

Interim report for the fourth quarter of 2010 and preliminary annual accounts for 2010



Hurtigruten ASA

Interim report for the fourth quarter of 2010

Highlights of 2010 – first profit for Hurtigruten ASA

- Pre-tax profit NOK 22 million, up NOK 50 million from 2009
- Operating profit before depreciation and impairment (EBITDA) up by NOK 129 million. Improvement for all product areas
- Cruise nights up by 11 per cent from 2009
 - round-trip cruise nights up 14 per cent
 - port-to-port cruise nights up seven per cent
- Strong Norwegian krone reduced pre-tax profit by NOK 140 million
- Norwegian coast product area remains unprofitable. M/v Finnmarken charter is crucial until the new public procurement contract is in place
- Hurtigruten was sole bidder for the Coastal service state contract

Highlights of the fourth quarter

- Traditionally the weakest period of the year
- Cruise nights up by 17 per cent from 2009
 - round-trip cruise nights up 28 per cent
 - port-to-port cruise nights up five per cent
- Lower prices as a result of tactical pricing
- Operating result before depreciation and impairment (EBITDA) improved by NOK 74 million, first-ever fourth-quarter profit
- Good Antarctic season for m/v Fram and charter revenues from m/v Finnmarken pushed up results
- 50 per cent interest in Nor Lines AS sold

2010 – The year Hurtigruten resolved the winter code

A profit in 2010 was promised in the 2009 refinancing of the company. That goal has now been met, despite a strong krone and the late start-up of charter operations in Australia. The most gratifying development during 2010 was nevertheless the increase in cruise nights during the winter season. Hurtigruten has normally had low occupancy in the first and fourth quarters, but an increased focus on winter traffic and the Hunting the Light concept have yielded substantial passenger growth over the past four years. Cruise nights in the first quarter of 2010 were up by no less than 46 per cent from the year before. The corresponding increase for the fourth quarter was 28 per cent.

The pre-tax loss for the fourth quarter was NOK 105 million, compared with NOK 181 million in the same period of 2009.

Pre-tax profit for 2010 as a whole was NOK 22 million, compared with a loss of NOK 28 million in 2009. This improvement primarily reflected the increase in the number of cruise nights along the Norwegian coast, the charter for m/v Finnmarken, and lower sales and administrative costs.

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

Interim accounts

Segment information

The group's product areas from 1 January 2010 are Hurtigruten Norwegian coast, Explorer products, Spitsbergen and Charter. Activities which do not fall naturally into these four areas are grouped in other business. For reporting purposes, the group has opted to present operating profit before depreciation (EBITDA) for the four product areas. These are reported in the same way as internal reporting to the company's board and executive management.

Income statement

The Hurtigruten group had total operating revenues in the fourth quarter of NOK 709 million (2009: NOK 561 million). This increase primarily reflects the charterparty in Australia. Operating revenues for the Hurtigruten product area declined during the period. The increase in cruise nights failed to yield revenue growth because of a strong krone exchange rate and tactical. Overall revenues for 2010 as a whole came to NOK 3 788 million (2009: NOK 3 396 million). Hurtigruten Norwegian coast contributed a solid increase in revenues for the full year as a result of volume growth in every quarter. In addition the m/v Finnmarken charterparty yields increased revenue.

Consolidated operating expenses before depreciation and impairment were NOK 671 million in the fourth quarter (2009: NOK 592 million). This increase was solely attributable to the charterparty in Australia. A substantial part of these costs are reduced through onward invoicing. The Norwegian coast, m/v Fram and Spitsbergen all had lower operating costs in the fourth quarter compared with the same period of 2009. For 2010 in total, operating expenses before depreciation and impairment were NOK 3 211 million (2009: 2 938 million). The increase for 2010 related primarily to the charterparty, but more passengers and thereby higher crewing also boosted costs for the ships along the Norwegian coast for the full year. Fuel costs rose as a result of oil price increases during the year as well as higher bunkers consumption because of more operational working days.

