	(23.2)	(46.6)	(33.4)
<b>Total expenses</b> .....		<u>(39.6)</u>	<u>(51.2)</u>	<u>(122.8)</u>	<u>(70.0)</u>
<b>Profit before financial expenses</b> .....		107.5	316.8	982.5	388.1
Interest expenses .....		(106.2)	(26.7)	(240.9)	(66.1)
Net foreign exchange gains (losses) .....		8.7	20.2	90.5	(38.4)
		<u>(97.5)</u>	<u>(6.5)</u>	<u>(150.3)</u>	<u>(104.5)</u>
<b>Profit before tax</b> .....		10.0	310.3	832.2	283.6
Income tax .....	12	(2.6)	(8.3)	37.3	(5.1)
<b>Profit for the period</b> .....		<u>7.4</u>	<u>302.0</u>	<u>869.5</u>	<u>278.5</u>
<b>Attributable to:</b>					
Shareholders of Exista hf. ....		7.4	303.6	869.5	280.6
Minority interest .....		0.0	(1.6)	(0.0)	(2.1)
		<u>7.4</u>	<u>302.0</u>	<u>869.5</u>	<u>278.5</u>
<b>Earnings per share (cents):</b>	14				
Basic earnings per share .....		0.07	2.93	7.69	2.91
Diluted earnings per share .....		0.07	2.93	7.69	2.91

## Condensed Consolidated Balance Sheet at 30 September 2007

	Notes	30.9.2007	31.12.2006
<b>Assets</b>			
Financial assets measured at fair value .....	15	926.2	2,272.7
Financial assets held for trading .....	16	736.6	837.0
Loans and accounts receivable .....	17	819.6	703.8
Goodwill and other intangible assets .....	18	489.7	464.8
Investments in associates .....	19	4,752.4	0.0
Reinsurance assets .....	20	11.1	15.8
Investment properties .....	21	63.8	0.0
Property and equipment .....	22	27.9	12.2
Cash and equivalents .....		636.5	76.1
Other assets .....		24.2	12.6
<b>Total assets</b>		8,488.0	4,395.1
 <b>Equity</b>			
Share capital .....	23	120.6	112.3
Reserves .....		796.4	720.7
Retained earnings .....		1,807.1	1,061.3
<b>Shareholders equity</b>		2,724.0	1,894.3
Minority interest .....		0.4	5.9
<b>Total equity</b>		2,724.4	1,900.2
 <b>Liabilities</b>			
Borrowings .....	24	5,465.3	2,183.0
Technical provisions .....	25	239.5	223.9
Deferred income tax liability .....		30.7	60.2
Other liabilities .....		28.1	27.8
<b>Total liabilities</b>		5,763.5	2,494.9
 <b>Total equity and liabilities</b>		8,488.0	4,395.1

## Condensed Consolidated Statement of changes in Equity for the period 1 January - 30 September 2007

	<u>Share capital</u>	<u>Reserves</u>	<u>Retained earnings</u>	<u>Minority interest</u>	<u>Total</u>
Equity 1 January 2006 .....	91.8	204.8	719.1	0.0	1,015.8
Change in minority interest .....				4.1	4.1
Issue of share capital .....	22.7	561.1			583.8
Dividends paid .....			(52.8)		(52.8)
Translation out .....		1.4	(1.4)		0.0
Profit for the period .....			258.7	(1.9)	256.8
* Equity 30 September 2006 .....	<u>114.6</u>	<u>767.3</u>	<u>923.6</u>	<u>2.2</u>	<u>1,807.7</u>
Equity 1 October 2006 .....	114.6	767.3	923.6	2.2	1,807.7
Change in minority interest .....				2.8	2.8
Profit for the period .....			137.7	0.9	138.6
Own shares change .....	(2.2)	(46.6)			(48.8)
* Equity 31 December 2006 .....	<u>112.3</u>	<u>720.7</u>	<u>1,061.3</u>	<u>5.9</u>	<u>1,900.2</u>
Equity 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
Dividends paid .....			(123.7)		(123.7)
Profit for the period .....			869.5	(0.0)	869.5
Own shares change .....	2.3	54.9			57.1
Changes in equity of associates .....		(14.0)			(14.0)
Hedge accounting .....		(133.7)			(133.7)
Translation difference .....		28.9			28.9
Equity 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>

\* Exista changed its reporting currency from Icelandic krona to euro as of 1 January 2007. Comparative figures in equity for the year 2006 are translated to euro at the exchange rate at 31 December 2006 (94.61).

