

IN THE HIGH COURT OF JUSTICE OF THE ISLE OF MAN

CHANCERY DIVISION

IN THE MATTER of the Companies Act 1931 to 1993

and

IN THE MATTER of Kaupthing Singer & Friedlander (Isle of Man) Limited

and

IN THE MATTER of the Humble Joint Petition of Kaupthing Singer & Friedlander (Isle of Man) Limited and the Financial Supervision Commission dated 9 October 2008

FIRST AFFIDAVIT OF ANNE DORLING

I, ANNE DORLING care of PO Box 58, Finch Hill House, Bucks Road, Douglas, Isle of Man being sworn make Oath and say as follows:-

1. I am ANNE DORLING Secretary to the Board of the Financial Supervision Commission (herein after called "**the Commission**"), and Head of Operations of the Commission one of the above styled Petitioners in this matter. I am duly authorised to make and swear this Affidavit on behalf of the Commission. I confirm that I have had the opportunity to read the Affidavit of David C Lovett dated 25th of November 2008 (the "Lovett Affidavit") and note that the Isle of Man Treasury, a depositor with Kaupthing Singer & Friedlander (Isle of Man) Limited (hereinafter called "**Kaupthing**") seeks an adjournment for a period of 60 days.
2. For the avoidance of doubt, the Commission confirms that it believes that Kaupthing is still unable to pay its debts as they fall due.

3. I file this affidavit in advance of the adjourned hearing of the above styled petition to outline the current stance of the Commission in connection with the proposed adjournment. I understand the Liquidator provisionally is intending to file an affidavit to provide the Court with an update as to his activities since the last hearing.
4. The Commission has had the opportunity to consider the Lovett Affidavit filed on behalf of the Treasury setting out its proposals to achieve the objectives set out in paragraph 7 of the Lovett Affidavit.
5. The efforts that are currently being examined by Treasury appear to the Commission to be made with a view to improving the position of creditors/deposit holders. The Commission supports any and all efforts made to improve the position of creditors/deposit holders. The Commission recognises that this Honourable Court would have to consider the submissions of all proper parties to the Joint Petition before reaching a decision as to whether the adjournment sought should be granted. For the assistance of the Court, on the basis of the evidence presented to date and reserving the right to review its position in the event further evidence is submitted, the Commission supports the application for an adjournment on the basis that it appears to have the potential to improve the position of creditors/deposit holders.
6. The Commission also notes that the Treasury is prepared to recommend a scheme to Tynwald which is intended to enable early payments to be made to depositors on account.
7. At the time of preparing and swearing this Affidavit, the Commission has not seen any further evidence from creditors/depositors in relation to the question of a further adjournment, and if so, for how long and therefore my comments have necessarily been restricted to addressing the submission made by and on behalf of the Treasury.
8. Finally, I note that at the last hearing comments were made by certain depositors regarding the costs incurred by the Commission in connection with their status as Joint Petitioners. The Commission is not currently intending to seek its costs to date from the liquidation estate and in any event only seeks to participate in the proceedings to

the extent that it needs to do so to protect the public interest and to further its statutory objectives.

TAKEN and SWORN at Isle of Man courts :

This 26th day of November 2008 :

Before me:- :

Karen Mansell

KAREN MARGARET MANSELL
COMMISSIONER FOR OATHS

Commissioner for Oaths/Advocate

Aine Perling

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ANNE DORLING

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