

Milestone ehf.
Condensed Consolidated
Interim Financial Statements
1 January - 30 June 2008

Milestone ehf.
Suðurlandsbraut 12
108 Reykjavík
Iceland

Reg. no. 640388-1109

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Endorsement and Signatures of the Board of Directors and the CEO

The condensed consolidated interim financial statements of Milestone ehf. for the period from 1 January to 30 June 2008 have been prepared in accordance with International Financial Reporting Standard (IFRS) for Interim Financial Statements (IAS 34). The interim financial statements comprise the condensed consolidated interim financial statements of Milestone ehf. and its subsidiaries.

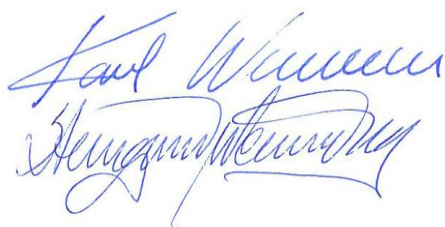
According to the consolidated income statement, loss for the period amounted to ISK 34,974 million. According to the consolidated balance sheet, equity at the end of the period amounted to ISK 54,536 million, including share capital in the amount of ISK 2,758 million.

The Board of Directors decided unanimously not to have an impairment test performed on certain assets relating to the acquisition of Invik (now Moderna) in the second quarter of 2008. The argument of the Board of Directors is based on the assumption that market value of the assets will be confirmed in a private placement scheduled in the fall of 2008 and re-affirmed upon listing of Moderna on NASDAQ OMX Stock Exchange in Stockholm which is scheduled in 2009.

The Board of Directors and the CEO of Milestone ehf. hereby confirm the Company's consolidated interim financial statements for the period from 1 January to 30 June 2008 by means of their signatures.

Reykjavík, 29 August 2008

The Board of Directors:



CEO:



Independent Auditors' Review Report

To the Board of directors of Milestone ehf.

We have reviewed the accompanying condensed consolidated interim financial statements of Milestone ehf., which comprise the consolidated balance sheet as at 30 June 2008, and the consolidated income statement, statement of changes in equity and cash flow statements for the six-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 by the EU. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

Except as explained in the following paragraph, 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 Standard 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.

Impairment test of former Invik entities has not been made available to us during our work in accordance with IAS 36 as of 30 June 2008. Therefore the scope of our work was not sufficient to enable us to express an unrestricted conclusion on the intangible assets related to these entities.

Conclusion

Based on our review performed and except for the effects on the consolidated financial information of the matters referred to in the preceding paragraph, 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 group as at 30 June 2008 and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Reykjavík, 29 August 2008

KPMG hf.



Margrjet Guðjónsdóttir

Consolidated Income Statement for the period from 1 January to 30 June 2008

	Notes	2008 1.1.-30.6.	2007 1.1.-30.6.
Insurance premium	8	12.059	4.816
Net (loss) income from securities and derivatives	9	(9.355)	29.846
Net (loss) income from associates	20	(11.430)	1.445
Fee and commission		4.234	496
Interest income		3.569	2.661
Sale of goods and services		0	2.858
Other revenue	10	1.845	1.096
Total revenue		922	43.218
Insurance claims	11	(9.274)	(4.067)
Fee and commission expenses		(935)	(77)
Operating interest expenses		(3.335)	(487)
Depreciation, amortization, write-down		(7.483)	(673)
Operating expenses	12,13	(6.007)	(3.282)
Cost of goods sold		0	(2.019)
Total expenses		(27.034)	(10.605)
(Loss) profit before financial expenses		(26.112)	32.613
Interest income		856	0
Interest expenses		(7.375)	(3.381)
Net foreign exchange (loss) gain		(6.634)	3.558
Total financial expenses		(13.153)	177
(Loss) profit before income tax		(39.265)	32.790
Income tax		4.291	(5.626)
(Loss) profit for the period		(34.974)	27.164
Attributable to:			
Equity holders of the parent		(34.590)	27.006
Minority interest		(384)	158
(Loss) profit for the period		(34.974)	27.164
Basic (loss) earnings per share (ISK)		(12,54)	9,87
Diluted (loss) earnings per share (ISK)		(12,54)	9,87

The notes on pages 9 to 21 are an integral part of these consolidated interim financial statements.