## Condensed Consolidated Cash Flow Statement for the period 1 January to 30 September 2007

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	1 January - 30 September 2007	2006
Net cash from (to) operating activities .....	7.4	(58.3)
Net cash used in investing activities .....	(2,566.2)	(411.9)
Net cash provided by financing activities .....	3,117.2	476.9
Net increase in cash and cash equivalents .....	558.4	6.8
Cash and equivalents at beginning of year .....	76.1	66.5
Effect of foreign exchange rate changes .....	2.0	(10.5)
<b>Cash and equivalents at the end of the period .....</b>	<b>636.5</b>	<b>62.8</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 2007 comprise Exista hf. (the parent or the Company) and its subsidiaries (together referred as the Group).

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

## 2. Significant accounting policies

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) no. IAS 34, *Interim Financial Reporting*, as adopted by the European Union. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2006. The condensed interim consolidated financial statements have been prepared under the historical cost basis, except for the following assets and liabilities that are stated at their fair value: financial instruments measured at fair value through profit and loss, financial instruments held for trading and financial liabilities held for trading.

The same accounting policies, presentation and methods of computation are followed in these condensed financial statements as were applied in the presentation of the Group's financial statements for the year ended 31 December 2006.

The condensed consolidated interim financial statements are prepared in euro. The change in functional currency from Icelandic krona to euro was made as of 1 January 2007 after receiving the proper authorization from regulatory authorities. This change is carried out in order to reflect in a more transparent way the focus of the Group's operation and economic changes with regards to the euro exposure as it's main currency. The comparative figures for the same period in 2006 have been translated to euro.

The following are new and updated standards and interpretations that are effective for annual financial statements 2007:

- IAS 32, *Financial instruments, presentation*
- IFRS 7, *Financial instruments, disclosures*
- IFRIC 7, *Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies*
- IFRIC 8, *Scope of IFRS 2*
- IFRIC 9, *Reassessment of Embedded Derivatives*
- IFRIC 10, *Interim Financial Reporting and Impairment*

The adoption of those new and updated standards and interpretations has not resulted in changes of accounting policies applied in recognition and measurement.

Adoption of IFRS 7 in annual financial statements 2007 will in relation to financial statements 2006 result in changes and addition to information disclosed in notes regarding financial instruments. IFRS 7 is not applicable for interim reports.

## Notes to the condensed consolidated interim financial statements

### 3. Business segments

Exista's operation is based on two foundations: the Operating Businesses and the Investment Businesses. The businesses are monitored and supported by four divisions at group level: Group Finance, Group Risk Management, Group Legal and Group Communications.

#### Operating Businesses

Exista Insurance comprises two subsidiaries that are fully owned by Exista. The non-life insurance company Vátryggingarfélag Íslands hf. and the life insurance company Líftryggingarfélag Íslands hf.

The asset finance business of Exista is operated through its subsidiary Lýsing hf., which offers various financing products to commercial and private clients.

Exista Trading manages proprietary trading for the parent company and handles asset management for the parent company and its subsidiaries.

#### Investment Businesses

The Investment Businesses are among Iceland's largest investment operations. The investment activity is divided into two businesses, Exista Strategic Holdings and Exista Other Businesses, where each business has a different time horizon and investment policy.

The following is an analysis of the Group's revenue and results for the period, analysed by business segments.

	Operating	Investments	Total 9M 2007	Total 9M 2006
Investment revenues .....	125.2	810.6	935.8	377.8
Insurance premium .....	97.8		97.8	47.8
Interest revenues .....	54.9	6.0	60.9	27.4
Other revenues .....	10.0	0.7	10.8	5.1
Total revenues.....	288.0	817.3	1,105.3	458.1
Insurance claims .....	(76.2)		(76.2)	(36.6)
Operating expenses .....	(35.8)	(10.8)	(46.6)	(33.4)
Total expenses.....	(112.0)	(10.8)	(122.8)	(70.0)
<i>Profit before financial expenses</i> .....	176.0	806.5	982.5	388.1
Financial expenses .....	(27.8)	(122.5)	(150.3)	(104.5)
<i>Profit before tax</i> .....	148.2	684.0	832.2	283.6
Income tax .....	37.3	0.0	37.3	(5.1)
<i>Profit for the period</i> .....	185.5	684.0	869.5	278.5