Other gains and losses in the fourth quarter of 2010 amounted to a gain of NOK 4 million (2009: loss of NOK 1 million). The net gain for the year as a whole totalled NOK 8 million (2009: loss of NOK 2 million). The gain for the quarter and the year as a whole derived from the sale of the workshop operation in the bus business.

Consolidated profit before depreciation and impairment (EBITDA) was NOK 42 million (2009: loss of NOK 32 million) for the fourth quarter. This improvement reflects a bigger contribution from the charterparty in Australia. Consolidated EBITDA for the year as a whole was NOK 585 million (2009: NOK 455 million), an improvement of NOK 129 million. All product areas contributed to the increase.

Depreciation and impairment totalled NOK 91 million (2009: NOK 99 million) for the quarter and NOK 360 million (2009: NOK 360 million) for the full year.

The consolidated operating loss before interest and tax (EBIT) was NOK 49 million (2009: loss of NOK 131 million) for the fourth quarter. EBIT was positive at NOK 224 million (2009: NOK 96 million) for the full year.

Net financial expenses were NOK 52 million (2009: NOK 60 million) for the fourth quarter and NOK 208 million (2009: NOK 213 million) for the year as a whole.

The share of profit/loss from associated companies was a loss of NOK 4 million (2009: profit of NOK 3 million) for the quarter. For 2010 as a whole, the share of loss from associated companies was NOK 1 million (2009: profit of NOK 11 million). This decline primarily reflects reduced earnings from Funn IT AS, which is owned 50 per cent by Hurtigruten, as a result of substantial investments in quality systems, capacity and expertise during the quarter and for the year as a whole.

The consolidated pre-tax loss for the continued business was NOK 105 million (2009: loss of NOK 188 million) for the fourth quarter. For the year as a whole, the consolidated pre-tax profit was NOK 15 million (2009: loss of NOK 107 million).

Consolidated pre-tax profit for the discontinued business was NOK 0.5 million (2009: NOK 7 million) in the fourth quarter, and embraced chartering-out of two fast ferries in Troms county and the lower share of profit from the Nor Lines group owned 50 per cent by Hurtigruten. In the full year, consolidated pre-tax profit for the discontinued business was NOK 6 million (2009: NOK 78 million). This reduction reflected the winding-up and sale of the fast ferries that previously operated in Troms County, a decline in the share of profit from Nor Lines, and the sale of Bergenske Reisebyrå AS. The last of these yielded a sales gain of NOK 27 million in February 2009. Hurtigruten ASA sold its interest in Nor Lines AS to Det Stavangerske Dampskibsselskap ASA with accounting effect from 31 December 2010. The sale yielded an accounting gain, but decline in profit in Nor Lines gave a net loss of NOK 1 million.

The consolidated pre-tax loss came to NOK 105 million (2009: loss of NOK 181 million) in the fourth quarter. For 2010 as a whole, consolidated pre-tax profit came to NOK 22 million (2009: loss of NOK 28 million). Hurtigruten ASA showed a pre-tax profit for the first time since the 2006 merger.

Cash flow

Net cash flow from operational activities during the fourth quarter increased by NOK 75 million from the same period of 2009. That primarily reflected an increase in the group's working capital as a result of increased trade and other receivables. Net cash flow from operating activities for the year as a whole rose by NOK 150 million from 2009.

Net cash flow from investing activities was NOK 25 million weaker than in the fourth quarter of 2009. Net cash flow from investing activities for the year as a whole declined by NOK 450 million compared with 2009. The settlement for the sale of the ferry and fast ferry business in 2009 goes a long way towards explaining this change.

Net cash flow from financing activities increased by NOK 74 million from the same quarter of 2009. This increase primarily reflected an overdraft repayment in October 2009, and that further loans of NOK 15 million were raised by the group's bus business in fourth quarter of 2010. Net cash flow from financing activities for the year as a whole improved by NOK 42 million from 2009.

