

Interim report for the first quarter of 2009



Hurtigruten ASA

Interim report for the first quarter of 2009

Highlights of the first quarter

- Results improved by NOK 80 million, loss of NOK 133 million
- Booking per 1 May down by 4.7% from a year ago
- Continued chartering of MV Nordnorge
- Downsizing implemented, cost programme on schedule
- Financial restructuring implemented

Improved results, but weaker bookings

The Hurtigruten service normally has a low occupancy in the first quarter, but a stronger focus on winter traffic and the Hunting the Light concept have yielded substantial passenger growth over the past four years. This expansion continued for the round trip segment in the first quarter of 2009, although the increase this year was weaker. Distance traffic declined substantially, primarily because of technical problems with a number of the ships during the first quarter and lower production. The pre-tax loss for the period was NOK 133 million, compared with a loss of NOK 212 million in the same quarter of 2008.

The following factors explain the improvement in the first quarter result from the same period of last year:

- NOK 42 million in increased revenues from the public procurement contract
- A net contribution of NOK 30 million from chartering MV Nordnorge
- NOK 27 million in sales gain from the travel agencies

These items added up to an improvement of NOK 99 million. Lower volume and price for distance travel and a reduced contribution from activities in Svalbard pulled results down.

Operating loss before depreciation and amortisation (EBITDA) were NOK 45 million higher than in the first quarter of 2008.

Hurtigruten can feel the global market unrest and the booking situation is more challenging than a year ago. Per 1 May 2009 the round trip bookings for the year are down by 4.7% compared with the same period last year and with lower prices. The decline is big in US, UK and France. The most important markets, Germany and the Nordics, are on par with last year.

Structural changes continued in the first quarter. The financial restructuring was put in place, and downsizing and cost reductions were implemented in the Nordic part of the land-based organisation. These developments are described below in the status report on the restructuring work.

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. This work is well under way, and will continue with undiminished vigour.

1) Increase revenues – Black Belt improvement programme

The Black Belt programme yielded substantial operational improvements during 2008. It is continuing through 2009, and will be merged with the New Structure cost-cutting programme.

2) Reduce debt – divestment of businesses outside the core business

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

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

The ferry and fast ferry business was transferred to Torghatten Nord AS on 5 January 2009, so that the balance sheet effect arose in the first quarter. Yielding a sales gain of NOK 27 million, the divestment of the travel agencies was implemented with accounting effect from February 2009.

The sales process is continuing for the bus business. Hurtigruten owns 71.3 per cent of the shares in AS TIRB, which operates the bus business through its subsidiary Cominor AS. In addition, the sale of Hurtigruten's 50 per cent holding in Nor Lines AS has been announced. The disposal of ships in today's market is difficult and MV Nordnorge, which is up for sale, is currently chartered to the oil industry.

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 reduced by 50 per cent and costs cut by NOK 150 million per annum, with full effect from 2010. The main elements are:

- Concentrating on Hurtigruten Norwegian coast and explorer products
- Centralisation of functions and services (marketing, administration, accounting and invoicing)
- Restructuring of the sales organisation – cutting call centres from eight to two, both of them outsourced and located in low-cost countries
- New booking system

Downsizing in the Norwegian part of the organisation was implemented during the first quarter. The programme is on schedule.

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 for the Bergen-Kirkenes coastal route. NOK 125 million was paid to the company in December 2008. This included NOK 59 million as 90 per cent compensation for nitrogen oxide tax paid in 2007 and the first

half of 2008. The annual payment under the same agreement was raised by NOK 66 million with effect from 2008. In the fourth quarter of 2008 a compensation for NOx-tax of NOK 7 million for the second half of 2008 was recognised as income. The amount has not been paid yet. The general compensation of NOK 66 million per year and 90 per cent compensation for nitrogen oxide tax will continue for the life of the contract. This agreement accordingly provides an increased payment totalling NOK 80 million for 2009. A total of NOK 31 million was recognised as income in the first quarter 2009 related to the general and nitrogen oxide tax compensations. The compensation for 2009 has not been approved by the Storting (parliament). Since the new and higher payment for 2008 was recognised in its entirety in December 2008, contract revenues rose by NOK 42 million in the first quarter, including index adjustment of the original contract.

