

Interim report for the second quarter and first half of 2009



HURTIGRUTEN ASA

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Highlights of the second quarter

- Hurtigruten made a profit of NOK 157 million, NOK 131 million better than the same period of 2008
 - The first half gave a profit of NOK 24 million, compared with a loss of NOK 186 million in the same period of last year – an improvement of NOK 210 million
- Costs declined by NOK 45 million from the second quarter of 2008
- Fewer passengers were partly offset by better average prices and higher onboard spending
- Chartering out m/v Nordnorge made a net contribution of NOK 57 million

Improvement for Hurtigruten

Operations during the second quarter showed a pre-tax profit of NOK 157 million, an improvement of NOK 131 million from the same period of 2008. Pre-tax profit for the first half was NOK 24 million, compared with a loss of NOK 186 million in the same period of last year.

Profits were affected by higher contract revenues, chartering out m/v Nordnorge and lower bunkers, administration and crew costs. Reduced expenses for m/v Fram and a decline in revenues from Svalbard also affected the quarterly figure.

The following factors explain the improvement in second-quarter profit from the same period of last year:

- NOK 45 million in reduced costs
 - project expenses were lower
 - the effect of the Nordic downsizing was felt
 - bunkers costs declined by 31 per cent on Hurtigruten coastal
 - crew costs were down
- Fewer passengers were partly offset by better average prices and higher onboard spending
- Chartering out m/v Nordnorge made a net contribution of NOK 57 million

The improvement in the first half compared with the same period of 2008 primarily reflected the same conditions affecting the second quarter:

- NOK 97 million in reduced costs
- NOK 50 million in lower passenger income from the Hurtigruten coastal, with the reduction in passengers somewhat offset by higher prices and onboard spending
- NOK 58 million in increased revenues from the public procurement contract
- NOK 87 million in net contribution from chartering out m/v Nordnorge

Restructuring work

A four-point improvement programme was launched at the annual general meeting of 15 May 2008 to make Hurtigruten ASA a profitable company. This programme was later expanded by incorporating the financial restructuring as a fifth point. The restructuring is continuing with undiminished vigour.

1) Increase revenues – Black Belt improvement programme

The Black Belt programme yielded substantial operational improvements during 2008. It is continuing in 2009, and was merged during the first half with the New Structure cost-cutting programme. The company is devoting great attention to costs and onboard up selling activities which have an effect for both m/v Fram and the Hurtigruten coastal. The latter was hit by the uncertainty prevailing in the travel trade as a result of the financial crisis. Round trip sales to the markets in the USA, the UK and France were particularly affected. Some of this reduction was offset by increased sales in the Nordic market. A stronger focus on the sale of short breaks also had an effect, particularly in June. During that month, a strong euro also helped to ensure that the level of prices more than compensated for the decline in volume.

2) Reduce debt – divest businesses outside the core area

The objective is to reduce debt and give greater attention to the core business. The following businesses have so far been sold:

- the hotels in Bergen
- the ferry and fast ferry business
- the travel agency business
- the shares in Nor-Cargo Ltd, UK

Hurtigruten owns 71.3 per cent of AS TIRB, which operates the bus business through its subsidiary Cominor AS. The sales process for the bus business was halted after charges were preferred against Cominor by Troms county council in June. The company is not acquainted with the content of these charges. The sale of m/v Nordnorge has also been halted until the criteria for a new tender are clarified.

3) Cost-cutting programme on schedule

A detailed plan was drawn up in the fourth quarter of 2008 for reducing Hurtigruten ASA's administrative and sales costs. Staffing is to be halved and costs cut by NOK 150 million per annum, with the full effect from 2010. The main elements are:

- a focus on Hurtigruten Norwegian coast, m/v Fram and the business conducted in Svalbard by Spitsbergen Travel AS
- centralisation of functions and services (marketing, administration, accounting and invoicing)
- new booking and invoicing system
- restructuring of the sales organisation – cutting call centres from eight to two, both outsourced

Downsizing in the Nordic part of the organisation is implemented in the first quarter, and began in the USA and the UK during the second quarter. The programme is on schedule and will continue in the third quarter with reorganisation in Germany and France.

4) Hurtigruten public procurement contract

The Ministry of Transport and Communications and the company reached agreement on 27 October 2008 concerning a new and higher payment for the government's purchase of maritime transport services on the Bergen-Kirkenes coastal route. Since the higher payment for 2008 was recognised in its entirety in December 2008, with nothing recognised in the second quarter of last year, contract revenues rose by NOK 16 million in the second quarter compared with 2008. The increase for the first half was NOK 58 million.

The ministry is currently working on the criteria for a new competitive tendering process for the Bergen-Kirkenes coastal service. These were due to be ready before the summer of 2009, but this deadline was not met and the delay is creating uncertainty not only for the company but also for the coastal community in general. It became clear in June that a majority of the standing committee on transport in the Storting (parliament) wants the Bergen-Kirkenes service to remain as similar as possible to its present configuration. That is positive. No decision has been taken on when the criteria will be ready or when the tender will be announced.

5) Financial restructuring

The banks accepted the company's financial restructuring plan on 3 February 2009. An extraordinary general meeting of Hurtigruten ASA approved the plan on 20 February 2009. That has given Hurtigruten solid and predictable financing.

The Hurtigruten group comprises the Hurtigruten coastal, m/v Fram and the Spitsbergen Travel product areas. In addition comes other business. The interim report contains segment information for all the product areas.

This interim report has been prepared in accordance with IAS 34.

Interim accounts

With effect from 1 January 2009, the company has reorganised its financial reporting on the basis of industry standards for the cruise sector with adjustments. This is intended to provide better information about the key drivers in the company, and historical figures have been restated for comparative purposes. Reporting will be further developed during 2009. Since the group structure has been discontinued, administrative functions previously reported under other business are now allocated to the various product areas in accordance with their scope.

The company had 13 ships at 30 June 2009, of which 11 were used for daily sailings in Hurtigruten's licensed service between Bergen and Kirkenes. Following the renegotiation of the public procurement contract with the government, Hurtigruten has been given the opportunity to reduce production by one ship on the Bergen-Kirkenes coastal service in the November-March period. During the winter of 2008, m/v Nordnorge was utilised for explorer cruises in the Antarctic. This vessel was chartered throughout the first half of 2009 as a hotel ship for Aker Solutions ASA in the Adriatic. The charter has been extended until 13 August 2009.

Income statement

The Hurtigruten group had total operating revenues in the second quarter of NOK 958 million (2008: NOK 910 million). This increase primarily reflects higher contract revenues and the chartering of m/v Nordnorge. Other revenues declined as a result of fewer passengers on Hurtigruten coastal and a decline in the market for tour groups in Svalbard.

