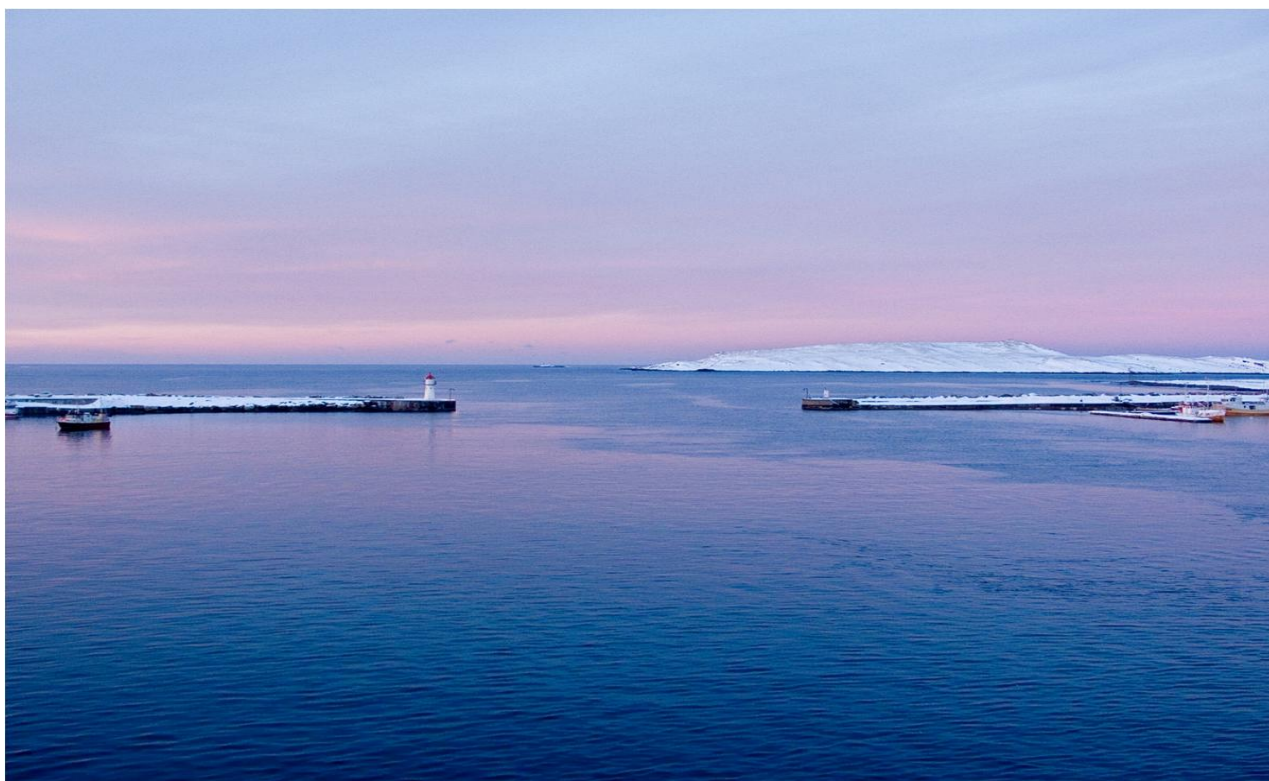


Interim report for the first quarter of 2010



Hurtigruten ASA

Interim report for the first quarter of 2010

Highlights of the first quarter

- Improvement in all core product areas: Hurtigruten Norwegian coast, m/v Fram and Spitsbergen
- Positive EBITDA
- Later start up than expected for m/v Finnmarken
- One-off profit from divestments in 2009

More winter guests resulted in NOK 53 million in additional revenue

The Hurtigruten Norwegian coast normally has a low number of guests in the first quarter, but an increased focus on winter traffic and the "Hunting the Light" concept has resulted in a significant passenger growth over the last four years. This growth took a major step forward in the first quarter of 2010 with almost 46 per cent more cruise nights on round-trips. Port-to-port traffic is again at the level of 2008, following the decrease in 2009. The growth in port-to-port traffic was 17 per cent in the first quarter. The group's operating profit before depreciation and amortisation was positive in the first quarter with NOK 17 million; an increase of NOK 44 million from 2009. Last year's accounts included a gain from the sale of operations. Pre-tax loss for the quarter was therefore not better than last year. The quarterly pre-tax loss was NOK 134 million, compared to a loss of NOK 133 million for the same period last year.