The company has been given the opportunity to remove a Hurtigruten vessel from the service in the winter season. MV Nordlys was laid up from 1 November 2008 to 29 January 2009. It then returned to service as a replacement for MV Richard With, which was docked after running aground on 6 January. The ministry is currently working on criteria for a new competitive tendering process for the Bergen-Kirkenes coastal service. No decision has been taken on when this 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. After the implementation of subsequent share issues, the results were:

- New share capital totalling NOK 392 million. The largest shareholders subscribed to a private placement of NOK 314 million, while other shareholders, employees and convertible bondholders subscribed for NOK 78 million in the subsequent issues.
- A bridging loan of NOK 300 million running to the end of 2009.
- No installments for three-year for the NOK 3.3 billion syndicated loan, subject to possible repayments through a cash sweep solution.
- No repayment element for three years in the bareback charter fees paid to Kystruten KS and KirBerg Shipping KS, but both participate in the cash sweep solution.
- The convertible bond loan of NOK 150 million has been reduced to NOK 48 million, with free of interests in 2009 followed by accumulation of interest payments until redemption of the loan in June 2012.
- A new bond loan of NOK 51 million has been raised in connection with the share offer to the bondholders. This loan runs for three years at an annual interest rate of 10 per cent.

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

Interim accounts

Business area

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. Reporting will be further developed during 2009.

The business area had 12 ships at 31 March 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, MV Nordnorge was assigned by the explorer cruise business area in the Antarctic. At March 2009, this vessel was chartered as a hotel ship for Aker Solutions ASA in the Adriatic – currently until 16 June 2009 but with opportunities for further prolonging. MV Nordnorge will not operate in the Norwegian coastal service in the summer of 2009. The vessel will be replaced by MV Nordstjernen. The latter's planned cruise activities around Svalbard will be taken over by MV Expedition (chartered for Svalbard).

Income statement

Hurtigruten had total operating revenues in the first quarter of NOK 552 million (first quarter of 2008: NOK 559 million). Contract revenues were NOK 42 million higher than in the same period of last year. This reflects increased compensation from the Ministry of Transport and Communications under the public procurement contract for Hurtigruten. Other revenues fell by NOK 49 million, primarily as a result of operating only one ship in the Antarctic, reduced earnings in Svalbard and a decline in distance passengers. Round trip revenues were on a par with 2008, while income from chartering (MV Nordnorge) contributed to reduce the decline in total operating revenues.

Operating expenses before depreciation and amortisation for the company declined by NOK 52 million to NOK 591 million in the first quarter (NOK 642 million). This reduction primarily reflects a fall in bunkers consumption and port fees as a result of lower production with 10 ships in operation. The decline in oil prices had no significant effect in the first quarter because of hedge contracts entered into during the fourth quarter of 2008.

There are no significant losses or gains in the first quarter of 2009 and of 2008 classified as continued business.

The operating loss before depreciation and amortisation (EBITDA) for the first quarter was NOK 38 million (loss of NOK 83 million).

Depreciation and impairment charges for the quarter totalled NOK 78 million (NOK 79 million).

The operating loss before interest and tax (EBIT) was NOK 116 million for the first quarter (loss of NOK 163 million).

Net financial expenses for the quarter were NOK 58 million (net expenses of NOK 60 million). The level of interest rates and total debt declined from the same period of last year. That reduced financial expenses, but the cost of interim financing and of implementing the financial restructuring plan contributed to increase expenses.

Share of profit from associated companies is reduced by NOK 6 million compared with first quarter of 2008, from NOK 8 million to NOK 2 million. The decline is due to reduced profit after divesting the associated company Nor-Cargo Limited. The shares was sold in fourth quarter 2008.