Total operating revenues for the Hurtigruten group in the first half came to NOK 1 510 million (2008: NOK 1 469 million). This increase again primarily reflects a rise of NOK 58 million in contract revenues and the chartering of m/v Nordnorge. Other revenues fell, primarily as a result of operating only one ship in the Antarctic, reduced earnings in Svalbard and a decline in volume for the Hurtigruten coastal.

Consolidated operating expenses before depreciation and amortisation were NOK 714 million in the second quarter (2008: NOK 759 million). This reduction reflected lower crew and bunkers costs as well as a fall in sales and administration costs. Bunkers costs declined by NOK 12 million in the quarter because of reduced oil prices and consumption.

First-half consolidated operating expenses before depreciation and amortisation were NOK 1 304 million (2008: NOK 1 401 million). The reasons for the decline were the same as for the second quarter.

Other losses and gains yielded a net loss of NOK 0.3 million for the second quarter. The sale of the Bergen hotel business during the second quarter of last year yielded a gain of NOK 17 million. The figure for other losses and gains in the first half was the same as for the quarter.

Consolidated operating profit before depreciation and amortisation (EBITDA) for the second quarter was NOK 244 million (2008: NOK 168 million). This improvement of NOK 76 million primarily reflected the net contribution from chartering m/v Nordnorge and reduced operating expenses.

The first-half EBITDA was NOK 205 million (2008: NOK 84 million). This improvement of NOK 121 million related primarily to the chartering of m/v Nordnorge, higher contract revenues and reduced operating expenses.

Depreciation and impairment charges totalled NOK 79 million (2008: NOK 76 million) for the quarter and NOK 157 million (2008: NOK 156 million) in the first half.

Consolidated operating profit before interest and tax (EBIT) was NOK 165 million (2008: NOK 92 million) for the second quarter and NOK 48 million (2008: loss of NOK 71 million) in the first half.

Net financial expenses were NOK 57 million (2008: NOK 68 million) for the second quarter, reflecting a decline in interest rates, and NOK 114 million (2008: NOK 127 million) in the first half.

Share of profit from associated companies for the second quarter were NOK 3 million (NOK 2 million). Share of profit from associated companies in the first half of 2009 is reduced by NOK 5 million compared with first half 2008, from NOK 10 million to NOK 5 million. The decline is due to reduced profit after divesting the associated company Nor-Cargo Limited. The shares was sold in fourth quarter 2008.

Consolidated pre-tax profit for the continued business was NOK 111 million (2008: NOK 26 million) for the quarter and a loss of NOK 61 million (2008: loss of NOK 188 million) in the first half.

Consolidated pre-tax profit for the discontinued business was NOK 46 million (2008: loss of NOK 0.4 million) in the second quarter. These activities include the public transport business, Bergenske Reisebyrå AS and share of Nor Lines AS. A provision of NOK 13 million made at 31 December in connection with the sale of the ferry and fast ferry business was reversed in the second quarter. The same period of last year included a provision of NOK 30 million related to the public transport contract with Troms county council for increased bunkers costs from the operation of ferries and fast ferries.

The corresponding profit figure for the first half was NOK 86 million (2008: NOK 2 million). This improvement largely reflects NOK 27 million in gain on the sale of the travel agency business, the reversal of a provision of NOK 13 million related to the ferry and fast ferry business and the fact that a provision of NOK 30 million was made in the first half of 2008 for net losses related to the public transport contract with Troms county council for the operation of ferries and fast ferries.

A consolidated pre-tax profit of NOK 157 million (2008: NOK 26 million) was achieved in the second quarter, while the figure for the first half improved by NOK 210 million to NOK 24 million (2008: loss of NOK 186 million).

Cash flow

Net cash flow from operational activities rose by NOK 102 million during the second quarter and NOK 105 million in the first half compared with the same periods of 2008. These increases both reflected improved profits.

Net negative cash flow from investing activities was up by NOK 60 million from the second quarter of 2008. That reflected spending on the new Polar Global booking system, some upgrading of the Hurtigruten ships and investment in the bus business. For the first half, net cash flow from investing activities improved by NOK 478 million from the same period of last year. That primarily reflected the sales of the ferries and fast ferries and the travel agency business in the first six months of 2009 and reduced investments during that period. The first half of last year included investment in buses related to the start-up of contracts secured by competitive tendering in Ofoten, Ballangen and Nord-Salten.

Net negative cash flow from financial activities in the second quarter decreased by NOK 113 million from the same period of last year. This reflected a NOK 150 million draw down from the NOK 300 million bridging loan in the first quarter of 2009 that was repaid in the second quarter. Net negative cash flow from financial activities in the first half increased by NOK 94 million from the same period of 2008. This primarily reflected the financial restructuring implemented in the first half of 2009.

Balance sheet and liquidity

As a consequence of the planned and implemented divestment of businesses by the group, the public transport business area and Nor Lines AS were classified at 30 June 2009 as discontinued business. This classification accords with IFRS 5, and comparative figures in the income statement for corresponding periods in 2008 have been restated in accordance with the same principle. Pursuant to IFRS 5, assets and liabilities related to these activities are presented as "assets classified as held for sale" and "liabilities related to assets classified as held for sale" at 30 June 2009. Both current and non-current assets and liabilities are included in the respective items.

Fixed assets totalled NOK 4 488 million at 30 June (31 December 2008: NOK 4 304 million). This change reflects the reclassification of m/v Nordnorge from assets classified as held for sale to fixed assets.

Current assets at 30 June totalled NOK 1 545 million (31 December 2008: NOK 1 037 million). Working capital rose by 3 624 million from 31 December 2008 to reach NOK 637

million at 30 June. This growth primarily reflects a reclassification of mortgage debt from current to long-term liabilities following the approval of the restructuring plan.

Liquid assets were NOK 1 198 million at 30 June, including unused part of credit facility (NOK 711 million excluding unused part of credit facility and restricted assets), compared with NOK 528 million (NOK 363 million excluding restricted assets) at 31 December 2008. The change primarily reflects the net NOK 374 million raised in the first half by the private placement and subsequent repair issues. In addition a bridging loan with a credit facility of NOK 300 million was raised by the company in connection with the financial restructuring.

The company had assets of NOK 636 million classified as held for sale at 30 June 2009 (31 December 2008: NOK 1 592 million). This reduction reflects the sale of the ferry and fast ferry business and Bergenske Reisebyrå AS, and the reclassification of m/v Nordnorge from assets classified as held for sale to a fixed asset in the continued business.