Balance sheet and liquidity

As a consequence of the planned and implemented divestment of businesses by the group, the fast ferry business and the holding in Nor Lines AS were pursuant to IFRS 5 classified at 31 December 2010 as discontinued business. Bergenske Reisebyrå AS was also classified as discontinued business at 31 December 2009.

Pursuant to IFRS 5, assets and liabilities related to discontinued business are presented as "assets classified as held for sale" and "liabilities related to assets classified as held for sale" at 31 December 2010. Both current and non-current assets or liabilities related to these businesses are included in the respective items.

Consolidated fixed assets totalled NOK 4 581 million at 31 December (2009: NOK 4 848 million). This change relates divestment of the interest in Nor Lines AS and ordinary depreciation reduced by acquisitions for the year of the group's fixed assets.

Current assets at 31 December totalled NOK 1 692 million (2009: NOK 1 223 million). Working capital improved by NOK 226 million from 31 December 2009 to reach NOK 863 million at 31 December 2010. Its rise primarily reflects increased receivables related to the

charter for m/v Finnmarken. The group's working capital includes current interest-bearing debt.

Liquid assets were NOK 731 million at 31 December (2009: NOK 492 million excluding restricted assets), compared with NOK 1 025 million at 31 December 2009, including undrawn drawing rights (2009: NOK 558 million excluding undrawn drawing rights and restricted assets). The change primarily reflects the fact that the group had NOK 225 million in undrawn drawing rights at 31 December 2009, which it cancelled during the first quarter of 2010.

At 31 December, the group had assets classified as held for sale of NOK 68 million (2009: NOK 111 million). This reduction reflects the sale of the three fast ferries in the first quarter of 2010.

The group's total non-current liabilities at 31 December amounted to NOK 3 871 million (2009: NOK 3 852 million).

Current liabilities came to NOK 739 million (2009: NOK 586 million). This change relates primarily to increased accounts payable in connection with m/v Finnmarken's charter.

At 31 December, the group had liabilities of NOK 83 million related to assets classified as held for sale (2009: NOK 110 million). This reduction reflects the redemption of debt in connection with the sale of three fast ferries as well as ordinary instalments for the two remaining fast ferries.

Consolidated equity at 31 December was NOK 1 648 million (2009: NOK 1 634 million). The equity ratio was 26.0 per cent (2009: 26.4 per cent). Following redemptions related to the private placement and the subsequent repair issues implemented during the first half of 2009, the group has a convertible bond loan totalling NOK 48.4 million which is regarded as equity in relation to its loan covenants. Including this, the equity ratio at 31 December was 26.7 per cent.

Product areas

Hurtigruten Norwegian coast

The Hurtigruten Norwegian coast product area is the largest activity in Hurtigruten ASA and accounted for about 53 per cent of its operating revenues in the fourth quarter and 63 per cent for the year as a whole. M/v Kong Harald was laid up at the beginning of November as part of the reduced service provision during the November-March period permitted under the renegotiated public procurement contract.

Operating regularity during the fourth quarter was 96 per cent, slightly below the target of 97 per cent. This reflected technical challenges with m/v Nordstjernen during October and bad weather along the coast of Finnmark. Regularity came to 95.9 per cent for the year as a whole. Much of the shortfall was related to technical challenges with the two oldest ships, m/v Lofoten and m/v Nordstjernen.

Operating revenues in the fourth quarter came to NOK 373 million (2009: NOK 381 million). The reduction reflected lower prices during the quarter because of a strong krone and tactical price campaigns. For the year as a whole, operating revenues came to NOK 2 369 million (2009: NOK 2 294 million). The NOK 74 million increase reflected growth of 11 per cent in the number of cruise nights.