The following factors explain the main features of the operating profit before depreciation for the quarter:

- Passenger revenue for the Norwegian coast increased by NOK 53 million, while costs due to the higher number of guests only increased by NOK 22 million
- Sales and administration costs were NOK 26 million lower than last year
- Since m/v Finnmarken not entered service before 30 April, the contribution from the vessel chartering was NOK 18 million lower than last year as the m/v Nordnorge was in full operation during the entire quarter

The company believes the situation in the markets is beginning to normalise following the financial crisis. The booking situation is therefore much better than it was a year ago. As of 1 May, 19 per cent more cruise nights were booked than at the same time last year; with prices around the same level. Progress has been made in all markets, but especially in Germany, the Netherlands, Switzerland, England and the USA. Scandinavia also shows booking numbers above last year.

The structural changes continued in the first quarter, with the primary focus on operations in Germany and France. This work will be completed during the second quarter.

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

Interim accounts

Segment information

From 1 January 2010, the group's business segments (product areas) rose from three to four. These product areas are: Hurtigruten Norwegian coast, Explorer products, Spitsbergen and charter. Operations which do not naturally fall under these four areas are combined in Other business. For reporting purposes, the company has chosen to submit operating profit before depreciation and amortisation (EBITDA) for the four product areas. The business segments are reported in the same way as the internal reporting to the board of directors and company management.

Income statement

The Hurtigruten group had total operating revenues of NOK 728 million in the first quarter of 2010 (first quarter 2009: NOK 660 million). The increase is mainly due to more round-trips guests and more port-to-port traffic on the Norwegian coast. Higher number of cruise nights has also led to increased on board sales, especially related to excursions.

Consolidated operating costs before depreciation and amortisation increased by NOK 27 million, and ended on NOK 714 million in the first quarter (NOK 687 million). The increase is mainly due to start-up costs and the mobilisation of m/v Finnmarken to charter operation in Australia, and increased numbers of guests on the Norwegian coast.

The group had NOK 3 million in gain on sale in the first quarter, primarily related to the sale of workshop operations within the bus operations. There were no significant gains/losses classified as continued business last year.

Consolidated operating profit before depreciation and amortisation (EBITDA) in the first quarter was NOK 17 million (loss of NOK 27 million).

The quarter's depreciation and impairment amounted to NOK 90 million, compared with NOK 87 million in the first quarter of 2009.

Consolidated operating loss before interest and tax (EBIT) was NOK 72 million in the first quarter (loss of NOK 114 million).

Net financial expenses in the quarter were NOK 57 million (NOK 59 million).

The share of profit/loss from associated companies was reduced by NOK 8 million when compared with the corresponding period last year, and ended at a loss of NOK 5 million in the first quarter. The reduction is related to a reduced share of profit from the Nor Lines group as a result of lower turnover.

Consolidated pre-tax loss for the continued business was NOK 134 million in the first quarter (loss of NOK 169 million).

Consolidated pre-tax profit for the discontinued business were NOK 0.5 million (NOK 37 million). Discontinued business comprises the group's ferry and fast ferry operations and Bergenske Reisebyrå AS. The drop in profit is mainly due to gain from the sale of the travel agency operations in the first quarter of 2009 totaling NOK 27 million.

The consolidated pre-tax loss came to NOK 134 million in the first quarter (loss of NOK 133 million).

Cash flow

In the first quarter of 2010, the net negative cash flow from operational activities showed an improvement of NOK 101 million, compared to the same period in 2009. The improvement is primarily explained by improved operating profits before depreciation and amortisation during the period, positive changes in the group's working capital and reductions in interest payments and other items related to the group's financing.

Net cash flow from investment activities was reduced by NOK 466 million compared with the first quarter of 2009. The reduction is mainly due to the realisation of ferry, fast ferry and travel agency operations in the first quarter of 2009.

The net negative cash flow from financial activities shows an improvement of NOK 27 million compared with the first quarter of 2009. The improvement was mainly due to the financial restructuring completed in 2009, with a net addition of NOK 324 million, reduced for the repayment of debt related to operations sold in 2009.

Balance sheet and liquidity

In accordance with IFRS 5, assets and liabilities related to discontinued business are presented as "assets held-for-sale" and "liabilities related to assets held-for-sale". At 31 March 2010 the group's fast ferries were classified as "discontinued business". At 31 March 2009 the bus company, the travel agency operations and the share of Nor Lines group was also included in this statement. Both non-current and current assets related to operations are included in "assets held-for-sale". Similarly, both non-current and current liabilities are included in "liabilities related to assets held-for-sale".