The company's total long-term liabilities at 30 June amounted to NOK 3 710 million (31 December 2008: NOK 107 million). This change primarily reflects the reclassification of mortgage debt from current to long-term liabilities following the approval and implementation of the restructuring plan.

Current liabilities came to NOK 908 million (31 December 2008: NOK 4 023 million). This change primarily reflects the reclassification of mortgage debt from current to long-term liabilities following the approval of the restructuring plan.

The group had liabilities of NOK 285 million related to assets classified as held for sale at 30 June 2009 (31 December 2008: NOK 1 468 million). This reduction reflects the sale of the ferry and fast ferry business and Bergenske Reisebyrå AS, and the reclassification of liabilities related to m/v Nordnorge from liabilities related to assets classified as held for sale to long-term liabilities in the continued business.

The company had an equity at 30 June of NOK 1 670 million (31 December 2008: NOK 1 163 million), and an equity ratio of 25.0 per cent (31 December 2008: 16.8 per cent). Following redemptions related to the private placement and the repair issues implemented during the first half, Hurtigruten ASA has a convertible bond loan totalling NOK 48.4 million which is regarded as equity in relation to the company's loan covenants. Including this, the equity ratio at 30 June was 25.6 per cent.

Transactions with close associates

Transactions with close associates are conducted on market terms. Close associates are defined in this context as key personnel in the company and associated companies. No significant changes occurred during the first half in the type or size of transactions conducted with close associates.

Product areas

Hurtigruten coastal

The Hurtigruten coastal product area is the largest activity in Hurtigruten ASA and accounted for about 78 per cent of its operating revenues in the second quarter. Operations during this period were normal. Capacity was reduced by eight per cent in June when m/v Nordstjernen replaced m/v Nordnorge in the coastal service.

Operations during the first half were affected in the first quarter by the grounding of m/v Richard With in Trondheim on 6 January and by technical operational disruptions. The most serious of the latter were faults in the gear/propeller system on m/v Trollfjord, which led to the cancellation of two sailings. Operating regularity during the second quarter was good, at 96 per cent. Lower regularity in the first quarter meant that the overall figure for

the first half was 93 per cent. Sixty-four per cent of the variance reflected technical conditions related primarily to two vessels, while 16 per cent was mainly caused by bad weather.

Operating revenues in the second quarter came to NOK 748 million (2008: NOK 772 million). The bulk of this reduction reflected lower volume, particularly in May. That was a good month in 2008. The number of cruise nights declined by 8.5 per cent during the quarter, split evenly between round trip and port to port passengers. Cruise nights during the second quarter came to 208 867 (2008: 228 390) for round trip passengers (Bergen-Kirkenes-Bergen) and 100 356 (2008: 109 551) for the port to port passenger segment (travelling part of the route). Capacity measured as available cruise nights declined by 5.8 per cent for the quarter and 10.2 per cent for the first half. Favourable exchange rate developments and strengthened revenue management helped to boost passenger revenue per cruise night for the quarter by five per cent gross and 4.1 per cent net. Average prices made particularly good progress in June. Total onboard spending rose by two per cent for the quarter. An 11.4 per cent increase in onboard spending per cruise night compensated for fewer passengers. The loss of charter revenues from Spitsbergen Travel for m/v Nordstjernen had a negative effect on revenues for the product area. A NOK 16 million increase in contractual income compensated somewhat for the overall decline in revenues.

Operating revenues in the first half came to NOK 1 146 million (2008: NOK 1 158 million). Lower volume again accounted for the reduction in passenger revenues. Port to port passengers declined by 13.6 per cent in the period to 162 006 (2008: 187 463), but a 2.6 per cent volume increase in the round trip segment during the first quarter helped to hold the total volume decline to 8.8 per cent for the first half. The number of round trip cruise nights declined to 284 189 (2008: 301 824) over this period. Positive exchange rate trends and better revenue management in the first half again helped to boost passenger revenue per cruise night by 3.8 per cent gross and 1.8 per cent net. See the comments in section on the quarter above relating to the loss of charter income. NOK 58 million in increased contractual income reduced the decline in revenues.

Operating expenses came to NOK 573 million for the second quarter (2008: NOK 622 million). This reduction derived mainly from lower crew and bunkers costs, which partly reflected the replacement of m/v Nordnorge with m/v Nordstjernen. Bunkers costs declined moreover by NOK 14 million during the quarter as a result of both lower oil prices and reduced consumption by most of the ships. Sales and administrative costs were also cut as a result of downsizing in the Nordic region, while project costs related to the Black Belt improvement programme were charged in the second quarter of 2008.

Operating expenses came to NOK 1 041 million in the first half (2008: NOK 1 082 million). This reduction is attributable to the same factors which applied for the second quarter.

The operating profit before depreciation and impairment (EBITDA) was NOK 175 million (2008: NOK 149 million) for the second quarter and NOK 105 million (2008: NOK 76 million) in the first half.

M/v Fram

Activity related to m/v Fram is no longer defined as a separate (explorer cruise) business area from 2009, but as a separate product area. Operations for this vessel during the second quarter related to the Europe cruise from Las Palmas, which began in April and lasted until the Greenland season began at the end of May. The Europe cruise proved a success, and m/v Fram increased both revenues and cruise nights during the quarter compared with the same period of 2008. Volume during the first month around Greenland was down from the year before. Operating revenues totalled NOK 61 million in the second quarter (2008: NOK 56 million). During the first half, activities for m/v Fram also embraced cruising in the Antarctic until the beginning of March. After the end of the Antarctic season,

the ship sailed directly to Las Palmas without passengers. Operating revenue for the first half came to NOK 130 million (2008: NOK 110 million)

Operating expenses were also substantially reduced through slower steaming, a new sailing pattern, and lower crew and administrative costs. They totalled NOK 68 million (2008: NOK 74 million) for the second quarter and NOK 130 million (2008: NOK 158 million) in the first half.

This added up to an operating loss before depreciation and impairment (EBITDA) of NOK 7 million for the quarter, an improvement of NOK 12 million from the same period of 2008. EBITDA for the first half was a profit of NOK 1 million, up by NOK 49 million. These improvements reflect increased revenues in the Antarctic following the cancellation of one sailing in the first quarter of 2008, and lower expenses as a result of such factors as adjusted sailing routes, a decline in crew costs, and reduced bunkers consumption and -price.

Spitsbergen Travel group

Compared with the same period of 2008, revenues from hotel and excursion operations by the Spitsbergen Travel group, declined by NOK 17 million in the second quarter. This was the second three-month period in a row that the company experienced a reversal in its Svalbard operations. The Norwegian market for meetings and experiences contracted throughout the first half, affecting both hotel and excursion sales. Food and beverage (F&B) sales per guest night also fell during the quarter. Cancelling m/v Nordstjernen and rebooking to m/v Expedition also boosted expenses. Operating profit before depreciation and impairment (EBITDA) for the second quarter was NOK 18 million (2008: NOK 28 million).