## Notes to the condensed consolidated interim financial statements

Segment assets			Total	Total
	Operating	Investments	30 Sept. 2007	31 Dec. 2006
Financial assets measured at fair value .....	0.0	926.2	926.2	2,272.7
Financial assets held for trading .....	727.5	9.1	736.6	837.0
Loans and accounts receivable .....	762.4	57.2	819.6	703.8
Goodwill and other intangible assets .....	489.7	0.0	489.7	464.8
Investments in associates .....	11.8	4,740.5	4,752.4	0.0
Reinsurance assets .....	11.1	0.0	11.1	15.8
Investment properties .....	63.8	0.0	63.8	0.0
Property and equipment .....	27.9	0.0	27.9	12.2
Cash and equivalents .....	37.6	598.9	636.5	76.1
Other assets .....	13.0	11.2	24.2	12.6
Total assets.....	2,144.8	6,343.2	8,488.0	4,395.1

The decrease in Financial assets measured at fair value during 2007 relates to the investment in Kaupthing banki hf., which has been accounted for by the equity method from 1 January 2007 and classified as investment in associates since then.

#### 4. Quarterly condensed consolidated income statements

	2007			2006	
	3rd quarter	2nd quarter	1st quarter	4th quarter	3rd quarter
At fair value.....	32.0	35.3	38.2	24.6	309.0
Held for trading.....	(37.3)	36.4	110.8	103.8	2.9
Dividend.....	0.7	6.9	5.0	58.3	0.5
Interest revenues.....	23.2	19.3	18.4	22.8	16.8
Insurance premium.....	32.0	30.6	35.2	25.6	35.0
Share in profit of associates.....	92.5	158.3	457.0	0.0	0.0
Other revenues.....	4.2	3.3	3.3	2.5	3.7
Total revenues.....	147.1	290.2	668.0	237.5	368.0
Insurance claims.....	(25.1)	(24.5)	(26.5)	(21.8)	(28.1)
Operating expenses.....	(14.5)	(15.5)	(16.7)	(17.6)	(23.2)
Total expenses.....	(39.6)	(40.0)	(43.2)	(39.4)	(51.2)
<i>Profit before financial expenses.....</i>	107.5	250.2	624.8	198.0	316.8
Interest expense.....	(106.2)	(78.2)	(56.4)	(37.7)	(26.7)
Net fx gains (losses).....	8.7	52.7	29.0	(8.0)	20.2
<i>Profit before tax.....</i>	10.0	224.7	597.5	152.3	310.3
Income tax.....	(2.6)	(3.3)	43.2	(4.8)	(8.3)
<i>Profit for the period.....</i>	7.4	221.4	640.7	147.4	302.0

## Notes to the condensed consolidated interim financial statements

### 5. Financial assets designated at fair value through profit and loss

	9M 2007	9M 2006
Shares - listed .....	40.7	267.4
Shares - unlisted .....	64.7	66.9
	<u>105.4</u>	<u>334.3</u>

### 6. Dividend

	9M 2007	9M 2006
Financial assets measured at fair value.....	5.0	17.4
Financial assets held for trading.....	7.6	2.3
	<u>12.6</u>	<u>19.7</u>

Total dividend received during the period amounted to EUR 148.0 million, thereof EUR 135.4 million from associated companies. Dividend from associated companies is not recognized in the income statement since they are accounted for by equity method.

### 7. Interest revenues

	9M 2007	9M 2006
Interest revenue from leasing contracts.....	44.6	16.4
Other interest revenues.....	16.3	11.0
	<u>60.9</u>	<u>27.4</u>

### 8. Insurance premium, net of reinsurance

	9M 2007	9M 2006
Premiums written.....	125.8	63.6
Reinsurers' share.....	(6.9)	(8.9)
Change in the gross provision for unearned premiums.....	(12.9)	(6.5)
Change in other tech. prov. of life assurance policyholders who bear the investm. risk.....	(1.5)	(1.6)
Change in the provision for unearned premiums, reinsurers' share.....	(7.4)	0.1
Unrealized gain on investm. of life-assurance policyholders who bear the investm. risk.....	0.8	1.3
	<u>97.8</u>	<u>47.8</u>

### 9. Insurance claims, net of reinsurance

	9M 2007	9M 2006
Claims paid.....	75.5	37.1
Claims paid, reinsurers' share.....	(3.0)	(3.9)
Change in the provision for claims.....	3.4	4.1
Change in the provision for claims, reinsurers' share.....	0.3	(0.6)
	<u>76.2</u>	<u>36.6</u>

## Notes to the condensed consolidated interim financial statements

### 10. Other revenues

	9M 2007	9M 2006
Security services.....	8.6	3.6
Other operating income.....	2.1	1.5
	<u>10.8</u>	<u>5.1</u>

### 11. Operating expenses

	9M 2007	9M 2006
Salaries and related expenses.....	23.3	16.5
Administration expenses.....	11.8	8.2
Depreciation and amortization.....	2.7	0.7
Other operating expenses.....	8.9	8.0
	<u>46.6</u>	<u>33.4</u>

### 12. Income tax

In line with ongoing tax planning of the Group as a whole a transferral of strategic assets between daughter companies of Exista hf. was executed during the period, resulting in a positive income tax (reverse tax charge) in the income statement.