Consolidated non-current assets totaled NOK 4 825 million at 31 March 2010 (31 December 2009: NOK 4 848 million).

Total current assets were NOK 1 263 million at 31 March 2010 (NOK 1 246 million). Working capital has been somewhat reduced since the end of the year, and was positive with NOK 602 million at 31 March 2010.

Liquid assets amounted to NOK 686 million at 31 March 2010 (NOK 461 million excluding restricted assets), compared to NOK 1 028 million at the end of 2009, including undrawn credit facilities (NOK 558 million excluding undrawn credit facilities and restricted assets).

At 31 March 2010, the group had "assets held-for-sale" of NOK 79 million (NOK 111 million). The reduction is mainly due to the sale of m/v Fjordprinsessen, m/v Vågsfjord and m/v Fjordronningen II in the first quarter of 2010.

At the end of March 2010, the group had total non-current liabilities of NOK 3 853 million (NOK 3 852 million).

Current liabilities amounted to NOK 661 million (NOK 586 million). The difference is primarily due to increased prepayment from customers, reduced by the decline in the group's trade payables and the public duties owed.

At 31 March 2010, the group had "liabilities related to assets held-for-sale" of NOK 95 million (NOK 110 million). The reduction is due to the repayment of debt in connection with the sale of three fast ferries and regular instalments for the two remaining fast ferries.

Consolidated equity at the end of March 2010 was NOK 1 557 million compared with NOK 1 657 million at the end of 2009. The equity ratio was 25.3 per cent (26.7 per cent at the end of 2009). Following redemptions related to the private placement and subsequent repair issues that were conducted in the first half of 2009, the group has a convertible bond loan totalling NOK 48.4 million, which is recognised as equity in relation to the

group's loan agreements. Including this the equity ratio at 31 March 2010 was 26.0 per cent.

Product areas

Hurtigruten Norwegian coast

The Hurtigruten Norwegian coast product area is Hurtigruten group's largest operation and accounts for approximately 60 per cent of the group's operating revenues in the first quarter. Operations in the first quarter were normal, while the corresponding quarter last year was marked by the grounding of the m/v Richard With in Trondheim on 6 January 2009. Because of the damage, the ship was out of operation until the beginning of April. The m/v Nordlys was taken out of lay-up and replaced the m/v Richard With during the period of 29 January to 25 March 2009. Operational regularity in the first quarter was 96.8 per cent, which is a significant improvement on last year's 88.8 per cent. The goal is 97 per cent for the year total. 50 per cent of the deviations were due to the weather. The number of cancellations due to the weather is equal to the number in 2009, so the improvement in 2010 is due to fewer cancellations caused by technical factors.

Operating revenue in the first quarter of 2010 was NOK 446 million (NOK 398 million). The increase is due to 33 per cent more cruise nights, which breaks down as an increase of 46 per cent on round-trips and 17 per cent on port-to-port traffic. The net price per cruise night is 2.5 per cent lower than in 2009. In the first quarter, round-trip passengers (Bergen-Kirkenes-Bergen) were the most important customer group for the Hurtigruten Norwegian coast economically. The number of cruise nights in the round-trip segment was 110 000 against 75 000 during the same period last year. The reason for the large increase in round-trips is both the focus on the winter product onboard and on marketing over the past five years. What is new in 2010 is that since late January, there have been 16 charter flights from Germany to Bergen for each departure of m/v Polarlys and m/v Kong Harald. This has been a great success. Partly because of this, the number of cruise nights in the German market increased by 37 per cent or 19 000 cruise nights, and with a total of 68 000 cruise nights, this is the largest round-trip market in the winter as well (a market share of 59 per cent). The largest percentile increase was in the English market, with an increase of 89 per cent (+ 10 000 cruise nights) and a market share of 19 per cent. The Norwegian market is the third largest with a share of six per cent. The increase in Norwegian cruise nights on round-trips was 21 per cent.

The increase in port-to-port traffic is due to improved operational regularity and improved booking services, both by phone and online. In the first quarter, the number of cruise nights in the port-to-port segment increased by 17 per cent to 72 000.

Capacity utilisation has been increased from 41.2 per cent in 2009 to 52.4 per cent in 2010. The increase in cruise nights has also led to an increase in onboard sales of 37 per cent (NOK 16 million). Contractual revenues from the government are somewhat lower than in the same quarter last year, due to price regulation mechanisms in the original contract.