Round-trip passengers (defined as those who visit both of the terminus ports of Bergen and Kirkenes during a voyage) represent the most important customer category for Hurtigruten

in financial terms, while port-to-port passengers (who travel part of the route) are the largest category in terms of numbers on an annual basis.

The round trip segment recorded 84 527 cruise nights (2009: 66 296) for the fourth quarter, an increase of 28 per cent. However, the level of netprices was reduced by 20 per cent per cruise night in fourth quarter 2010, primarily because of strong Norwegian krone and the fact that price was used as an instrument during the year to get more guests on board. The tactical use of pricing had a greater effect in the first quarter than in the fourth. The overall effect of a good growth in volume and reduced prices was a small decline of NOK 10 million in passenger related revenues. The port-to-port segment recorded 69 297 guest nights (2009: 65 775) in the fourth quarter, an increase of five per cent.

For the year as a whole, cruise nights rose by 14 per cent to 676 168 for round trips and by seven per cent to 393 636 for port-to-port travel. Total cruise nights came to 1 069 804 (2009: 962 026), an increase of 11 per cent. The biggest growth was in the first quarter, at no less than 46 per cent for round trips and 17 per cent for port-to-port passengers. The net price level per cruise night declined by six per cent in 2010 because the Norwegian krone was strong throughout the year and because tactical price campaigns were pursued during the first and fourth quarter. The latter resulted in lower average prices. Prices in local currency have been stable.

Operating expenses came to NOK 409 million for the fourth quarter (2009: NOK 420 million). This change derived mainly from lower sales and administrative costs on land in the wake of the restructuring. For the year as a whole, operating expenses totalled 2 110 million (2009: NOK 2 047 million). The primary reason for this rise was growth in the number of cruise nights, which boosted crewing on the ships, commission payments and the cost of goods. The rise in oil prices also had an effect, although the total impact was reduced by long-term hedging transactions.

The operating loss before depreciation and impairment (EBITDA) was NOK 37 million for the fourth quarter, NOK 2 million better than the same period of last year. EBITDA for the full year was positive at NOK 259 million (2009: NOK 248 million).

Explorer products/m/v Fram

M/v Fram was used for cruising in the Antarctic during the fourth quarter. Activity for this vessel was changed in 2010, with the Greenland season halved from the year before. Instead, it was used as the second ship in Spitsbergen in place of the chartered m/v Expedition in 2009. In connection with operations in Spitsbergen, m/v Fram was chartered out to the Spitsbergen Travel AS subsidiary from 1 June to mid-July. This makes the figures for the product area *m/v Fram* and product area Spitsbergen hard to compare with last year. All KPIs below, such as cruise nights and average prices for *m/v Fram*, includes the period the ship has been in operation at Spitsbergen.

Cruise nights on m/v Fram declined by four per cent in fourth quarter compared with 2009. At the same time, net prices rose by five per cent so that the level of earnings remained unchanged. For the year as a whole, cruise nights on m/v Fram came to 64 213 – up by two per cent from 2009. Shortening the Greenland season and transferring to Svalbard for part of the summer season were important for the prices achieved, which rose by nine per cent for the year as a whole. This was achieved despite the price challenge facing European cruising.

Operating revenues totalled NOK 55 million (2009: NOK 55 million) in the fourth quarter and NOK 242 million (2009: NOK 269 million) for the year as a whole. Operating expenses came to NOK 43 million (2009: NOK 46 million) in the fourth quarter and NOK 188 million (2009: NOK 265 million). Changes to the product combined with higher prices and lower operating costs, as well as a relatively lower share of sales and administrative costs, yielded a solid improvement of NOK 50 million in EBITDA for the year as a whole and ended at NOK 54

million. This came to NOK 11 million (2009: NOK 9 million) for the fourth quarter. M/v Fram was profitable on its own account for the first time.