### 13. Dividend paid

In April 2007, a dividend of ISK 1.00 per share, total dividend ISK 10,838 million (EUR 124 million) was paid to shareholders. In the year 2006, a dividend of ISK 0.58 per share, total dividend ISK 5,000 million (EUR 57 million ) was paid to shareholders.

### 14. Earnings per share

	9M 2007	9M 2006
Profit for the period (attributable to shareholders of Exista hf.) .....	869.5	280.6
* Weighted average number of ordinary shares for basic earnings per share calculation .....	11,303.1	9,644.3
Earnings per share (cents) .....	7.69	2.91
	<u>Q3 2007</u>	<u>Q3 2006</u>
Profit for the period (attributable to shareholders of Exista hf.) .....	7.4	303.6
* Weighted average number of ordinary shares for basic earnings per share calculation .....	11,361.1	10,629.0
Earnings per share (cents) .....	0.07	2.93

\* Shares are registered in ISK (Icelandic krona)

## Notes to the condensed consolidated interim financial statements

### 15. Financial assets measured at fair value

	30.9.2007	31.12.2006
Shares - listed .....	646.4	2,065.2
Shares - other .....	279.8	207.4
	926.2	2,272.7

Shares in listed companies are as follows:

	Share %	Nominal value	Closing price	30.9.2007	31.12.2006
* Kaupthing banki hf.....	-	-	-	0.0	1,515.1
Bakkavör Group hf.....	39.63%	855,151,478	ISK 66.10	643.8	545.8
Other.....	-	-	-	2.6	4.4
Listed shares total .....				646.4	2,065.2

\* Investment in Kaupthing banki hf. is accounted for by equity method from 1 January 2007 and is classified among associated companies since then.

Shares in unlisted companies are as follows:

	Share %	Acquisition price	Closing price	30.9.2007	31.12.2006
Skipti hf.....	43.60%	ISK 13,501,019,634	-	153.9	142.8
Other.....	-	-	-	126.0	64.6
Unlisted shares total .....				279.8	207.4

### 16. Financial assets held for trading

	30.9.2007	31.12.2006
Shares - listed .....	417.8	678.6
Shares - unlisted .....	56.2	29.9
Funds - listed.....	103.2	31.8
Funds - unlisted.....	13.6	15.4
Bonds - listed.....	82.3	66.7
Bonds - unlisted.....	27.0	10.2
Other.....	36.4	4.4
	736.6	837.0

### 17. Loans and accounts receivable

	30.9.2007	31.12.2006
Leasing contracts .....	707.9	562.3
Bonds and bills .....	18.8	93.8
Insurance receivables .....	39.3	35.1
Other .....	53.6	12.7
	819.6	703.8

## Notes to the condensed consolidated interim financial statements

### 18. Goodwill and other intangible assets

	Goodwill	Customer contracts	Trademark	Total
At beginning of year .....	464.8			464.8
Additions & assessment changes in fair value .....	1.8			1.8
Derecognised on disposal of a subsidiary .....	(4.5)			(4.5)
Purchase price allocated to intangibles .....	(6.3)	6.1	0.2	0.0
Purchase price allocated to other assets .....	(11.2)			(11.2)
Realisation of deferred tax liability .....	3.2			3.2
Amortization during the period .....		(0.6)	(0.0)	(0.6)
Net foreign currency exchange difference.....	36.2			36.2
	484.0	5.5	0.2	489.7

Allocation of acquired goodwill in the acquisition of VÍS eignarhaldsfélag hf. was completed during the period.

### 19. Investments in associates

Changes in investments in associates:

	30.9.2007
At the beginning of year .....	0.0
Purchases of shares in associates .....	2,083.0
Transfers .....	1,995.3
* Share of results for the period .....	707.8
Dividend .....	(135.4)
Foreign exchange translation difference .....	101.7
	4,752.4

\* Share in Q3 profit of Sampo Oyj and Kaupthing banki hf. is based on estimates, performed and published by market analysts.