The pre-tax loss for the continued business was NOK 172 million for the quarter (loss of NOK 215 million).

Pre-tax profit for the discontinued business was NOK 40 million (profit of NOK 3 million). These activities include public transport, Bergenske Reisebyrå AS and Nor Lines AS. Most of the result improvement comes from NOK 27 million in sales gain from the travel agencies.

The pre-tax loss in the first quarter was NOK 133 million (loss of NOK 212 million).

Cash flow

Net negative cash flow from operational activities improved by NOK 3 million from the same period of 2008.

Net cash flow from investing activities improved by NOK 538 million from the first quarter of 2008. The improvement is primarily because of the disposal of the ferry and fast ferry operation and the travel agencies during the first quarter of 2009.

Net negative cash flow from financing activities improved by NOK 19 million from the same period of last year, primarily owing to net receipts of NOK 301 million from share issue. That applies only to the private placement, since the subsequent issues were not completed during the first quarter. The positive cash flow from share issue was reduced by the repayment of debt related to businesses divested in 2009.

Balance sheet and liquidity

As a consequence of the planned and implemented divestment of businesses by the company, the public transport business area and Nor Lines AS were classified at 31 March 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 held-for-sale" and "liabilities related to assets held-for-sale" at 31 March 2009. Both current and non-current assets and liabilities are included in the respective items.

Fixed assets totalled NOK 4 570 million at 31 March (at 31 December 2008: NOK 4 304 million). This change reflects the reclassification of MV Nordnorge from assets classified as held-for-sale to fixed assets.

Current assets at 31 March totalled NOK 1 334 million (NOK 1 037 million). Working capital rose by 3 575 million from 31 December 2008, and came to NOK 588 million. This growth primarily reflects reclassification of loans from current liabilities to non-current liabilities as a consequence of the approval of the financial restructuring plan. The company can accordingly document not to breach the financial covenants the next 12 months.

Liquid assets were NOK 926 million at 31 March including unused part of credit facility (NOK 604 million excluding restricted cash), compared with NOK 528 million at the end of 2008 (NOK 363 million excluding restricted cash). The change primarily reflects the private placement of NOK 301 million net in the first quarter of 2009. The positive liquidity effect of the issue was reduced by a negative cash flow from operational activities.

The group had assets of NOK 615 million classified as held-for-sale at 31 March 2009 (NOK 1 592 million). The change reflects the sale of the ferry and fast ferry business, the travel agencies and that MV Nordnorge is reclassified from assets held-for-sale to continued business under fixed assets.

The group's total non-current liabilities at 31 March amounted to NOK 3 901 million (NOK 107 million). This change reflects reclassification of loans from current liabilities to non-current liabilities as a consequence of the approval and the carrying through of the financial restructuring plan. The company can accordingly document not to breach the financial covenants the next 12 months.

Current liabilities came to NOK 745 million (NOK 4 023 million). The change relates primarily to reclassification of loans from current liabilities to non-current liabilities as a consequence of the approval of the financial restructuring plan. The company can accordingly document not to breach the financial covenants the next 12 months.

The group had liabilities of NOK 307 million related to assets held-for-sale at 31 March 2009 (NOK 1 460 million). The reduction is due to divestment of the ferry and fast ferry business and Bergenske Reisebyrå AS, as well as loans financing MV Nordnorge is reclassified from "liabilities related to assets held-for-sale" to continues business under non-current liabilities.

The group had an equity at 31 March 2009 of NOK 1 449 million (NOK 1 163 million), and an equity ratio of 22.2 per cent (16.8 per cent). Following redemptions related to the private placement implemented during the first quarter, Hurtigruten ASA has a convertible bond loan totalling NOK 96.5 million which is regarded as equity in relation to the company's loan agreements. Including this, the equity ratio at 31 March was 23.6 per cent.