Income declined by NOK 28 million during the first half. Since cutting costs in step with this decline proved challenging, operating profit before depreciation and impairment (EBITDA) fell by NOK 15 million for the period to NOK 17 million (2008: NOK 32 million).

Other business

Activity related to the chartering of m/v Nordnorge during the first half, and similarly the ship's activity in route from Antarctic/Europe cruises during the first half of 2008, are classified as other business. So are a limited portfolio of property and other activities which do not fall naturally within the three product areas.

Hurtigruten ASA entered into an agreement with Aker Solutions ASA in November 2008 concerning a charter for m/v Nordnorge as a hotel ship in the Adriatic. This ran originally until 5 April 2009, with options for extensions. Aker Solutions has exercised options to extend the charter until 13 August 2009 when the contract was completed.

Operating profit before depreciation and impairment (EBITDA) for other business was NOK 57 million in the second quarter (2008: NOK 8 million). This improvement reflects the charter of m/v Nordnorge to Aker Solutions.

In the first half, operating profit before depreciation and impairment (EBITDA) for other business was NOK 82 million (2008: NOK 25 million). This improvement again reflects the charter of m/v Nordnorge throughout the period.

Discontinued business

On the basis of the planned and implemented divestment of businesses in the company, the whole of the public transport business area, Bergenske Reisebyrå AS and Nor Lines AS were classified as discontinued business at 30 June 2009. Bergenske Reisebyrå was sold on 23 February 2009. Discontinued business is presented as a separate item in the income statement under profit/(loss) for discontinued business.

Profit for discontinued business in the second quarter came to NOK 46 million (2008: loss of NOK 0.4 million). This increase primarily reflects a provision of NOK 30 million in the second quarter of 2008 on the contract with Troms county council for operating ferries and fast ferries. A provision of NOK 13 million made at 31 December 2008 in connection with the sale of the ferry and fast ferry business was also reversed in the second quarter this year.

The bus business conducted through AS TIRB enjoyed stable operation. Somewhat lower own revenues in the quarter were offset by reduced operating costs and diesel oil prices, so that the pre-tax result for the bus business in the second quarter improved by NOK 5 million from the same period of last year. The subsidiary Cominor AS was charged by Troms county council in June. The company is not acquainted with the content of these charges.

The share of profit from Nor Lines AS was down by NOK 2 million from the second quarter of 2008, reflecting a lower volume of freight. In the product information, the balance sheet for the public transport business in the 2008 figures is incorporated under continued business.

Pre-tax profit for the discontinued business in the first half was NOK 86 million (2008: NOK 2 million). This increase primarily reflects the reversal of a NOK 13 million provision related to a potential loss on the ferry and fast ferry business, provisions of NOK 30 million in the first half of 2008 related to the public transport contract with Troms county council, and a gain of NOK 27 million on the sale of the travel agency business during the first quarter of 2009. The remaining increase relates to high payroll expenses in the first half of 2008 because of a challenging labour market and high sickness absence in the ferry and fast ferry business. Bunkers and diesel oil prices were also high in the first half of 2008.

Key risk and uncertainty factors in the second half

Currency risk

The Hurtigruten group has sales revenues and debt in foreign currencies, and is exposed to risk in relation to a number of currencies. This risk is particularly relevant for the euro, the US dollar and the pound sterling. During the first half, the development of the euro and US dollar in particular was positive for Hurtigruten because the Norwegian krone weakened. A possible strengthening of the krone in relation to the relevant currencies – the euro, the US dollar and the pound sterling – would reduce Hurtigruten's sales revenues in the second half. The currency risk has been hedged through forward contracts. For the second half, the company has only hedged 38 per cent of its anticipated revenues in euros. The risk is also reduced because the company's bunkers prices are denominated in US dollars.

Interest rate risk

The group's interest rate risk relates to non-current loans. Loans with floating interest rates represent a risk for the group's cash flow. The Hurtigruten group has a substantial debt burden from investing heavily in ships, particularly after 2000.

Floating-to-fixed interest swaps are used to manage the group's floating interest rate risk. Such swaps involve a conversion of floating-rate to fixed rates. The group normally takes up non-current loans at a floating interest rate and swaps these to a fixed rate which is lower than could have been achieved by borrowing directly at a fixed rate. Through these swaps, the group enters into agreements with other parties on swapping the difference between the contract's fixed rate and the floating rate calculated in relation to the agreed principal. The group has also concluded interest ceiling agreements.

At 30 June, the group had hedged interest rates on NOK 1 625 million, which represents about 51 per cent of its current interest-bearing debt.

Liquidity risk

Hurtigruten's business is very seasonal in character, with about 50 per cent of total revenues earned in June, July and August. The first and fourth quarters are weak periods in revenue terms, which eat substantially into liquid assets, while the summer months generate the income base to sustain the business for the rest of the year. These seasonal variations create challenges both at times of good liquidity and when liquid assets are weaker.

The group works continuously to meet its goal of maintaining flexible financing by ensuring that it has secure drawing rights available. To reduce the refinancing risk, guidelines have been drawn up for liquidity reserves and repayment profiles.

Following the financial restructuring of the company during February, the company has a repayment holiday on its non-current debt until 2011 as well as on the redemption element in the bareboat charter fee payable to KirBerg Shipping KS and Kystruten KS. The company has also restructured a convertible bond loan of NOK 150 million. It has a short-term bridging loan of NOK 300 million which matures in January 2010. This is intended to strengthen the liquidity position until the current sales processes have been completed. No binding sales contracts have so far been concluded for assets held for sale.

The management monitors the group's liquidity reserves through rolling five-year forecasts based on anticipated cash flow.

Rises in bunkers prices

Bunkers account for a significant proportion of expenses for all the transport operations pursued by the company. Higher fuel and oil prices can have a big effect, and reduce the group results.

The development of bunkers costs forms one element in the mechanism for annual regulation of Hurtigruten's public procurement contract with the government, however, the risk largely falls to the company.

Principles have been established by the company for risk management, including the risk of unexpected increases in bunkers prices. Oil prices, and thereby the cost of bunkers, are determined internationally in US dollars, while purchases are made by the parent company on the basis of Norwegian kroner. The risk can accordingly be split into an exchange rate element and a product element. In its risk management strategies, the company has given weight to coordinating these risks and has thereby opted to reduce the bunkers risk while the exchange rate risk is integrated with its other currency exposure.