Investments in associates are as follows:

Name of associate	Nominal value	Incorporation	Ownership	Principal activity	Market value 30.9.2007
Kaupthing banki hf. ....	170,439,413	Iceland	23.02%	Banking	2,110.1
** Sampo Oyj .....	115,607,679	Finland	19.98%	Financial services	2,470.9
Other .....	-	-	-	-	10.3
Total associates .....					4,591.3

\*\* In Q1 Exista completed an agreement to acquire 55,340,400 A-shares in Sampo Oyj, held by Exafin B.V. an indirect wholly-owned subsidiary registered in the Netherlands. Exafin B.V. was previously an indirect subsidiary of the Tchenguiz Family Trust. Prior to this transaction, Exista had control of 34,781,008 A-shares in Sampo Oyj via Exista Trading ehf. and Vátryggingafélag Íslands hf., two wholly-owned subsidiaries registered in Iceland.

During Q2 and Q3 Exista increased its holding in Sampo Oyj by purchasing 25.5 million additional shares. At 30 September 2007, Exista is the largest shareholder and controls 115,607,679 A-shares in Sampo, representing 19.98% of total share capital.

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

	30.9.2007
Book value of associates .....	4,752.4
Market value of associates .....	4,591.3
Book value exceeding market value .....	161.1

## Notes to the condensed consolidated interim financial statements

### 20. Reinsurance assets

Reinsurance share in the technical provisions:	30.9.2007	31.12.2006
Premium reserve .....	2.5	6.1
Claims reserve .....	8.6	9.7
	<u>11.1</u>	<u>15.8</u>

### 21. Investment properties

	30.9.2007
At beginning of year .....	0.0
Additions during the period .....	63.8
	<u>63.8</u>

### 22. Property and equipment

	Property	Equipment	Total
<b>Cost or valuation</b>			
At beginning of year.....	12.3	9.8	22.1
Additions.....	10.3	1.6	11.9
Disposals.....	(6.7)	(1.4)	(8.0)
Revaluation increase due to goodwill allocation.....	10.6	1.1	11.7
Net foreign currency exchange difference.....	0.5	0.9	1.3
At 30 September 2007.....	<u>27.0</u>	<u>12.0</u>	<u>39.1</u>
<b>Accumulated depreciation</b>			
At beginning of year.....	5.4	4.6	9.9
Charge for the period.....	0.8	1.3	2.1
Eliminated on disposal.....	(0.8)	(0.9)	(1.6)
Net foreign currency exchange difference.....	0.4	0.4	0.8
At 30 September 2007.....	<u>5.8</u>	<u>5.4</u>	<u>11.2</u>
<b>Carrying Amount</b>			
At beginning of year.....	6.9	5.3	12.2
At 30 September 2007.....	<u>21.2</u>	<u>6.6</u>	<u>27.9</u>
Depreciation rates.....	2-4%	20-35%	

The assessment- and insurance value for the company's assets is analyzed as the following:

	Assessment value	Insurance value
Property .....	20.0	21.9
Equipment .....		7.4

### 23. Share capital

Share capital at 30 September 2007 amounted to ISK 11,361,092,458 (EUR 120,553,028) with the nominal value of each share amounting to ISK 1. Share capital was increased in Q1 2007 by ISK 522,346,339 (EUR 5,918,268). Own shares at 30 September 2007 amounted to ISK 12,290.

## Notes to the condensed consolidated interim financial statements

### 24. Borrowings

Borrowings are as follows:

	30.09.2007	31.12.2006
Debts in CHF .....	151.5	225.2
Debts in DKK .....	40.2	43.3
Debts in EUR .....	3,326.2	786.4
Debts in GBP .....	51.8	54.8
Debts in JPY .....	125.7	160.4
Debts in NOK .....	60.4	61.9
Debts in SEK .....	0.2	0.0
Debts in USD .....	104.7	154.2
Debts in ISK .....	1,451.0	674.2
	<u>5,311.9</u>	<u>2,160.5</u>
Accrued interests .....	153.4	22.5
	<u>5,465.3</u>	<u>2,183.0</u>
On demand .....	0.0	16.3
Up to 3 months .....	737.7	268.2
Over 3 months and up to a year .....	977.7	801.6
Over 1 year and up to 5 years .....	3,270.0	1,057.1
Over 5 years .....	479.9	39.8
	<u>5,465.3</u>	<u>2,183.0</u>
Bonds issued .....	795.3	318.0
Bills issued .....	416.6	123.7
Money market loans .....	125.2	47.5
Other loans .....	4,128.1	1,693.7
	<u>5,465.3</u>	<u>2,183.0</u>

