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Press Release 8 months results

Due to extraordinary circumstances in the financial market in Iceland, the board of directors of Icelandair Group has approved to publish the following press release regarding an unaudited financial report and overview of the Group's operations for the first 8 months of the year 2008.

Icelandair Group financial results for the first 8 months of 2008.

- The total turnover of the Group is ISK 72 billion, an increase of 68% from the same time last year
- EBITDA is ISK 6,3 billion, an increase of 43% from the same time last year
- EBIT is ISK 3.9 billion, an increase of 58% from the same time last year
- EBT is ISK 2,6 billion, an increase of 169% from the same time last year
- Cash position at the end of August is ISK 6,7 billion

Björgólfur Jóhannsson, the CEO of Icelandair Group:

„ The operations of the companies within Icelandair Group have been solid this year. Revenue has increased substantially and profits improved despite tough external conditions. This shows the strength and flexibility of the company. The Group's cash position is good and the next major payment of loans is at the end of January 2009, an ISK 2,5 billion bond in Icelandic ownership. The financing of this bond payment is being worked upon. Notice should be brought to the fact that the acquisitions of our foreign companies have not been financed with foreign loans.

In light of circumstances that have occurred in the Icelandic financial markets we emphasize the diversity of the Group. Icelandair Group is an international Group of 12 companies with worldwide operations. Revenue is generated from different geographic areas and service sectors, and only 25% of the Group's revenue are in Icelandic kronas. The Group does business in many currencies but the bulk of the turnover is in Euros, Dollars, and Czech kronas. The weak exchange rate of the Icelandic krona has in whole a positive effect on the exchanges rates of the Group. In addition, falling world fuel prices in the past weeks have a favorable effect on the operations of the Groups' companies.

Icelandair, the largest company within Icelandair Group, now benefits from drastic cutback arrangements executed in the route network earlier in the year due to less demand and increasing oil prices. Capacity was decreased by 15% and operational costs lowered. In the fall, Icelandair has started aggressive marketing campaigns for Iceland, due to the weakening of the Icelandic krona, and furthermore reduced supply on the domestic market.

The operations of Travel Service in the Czech Republic, the second largest company in the Group, have been better than expected this year. Travel Service has been able to utilize opportunities that have risen following the bankruptcies in the charter flight market, and will therefore grow its fleet by two aircraft before the end of this year. The strong exchange rates of the Czech krona also have had positive effect on the operations. "

Icelandair Group will publish Q3 Results on 18 November, 2008

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