

MILESTONE - INTERIM RESULTS FOR THE FIRST SIX MONTHS OF 2008

RESULTS FOR THE FIRST HALF OF 2008

- Parent company after-tax loss of ISK 13.4 Bn
- Consolidated after-tax loss of ISK 34.9 Bn

- Milestone's equity decreased by ISK 14.9 Bn and amounted to ISK 69 Bn on parent company level on 30 June 2008 but equity amounted to ISK 55 Bn on a consolidated basis
- Total assets of the parent company were ISK 134 Bn and total consolidated assets amounted to ISK 513 billion at the end of second quarter
- Parent company borrowings amounted to ISK 41.3 Bn and this year repayments amount ISK 6.2 Bn for the parent company. Total consolidated liabilities, consisting of insurance contracts, deposits from customers and other liabilities, amounted to ISK 458 Bn at the end of second quarter.
- The equity ratio of the parent company was 51% and equity ratio of the group was 11%

- Milestone's holding in the Swedish financial group Moderna accounted for 92% of Milestone's total assets at the end of the period. Moderna has total assets of ISK 444 BN, total equity of ISK 59 Bn, an equity ratio of 13.2% and meets its regulatory capital adequacy requirements by a positive margin of 76%

IMPORTANT EVENTS IN THE FIRST HALF OF 2008

- On 1 January 2008 Milestone transferred Sjóvá and Askar Capital to its wholly owned subsidiary Moderna in Sweden.
- The asset allocation effectively positions Moderna as a robust Nordic financial group with Milestone as the only shareholder. Moderna is the parent company of all companies within the group, including several majority owned financial institutions operating within the fields of insurance, banking and asset management in the Nordic region and the Benelux countries.
- Following the asset transfer, Milestone has positioned itself as a holding company with a strategic role as the single shareholder of the Nordic financial group Moderna.

CONSOLIDATED FINANCIAL DEVELOPMENT 2006-2008

Income Statement	1H 2008	1H 2007	1H 2006	FY 2007	FY 2006
Net revenues.....	922	43,218	11,801	56,429	41,506
Net expenses.....	(27,034)	(10,605)	(5,221)	(30,114)	(13,993)
Net financial expenses.....	(13,153)	177	(7,795)	(6,132)	(9,597)
Tax income (expenses).....	4,291	(5,626)	3,134	1,139	3,528
(Loss) profit for the period.....	(34,974)	27,164	1,919	21,322	21,444

Balance Sheet	30.6.2008	30.6.2007	30.6.2006	31.12.2007	31.12.2006
Total assets.....	512,521	386,768	115,482	391,627	170,075
Total equity.....	54,536	74,074	24,171	69,513	43,727

Financial Ratios					
Equity ratio.....	11%*	19%	21%	18%	26%
Return on equity.....	-	160%	16%	49%	92%

* Equity ratio of the parent was 51,3% at the end of June 2008

All amounts in M ISK

FINANCIAL HIGHLIGHTS OF FIRST HALF 2008

- Milestone's single largest asset Moderna reported a loss of ISK 6.2 Bn for the first six months of the year. The second quarter was challenging for the global financial sector, but Moderna reported growth and positive development in its largest business segments. For the remainder of the year Moderna will focus on activities that will drive its future growth and implement cost cutting measures to improve Moderna's profitability.
- A loss of ISK 8.2 Bn in Milestone's accounts stems from impairment of goodwill and write-down's that are prudent measures given the challenging market conditions.
- Precautionary write-downs have been applied to unlisted assets of Milestone to better reflect the underlying trend of similar listed assets. This is done as preparation for the prospective listing of Moderna on the Swedish stock exchange in 2009.
- Net foreign exchange loss amounts to ISK 6.6 Bn in the first six months of 2008.
- All Icelandic listed assets are accounted for by the fair value method and are marked to market in the accounts of subsidiaries and associated companies. Total loss from listed Icelandic assets amounted to ISK 5.9 Bn in the first half of 2008.
- A 17.6% holding in the Nordic investment bank Carnegie is documented with the equity method by the subsidiary Moderna. However, a precautionary write down of ISK 5.2 Bn was made in the quarter to better reflect the difference between market value and book value of the holding.

GUDMUNDUR OLASON, CEO

"The operations of Moderna remain robust and Milestone's undivided focus is set on preparing Moderna for listing on the Stockholm stock exchange in 2009. Going forward Milestone's strength will be measured through the performance of Moderna. Its strength lies in diversified business supported by a strong niche product range and we are seeing positive developments in its core business areas, despite challenging market conditions. Milestone has become a holding company with a strategic role as the single shareholder of Moderna and our emphasis will be on developing its business in the Nordic region. We believe that Moderna is well positioned to take advantage of opportunities arising in the Nordic financial services market and we remain committed to our business plan with focus on insurance, banking and asset management."

OUTLOOK FOR 2008

Milestone has taken precautionary measures in the first half of 2008 and the value of its unlisted assets has been adjusted to better reflect the underlying trend of listed equities. Pro-active measures of cost cutting and streamlining of operations will better support operations going forward. Overall, Milestone is in a good position to shoulder possible continuing downward market trends and will remain focused on its strategic role as the single shareholder of Moderna.

ABOUT MILESTONE

Milestone is an Icelandic holding company focusing on strategic investments in financial services. The company is monitored by the Icelandic FSA and has bonds listed on NASDAQ OMX Nordic Exchange in Iceland. Milestone is the single shareholder in the Swedish financial services group MODERNA Finance A.B. Milestone has placed holdings in companies focused on insurance, banking and asset management at the forefront of its business strategy.

ADDITIONAL INFORMATION

For additional information, visit
www.milestone.is

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