Consolidated Interim Balance Sheet as at 30 June 2008

	Notes	30.6.2008	31.12.2007
Assets:			
Cash and cash equivalents		47.005	45.654
Securities	14	44.141	39.029
Derivatives	15	2.025	1.627
Trade, receivables and other assets	16	19.300	18.467
Loans	17,18	102.681	63.040
Restricted cash		405	707
Securities - unit link		95.847	66.676
Reinsurance assets	23	6.807	4.117
Investment properties	19	63.699	48.243
Investments in associates	20	19.555	9.888
Operating assets		1.099	4.135
Intangible assets	21	105.187	88.312
Deferred tax assets		4.770	1.732
Total assets		512.521	391.627
 Equity:			
Share capital		2.758	2.758
Share premium		6.970	6.970
Translation reserve		22.552	292
Retained earnings		19.229	55.819
Total equity attributable to equity holders of the parent		51.509	65.839
Minority interest		3.027	3.674
Total equity		54.536	69.513
 Liabilities:			
Derivatives	15	5.996	1.722
Liabilities to associates	20	4.914	0
Trade and other payables	22	26.103	16.852
Insurance contracts	23	60.271	46.620
Insurance contracts - unit link		97.158	68.023
Deposits from the customers	24	80.871	59.480
Borrowings related to investment properties	25,26	50.425	36.991
Other borrowings	27,28	124.733	86.761
Subordinated loans	29,30	1.888	648
Deferred income tax liability		5.626	5.017
Total liabilities		457.985	322.114
Total equity and liabilities		512.521	391.627

The notes on pages 9 to 21 are an integral part of these consolidated interim financial statements.

Consolidated Interim Statement of Changes in Equity for the period from 1 January to 30 June 2008

	Share capital	Share premium	Translation reserve	Retained earnings	Equity holders of the Parent	Minority interest	Total equity
2008							
Equity as at 1.1.2008	2.758	6.970	292	55.819	65.839	3.674	69.513
Translation difference			22.260		22.260		22.260
Loss for the period				(34.590)	(34.590)	(384)	(34.974)
Total recognised profit for the period			22.260	(34.590)	(12.330)	(384)	(12.714)
Dividends				(2.000)	(2.000)		(2.000)
Change in minority interest					0	(263)	(263)
Equity as at 30.6.2008	<u>2.758</u>	<u>6.970</u>	<u>22.552</u>	<u>19.229</u>	<u>51.509</u>	<u>3.027</u>	<u>54.536</u>
2007							
Equity as at 1.1. 2007	2.714	6.014	0	34.855	43.583	144	43.727
Translation differences			(114)		(114)		(114)
Profit for the period				27.006	27.006	158	27.164
Total recognised profit for the period			(114)	27.006	26.892	158	27.050
Issued share capital	44	956			1.000		1.000
Dividends				(300)	(300)		(300)
Change in minority interest					0	2.597	2.597
Equity as at 30.6.2007	<u>2.758</u>	<u>6.970</u>	<u>(114)</u>	<u>61.561</u>	<u>71.175</u>	<u>2.899</u>	<u>74.074</u>

The notes on pages 9 to 21 are an integral part of these consolidated interim financial statements.

Consolidated Statement of Cash Flows for the period 1 January - 30 June 2008

	Notes	2008	2007
		1.1.-30.6.	1.1.-30.6.
Net cash provided by operating activities		18.800	105.843
Net cash used in investing activities	(44.663)	(56.859)
Net cash provided by financing activities		23.204	1.563
		<hr/>	<hr/>
(Decrease) increase in cash and cash equivalents	(2.659)	50.547
Effect of exchange rate fluctuations on cash held		4.010	(651)
Cash and cash equivalents at 1 January		45.654	5.475
		<hr/>	<hr/>
Cash and cash equivalents at the end of the period		47.005	55.371
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 9 to 21 are an integral part of these consolidated interim financial statements.

Notes to the Interim Consolidated Financial Statements

1. Reporting Entity

Milestone ehf. (the parent) is a company incorporated and domiciled in Iceland. Milestone ehf.'s registered office is at Suðurlandsbraut 12 in Reykjavík, Iceland. The condensed consolidated interim financial statements for the period January 1 to June 30 2008 comprise Milestone ehf. (the parent) and its subsidiaries, together referred to as the "Group". Milestone ehf. is a holding company and has listed bonds on the Icelandic Stock Exchange.

2. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard IAS 34, *Interim Financial Reporting*, as adopted by EU. They do not include all of the information required for a complete set of consolidated annual financial statements, and should be read in conjunction with the consolidated financial statements as at and for the year ended 31 December 2007.

3. Basis of preparation

The accounting policies and methods of computation applied by the Company in these condensed interim consolidated financial statements are the same as those applied by the Company in its consolidated financial statements as at and for the year ended 31 December 2007. The consolidated financial statements for the Group as at and for the year ended 31 December 2007 are available upon request from the Company's registered office at Suðurlandsbraut 12, Reykjavík or at www.milestone.is or at The Nordic Stock Exchange website, www.omxnordicexchange.com.

The condensed interim consolidated financial statements are prepared in Icelandic kronas, which is the Company's functional currency, rounded to the nearest million. They are prepared on the historical cost basis except that securities and derivative financial instruments are stated at their fair value.

4. Use of estimates and judgements

The preparation of the Interim Consolidated Financial Statements in accordance with IFRS requires management to make judgements, estimates and assumptions. These judgements, estimates and assumptions affect the reported amounts of assets and liabilities, as well as, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual outcome can later to some extent differ from the estimates and assumptions made.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Notes, contd.:

Changes within the Group

5. Milestone Group sold its retail business during the period by selling its shares in Lyf and heilsa hf. and Kcaj Ltd. The main effects of this on the condensed consolidated interim financial statements is that total assets decrease of ISK 12,500 million and total liabilities decreases of ISK 7,500 million. The effect on the profit/loss in the income statement are insignificant.

In the beginning of January 2008 Milestone acquired 75,9% share in Staterbanka in Kumanova in Macedonia. The bank is part of the condensed consolidated interim financial statements from the beginning of the year 2008. The acquisition has insignificant effects on the groups balance sheet but total assets in Staterbanka amounted to ISK 2,800 million at the end of the quarter.

Quarterly Statements

6. Summary of the Group's operating results by quarters:

	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007
Insurance premium	6.667	5.392	4.573	5.767	2.401
Net (loss) income from securities	(10.145)	790	(4.000)	(118)	7.539
Net (loss) income from associates	(5.110)	(6.320)	(4.887)	(900)	1.487
Fee and commission	2.618	1.616	1.922	1.586	221
Interest income	2.038	1.531	1.267	2.353	2.220
Sale of goods and services	0	0	4.104	1.208	1.435
Other revenue	1.012	833	602	590	699
Total revenue	(2.920)	3.842	3.581	10.486	16.002
Insurance claims	(5.090)	(4.184)	(3.776)	(4.598)	(2.038)
Fee and commissions expenses	(559)	(376)	(362)	(400)	(51)
Operating interest expenses	(2.049)	(1.286)	(907)	(881)	(194)
Depreciation, write-down	(6.927)	(556)	(1.875)	(553)	(353)
Operating expenses	(2.879)	(3.128)	(3.116)	(2.784)	(2.055)
Cost of goods sold	0	0	(2.468)	(920)	(1.007)
Total expenses	(17.504)	(9.530)	(12.504)	(10.136)	(5.698)
(Loss) profit before financial items	(20.424)	(5.688)	(8.923)	350	10.304
Interest income	446	410	0	0	0
Interest expenses	(4.819)	(2.556)	(3.583)	(1.642)	(1.622)
FX (loss) gain	(2.779)	(3.855)	(389)	1.580	1.269
Total financial items	(7.152)	(6.001)	(3.972)	(62)	(353)
(Loss) profit before income tax	(27.576)	(11.689)	(12.895)	288	9.951
Income tax	2.426	1.865	7.052	(287)	(1.753)
(Loss) profit for the period	(25.150)	(9.824)	(5.843)	1	8.198

* The operation of Moderna Finance AB (previous Invik & Co. AB) is part of the Group from 30 June 2007.

Notes, contd.:

Segment reporting

7. Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure and is divided into four segments.

The Group runs insurance operations in the Nordic countries, the Baltic countries and eastern Europe predominantly marketed under the brands of Modern Insurances Non-life and Life and Sjóvá Non-life and Life.