Spitsbergen

Operating revenues were NOK 8 million (2009: NOK 17 million) for the fourth quarter and NOK 201 million (2009: NOK 200 million) for the year as a whole. At the same time, operating expenses declined by NOK 7 million in the quarter and NOK 15 million for the year as a whole. EBITDA for the fourth quarter was negative with NOK 10 million (2009: negative at NOK 9 million). EBITDA for 2010 as a whole was NOK 37 million, up by NOK 15 million from the year before.

The main reason for the EBITDA improvement for the whole year was a better contribution from using m/v Fram for cruising in Spitsbergen instead of the chartered m/v Expedition in 2009. Total capacity in Spitsbergen nevertheless declined from 2009 because m/v Fram had a shorter season than m/v Expedition the year before. That is why revenues did not increase. The reduction in expenses thereby represents the main reason for the positive EBITDA development. Margins for the meeting and conference product in Spitsbergen declined because a larger proportion of sales occurs via travel agencies and a stronger pressure on prices.

Vessel chartering

Operations related to the chartering of m/v Nordnorge in 2009 and m/v Finnmarken's corresponding activity in 2010 have been classified since 1 January 2010 in a separate product area. M/v Nordnorge's charter in the Adriatic terminated on 13 August 2009. M/v Finnmarken was under full charter on the Gorgon field off western Australia during the fourth quarter of 2010. This means that the vessel has served under the full day rate since the field began production on 30 April 2010, and this will last until 30 October 2011. The charterer has a unilateral option to extend the term by a further 18 months on the same terms as the initial 18-month period.

Operating revenues in the fourth quarter were NOK 182 million. No revenues were recorded for this product area in 2009. For 2010 as a whole, operating revenues were NOK 591 million compared with NOK 202 million in 2009 when m/v Nordnorge went off-charter on 13 August. Operating expenses increased correspondingly to NOK 109 million for the quarter and NOK 415 million (2009: NOK 83 million) for the year as a whole. EBITDA was NOK 73 million for the fourth quarter, up by NOK 79 million from 2009, and NOK 176 million (2009: NOK 118 million) for the year as a whole. This profitability has been crucial for Hurtigruten ASA while awaiting the conclusion of a commercially interesting public procurement contract with the government for the Norwegian coast product area.

Other business

Other business comprises Hurtigruten's 71.3 per cent holding in the TIRB group, which provides bus services through Cominor AS. The latter occupies a challenging position characterised by strong competition over new competitive tenders. Activity was somewhat lower than in 2009, which meant reduced revenues but also cut operating expenses. EBITDA was NOK 4 million (2009: NOK 11 million) for the fourth quarter and NOK 59 million (2009: NOK 64 million) for the year as a whole. This decline largely reflects reduced revenues from scheduled bus services as a result of reduced contract revenues due to lower production and lost tenders. Costs are also reduced. AS TIRB and its Cominor subsidiary are still under investigation following criminal charges laid by Troms county council in May 2009. These charges relate to ambiguities over the remuneration of casual support driving. It is not clear when a final decision by the police can be expected. The dialogue with Troms county council has been placed on a normal footing.

Discontinued business

On the basis of the divestment of businesses by the group, Hurtigruten's 50 per cent holding in Nor Lines was classified at 31 December 2010 as discontinued business. Hurtigruten AS sold its interest in Nor Lines AS to Det Stavangerske Dampskibsselskap ASA with accounting effect from 31 December 2010. The decline on NOK 72 million in profit before tax from 2009 reflected the weak development in results for Nor Line because of declining freight volumes, and the winding-up of the fast ferry business in Troms on 31 December 2009. In addition, the 2009 result incorporated a gain of NOK 27 million from the sale of Bergenske Reisebyrå AS on 23 February 2009.

The company's two remaining fast ferries have been chartered since 1 January 2010 to Veolia Transport Nord AS, the new operator of the Tromsø-Harstad service. This charterparty has been extended for the moment to 28 February 2011.