Operating expenses amounted to NOK 358 million in the first quarter (NOK 340 million). Bunker expenses were reduced by NOK 10 million. This is due to lower prices.

Sales, marketing and administrative expenses were NOK 118 million in the quarter, compared to NOK 127 million in the corresponding quarter last year. The reduction is due to the overall reduced staffing and marketing expenses in connection with the restructuring programme. The internal distribution formula between Explorer products and the Norwegian coast has also changed from 2009 to 2010, which has led to an increased charge of NOK 16 million for the Norwegian coast, and a correspondingly decreased charge for Explorer.

Total operating expenses were NOK 476 million (NOK 468 million).

Operating loss before depreciation and amortisation (EBITDA) in the first quarter came to NOK 30 million, an improvement of NOK 40 million from the same quarter in 2009.

Explorer products

In the first quarter of 2010, m/v Fram's activities have been related to the Antarctica cruise until the beginning of March. Having finished the season in the Antarctic, the m/v Fram sailed directly back to Europe without passengers, and in April began the European cruise from Las Palmas. M/v Fram increased its number of cruise nights by nine per cent. Because of the longer season in the Antarctic the available capacity in the quarter increased by 13 per cent. As a result, capacity utilisation fell by two percentage points. The net price achieved per cruise night was four per cent lower than last year. A large proportion of the guests using the Explorer products come from Euro countries. Due to the depreciation of the Euro against the Norwegian kroner, foreign exchange losses on this product are relatively larger than on the Norwegian coast.

Total revenues in the first quarter were thus NOK 69 million, which is equivalent to the same quarter last year. Operating costs were also on par with last year following significant operational improvements throughout 2009. Sales and administrative costs were reduced through both the overall reduced staffing and marketing expenses in connection with the restructuring programme as well as the modified distribution formula in relation to the Norwegian coast.

Overall, this gave an operating profit before depreciation and amortisation (EBITDA) of NOK 21 million, which is NOK 14 million better than the same period last year.

Spitsbergen

Compared with the corresponding period in 2009, revenues from hotel operations and tour operations in the product area increased by NOK 4 million. Spitsbergen was the product area hit hardest by the financial crisis in the first quarter of 2009. The number of groups in Spitsbergen has increased. This affects hotel and tour revenues. Sales of food and beverage (F&B) per guest night increased again. The group's operating profit before depreciation and amortisation (EBITDA) in the first quarter was a loss of NOK 1 million (loss of NOK 5 million).

Charter

From 1 January 2010, operations related to the chartering of m/v Nordnorge in the first quarter of 2009 and m/v Finnmarken's corresponding operations in 2010 are classified in a new product area. In the first quarter of 2009, the m/v Nordnorge was contracted to the Adriatic. This contract ended on 13 August 2009. The first quarter of 2010 has been characterised by the preparation and mobilisation of the m/v Finnmarken for its duties as a hotel ship on the Gorgon field west of Australia. The ship sailed from Norway on 15 January and arrived in Fremantle, Australia on 2 March. The customer has paid mobilisation fees for this period. From 30 April, the ship has been in full operation on contract. This means that from the same date, the ship has been on full day rates. This will last for 18 months until 30 October 2011. The customer has a unilateral option to extend the contract for a further 18 months.

Compared with the corresponding quarter in 2009, the costs of this product area have increased significantly. This is because m/v Finnmarken has been in a mobilisation phase for chartering, while the m/v Nordnorge was in full operation throughout the same period in 2009. EBITDA came to NOK 12 million, a reduction of 18 million from last year.

Other business

Other business includes the group's bus operations through Cominor AS, as well as some smaller companies. In the quarter, Cominor has sold its workshop activities, which has resulted in a gain of NOK 3 million. The group's operating profit before depreciation and amortisation (EBITDA) in the first quarter was NOK 15 million (NOK 12 million).

Cominor AS is still under investigation, following the criminal charges put forward from Troms county council in May 2009. It has now been revealed that the charges is focusing on ambiguities surrounding compensation for incidental assistance driving. Discussions with Troms county council have been normalised.

Discontinued business

Discontinued business consists of the fast ferry operations in Troms, which were discontinued on 31 December 2009. Since 1 January 2010, two of the fast ferries have been leased to Veolia Transport Nord AS, the new operator on the Harstad – Tromsø route. In the first quarter, the rental agreement gave a profit of NOK 0.5 million. The contract has been extended to 17 May 2010. In addition, this area included the travel agency operations, which were sold last year for a profit of NOK 27 million. This largely explains the drop in profit of NOK 36 million from 2009.