The banking operations are in Sweden, the United Kingdom, Iceland and Luxembourg primarily marketed under the brands of Banque Invik and Avant.

Milestone has asset management operations in the Nordic countries, the Benelux countries as well as several niche markets around the world. Milestone markets its asset management operations through the brands of Aktie Ansvar, Banque Invik Wealth Management and Askar Capital.

In the segment other and eliminations the parent company and other holding companies are presented.

Inter-segment pricing is determined on an arms's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Moderna AB. is part of the consolidated accounts from 30 June 2007 and therefore the operation of the subgroup is not included in comparable figures.

Business segments

	Insurance		Banking		Asset management		Other and eliminations		Consolidated	
	H1 2008	H1 2007	H1 2008	H1 2007	H1 2008	H1 2007	H1 2008	H1 2007	H1 2008	H1 2007
Insurance premium	12.072	4.823	0	0	0	0	(13)	(7)	12.059	4.816
Net (loss) income from securities and derivatives .	(5.196)	7.226	0	0	383	132	(4.542)	22.488	(9.355)	29.846
Net (loss) income from associates	(8.717)	7	(75)	0	288	0	(2.926)	1.438	(11.430)	1.445
Fee and commission income	1.168	0	909	29	1.627	599	530	(132)	4.234	496
Interest income	960	1.398	1.006	405	2.611	154	(1.007)	704	3.569	2.661
Sale of good and services	0	0	0	0	0	0	0	2.858	0	2.858
Other revenue	2.075	1.671	25	0	37	0	(291)	(575)	1.845	1.096
Total revenue	2.362	15.125	1.864	434	4.946	885	(8.250)	26.774	922	43.218

Notes, contd.:

7. contd.:

	Insurance		Banking		Asset management		Other and eliminations		Consolidated	
	H1 2008	H1 2007	H1 2008	H1 2007	H1 2008	H1 2007	H1 2008	H1 2007	H1 2008	H1 2007
Insurance claims	(9.274)	(4.067)	0	0	0	0	0	0	(9.274)	(4.067)
Fee and commission expenses	(624)	0	(30)	(4)	(419)	(74)	138	1	(935)	(77)
Operating interest expenses	(502)	0	(1.053)	(310)	(2.349)	(57)	569	(120)	(3.335)	(487)
Depreciation, amortization, write-down	(1.733)	(442)	(117)	(13)	(55)	(12)	(5.578)	(206)	(7.483)	(673)
Operating expenses	(3.619)	(1.681)	(874)	(163)	(1.384)	(412)	(130)	(1.026)	(6.007)	(3.282)
Cost of goods sold	0	0	0	0	0	0	0	(2.019)	0	(2.019)
Total expenses	(15.753)	(6.190)	(2.073)	(490)	(4.207)	(555)	(5.001)	(3.370)	(27.034)	(10.605)
(Loss) profit before financial items	(13.391)	8.935	(209)	(56)	739	330	(13.251)	23.404	(26.112)	32.613
Interest income	1.079	0	0	0	0	0	(223)	0	856	0
Interest expenses	(1.924)	(1.125)	0	0	(1.003)	0	(4.448)	(2.256)	(7.375)	(3.381)
Net foreign exchange gain (loss)	6.388	54	169	13	(667)	(36)	(12.524)	3.527	(6.634)	3.558
Total financial expenses	5.542	(1.071)	169	13	(1.670)	(36)	(17.195)	1.271	(13.153)	177
Segment assets	287.194	183.560	76.504	38.154	73.224	13.202	75.599	151.851	512.521	386.768
Segment equity	45.297	23.781	6.112	3.233	14.980	10.450	(11.852)	36.610	54.536	74.074
Segment liabilities	241.898	159.779	70.392	34.921	58.244	2.752	87.453	115.242	457.985	312.694

Notes, contd.:

Insurance premiums

	2008	2007
8. Insurance premiums are specified as follows:	1.1.-30.6.	1.1.-30.6.
Premiums written	17.868	6.606
Reinsure's share	(3.320)	(668)
Change in the gross provision for unearned premiums	(3.392)	(1.287)
Change in the provision for unearned premiums, reinsure's share	903	165
Total insurance premiums	<u>12.059</u>	<u>4.816</u>