Outlook

The winter code was finally resolved in 2010. The improvement, particularly in the first quarter, has been good over the past five years, but really picked up in 2010. Customer surveys show that satisfaction with the product is generally higher in the winter than in the summer. This demonstrates that the focus on a seasonal tailoring of the product has been successful.

Another important milestone was the reversal of the negative trend for port-to-port travel through increased attention to this segment and a simplification of product and distribution. The pricing structure has been simplified from January 2011 through a shift to per-day prices. Growth has been achieved in all segments, such as local commuters, courses and conferences, and the short-holiday market.

The outlook for 2011 is satisfactory. Cruise nights booked for the year are up 27 per cent from the same point of last year. Every month is showing growth.

Principal activities in 2011 will be:

- complete negotiations with the government over a new public procurement contract for the Coastal service for Bergen – Kirkenes
- strong focus on cost cutting measures both on shore and on board the ships
- ensure the profitability of the core product – Hurtigruten Norwegian coast.

The financial restructuring in February 2009 as well as the charter for m/v Finnmarken were important, but short-term, measures in building a platform for profitability. A new public procurement contract with the government on commercial terms will be important for a sustainable profitability.

Results for 2010 were as planned in the restructuring work and in the expectations presented to shareholders and banks in connection with the refinancing during the winter of 2009. The board is continuing its efforts to ensure that Hurtigruten meets its target of good profitability in 2011.

Tromsø, 15 February 2011

The board of directors of Hurtigruten ASA

HURTIGRUTEN GROUP

Consolidated income statement

(NOK 1 000)	Note	4th quarter 2010	4th quarter 2009	Year to date 2010	Year to date 2009
Operating revenues		502 784	350 386	3 215 457	2 809 488
Contractual revenues	6	206 597	210 540	572 403	586 069
Total revenues		709 381	560 926	3 787 860	3 395 557
Payroll expenses		253 648	222 269	1 055 079	975 039
Depreciation and impairment losses		91 064	98 810	360 105	359 714
Other operating costs	6	417 518	369 874	2 156 115	1 963 028
Other losses/(gains) - net		(3 539)	1 230	(7 890)	1 993
Operating profit/ (loss)		(49 310)	(131 257)	224 451	95 783
Operating profit/ (loss) before depreciation		41 754	(32 447)	584 556	455 497
Finance income		18 636	13 350	70 928	103 294
Finance costs		(70 877)	(72 942)	(279 395)	(316 696)
Finance costs - net		(52 241)	(59 592)	(208 467)	(213 402)
Share of profit/ (loss) of associates		(3 877)	3 275	(757)	10 752
Profit/ (loss) before income tax on continued business		(105 428)	(187 574)	15 227	(106 867)
Income tax expense on continued business		(38 447)	(60 381)	(9 105)	(35 888)
Profit/ (loss) on continued business		(66 981)	(127 193)	24 332	(70 979)
Profit/ (loss) before income tax on discontinued business	2	499	6 617	6 341	78 390
Income tax expense on discontinued business	2	(1 408)	1 853	228	14 498
Profit/ (loss)		(65 074)	(122 429)	30 445	(7 087)
Attributable to minority interest		(644)	24 266	22 120	89 865
Earnings per share for profit attributable to the equity holders of the company					
Earnings per share (NOK):					
Continued business		(0,16)	(0,36)	0,01	(0,46)
Discontinued business		0,00	0,01	0,01	0,18
Total		(0,15)	(0,35)	0,02	(0,28)
Diluted earnings per share (NOK):					
Continued business		(0,16)	(0,36)	0,01	(0,46)
Discontinued business		0,00	0,01	0,01	0,18
Total		(0,15)	(0,35)	0,02	(0,28)