Fifty per cent of the bunkers requirement for Hurtigruten in the third quarter had been hedged at 30 June 2009.

Lower growth in the cruise industry

A large part of the Hurtigruten group's revenues derive from the cruise segment along the Norwegian coast and m/v Fram. The economic downturn and the turbulence in the US and European economies have reduced growth in the cruise industry, and Hurtigruten has also been affected by this development. In addition, the H1N1 virus (swine flu) has had a negative impact on the travel trade. An extensive improvement programme has been launched, particularly to strengthen the sales and marketing organisation in Norway and abroad. This will contribute to a general expansion in sales, as well as helping to compensate for lower cruise industry growth.

Risk associated with implementing the cost-cutting programme

The company has adopted a programme for cutting annual sales, marketing and administrative costs by NOK 150 million, with the full effect to be felt from 2010. This programme is based on a number of conditions, including the divestment of businesses and

the full effect of the company's Black Belt improvement programme. It includes downsizing the land organisation in Norway and abroad by 210 work-years and a reorganisation of the company's administrative and sales organisation. Should the underlying conditions fail to be met, including the implementation of the sale of businesses or failing to achieve the anticipated effect of its improvement programme, the company could fail to achieve the savings specified for the cost-cutting exercise. That in turn would have a negative effect on the company's operations, financial position and profits.

Downsizing the Nordic part of the organisation was completed in the first quarter, and redundancies began in the USA and the UK during the second quarter. The programme is on schedule and will continue in the third quarter with reorganisation in Germany and France.

Prospects

A demanding year continues to be expected in 2009. Global market unrest means fewer passengers and pressure on prices. The H1N1 virus (swine flu) presented the travel trade with challenges during the second quarter. Hurtigruten ASA has initiated substantial market measures to safeguard volumes as much as possible during the third quarter.

The new Polar Global booking system has been introduced in the Nordic region, and the new outsourced department in Tallinn is moving into normal operation after a challenging start-up phase. The downsizing programme is finalized in the Nordic area and is under way in England and USA. Germany/rest of Europe will start during the third quarter.

Hurtigruten is a strong brand which stands among tourists for real experiences in unique waters. The company will deliver on its core values, which are secure, generous and responsible. For residents along the Norwegian coast, Hurtigruten will be a good provider of local transport and a freight carrier they can rely on.

The combination of a cruise-like tourist product and an everyday workhorse makes Hurtigruten special. This is the special product which the company wants to continue developing. Its commitment to short breaks will be intensified by increasing their availability via on-line booking and by marketing campaigns. In the second quarter the focus on on-line booking of short breaks became a success. This commitment will be further strengthened in the third quarter, when a completely new and user-friendly on-line booking solutions based on the new Polar Global system will be launched.

Winning the competition over a new tender for the Bergen-Kirkenes coastal route when this is announced will be important, providing the terms give scope for acceptable profitability.

The financial platform which has been created provides a good basis for implementing the rest of the programme to yield a focused and profitable Hurtigruten company. The restructuring will characterise the whole of 2009 and part of 2010. It will strengthen Hurtigruten's opportunities to compete over the new tender. The results for the first half show that the company is well on its way.

Narvik, 19 August 2009
The board of directors of Hurtigruten ASA

HURTIGRUTEN GROUP

Consolidated income statement

(NOK 1 000)	Note	2 nd quarter 2009	2 nd quarter 2008	Year to date 2009	Year to date 2008
Operating revenues		900 485	868 290	1 289 462	1 306 199
Contractual revenues	7	57 155	41 392	220 355	162 378
Total revenues		957 640	909 682	1 509 817	1 468 577
Payroll expenses		194 669	213 924	380 019	398 615
Depreciation and impairment losses		79 212	76 075	157 165	155 562
Other operating costs	7	518 920	544 675	924 187	1 002 262
Other losses/(gains) - net		257	(16 773)	230	(16 716)
Operating profit/ (loss)		164 582	91 781	48 216	(71 146)
Operating profit/ (loss) before depreciation		243 794	167 856	205 381	84 416
		-	-	-	-
Finance income		17 655	19 338	52 169	32 405
Finance costs		(74 346)	(86 928)	(166 623)	(159 597)
Finance costs - net		(56 691)	(67 590)	(114 454)	(127 192)
		-	-	-	-
Share of profit/ (loss) of associates		3 128	2 210	4 821	10 011
Profit/ (loss) before income tax on continued business		111 019	26 401	(61 417)	(188 327)
Income tax expense on continued business		30 094	10 385	(8 717)	(43 718)
Profit/ (loss) on continued business		80 926	16 016	(52 700)	(144 609)
Profit/ (loss) before income tax on discontinued business	2, 6	45 638	(437)	85 532	2 248
Income tax expense on discontinued business	2, 7	11 410	(109)	14 730	562
Profit/ (loss)		115 154	15 688	18 102	(142 923)
Attributable to minority interest		12 600	(531)	41 598	13 033
Earnings per share for profit attributable to the equity holder of the company;					
- basic		0,24	0,59	(0,06)	(5,68)
- diluted		0,24	0,59	(0,06)	(5,68)

Balance sheet

(NOK 1 000)

		30.06.2009	01.01.2009	01.01.2008
Assets				
Tangible fixed assets		4 166 915	3 942 462	5 646 381
Intangible fixed assets		262 823	297 944	339 681
Financial fixed assets		58 240	63 251	160 133
Current assets		1 545 133	1 036 666	1 567 934
Assets held-for-sale	2	636 132	1 592 353	-
Total assets		6 669 243	6 932 676	7 714 129
Equity and liabilities				
Paid-in equity and retained earnings	5	1 418 550	946 808	1 548 944
Minority interest in equity		251 178	216 245	226 479
Total equity		1 669 728	1 163 053	1 775 423
Long-term liabilities	5	3 709 652	106 801	4 231 581
Provisions		97 593	172 003	434 427
Current liabilities	5	907 768	4 023 237	1 272 699
Liabilities on assets held-for-sale	2, 6	284 501	1 467 582	-
Total liabilities		4 999 515	5 769 623	5 938 707
Total equity and liabilities		6 669 243	6 932 676	7 714 129

Equity

(NOK 1 000)		2 nd quarter 2009	2 nd quarter 2008	Year to date 2009	Year to date 2008
Equity at the beginning of the period	5	1 449 114	1 618 671	1 163 053	1 775 423
Profit/ (loss) for the period		115 154	15 688	18 102	(142 923)
Private placement		78 666	-	392 516	-
Costs of private placement		(5 481)	-	(18 665)	-
Equity adjustments in associates		(2 170)	-	163	-
Derivative financial instruments at fair value		30 932	40 129	89 847	50 474
Other equity adjustments		3 513	1 823	24 711	(6 664)
Equity at the end of the period		1 669 728	1 676 311	1 669 728	1 676 311