Investment income

9. Net (loss) income from securities and derivatives are specified as follows:

(Loss) gain on sale of shares	(952)	21.476
Gain on sale of other securities and derivatives	288	0
Dividend	485	1.942
Change in fair value of investment properties	(965)	622
Change in fair value of shares	(7.250)	4.153
Change in fair value of securities and derivatives	(961)	1.653
Net (loss) income from securities, associates and derivatives	<u>(9.355)</u>	<u>29.846</u>

Other revenue

10. Other revenue is specified as follows:

Rental	1.418	931
Other revenue	427	165
Total other revenue	<u>1.845</u>	<u>1.096</u>

Insurance claims

11. Insurance claims are specified as follows:

Claims paid	9.263	4.013
Claims paid, reinsure's share	(1.019)	(585)
Change in the provision for claims	1.401	103
Change in the provision for claims, reinsures' share	(371)	536
Total insurance claims	<u>9.274</u>	<u>4.067</u>

Operating expenses

12. Other operating expenses are specify as follows:

Salaries and salary-related expenses, note 13	3.272	1.840
Other operating expenses	2.735	1.442
Total other operating expenses	<u>6.007</u>	<u>3.282</u>

Notes, contd.:

13. Salaries and related expenses are specified as follows:	2008	2007
	1.1.-30.6.	1.1.-30.6.
Salaries and remuneration	2.413	1.557
Defined contribution pension plan expense	305	167
Salary-related expenses	554	116
Salaries and salary-related expenses total	<u>3.272</u>	<u>1.840</u>

Securities

14. Securities are specified as follows:	Fair value	Fair value
	30.6.2008	31.12.2007
Listed securities:		
Listed shares	5.351	18.112
Affiliated shares	1.060	1.192
Bonds	15.048	2.262
Total listed securities	<u>21.459</u>	<u>21.566</u>
Unlisted securities:		
Unlisted shares	2.909	9.554
Unlisted bonds	1.987	36
Total unlisted securities	<u>4.896</u>	<u>9.590</u>
Other securities:		
Hedge fund	10.322	11.028
Equity fund	805	2.598
Fixed income fund	336	435
Stock Unit Link	550	454
Bank deposits	0	25
Other securities	6.874	0
Total other securities	<u>18.887</u>	<u>14.540</u>
Total securities	45.242	45.696
There of equity derivatives	(1.101)	(6.667)
Fair value of securities at period end	<u>44.141</u>	<u>39.029</u>

Notes, contd.:

Derivatives

15. Net assets in derivatives are specified as follows:	Fair value 30.6.2008	Fair value 31.12.2007
Equity derivatives - receivable, see note 14	1.101	6.667
Equity derivatives - payable	(3.263)	(7.473)
Net position of equity derivatives	(2.162)	(806)
Net position of other derivatives	(1.809)	711
Net position of derivatives	(3.971)	(95)
Derivatives - assets in the balance sheet	2.025	1.627
Derivatives - liabilities in the balance sheet	(5.996)	(1.722)
Net position of derivatives	(3.971)	(95)

Trade and other receivables

16. Trade and other receivables are specified as follows:	30.6.2008	31.12.2007
Insurance receivables	8.094	4.968
Trade receivables	0	1.480
Prepaid expenses and accrued income	2.134	2.128
Sale of shares receivables	2.121	1.229
Other receivables	6.951	8.662
Total trade and other receivables	19.300	18.467

Loans

17. Loans are specified as follows:		
Leasing contracts	20.711	15.327
Other loans	83.396	48.434
Provision on loans	(1.426)	(721)
	102.681	63.040
18. Repayments of loans are specified as follows:		
Repayments in 2008	53.349	42.665
Repayments in 2009	20.239	7.922
Repayments in 2010	5.072	3.850
Repayments in 2011	3.817	2.719
Repayments in 2012	3.379	3.230
Subsequent repayments	16.825	2.654
Total loans	102.681	63.040

Notes, contd.:

Investment properties

19. Investment properties are specified as follows:	30.6.2008	31.12.2007
<i>Investment properties in use</i>		
Balance at the beginning of the period	31.330	22.815
Reclassification	2.704	0
Acquisitions	0	7.580
Change in fair value	(965)	1.286
Exchange rate difference	9.780	(351)
Balance at the end of the period	<u>42.849</u>	<u>31.330</u>
<i>Investment properties under construction</i>		
Balance at the beginning of the period	16.913	7.773
Acquisitions	5.450	10.204
Sales	(6.299)	0
Exchange rate difference	4.786	(1.064)
Balance at the end of the period	<u>20.850</u>	<u>16.913</u>
Investment properties total	<u>63.699</u>	<u>48.243</u>