Product areas

Hurtigruten coastal

The Hurtigruten product area is the largest activity in Hurtigruten ASA and accounted for about 70 per cent of its operating revenues during the first quarter. Operations in this period were affected by the grounding of MV Richard With in Trondheim on 6 January. The damage sustained kept this vessel out of service until the beginning of April. MV Nordlys was remobilised to replace MV Richard With from 29 January to 25 March. The quarter was also affected by other technical operational disruptions, with faults in the gear/propeller system on MV Trollfjord as the most serious. The latter led to the cancellation of two sailings. Operating regularity during the quarter was 88.8 per cent, which is below target. 70.5 per cent of the variance reflected technical conditions, while 18.4 per cent was caused by bad weather.

Operating revenues in the first quarter of 2009 came to NOK 398 million (first quarter of 2008: NOK 386 million). The major part of this increase reflects higher compensation from the government following the renegotiation of the public procurement contract. Contractual revenues were up by a total of NOK 42 million from the first quarter of last year. Supplementary compensation of NOK 132 million from the government for 2008 was recognised in its entirety in December 2008. Round trip passengers (Bergen-Kirkenes-Bergen) again represented the most important customer group for Hurtigruten in financial terms during the first quarter. The number of cruise nights in the round trip segment totalled 75 322, compared with 73 434 in the same period of last year – an increase of 2.6 per cent. In connection with the introduction of a new booking system, the method used to calculate cruise nights for the round trip segment was changed and adapted to the actual count on the ships. Historical figures for cruise nights in 2008 have been restated accordingly for comparative purposes. The increase in round trip cruise nights reflects a conscious commitment to sales campaigns for the traditionally weak winter months, where price has been used as an instrument in addition to the launch of a new product – Hunting the Light – focused on the Northern Lights. Cruise nights in the distance passenger segment declined by 21 per cent from the first quarter of 2008, from 77 912 to 61 650. This fall primarily reflected reduced production as a result of technical faults and bad weather. Reduced production accounted for 15 per cent of available cruise nights, which fell from 392 084 in the first quarter of 2008 to 332 776. Occupancy increased from 38.6 to 41.2 per cent. However, reduced production does not explain the whole decline and a number of measures have been launched to boost distance traffic. Examples include a new web commitment to this segment through the www.velgogseil.no site, a summer campaign in Norway and the launch of a new online booking system in the second half of 2009.

Gross cruise costs came to NOK 340 million in the first quarter (NOK 343 million). Bunker costs declined as a result of the reduced production volume and consequent fall in fuel consumption. The average price of bunker increased during the quarter because of hedging transactions conducted in the fourth quarter of 2008.

Sales, marketing and administrative costs were NOK 128 million (NOK 117 million). This increase reflects higher marketing costs to offset the decline in volume, particularly for the summer season.

Total expenses were NOK 468 million (NOK 460 million).

The operating loss before depreciation and impairment (EBITDA) for the first quarter was NOK 70 million, an improvement of NOK 4 million from the same period of 2008.

MV Fram

Activity related to MV Fram is no longer defined as a separate business area from 2009 (explorer cruise), but as a separate product area. Operations for this vessel during the first quarter relates to cruises in the Antarctic until the beginning of March. After the Antarctic season ended, MV Fram sailed directly back to Europe without passengers, and initiated its Europe cruise from Las Palmas in April. Revenues and cruise nights for the vessel increased during the 2009 Antarctic season. This is due to cancellation of one departure in the first quarter of 2008 related to an engine breakdown and shorter season in the Antarctic this year. The costs of steaming directly to Las Palmas was lower than for the Pole to Pole cruise conducted in 2008. Operating revenues totalled NOK 69 million in the first quarter, up by NOK 15 million from the same period of 2008. Operating expenses were reduced by NOK 15 million through such measures as adjusting sailing routes, lower crew costs and a decline in bunkers consumption and price.