Consolidated cash flow statement

(NOK 1 000)		2 nd quarter 2009	2 nd quarter 2008	Year to date 2009	Year to date 2008
Net cashflow from operating activities		269 428	167 688	72 265	(32 635)
Net cashflow from investment activities		(67 476)	(7 422)	411 114	(66 681)
Net cashflow from financing activities		(94 532)	18 208	(134 602)	(41 060)
Net increase/ (decrease) in cash and cash equivalents		107 420	178 474	348 777	(140 376)
Cash and cash equivalents overdrafts at the beginning of the period		603 915	508 189	362 558	827 039
Cash and cash equivalents overdrafts at the end of the period		711 335	686 663	711 335	686 663

PRODUCT INFORMATION

HURTIGRUTEN COASTAL

MV FRAM

(NOK 1 000)	2 nd quarter 2009	2 nd quarter 2008	Year to date 2009	Year to date 2008	2 nd quarter [▼] 2009	2 nd quarter 2008	Year to date 2009	Year to date 2008
Operating revenues	691 104	730 111	925 582	995 493	61 066	55 538	130 453	109 818
Contractual revenues	57 155	41 392	220 355	162 378	-	-	-	-
Total revenues	748 259	771 503	1 145 937	1 157 871	61 066	55 538	130 453	109 818
Payroll expenses	159 632	175 185	306 715	316 852	15 488	18 520	33 947	40 007
Depreciation and impairment	68 402	64 745	136 429	132 722	5 653	5 578	10 073	11 108
Other operating costs	413 185	447 029	734 040	764 777	52 278	55 230	95 734	118 081
Other losses/(gains) - net	-	-	-	-	-	-	-	-
Operating profit/ (loss)	107 040	84 544	(31 247)	(56 480)	(12 353)	(23 790)	(9 301)	(59 378)
Finance costs - net	(57 290)	(58 773)	(99 731)	(110 790)	(6 768)	(8 361)	(13 834)	(15 122)
Share of profit/ (loss) of associates	-	-	-	-	-	-	-	-
Profit/ (loss) before income tax on continued business	49 750	25 771	(130 978)	(167 270)	(19 121)	(32 151)	(23 135)	(74 500)
Profit/ (loss) before income tax on discontinued business	-	-	-	-	-	-	-	-
Profit/ (loss) before income tax	49 750	25 771	(130 978)	(167 270)	(19 121)	(32 151)	(23 135)	(74 500)
Operating profit/ (loss) before depreciation	175 442	149 289	105 182	76 242	(6 700)	(18 212)	772	(48 270)
Additional information								
Assets	5 285 359 [▼]	5 387 053 [▼]	5 285 359	5 387 053	483 039	831 362	483 039	831 362
Assets held-for-sale	-	-	-	-	-	-	-	-
Liabilities	4 259 664 [▼]	4 721 851 [▼]	4 259 664	4 721 851	450 375 [▼]	578 185 [▼]	450 375 [▼]	578 185
Liabilities on assets held-for-sale	-	-	-	-	-	-	-	-
Investments during the period	67 903 [▼]	51 911	80 225	75 255	1 190	2 848	1 198	3 378

PRODUCT INFORMATION

SPITSBERGEN TRAVEL GROUP

OTHER

(NOK 1 000)	2 nd quarter 2009	2 nd quarter 2008	Year to date 2009	Year to date 2008	2 nd quarter 2009	2 nd quarter 2008	Year to date 2009	Year to date 2008
Operating revenues	64 349	81 446	92 691	121 113	88 944	16 135	146 712	95 042
Contractual revenues	-	-	-	-	-	-	-	-
Total revenues	64 349	81 446	92 691	121 113	88 944	16 135	146 712	95 042
Payroll expenses	11 221	12 087	21 745	23 427	8 329	8 131	17 607	18 328
Depreciation and impairment	3 124	2 685	6 310	5 719	2 033	3 068	4 353	6 012
Other operating costs	35 161	40 880	53 764	65 812	23 274	16 476	46 630	68 860
Other losses/(gains) - net	-	-	-	-	257	(16 773)	230	(16 716)
Operating profit/ (loss)	14 843	25 794	10 872	26 155	55 051	5 233	77 892	18 558
Finance costs - net	(366)	426	(384)	711	7 734	(882)	(505)	(1 992)
Share of profit/ (loss) of associates	-	-	-	-	3 128	2 210	4 821	10 011
Profit/ (loss) before income tax on continued business	14 477	26 220	10 488	26 866	65 913	6 561	82 208	26 577
Profit/ (loss) before income tax on discontinued business	-	-	-	-	45 638	(437)	85 532	2 248
Profit/ (loss) before income tax	14 477	26 220	10 488	26 866	111 551	6 124	167 740	28 825
Operating profit/ (loss) before depreciation	17 967	28 479	17 182	31 874	57 084	8 301	82 245	24 570
Additional information								
Assets	326 929	278 000 [▼]	326 929	278 000	39 256 [▼]	1 530 471 [▼]	39 256	1 530 471
Assets held-for-sale	-	-	-	-	636 132	417 014	636 132	417 014
Liabilities	95 287	92 437 [▼]	95 287	92 437	11 160 [▼]	942 804 [▼]	11 160	942 804
Liabilities on assets held-for-sale	-	-	-	-	284 501	383 166	284 501	383 166
Investments during the period	4 733	794	5 833	4 662	21 517	1 800	25 496	62 100