Prospects

The measures completed last year to ensure revenue this year have achieved satisfactory results. Passenger numbers in the quarter were at a record high, and booking for all of 2010 is 19 per cent higher than at the same time last year. The Board is pleased with the volume increase in the first quarter, but in the long term, the goal is to ensure an equal number of passengers with higher ticket prices than achieved this winter.

The Board is satisfied that m/v Finnmarken has now entered operations on the coast of Australia. This guarantees a high, stable income for at least the next 18 months.

The last weeks have been marked by the volcanic ash from Iceland. No one could have predicted the effect this would have on the aviation industry, which is essential to the entire tourism industry. In the short term, this has not affected Hurtigruten economically. The company's costs for repatriation and cancellations have been more than offset by the increased port-to-port traffic. Possible long-term uncertainty due to an unstable airline situation will also affect Hurtigruten in a completely different way.

The outlook for the rest of the year is satisfactory, but bookings for the months of May and September are weaker than expected.

The restructuring work is now entering its final stage with the changes in Germany and France. This is the largest sales unit, so it is therefore essential that the restructuring is successfully completed. This work has been well planned and the Board is confident that effects from this section will become apparent during the second quarter of 2010.

The primary activities in 2010 are:

- Win the competition for the new tender for the Bergen – Kirkenes coastal service when a new invitation to tender is issued, providing the terms gives room for acceptable profitability.
- Regain lost market share in the port-to-port segment through new price models, new product concepts and effective campaigns. Hurtigruten wants to be the community-based company the coast deserves.
- Complete the restructuring programme.
- Ensure the profitability of the core product; Hurtigruten Norwegian coast.

The results for the first quarter of 2010 are encouraging, and it is stimulating to see the great progress made by the Hurtigruten Norwegian coast, which shows that focusing on winter as a unique product has been successful. The start of 2010 is in line with the expectations presented to the owners and banks during the refinancing in the winter of 2009. The Board is satisfied with the profit growth and will pursue the goal of healthy profitability in 2010.

Tromsø, 11 May 2010
The board of directors of Hurtigruten ASA

HURTIGRUTEN GROUP

Consolidated income statement

(NOK 1 000)	Note	1st quarter 2010	1st quarter 2009
Operating revenues		516 360	443 353
Contractual revenues	6	211 516	216 644
Total revenues		727 876	659 997
Payroll expenses		238 061	245 361
Depreciation and impairment losses		89 696	86 764
Other operating costs	6	475 884	441 804
Other losses/(gains) - net		(3 301)	(114)
Operating profit/ (loss)		(72 464)	(113 818)
Operating profit/ (loss) before depreciation		17 232	(27 054)
Finance income		12 999	34 774
Finance costs		(70 042)	(93 658)
Finance costs - net		(57 043)	(58 884)
Share of profit/ (loss) of associates		(4 659)	3 496
Profit/ (loss) before income tax on continued business		(134 166)	(169 206)
Income tax expense on continued business		(33 444)	(38 304)
Profit/ (loss) on continued business		(100 722)	(130 902)
Profit/ (loss) before income tax on discontinued business	2	499	36 662
Income tax expense on discontinued business	2	140	2 814
Profit/ (loss)		(100 363)	(97 054)
Attributable to minority interest		5 880	28 998
Earnings per share for profit attributable to the equity holders of the company;			
- basic		(0,25)	(0,37)
- diluted		(0,25)	(0,37)

Balance sheet

(NOK 1 000)

	Note	31.03.2010	01.01.2010	01.01.2009
Assets				
Tangible non-current assets		4 286 773	4 347 691	3 942 462
Intangible non-current assets		247 303	247 817	297 944
Financial non-current assets		291 164	252 652	63 251
Current assets		1 263 008	1 245 980	1 036 666
Assets held-for-sale	2	78 921	110 748	1 592 353
Total assets		6 167 169	6 204 888	6 932 676
Equity and liabilities				
Paid-in equity and retained earnings	5	1 265 695	1 370 451	946 808
Minority interest in equity		291 637	286 424	216 245
Total equity		1 557 332	1 656 875	1 163 053
Non-current liabilities	5	3 674 355	3 687 543	106 801
Provisions		178 844	164 387	172 003
Current liabilities	5	661 454	586 404	4 023 237
Liabilities on assets held-for-sale	2	95 184	109 679	1 467 582
Total liabilities		4 609 837	4 548 013	5 769 623
Total equity and liabilities		6 167 169	6 204 888	6 932 676

