



**Landsafl ehf.**

Interim Financial Statements  
1 January - 30 June 2008  
ISK

Landsafl ehf.  
Kringlan 4-12  
IS-103 Reykjavík  
Iceland  
Reg.no. 670492-2069

## Endorsement and Signatures of the Board of Directors and the CEO

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Landsafl ehf. is a real estate company and its main operations are investment and leasing of assets in Iceland.

According to the income statement, net profit for the period amounted to ISK 1,648 million. The Company's equity amounted to ISK 9,851 million at 30 June 2008 according to the balance sheet, including share capital amounting to ISK 870 million.

The interim statements, which is unaudited, have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Icelandic disclosure requirements for consolidated financial statements of listed companies.

According to our best knowledge, it is our opinion that the interim financial statements give a true and fair view of the company's assets, liabilities, financial position, cash flows.

Further, in our opinion the interim statements and the endorsement by the Board of Directors and the CEO give a fair view of the development and performance of the company's operations and its position and describes the principal risks and uncertainties faced by the company.

The Board of Directors and the CEO have today discussed the interim statements of Landsafl ehf. for the period 1 January to 30 June 2008 and confirm them by means of their signatures.

Reykjavík, 29 August 2008

**Board of Directors:**

Skarphéðinn Berg Steinarsson

**CEO**

Örn V. Kjartansson

## Income Statement

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	Million ISK	
	2008	2007
	1.1.-30.6.	1.1.-30.6.
<b>Revenue</b>	<b>764</b>	<b>574</b>
Operating expenses	(190)	(126)
Value adjustments, investment properties, derivatives and debt, net	1,187	0
<b>Gross profit</b>	<b>1,761</b>	<b>448</b>
Selling costs and administrative expenses	(1)	(52)
<b>Operating profit</b>	<b>1,760</b>	<b>396</b>
Financial income	176	65
Financial expenses	(324)	0
<b>Profit before tax</b>	<b>1,612</b>	<b>461</b>
Income tax expense	36	(83)
<b>Profit for the year</b>	<b>1,648</b>	<b>378</b>

## Balance Sheet

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	Million ISK	
	30.06.08	31.12.07
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment properties	24,379	22,743
Property and equipment for own use	0	2
<b>Property, plant and equipment</b>	<b>24,379</b>	<b>22,745</b>
<b>Total non-current assets</b>	<b>24,379</b>	<b>22,745</b>
<b>Current assets</b>		
Trade and other receivables	157	555
Receivables due from related parties	9,616	0
<b>Receivables</b>	<b>9,773</b>	<b>555</b>
Assets classified as held for sale	0	0
Cash and cash equivalents	25	235
<b>Total current assets</b>	<b>9,798</b>	<b>790</b>
<b>TOTAL ASSETS</b>	<b>34,177</b>	<b>23,535</b>

## Balance Sheet

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	Million ISK	
	30.06.08	31.12.07
<b>EQUITY AND LIABILITIES</b>		
Share capital	870	870
Share premium	141	141
Other reserves	8,379	7,192
Retained earnings	461	0
<b>Total equity</b>	<b>9,851</b>	<b>8,203</b>
<b>Non-current liabilities</b>		
Loand and borrowings	21,652	1,558
Deferred tax	1,648	1,684
<b>Total non-current liabilities</b>	<b>23,300</b>	<b>3,242</b>
<b>Current liabilities</b>		
Current portion of non-current loans	519	9,151
Payable to related parties	0	2,860
Trade payables	507	79
<b>Total current liabilities</b>	<b>1,026</b>	<b>12,090</b>
<b>Total liabilities</b>	<b>24,326</b>	<b>15,332</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>34,177</b>	<b>23,535</b>

## Statement of Changes in Equity

Million ISK

	Share capital	Share premium	Other reserves		Retained earnings	Total equity
			Statutory reserve	Inv. Prop. value adj. reserve		
<b>2008</b>						
Equity at 01.01.2008	870	141	0	7,192	0	<b>8,203</b>
Profit for the year				1,187	461	1,648
<b>Total recognised income and expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,187</b>	<b>461</b>	<b>1,648</b>
Dividend paid (ISK per share 0.00)					0	0
<b>Equity at 30.06.2008</b>	<b>870</b>	<b>141</b>	<b>0</b>	<b>8,379</b>	<b>461</b>	<b>9,851</b>
<b>2007</b>						
Equity at 01.01.2007	870	234	151	2,842	(24)	<b>4,073</b>
Profit for the year					378	378
<b>Total recognised income and expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>378</b>	<b>378</b>
<b>Equity at 30.06.2007</b>	<b>870</b>	<b>234</b>	<b>151</b>	<b>2,842</b>	<b>354</b>	<b>4,451</b>

## Statement of Cash Flows

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	Million ISK	
	2008	2007
	1.1.-30.6.	1.1.-30.6.
Profit before tax	1,612	461
Adjustments	4,305	347
	<u>5,917</u>	<u>808</u>
Working capital, changes	825	(173)
	<u>6,742</u>	<u>635</u>
Financial income, received	10	1
Financial expenses, paid	(529)	(321)
<b>Cash flows from operating activities</b>	<b><u>6,223</u></b>	<b><u>315</u></b>
Acquisition of investment properties	(449)	(399)
Sale of property and equipment	2	5
<b>Cash flows from investing activities</b>	<b><u>(447)</u></b>	<b><u>(394)</u></b>
Proceeds from borrowings	15,542	4,870
Borrowings from parent company, net	(17,639)	(106)
Repayment of borrowings	(3,889)	(4,731)
<b>Cash flows from financing activities</b>	<b><u>(5,986)</u></b>	<b><u>33</u></b>
<b>Cash flows for the year</b>	<b><u>(210)</u></b>	<b><u>(46)</u></b>
Cash and cash equivalents at the beginning of the year	<u>235</u>	<u>80</u>
<b>Cash and cash equivalents at year-end</b>	<b><u>25</u></b>	<b><u>34</u></b>