This added up to an operating profit before depreciation and impairment (EBITDA) of NOK 7 million, an improvement of NOK 30 million from the same period of 2008.

Spitsbergen Travel group

Compared with the same period of 2008, operating revenues from hotel and excursion operations by the Spitsbergen Travel group declined by NOK 11 million. This is the first time the company has experienced a reversal for its activities in Svalbard. The Norwegian market for meetings and experiences contracted in the first quarter compared with the same period of 2008. That affected both hotel and excursion sales. Food and beverage (F&B) sales per guest night also fell during the quarter. The operating loss before depreciation and impairment (EBITDA) was NOK 1 million (profit of NOK 3 million).

Other

Activity related to the chartering of MV Nordnorge during the first quarter of 2009 and similarly the vessels' activity in the Antarctic during the first quarter of 2008 are classified as other business. In addition a limited portfolio of property comes 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 MV Nordnorge as a hotel ship in the Adriatic. This agreement ran until 5 April 2009, with options for prolonging. Aker Solutions has exercised options to prolong the charter until 16 June 2009.

Operating profit before depreciation and impairment (EBITDA) for other business was NOK 25 million for the first quarter (NOK 10 million). This improvement primarily reflects the charter of MV Nordnorge to Aker Solutions ASA.

Discontinued business

On the basis of the planned and implemented divestment of businesses in the group, the whole of the public transport business area, Bergenske Reisebyrå AS and Nor Lines AS were classified as discontinued business at 31 March 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 first quarter came to NOK 40 million (NOK 3 million). This increase primarily reflects improved earnings from fast ferry operation in Troms county as a result of reduced bunker prices, and post-sale settlement for the ferry and fast ferry business. The bus business conducted through AS TIRB showed some decline related to reduced financial income, while actual operation was stable. Nor Lines AS showed an improvement related to increased freight volumes. The product information embraces the balance for the ferry and fast ferry business for the year 2008 as continued business.

Prospects

A demanding year is faced in 2009. Global market unrest means fewer passengers and lower prices. Substantial market measures have been initiated and will be further intensified to safeguard volumes as much as possible during the year.

The new Polar Global booking system has been introduced in the Nordic region, and the new department in Tallinn (outsourced) is moving into normal operation after a rapid but challenging start-up phase. The downsizing programme is on schedule. The next phase is in the UK/USA and Germany/rest of Europe.

Hurtigruten is a strong brand which stands among tourists for real experiences in unique waters. 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 shorter voyages will be intensified through the better availability via on-line booking and marketing campaigns.

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

The board believes it will take some time to create satisfactory profitability in Hurtigruten, particularly when the market is as difficult as it is today.

However, the financial platform which has been created provides a good basis for implementing the rest of the programme which is intended to yield a focused and profitable Hurtigruten company. This programme is being implemented as planned, and restructuring will characterise the whole of 2009 and part of 2010.