Equity

(NOK 1 000)	Note	1 st quarter 2010	1 st quarter 2009
Equity at the beginning of the period	5	1 656 875	1 163 053
Profit/ (loss) for the period		(100 363)	(98 744)
Private placement		-	313 850
Costs of private placement		-	(13 184)
Equity adjustments in associates		-	2 333
Derivative financial instruments at fair value		(4 223)	58 915
Other equity adjustments		5 043	22 891
Equity at the end of the period		1 557 332	1 449 114

Consolidatet cash flow statement

(NOK 1 000)	Note	1 st quarter 2010	1 st quarter 2009
Net cashflow from operating activities		(96 654)	(197 163)
Net cashflow from investment activities		12 603	478 590
Net cashflow from financing activities		(13 142)	(40 070)
Net increase/ (decrease) in cash and cash equivalents		(97 193)	241 357
Cash and cash equivalents overdrafts at the beginning of the period		557 704	362 558
Cash and cash equivalents overdrafts at the end of the period		460 511	603 915

PRODUCT INFORMATION	HURTIGRUTEN NORWEGIAN COAST		EXPLORER PRODUCTS		SPITSBERGEN	
	1st quarter 2010	1st quarter 2009	1st quarter 2010	1st quarter 2009	1st quarter 2010	1st quarter 2009
(NOK 1 000)						
Operating revenues	288 600	234 864	69 211	69 374	32 435	28 342
Contractual revenues	157 231	163 200	-	-	-	-
Total revenues	445 831	398 064	69 211	69 374	32 435	28 342
Payroll expenses	148 076	147 382	8 819	16 506	11 245	12 183
Depreciation and impairment	58 946	66 178	4 605	4 397	3 577	3 186
Other operating costs	327 692	320 444	39 569	46 432	21 917	21 563
Other losses/(gains) - net	-	-	-	-	-	-
Operating profit/ (loss)	(88 883)	(135 940)	16 218	2 039	(4 304)	(8 590)
Finance costs - net	(37 447)	(38 215)	(5 320)	(7 086)	58	(18)
Share of profit/ (loss) of associates	-	-	-	-	-	-
Profit/ (loss) before income tax on continued business	(126 330)	(174 155)	10 898	(5 047)	(4 246)	(8 608)
Profit/ (loss) before income tax on discontinued business	-	-	-	-	-	-
Profit/ (loss) before income tax	(126 330)	(174 155)	10 898	(5 047)	(4 246)	(8 608)
Operating profit/ (loss) before depreciation	(29 937)	(69 762)	20 823	6 436	(727)	(5 404)

PRODUCT INFORMATION	CHARTER		OTHER BUSINESS		ELIMINATIONS		HURTIGRUTEN GROUP	
	1st quarter 2010	1st quarter 2009	1st quarter 2010	1st quarter 2009	1st quarter 2010	1st quarter 2009	1st quarter 2010	1st quarter 2009
(NOK 1 000)								
Operating revenues	73 728	56 825	55 771	55 197	(3 385)	(1 248)	516 360	443 354
Contractual revenues	-	-	54 285	53 444	-	-	211 516	216 644
Total revenues	73 728	56 825	110 056	108 641	(3 385)	(1 248)	727 876	659 998
Payroll expenses	16 774	9 278	53 148	60 012	-	-	238 062	245 361
Depreciation and impairment	8 971	-	13 597	13 003	-	-	89 696	86 764
Other operating costs	44 984	17 996	45 107	36 617	(3 385)	(1 248)	475 884	441 804
Other losses/(gains) - net	-	-	(3 301)	(114)	-	-	(3 301)	(114)
Operating profit/ (loss)	2 999	29 551	1 505	(877)	-	-	(72 465)	(113 817)
Finance costs - net	(8 164)	-	(6 169)	(1 122)	-	-	(57 042)	(46 441)
Share of profit/ (loss) of associates	-	-	(4 659)	3 496	-	-	(4 659)	3 496
Profit/ (loss) before income tax on continued business	(5 165)	29 551	(9 323)	1 497	-	-	(134 166)	(156 762)
Profit/ (loss) before income tax on discontinued business	-	-	499	36 662	-	-	499	36 662
Profit/ (loss) before income tax	(5 165)	29 551	(8 824)	38 159	-	-	(133 667)	(120 100)
Operating profit/ (loss) before depreciation	11 970	29 551	15 102	12 126	-	-	17 231	(27 053)