Associates

20. The carrying amount of the Group's investments in associates and share of (loss) profit are specified as follows:

	Share	Share of	Carrying	Share of	Carrying
	30.6.2008	profit (loss)	amount	profit (loss)	amount
		30.6.2008	30.6.2008	30.6.2007	31.12.2007
D. Carnegie & Co. AB	17,6%	371	17.734	0	0
Fjárfestingarfélag Mátur ehf.	50,0%	(2.853)	(2.171)	95	2.468
Skeggi ehf.	49,5%	(2.316)	(512)	382	1.792
Þáttur International ehf.	48,8%	(5.175)	(2.612)	964	2.574
Földungur ehf.	48,8%	(1.270)	(1.269)	0	0
Other companies		(187)	3.471	4	3.054
Associates total		<u>(11.430)</u>	<u>14.641</u>	<u>1.445</u>	<u>9.888</u>

Notes, contd.:

Intangible assets

21. The Group's intangible assets are specified as follows:

Gross	Goodwill	Trademark	Customer relationships	Other intangible assets	Total
Balance at 1 January 2007	14.353	3.378	3.937	21	21.689
Acquisitions through business combination	64.495	0	0	3.403	67.898
Additions during the period	0	0	0	422	422
Exchange rate difference	161	0	39	18	218
Balance at 31 December 2007	79.009	3.378	3.976	3.864	90.227
Acquisitions through business combination	0	0	0	22	22
Additions during the period	386	0	0	1.046	1.432
Sales during the period	(2.007)	0	0	0	(2.007)
Exchange rate difference	16.684	0	0	2.248	18.932
Balance at 30 June 2008	94.072	3.378	3.976	7.180	108.606

Amortisation and impairment losses

Balance at 1 January 2007	0	0	371	7	378
Acquisitions through business combination	0	0	375	374	749
Amortisation	0	0	690	82	772
Exchange rate difference	0	0	14	2	16
Balance at 31 December 2007	0	0	1.450	465	1.915
Acquisitions through business combination	0	0	0	20	20
Amortisation	0	0	510	454	964
Exchange rate difference	0	0	0	520	520
Balance at 30 June 2008	0	0	1.960	1.459	3.419

Carrying amounts

1.1.2007	14.353	3.378	3.566	14	21.311
31.12.2007	79.009	3.378	2.526	3.399	88.312
30.6.2008	94.072	3.378	2.016	5.721	105.187

Trade and other payables

22. Trade and other payables are specified as follows:

	30.6.2008	31.12.2007
Trade payables	2.051	3.148
Insurance payables	3.168	2.322
Remaining purchase price of investment properties	2.356	4.380
Other payables	18.528	7.002
Total trade and other payables	26.103	16.852

Notes, contd.:

Insurance contracts

23. The insurance contracts are specified as follows:	30.6.2008	31.12.2007
Technical provision (total):		
Claims reported and loss adjustment expenses	32.900	27.787
Claims incurred but not reported	5.719	5.137
Claims outstanding, total	38.619	32.924
Bonuses and premium provisions	805	371
Life assurance provision	309	39
Provision for unearned premiums	20.538	13.286
Technical provision, total	60.271	46.620
Reinsurers' share:		
Claims reported and loss adjustment expenses	3.115	2.461
Claims incurred but not reported	2.283	1.457
Claims outstanding, total	5.398	3.918
Life assurance provision	228	24
Provision for unearned premiums	1.181	175
Reinsurers' share, total	6.807	4.117
Own technical provisions (net):		
Claims reported and loss adjustment expenses	29.785	25.326
Claims incurred but not reported	3.436	3.680
Claims outstanding, total	33.221	29.006
Bonuses and premium provisions	805	371
Life assurance provision	81	15
Provision for unearned premiums	19.357	13.111
Own technical provisions (net), total	53.464	42.503