MV Trollfjord, 13 May 2009
The board of directors of Hurtigruten ASA

HURTIGRUTEN GROUP

Consolidated income statement

(NOK 1 000)	Note	1 st quarter 2009	1 st quarter 2008	Year to date 2009	Year to date 2008
Operating revenues		388 976	437 909	388 976	437 909
Contractual revenues	7	163 200	120 987	163 200	120 987
Total revenues		552 176	558 896	552 176	558 896
Payroll expenses		185 349	184 691	185 349	184 691
Depreciation and impairment losses		77 953	79 486	77 953	79 486
Other operating costs	7	405 265	457 586	405 265	457 586
Other losses/(gains) - net		(27)	58	(27)	58
Operating profit/ (loss)		(116 364)	(162 925)	(116 364)	(162 925)
Operating profit/ (loss) before depreciation		(38 411)	(83 439)	(38 411)	(83 439)
		-	-	-	-
Finance income		34 514	47 872	34 514	47 872
Finance costs		(92 277)	(107 474)	(92 277)	(107 474)
Finance costs - net		(57 763)	(59 602)	(57 763)	(59 602)
		-	-	-	-
Share of profit/ (loss) of associates		1 693	7 801	1 693	7 801
Profit/ (loss) before income tax on continued business		(172 434)	(214 726)	(172 434)	(214 726)
Income tax expense on continued business		(38 810)	(54 103)	(38 810)	(54 103)
Profit/ (loss) on continued business		(133 624)	(160 623)	(133 624)	(160 623)
Profit/ (loss) before income tax on discontinued business	2, 6	39 893	2 685	39 893	2 685
Income tax expense on discontinued business	2, 7	3 320	671	3 320	671
Profit/ (loss)		(97 051)	(158 609)	(97 051)	(158 609)
Attributable to minority interest		28 998	13 564	28 998	13 564
Earnings per share for profit attributable to the equity holder of the company;					
- basic		(0,37)	(6,27)	(0,37)	(6,27)
- diluted		(0,37)	(6,27)	(0,37)	(6,27)

Balance sheet

(NOK 1 000)

		31.03.2009	01.01.2009	01.01.2008
Assets				
Tangible fixed assets		4 198 120	3 942 462	5 646 381
Intangible fixed assets		290 943	297 944	339 681
Financial fixed assets		80 495	63 251	160 133
Current assets		1 333 782	1 036 666	1 567 934
Assets held-for-sale	2	615 459	1 592 353	-
Total assets		6 518 799	6 932 676	7 714 129
Equity and liabilities				
Paid-in equity and retained earnings	5, 9	1 210 537	946 808	1 548 944
Minority interest in equity		238 577	216 245	226 479
Total equity		1 449 114	1 163 053	1 775 423
Long-term liabilities	5	3 901 073	106 801	4 231 581
Provisions		116 046	172 003	434 427
Current liabilities	5	745 344	4 023 237	1 272 699
Liabilities on assets held-for-sale	2, 6	307 223	1 467 582	-
Total liabilities		5 069 686	5 769 623	5 938 707
Total equity and liabilities		6 518 799	6 932 676	7 714 129

Equity

(NOK 1 000)		1 st quarter 2009	1 st quarter 2008
Equity at the beginning of the period	5	1 163 053	1 775 423
Profit/ (loss) for the period		(98 744)	(164 910)
Private placement	9	313 850	-
Costs of private placement		(13 184)	-
Equity adjustments in associates		2 333	-
Derivative financial instruments at fair value		58 915	6 510
Other equity adjustments		22 891	1 648
Equity at the end of the period		1 449 114	1 618 671

Consolidatet cash flow statement

(NOK 1 000)		1 st quarter 2009	1 st quarter 2008
Net cashflow from operating activities		(197 163)	(200 323)
Net cashflow from investment activities		478 590	(59 259)
Net cashflow from financing activities		(40 070)	(59 268)
Net increase/ (decrease) in cash and cash equivalents		241 357	(318 850)
Cash and cash equivalents overdrafts at the beginning of the period		362 558	827 039
Cash and cash equivalents overdrafts at the end of the period		603 915	508 189