Non-GAAP financial information Hurtigruten Norwegian coast

(NOK 1 000, except passenger CN)	Q1 2010	Q1 2009
Passenger cruise nights	181 781	136 972
Round trip cruise nights	109 774	75 322
Port to port cruise nights	72 007	61 650
Available passenger cruise nights (APCN)	346 686	332 776
Occupancy rate	52,4 %	41,2 %
Passenger ticket revenues	213 341	177 011
Onboard revenues	60 566	44 310
Total revenues	273 907	221 321
Less:		
Commissions, transportation and other	74 374	68 049
Onboard	40 302	30 190
Net revenues	159 231	123 082
Gross ticket revenues per cruise night (NOK)	1 507	1 616
Net ticket revenues per cruise night (NOK)	876	899
Total cruise operating expenses	357 519	340 445
Selling, general and administrative expenses	118 249	127 381
Gross cruise costs	475 768	467 826
Less:		
Commissions, transportation and other	74 374	68 049
Onboard	40 302	30 190
Net cruise costs	361 092	369 587
Gross cruise costs per APCN (NOK)	1 372	1 406
Net cruise costs per APCN (NOK)	1 042	1 111
Net cruise costs exclusive fuel per APCN (NOK)	873	906
Net cruise costs per cruise night (NOK)	1 986	2 698
Fuel consumption (thousand litre)	16 223	14 330
Fuel cost per litre (NOK)	3,40	4,45

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 2009.

The annual report 2009 for the group can be obtained through a request to the company's 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 2009.

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 sales of businesses in the group, the fast ferries are presented as "discontinued business" at 31 March 2010. At 31 March 2009 the ferry and fast ferry business and the travel agency operations were classified as "discontinued business". According to IFRS 5, comparative figures in the income statement for equivalent periods in 2009 have been restated in accordance with this principle. Income statement for discontinued business appears as follows:

(NOK 1 000)	1st quarter 2010	1st quarter 2009
Operating revenues	5 754	31 133
Payroll costs	897	9 976
Depreciation and impairment	0	1 347
Other operating costs	2 956	11 013
Other losses/(gains) - net	612	-29 744
Operating profit/(loss)	1 290	38 541
Finance income	0	599
Finance costs	791	2 478
Finance costs - net	-791	-1 879
Share of profit/(loss) of associates	0	0
Profit/(loss) before income tax	499	36 662
Income tax expense	0	0
Profit/(loss)	499	36 662

Assets and liabilities on discontinued business is presented as "assets held-for-sale", and "liabilities on assets held-for-sale" according to IFRS 5. At 31 March 2009 it also included the bus operation and the company's share from investment in Nor Lines group. Both non-current and current assets related to operations are included in "assets held-for-sale". Similarly, both non-current and current liabilities are included in "liabilities related to assets held-for-sale". "Assets held-for-sale", and "liabilities on assets held-for-sale" appears as follows:

(NOK 1 000)	31.03.2010	01.01.2010
Assets		
Tangible fixed assets	75 334	98 344
Intangible fixed assets	-	-
Financial fixed assets	-	1 549
Current assets	3 587	10 854
Assets held-for-sale	78 921	110 748
Liabilities		
Long-term liabilities	-	-
Provisions	-	449
Current liabilities	95 184	109 231
Liabilities on assets held-for-sale	95 184	109 679

Note 3 Financial risk management

There are potential risks and uncertainties that can affect the operation of the companies in the group. This may lead to actual results deviating from expected and historical results. 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 2009 was published.

Note 4 Information about segments

From 1 January 2010, the group's business segments (product areas) rose from three to four. These product areas are: Hurtigruten Norwegian coast, Explorer products, Spitsbergen and charter. Operations which do not naturally fall under these four areas are combined in Other business. For reporting purposes, the company has chosen to submit operating profit before depreciation and amortisation (EBITDA) for the four product areas. The business segments are reported in the same way as the internal reporting to the board of directors and company management.

Note 5 Proceeds from and payments of borrowings

The company has clauses on financial covenants related to parts of its loan portfolio regarding liquidity, solidity 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.

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 term 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 25 per cent from 30 September 2009 up to and including 30 June 2010. From 30 September 2010 onwards the equity ratio must be 27.5 per cent. The convertible bond issued by Hurtigruten ASA is treated as equity under the loan agreement.