Deposits from the customers

24. Customer deposits are specified as follows:				
	Currency	Average nominal interest rate	Carrying amount 30.6.2008	Carrying amount 31.12.2007
Customers deposits	HRK	8,0%	29.087	17.527
Customers deposits	USD	2,1%	16.927	16.861
Customers deposits	SEK	4,3%	12.403	9.502
Customers deposits	EUR	3,8%	14.249	9.976
Customers deposits	GBP	5,2%	3.786	2.781
Customers deposits	NOK	5,5%	1.557	1.506
Other currencies			2.862	1.326
Customers deposits total			80.871	59.480

Notes, contd.:

Borrowings related to investment properties

25. Borrowings related to investment properties are specified as follows:

	Currency	Average nominal interest rate	Carrying amount 30.6.2008	Carrying amount 31.12.2007
Bank loan	EUR	6,3%	46.411	34.821
Bank loan	ISK	6,6%	886	816
Bank loan	USD	10,7%	1.383	714
Bank loan	CHF	4,1%	470	351
Bank loan	GBP	11,2%	470	0
Bank loan	JPY	2,1%	201	151
Bank loan	SEK	6,1%	188	138
Other currencies			416	0
Borrowings related to investment properties			<u>50.425</u>	<u>36.991</u>

26. Repayment of borrowings are specified as follows:

Repayments in 2008	2.121	1.842
Repayments in 2009	1.101	831
Repayments in 2010	295	366
Repayments in 2011	28.022	21.765
Repayments in 2012	17.799	11.534
Repayments in 2013	523	10
Subsequent repayments	564	643
Borrowings related to investment properties	<u>50.425</u>	<u>36.991</u>

Other borrowings

27. Other borrowings are specified as follows:

	Currency	Average nominal interest rate	Carrying amount 30.6.2008	Carrying amount 31.12.2007
Bank loan	EUR	10,1%	26.255	23.724
Bank loan	ISK	11,4%	34.645	40.348
Bank loan	CHF	5,7%	11.135	7.145
Bank loan	SEK	6,4%	14.330	2.573
Bank loan	JPY	3,0%	7.878	4.211
Bank loan	USD	7,8%	1.965	1.881
Bank loan	GBP	8,7%	683	2.229
Bank loan	Other	-	131	0
Central bank	ISK	15,5%	12.235	0
Money Market loans	ISK	18,9%	4.792	1.296
Money Market loans	EUR	17,9%	2.228	276
Money Market loans	Other	-	1.691	741
Other borrowings	ISK	12,7%	3.329	0
Financial reinsurance	SEK	-	3.436	2.337
Other borrowings total			<u>124.733</u>	<u>86.761</u>

Notes, contd.:

28. Repayment of borrowings are specified as follows:	30.6.2008	31.12.2007
Repayments in 2008	85.040	61.767
Repayments in 2009	9.075	2.173
Repayments in 2010	27.329	20.685
Repayments in 2011	645	306
Repayments in 2012	2.484	1.830
Subsequent repayments	160	0
Other borrowings total	<u>124.733</u>	<u>86.761</u>

Subordinated loans

29. Subordinated loans are specified as follows:				
	Currency	Average nominal interest rate	Carrying amount 30.6.2008	Carrying amount 31.12.2007
Subordinated loans	ISK	9,9%	1.888	648
Subordinated loans total			<u>1.888</u>	<u>648</u>

30. Repayment of subordinated loans are specified as follows:		
Repayments in 2011	695	648
Repayments in 2012	1.193	0
Subordinated loans total	<u>1.888</u>	<u>648</u>

Pledged assets

31. Pledged assets are specified as follows:		
Pledged assets	177.034	108.000
Pledged shares	<u>64.450</u>	<u>98.000</u>
Pledged assets total	<u>241.484</u>	<u>206.000</u>

Obligations and contingent liabilities

32. Obligations and contingent liabilities are specified as follows:		
Guarantees	2.075	584
Credit commitments	34.640	30.168
Deposited securities	41.893	44.943
Letter of credits	0	128
Obligations and contingent liabilities total	<u>78.608</u>	<u>75.823</u>

Notes, contd.:

Financial Ratios

33. The Group's principal financial ratios:

	30.6.2008	31.12.2007	30.6.2007
Return on equity	-	48,8%	160,1%
Equity ratio	10,6%	17,7%	19,2%
Internal value of shares	18,68	23,87	25,81