PRODUCT INFORMATION	HURTIGRUTEN COASTAL		MV FRAM		SPITSBERGEN TRAVEL GROUP	
	1 st quarter 2009	1 st quarter 2008	1 st quarter 2009	1 st quarter 2008	1 st quarter 2009	1 st quarter 2008
(NOK 1 000)						
Operating revenues	234 477	265 382 0	69 387	54 281 0	28 342	39 667
Contractual revenues	163 200	120 987 0	-	- 0	-	-
Total revenues	397 677	386 369 0	69 387	54 281 0	28 342	39 667
Payroll expenses	147 083	141 667 0	18 459	21 487 0	10 524	11 340
Depreciation and impairment	68 028	67 977 0	4 420	5 530 0	3 186	3 034
Other operating costs	320 742	318 389 0	43 568	55 902 0	18 603	24 932
Other losses/(gains) - net	-	- 0	-	- 0	-	-
Operating profit/ (loss)	(138 177)	(141 665) 0	2 940	(28 638) 0	(3 971)	361
Finance costs - net	(42 441)	(52 017) 0	(7 066)	(6 760) 0	(18)	285
Share of profit/ (loss) of associates	-	- 0	-	- 0	-	-
Profit/ (loss) before income tax on continued business	(180 618)	(193 682) 0	(4 126)	(35 398) 0	(3 989)	646
Profit/ (loss) before income tax on discontinued business	-	- 0	-	- 0	-	-
Profit/ (loss) before income tax	(180 618)	(193 682) 0	(4 126)	(35 398) 0	(3 989)	646
Operating profit/ (loss) before depreciation	(70 148)	(73 687)	7 360	(23 108)	(785)	3 395
Additional information						
Assets	4 082 007	4 584 440 0	507 852	831 362 0	302 828	278 000
Assets held-for-sale	-	- 0	-	- 0	-	-
Liabilities	4 115 283	4 078 282 0	452 466	578 185 0	85 663	92 437
Liabilities on assets held-for-sale	-	- 0	-	- 0	-	-
Investments during the period	11 141	23 344 0	958	530 0	1 100	3 868

PRODUCT INFORMATION

(NOK 1 000)	OTHER		ELIMINATIONS		HURTIGRUTEN GROUP	
	1 st quarter 2009	1 st quarter 2008	1 st quarter 2009	1 st quarter 2008	1 st quarter 2009	1 st quarter 2008
Operating revenues	57 768	78 907 0	(997)	(328) 0	388 976	437 909
Contractual revenues	-	- 0	-	- 0	163 200	120 987
Total revenues	57 768	78 907 0	(997)	(328) 0	552 176	558 896
Payroll expenses	9 278	10 197 0	-	- 0	185 349	184 691
Depreciation and impairment	2 320	2 945 0	-	- 0	77 953	79 486
Other operating costs	23 355	58 692 0	(997)	(328) 0	405 265	457 586
Other losses/(gains) - net	(27)	58 0	-	- 0	(27)	58
Operating profit/ (loss)	22 842	7 015 0	-	- 0	(116 364)	(162 925)
Finance costs - net	(8 239)	(1 110) 0	-	- 0	(57 763)	(59 602)
Share of profit/ (loss) of associates	1 693	7 801 0	-	- 0	1 693	7 801
Profit/ (loss) before income tax on continued business	16 296	13 706	-	-	(172 434)	(214 726)
Profit/ (loss) before income tax on discontinued business	39 893	2 685 0	-	- 0	39 893	2 685
Profit/ (loss) before income tax	56 189	16 391 0	-	- 0	(132 541)	(212 041)
Operating profit/ (loss) before depreciation	25 162	9 960	-	-	(38 411)	(83 439)
Additional information						
Assets	1 104 840	1 974 366 0	(94 187)	(42 159) 0	5 903 340	7 626 009
Assets held-for-sale	615 459	- 0	-	- 0	615 459	-
Liabilities	203 238	1 300 593 0	(94 187)	(42 159) 0	4 762 463	6 007 338
Liabilities on assets held-for-sale	307 223	- 0	-	- 0	307 223	-
Investments during the period	4 210	60 300 0	-	- 0	17 409	88 042