### 25. Technical provision

	30.9.2007	31.12.2006
<b>Technical provisions total</b>		
Claims reported and loss adjustment expenses .....	153.4	141.7
Claims incurred but not reported .....	25.8	26.2
Claims outstanding .....	179.2	167.9
Provision for unearned premiums .....	60.3	55.9
Technical provisions .....	<u>239.5</u>	<u>223.9</u>
<b>Reinsurers' share</b>		
Claims reported and loss adjustment expenses .....	7.8	8.5
Claims incurred but not reported .....	0.9	1.2
Claims outstanding .....	8.6	9.7
Provision for unearned premiums .....	2.5	6.1
Reinsurers' share .....	<u>11.1</u>	<u>15.8</u>

## Notes to the condensed consolidated interim financial statements

### 26. 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 Properties ehf. ....	Iceland	100.00%	Real-estate
Exista Trading ehf. ....	Iceland	100.00%	Investments
Exista UK Ltd. ....	United Kingdom	100.00%	Investments
Fasteignafélagid Jörfi ehf. ....	Iceland	100.00%	Real-estate
Flutningar ehf. ....	Iceland	100.00%	Holding company
Frásögn ehf. ....	Iceland	100.00%	Holding company
Holtasmári ehf. ....	Iceland	100.00%	Real-estate
Líftryggingarfélag 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
Vátryggingarfélag Íslands hf. ....	Iceland	100.00%	Insurance
VÍS International Invest ehf. ....	Iceland	100.00%	Holding company
Öryggismidstöð Íslands hf. ....	Iceland	57.32%	Security
Name of associated company	Incorporation	Ownership	Principal activity
Árkaup ehf. ....	Iceland	35.70%	Holding company
Framtíðarsýn hf. ....	Iceland	49.99%	Publishing
Haed 14 ehf. ....	Iceland	50.00%	Real-estate
Íslensk endurtrygging hf. ....	Iceland	28.80%	Insurance
Kaupthing banki hf. ....	Iceland	23.02%	Banking
Sampo Oyj. ....	Finland	19.98%	Financial services

## Notes to the condensed consolidated interim financial statements

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### 27. Changes within Exista

In April 2007 Exista sold all of its shares in IGI Group, or 54.4% stake in the company. The sale had limited effect on Exista's income statement and balance sheet.

In Q3 Exista acquired 100% of the share capital in the real-estate companies Holtasmári ehf. and Fasteignafelagid Jörfi ehf. The consideration was paid for with EUR 62.2 million.

#### Acquisition of Holtasmári ehf. and Fasteignafelagid Jörfi ehf.

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Company:

Investment Properties .....	63.8
Loans and accounts receivables .....	0.1
Cash .....	0.0
Total assets .....	<u>63.9</u>
Deferred tax liability .....	(1.2)
Other liabilities .....	(0.5)
Total liabilities .....	<u>(1.7)</u>
Total consideration .....	62.2

As permitted by IFRS 3, Business combinations, assessment of the fair value of the net assets is provisional up to one year from the date of acquisition.

If the acquisition had been completed on the first day of the financial year, the Company's operating profit for the period would have been EUR 1 million higher.

### 28. Events after the balance sheet date

There have been no material post balance sheet events which would require disclosure or adjustments to the condensed consolidated interim financial statements for the period ended 30 September 2007.

### 29. Approval of interim financial statements

The condensed consolidated interim financial statements were approved by the board of directors and CEOs and authorised for issue on 25 October 2007.

## Notes to the condensed consolidated interim financial statements

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### 30. Key Ratios

	9M 2007	9M 2006
Earnings per share (EPS) - cents .....	7.69	2.91
Return on equity .....	34.5%	19.1%
Price earnings (P/E) .....	4.82	10.35
Price to book (P/B) .....	1.54	1.47
Price pr. share in ISK .....	32.4	23.2
Equity ratio .....	32.1%	45.8%
Internal value of shares .....	22.60	15.78

#### EUR/ISK rates:

Average exchange rate for the period January - September 2006 .....	87.24
Average exchange rate for the period January - September 2007 .....	87.27
Year-end exchange rate at 31 December 2006 .....	94.61
Closing exchange rate for quarter ending 30 September 2007 .....	87.80