An addendum to the agreement with the bank syndicate financing the Hurtigruten vessels was agreed in February 2009. This implies that no term instalment will fall due between March 2009 and December 2011. The deferred instalments are to be repaid on a pro rata basis together with the remaining instalments which mature from March 2012. The revised agreement contains a cash sweep condition which obligates Hurtigruten to use all free cash exceeding NOK 500 million at the end of the first quarter of each year to make repayments on the loan, starting in the first quarter of 2010. A repayment made in accordance with the cash sweep condition can only be drawn down again under the loan agreement by an amount equal to 50 per cent of the actual repayment made in the first quarter of 2010. No such drawdown right exists for a repayment made in accordance with the cash sweep condition in the first quarter of 2011. The Kystruten KS and Kirberg Shipping KS limited partnerships are also embraced by the cash sweep terms in relation to their proportionate share of debt.

Note 6 Contingent outcomes

NOK 3 million in nitrogen oxide tax was charged to the company in the first quarter of 2010. 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 fund has achieved the settled goals for 2008 and 2009. The Norwegian government, by the Ministry of business and industry, has suggested prolonging the NOx-agreement beyond 2010.

Stortinget (The Norwegian Parliament) 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 future payments to the nitrogen oxide fund, in addition to continuing the general compensation. 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, a total of NOK 78 million in 2009 and NOK 31 million in the first quarter of 2010 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. However, should the Efta Surveillance Authority (ESA) consider that the payment conflicts with the European Union's rules on government subsidies, all or part of the compensation could be demanded reimbursed.

One of the Hurtigruten group's associated companies, the Nor Lines group, cancelled contracts for building two cargo ships at Bharati Shipyard Limited in India in February 2010. A substantial delay (two years) in the delivery is the background for the cancellation. The contract price is about USD 15 million per ship, and two instalments totaling NOK 88 million have already been paid to the shipyard. In connection with the cancellation, Nor Lines has submitted a claim for repayment of the two instalments to Bharati Shipyard Limited and the State Bank of India, which has guarantee liabilities. Nor Lines does not expect to make

any loss related to the cancellation or to the instalments including interest. The instalments have been recognized within construction in the consolidated Nor Lines accounts at 31 December 2009. The claim has not been recognized in the accounts.

Criminal charges were brought against AS TIRB and its Cominor AS subsidiary in May 2009 by Troms county council. A complaint was filed with the court of conciliation in December 2009. The group has been ignorant of the details of these charges until January 2010, when it became aware that the companies are accused of charging too much for occasional assistance and unforeseen, unplanned driving. The total amount claimed is NOK 24 million. AS TIRB and Cominor AS take the view that the claim is groundless.

Note 7 Business influenced by seasonal factors

The Hurtigruten coastal operation is influenced by seasonal factors with the main season from May through September (more than 65 per cent occupancy). The itinerary and fleet of the company is, according to the Hurtigruten public procurement, the same the whole year, except from the November-March period. The exception is a consequence of the renegotiation of the public procurement contract with the government, where Hurtigruten has been given the opportunity to reduce the production by one ship on the Bergen-Kirkenes coastal service in this period.

Explorer cruises with m/v 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 group.

Note 8 Events after the balance sheet day

M/v Finnmarken chartered as a hotel ship

Hurtigruten ASA and Boskalis Australia Pty Limited signed a contract on 26 October 2009 for an 18-month charter of m/v Finnmarken, with an option for an 18-month extension. The ship will provide marine construction support services for Boskalis Australia Pty Limited on the Gorgon project off Western Australia. The total contract value is AUD 135 million for the 18-month period, including the charter of a supply ship to support the provision of services. This corresponds to about NOK 700 million. Because of delays, the planned start of operations was postponed, but the ship commenced full operation at the Gorgon field from 30 April 2010.

Lawsuit against Troms county council

Hurtigruten ASA took legal action on 2 July 2009 against Troms county council to secure a revision of the contract for operating fast ferries in Troms county. This claim relates to a supplementary payment of NOK 31.9 million for bunkers costs in 2008 and 2009. Nord Troms district court pronounced judgment in the lawsuit on 30 April 2010. Hurtigruten's claim was not met, and Hurtigruten must cover legal costs of NOK 200 000. The judgment will have no effect on the accounts or liquidity except from the legal costs. Hurtigruten considers appealing.