PRODUCT INFORMATION (NOK 1 000)	ELIMINATIONS				HURTIGRUTEN GROUP			
	2 nd quarter 2009	2 nd quarter 2008	Year to date 2009	Year to date 2008	2 nd quarter 2009	2 nd quarter 2008	Year to date 2009	Year to date 2008
Operating revenues	(4 978)	(14 939)	(5 975)	(15 267)	900 485	868 291	1 289 462	1 306 199
Contractual revenues	-	-	-	-	57 155	41 392	220 355	162 378
Total revenues	(4 978)	(14 939)	(5 975)	(15 267)	957 640	909 683	1 509 817	1 468 577
Payroll expenses	-	-	-	-	194 670	213 923	380 019	398 614
Depreciation and impairment	-	-	-	-	79 212	76 076	157 165	155 561
Other operating costs	(4 978)	(14 939)	(5 975)	(15 267)	518 920	544 676	924 187	1 002 262
Other losses/(gains) - net	-	-	-	-	257	(16 773)	230	(16 716)
Operating profit/ (loss)	-	-	-	-	164 581	91 781	48 216	(71 144)
Finance costs - net	-	-	-	-	(56 690)	(67 590)	(114 454)	(127 193)
Share of profit/ (loss) of associates	-	-	-	-	3 128	2 210	4 821	10 011
Profit/ (loss) before income tax on continued business	-	-	-	-	111 019	26 401	(61 417)	(188 326)
Profit/ (loss) before income tax on discontinued business	-	-	-	-	45 638	(437)	85 532	2 248
Profit/ (loss) before income tax	-	-	-	-	156 657	25 964	24 115	(186 078)
Operating profit/ (loss) before depreciation	-	-	-	-	243 793	167 857	205 381	84 417
Additional information								
Assets	(101 472)	(90 227)	(101 472)	(90 227)	6 033 111	7 936 659	6 033 111	7 936 659
Assets held-for-sale	-	-	-	-	636 132	-	636 132	-
Liabilities	(101 472)	(90 227)	(101 472)	(90 227)	4 715 014	6 245 050	4 715 014	6 245 050
Liabilities on assets held-for-sale	-	-	-	-	284 501	-	284 501	-
Investments during the period	-	-	-	-	95 343	57 353	112 752	145 395

Non-GAAP financial information

(NOK 1 000, except passenger CN)	Q2 2009	Q2 2008	YTD 2009	YTD 2008
Passenger cruise nights	309 223	337 941	446 195	489 287
Round trip cruise nights	208 867	228 390	284 189	301 824
Port to port cruise nights	100 356	109 551	162 006	187 463
Available passenger cruise nights (APCN)	417 172	443 060	749 948	835 144
Occupancy rate	74,1 %	76,3 %	59,5 %	58,6 %
Passenger ticket revenues	568 473	598 075	747 670	792 677
Onboard revenues	104 375	102 360	144 020	149 426
Total revenues	672 848	700 435	891 690	942 103
Less:				
Commissions, transportation and other	131 814	134 115	198 642	203 787
Onboard	69 590	71 335	98 707	97 935
Net revenues	471 444	494 985	594 341	640 381
Gross ticket revenues per cruise night (NOK)	2 176	2 073	1 998	1 925
Net ticket revenues per cruise night (NOK)	1 525	1 465	1 332	1 309
			0	0
Total cruise operating expenses	455 406	487 867	793 455	830 178
Selling, general and administrative expenses	117 410	134 348	247 299	251 451
Gross cruise costs	572 816	622 215	1 040 754	1 081 629
Less:				
Commissions, transportation and other	131 814	134 115	198 642	203 787
Onboard	69 590	71 335	98 707	97 935
Net cruise costs	371 412	416 765	743 405	779 907
Gross cruise costs per APCN (NOK)	1 373	1 404	1 388	1 295
Net cruise costs per APCN (NOK)	890	941	991	934
Net cruise costs exclusive fuel per APCN (NOK)	750	776	822	757
Net cruise costs per cruise night (NOK)	1 201	1 233	1 666	1 594
Fuel consumption (thousand litre)	18 498	20 141	32 828	37 372
Fuel cost per litre (NOK)	2,99	3,98	3,64	3,79

Notes to the accounts

Note 1 Accounting policies

The interim financial report for the group includes Hurtigruten ASA with subsidiaries and associated companies. The interim financial report is prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial report does not include all information which will appear in the annual financial report which is prepared in accordance with all effective IFRS-standards, and should therefore be read in connection with the annual report for 2008.

The annual report 2008 for the group can be obtained through a request to the company main office or on the website www.hurtigruten.com. A description of the accounting policies applied in the interim financial reporting are described in the note of accounting policies in the annual report for 2008.

In the preparation of the interim financial report, estimates and assumptions have been applied, which has affected assets, liabilities, net income and costs. Actual figures can deviate from estimates applied.

Note 2 Classification of "discontinued business"

"Discontinued business" is a part of the business which is either sold or classified as held for sale. In accordance with IFRS 5 "Non current assets held for sale and discontinued operations", such items must be classified apart from other results through a separate line in the income statement. Corresponding assets and liabilities are presented (gross) apart from other assets and liabilities in the balance sheet.

Based on planned and completed divestment of businesses in the group; public transport, Bergenske Reisebyrå AS, and the groups share of profit from Nor Lines AS, are presented as "discontinued business". Comparative figures in the income statement for equivalent periods in 2008 have been restated in accordance with this principle. Income statement for discontinued business appears as follows:

(NOK 1 000)	2 nd quarter 2009	2 nd quarter 2008	YTD 2009	YTD 2008
Operating revenues	149 935	358 655	299 310	696 408
Payroll costs	50 901	149 585	128 465	305 234
Depreciation and impairment	10 347	31 253	20 605	62 502
Other operating costs	43 952	175 139	94 284	317 396
Other losses/(gains) - net	16	542	29 848	2 844
Operating profit/(loss)	44 751	3 220	85 804	14 120
Finance income	563	3 939	1 500	7 641
Finance costs	2 085	12 153	5 984	22 963
Finance costs - net	-1 522	-8 214	-4 484	-15 322
Share of profit/(loss) of associates	2 409	4 558	4 212	3 451
Profit/(loss) before income tax	45 638	-436	85 532	2 249
Income tax expense	11 410	-109	14 730	562
Profit/(loss)	34 228	-327	70 802	1 687

Assets held-for-sale, and liabilities on assets held-for-sale appears as follows:

(NOK 1 000)	30.06.2009	01.01.2009
Assets		
Tangible fixed assets	432 719	1 266 732
Intangible fixed assets	53 348	41 567
Financial fixed assets	91 784	88 566
Current assets	58 281	195 488
Assets held-for-sale	636 132	1 592 353
Liabilities		
Long-term liabilities	88 525	99 213
Provisions	35 586	53 568
Current liabilities	160 390	1 314 801
Liabilities on assets held-for-sale	284 501	1 467 582

Note 3 Financial risk management

There are potential risks and uncertainties that can affect the operation of the companies in the group in the remaining six months of the fiscal year. This may lead to actual results deviating from expected and historical results. Further information concerning the most important risks and uncertainties is disclosed in the latest annual report published on the website www.hurtigruten.com.

No essential changes in the financial risk management have been done since the annual report for 2008 was published.

Note 4 Information about segments

As a consequence of changes in the group's internal reporting structure, the segment reporting is altered as of the 1st of January 2009. Comparative numbers for 2008 is adapted.