Non-GAAP financial information

(NOK 1 000, except passenger CN)	Q1 2009	Q1 2008
Passenger cruise nights	136 972	151 346
Round trip cruise nights	75 322	73 434
Port to port cruise nights	61 650	77 912
Available passenger cruise nights (APCN)	332 776	392 084
Occupancy rate	41,2 %	38,6 %
Passenger ticket revenue	179 179	204 069
Onboard revenues	41 371	44 322
Total revenues	220 550	248 391
Less:		
Commissions, transportation and other	66 712	69 672
Onboard	31 061	27 241
Net revenues	122 777	151 478
Gross ticket revenue per cruise night (NOK)	1 610	1 641
Net ticket revenue per cruise night (NOK)	896	1 001
Total cruise operating expenses	339 878	342 952
Selling, general and administrative expenses	127 947	117 103
Gross cruise costs	467 825	460 056
Less:		
Commissions, transportation and other	66 712	69 672
Onboard	31 061	27 241
Net cruise costs	370 052	363 142
Gross cruise costs per APCN	1 406	1 173
Net cruise costs per APCN	1 112	926
Net cruise costs exclusive fuel per APCN	908	735
Fuel consumption (thousand litre)	14 330	17 231
Fuel cost per litre (NOK)	4,48	3,57

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 sales of business 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)	1 st quarter 2009	1 st quarter 2008
Operating revenues	139 044	324 572
Payroll costs	69 988	144 806
Depreciation and impairment	10 158	31 081
Other operating costs	44 420	137 866
Other losses/(gains) - net	26 613	0
Operating profit/(loss)	41 091	10 819
Finance income	858	3 560
Finance costs	3 859	10 587
Finance costs - net	(3 001)	(7 027)
Share of profit/(loss) of associates	1 803	(1 107)
Profit/(loss) before income tax	39 893	2 685
Income tax expense	3 320	671
Profit/(loss)	36 573	2 014

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

(NOK 1 000)	31.03.2009	01.01.2009
Assets		
Tangible fixed assets	432 789	1 266 732
Intangible fixed assets	44 168	41 567
Financial fixed assets	92 343	88 566
Current assets	46 159	195 488
Assets held-for-sale	615 459	1 592 353
Liabilities		
Provisions	57 676	53 568
Long-term liabilities	98 413	99 213
Current liabilities	151 134	1 314 801
Liabilities on assets held-for-sale	307 223	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. 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 2008 was published.

Note 4 Information about segments

As a consequence of changes in the groups 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. Reporting will be further developed during 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 non-current to current liabilities at 31 December 2008. The financial restructuring plan for the company was entered into in February 2009, which includes a new instalment profile and new conditions. The company can in this manner document not to breach the

financial covenants the next 12 months. The loan portfolios related to these financial covenants accordingly are reclassified from current borrowings to non-current 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 first quarter 2009 a provision of NOK 21 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 3 million in nitrogen oxide tax was charged to the first quarter 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 per centage share of the collective goals which fail to be achieved.

The Norwegian Storting (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 Storting 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 31 million in the first quarter 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.

Note 9 Events after the balance sheet date

On 20 February, the extraordinary general meeting resolved to reduce the share capital by NOK 250 million through a reduction in the nominal value of each share from NOK 10 to NOK 1. The same meeting approved the raising of NOK 314 million through the issue of 314 million shares to existing shareholders. The new share capital after registration of the capital increase was NOK 341 593 130, divided between 341 593 120 shares. The same meeting mandated the board to decide on a subsequent share issue up to NOK 170 million. At a meeting on 2 March, the board resolved to implement subsequent issues towards i) existing shareholders at 22 December 2008 who did not participate in the private placement, ii) existing holders of the company's convertible bond loan who did not participate in the private placement, and iii) employees in the group. The subscription period for the subsequent issues was from 9 March to 17.30 on 20 March 2009. The Company received and registered subscriptions for a total of 78 666 033 new shares in addition to a total of NOK 24 047 000 in the Company's new bond loan. As a consequence of the subscription of unites in the tranche directed towards owners of the Company's convertible bond loan, a total of NOK 48 094 000 of the convertible loan will be redeemed or repurchased. The share capital increase was registered in the Norwegian Registry of Business Enterprises on 3 April 2009. After the registration the Company's share capital is NOK 420 259 163 consisting of 420 259 163 shares each with a nominal value of NOK 1.00.