With effect from 1 January, the Hurtigruten Norwegian coast and explorer cruise products have been the company's core activity and only business area. For reporting purposes, the company has resolved to specify operating profit before depreciation and impairment (EBITDA) for the three product areas of Hurtigruten coastal, MV Fram and Spitsbergen Travel group, in addition to other business. The group structure has been discontinued, and administrative functions previously reported under other business are now allocated to the various product areas in accordance with their scope. The company has also converted its financial reporting to industry standards for the cruise sector with adjustments. This is intended to provide better information about the key drivers in the company, and historical figures have been restated for comparative purposes. The reporting will be further developed during 2009. As a consequence of this there have been made some minor allocations between the product areas per second quarter 2009.

Note 5 Proceeds from and payments of borrowings

The company has clauses on financial covenants related to parts its loan portfolio regarding liquidity, capital adequacy and cash flow. These covenants must be met at the end of each quarter and the second covenant must be met on a running basis. At the date when the annual accounts for 2008 were presented, the company did not have all the terms of the financial restructuring in place. The company was accordingly unable to document at 31 December 2008 that it would not be in breach of the covenants during the next 12 months, and loans related to these covenants was thereby reclassified from

long-term to current liabilities at 31 December 2008. The financial restructuring plan for the company was entered into in February 2009. The loan portfolios related to these financial covenants accordingly are reclassified from current borrowings to long term borrowings.

According to financial covenants, the following conditions must be met:

- The group's working capital and unused credit facilities must be positive.
- The group must maintain a free liquidity of at least NOK 200 million over the lifetime of the loan.
- EBITDA must be greater than the group's annual debt obligation and dividend payments or the group's free liquidity (with credit facilities included) must be a minimum of NOK 350 million.
- An equity ratio of 22.5 per cent up to and including 30 June 2009, where the convertible bond issued by Hurtigruten ASA is treated as equity under the loan agreement. From 30 September 2009 up to and including 30 June 2010 the equity ratio must be 25 per cent, and from 30 September 2010 onwards the equity ratio must be 27.5 per cent.

Note 6 Changes to estimates

Loss on contracts relates to the contract with Troms county council for the operation of fast ferries and county road ferries. This contract yields a substantial deficit because the sharp rise in bunker costs and the actual development in passenger numbers do not give a right to regulate contractual revenues. The contract expired on 31 December 2007, but Troms county council had a unilateral right to extend the contract for three one-year periods. Two of these options have been exercised. According to IAS 37, a provision of NOK 59.4 million related to the contract was accordingly made at 31 December 2007. Due to further rise in bunker prices in the first half of 2008, an additional provision of NOK 30 million was made at 30 June 2008. Troms county council has in writing confirmed not to exercise the final one-year extension, and the contract will therefore terminate at 31 December 2009. The provision of NOK 19.8 million related to the last option period was accordingly reversed in the third quarter of 2008. By the end of second quarter 2009 a provision of NOK 14 million is remaining, and will be charged to income as the contract progresses in 2009.

Note 7 Contingent outcomes

In connection to the sale of the shares in Nor-Cargo Holding AS in 2004, the company comprehends that the capital gain should be recognised under the Norwegian tax exemption model, which involves a tax exemption for such gains. The Ofoten tax assessment office resolved in 2006 that the capital gain would not be recognised under this model, so that the gain became liable to tax. Hurtigruten included a provision of NOK 79 million for the possible tax liability in its 2006 accounts. The tax case was taken to court, where the view taken by the Ofoten tax assessment office was upheld. This judgement was appealed to the appeal court in November 2008. The court found in favour of the Hurtigruten ASA case that the capital gain should fall within the tax exemption model. The provision made for capital gains tax in the 2006 accounts was therefore reversed in the annual accounts for 2008. The entry is recognised as a tax charge on discontinued business. The government appealed the decision to the Supreme Court's appeals committee, which resolved on 17 March 2009 that the case will be considered by the court. The case is scheduled at 27 September 2009.

NOK 6 million in nitrogen oxide tax was charged to the first half accounts for 2009. Members of nitrogen oxide fund have collectively undertaken to reduce emissions of these gases by 30 000 tonnes in total, broken down into 2 000 tonnes in 2008, 4 000 tonnes in 2009 and 24 000 tonnes in 2010. The Norwegian Pollution Control Authority will monitor that the fund reaches its collective goals. If these are not met, the members

can be required to pay the full amount of the tax on their respective share of the emissions. This requirement will be calculated on the basis of the percentage share of the collective goals which fail to be achieved.

The Norwegian parliament (Stortinget) resolved in December 2008 to appropriate an additional NOK 125 million for the public procurement contract in 2008. This extra appropriation includes a calculated NOK 52 million in compensation for nitrogen oxide tax paid in 2007, a calculated NOK 7 million as 90 per cent of payments to the nitrogen oxide fund for the first half of 2008, and a calculated NOK 66 million as general compensation for 2008. The Ministry of Transport and Communications is due to submit a new proposal to the parliament on compensation for payments to the nitrogen oxide fund for the second half of 2008 and for 2009, in addition to continuing the general compensation. Per publication date such new proposal has not been put forward. A total of NOK 7 million was recognised as income in the fourth quarter of 2008 related to nitrogen oxide tax compensations for the second half 2008 and a total of NOK 44 million in the first half of 2009 related to the nitrogen oxide tax compensations as well as increased general compensation.

The general compensation is due to be maintained throughout the term of the existing contract unless the company's earnings from the contract substantially improve. The Ministry of Transport and Communications has assumed that the additional appropriation accords with the regulations on state aid. Should the Efta Surveillance Authority (ESA) consider that the payment conflicts with the European Union's rules on government subsidies, however, all or part of the compensation could be clawed back.

Note 8 Business influenced by seasonal factors

The Hurtigruten coastal operation is influenced by seasonal factors with the main season from May through September (more than 50 per cent occupancy). The itinerary and fleet of the company is the same the whole year with small adjustments. This is according to the Hurtigruten public procurement contract.

Explorer cruises with MV Fram is cyclic because the cruises are concentrated around three geographic areas (different parts of the year); Antarctica, Greenland and cruise between Antarctica and the Arctic. The Svalbard operation has a main season reaching from March through August. The activity is operated by the subsidiary Spitsbergen Travel.

Responsibility Statement

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2009 has been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of the Group's assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties transactions.

Narvik, 19 August 2009
The board of directors of Hurtigruten ASA

Sign.
Per Arne Watle
Chair

Sign.
Per Heidenreich
Deputy chair

Sign.
Merete Kristiansen
Member

Sign.
Berit Kjøll
Member

Sign.
Olaf Larsen
Member

Sign.
Helene Jebsen Anker
Member

Sign.
Anton Abrahamsen
Member

Sign.
Rigmor Sand
Member

Sign.
Olav Fjell
President and CEO