Consolidated statement of comprehensive income (NOK 1 000)	Note	4th quarter 2010	4th quarter 2009	Year to date 2010	Year to date 2009
Net profit/(loss)		(65 074)	(122 429)	30 445	(7 087)
Other comprehensive income:					
Actuarial gain/loss on retirement benefit obligations		-	-	-	-
Cash flow hedges		(3 123)	39 019	(4 001)	128 866
Currency translation differences		4 646	2 563	(2 467)	9 874
Other equity adjustments		(11 539)	(1 872)	(4 503)	17 443
Other comprehensive income		(10 016)	39 710	(10 971)	156 183
Total comprehensive income		(75 090)	(82 719)	19 474	149 096

Balance sheet

(NOK 1 000)

	Note	31.12.2010	01.01.2010	01.01.2009
Assets				
Tangible fixed assets		4 163 328	4 347 691	3 942 462
Intangible fixed assets		259 526	247 817	196 396
Deferred income tax assets		69 789	53 862	101 548
Investments in associates		26 177	136 478	28 466
Derivative financial instruments		31 601	-	-
Other long-term financial assets		30 816	62 312	34 785
Total non current assets		4 581 237	4 848 160	4 303 657
Inventories		72 918	75 340	67 784
Trade and other receivables		887 980	339 020	482 415
Derivative financial instruments		-	8 537	72 230
Cash and cash equivalents		731 109	800 116	414 237
Total current assets		1 692 007	1 223 012	1 036 666
Assets of disposal group classified as held-for-sale	2	68 076	110 748	1 592 353
Total assets		6 341 320	6 181 920	6 932 676
Equity and liabilities				
Paid-in equity	5	1 151 947	1 151 947	1 024 594
Other paid-in equity	5	123 573	106 612	11 628
Retained earnings / (uncovered loss)	5	84 314	92 685	(89 414)
Sum of capital and reserves attributable to equity holders of the company		1 359 835	1 351 244	946 808
Minority interest in equity		288 126	282 663	216 245
Total equity		1 647 962	1 633 907	1 163 053
Borrowings	5	3 688 418	3 687 543	48 794
Deferred income tax liabilities		13 367	25 099	39 783
Retirement benefit obligations		126 721	117 739	126 270
Derivative financial instruments		35 143	15 766	58 007
Provisions for other liabilities and charges		7 367	5 783	5 950
Total non-current liabilities		3 871 017	3 851 930	278 804
Trade and other payables		709 803	529 297	505 074
Current income tax liabilities		13 419	7 484	16 023
Derivative financial instruments		-	20 739	100 952
Borrowings		15 785	13 884	3 371 188
Provisions for other liabilities and charges		-	15 000	30 000
Total current liabilities		739 007	586 404	4 023 237
Liabilities of disposal group classified as held-for-sale	2	83 333	109 679	1 467 582
Total liabilities		4 693 358	4 548 013	5 769 623
Total equity and liabilities		6 341 320	6 181 920	6 932 676

Consolidated statement of changes in equity

(NOK 1 000)	Share capital	Share premium	Other paid-in capital	Retained earnings	Total paid-in and retained capital	Minority interests	Total equity
Balance at 1 January 2009	274 497	750 098	11 628	(97 863)	938 361	224 694	1 163 055
Net profit/(loss) at 30 september 2009	-	-	-	49 743	49 743	65 599	115 342
Other comprehensive income							
Currency translation differences	-	-	-	7 899	7 899	-	7 899
Cash flow hedges, net after tax	-	-	128 865	-	128 865	-	128 865
Actuarial gain/loss on retirement benefit obligations (after tax)	-	-	-	-	-	-	-
Other equity adjustments	-	-	-	(2 437)	(2 437)	-	(2 437)
Other comprehensive income, net of tax	-	-	128 865	5 462	134 327	-	134 327
Total comprehensive income, net of tax	-	-	128 865	55 205	184 070	65 599	249 669
Transactions with owners							
Proceeds from the issue of ordinary shares	392 516	-	-	-	392 516	-	392 516
Costs related to the issue of new shares	-	(15 476)	-	-	(15 476)	-	(15 476)
Change in convertible loan – equity component	-	-	9 083	-	9 083	-	9 083
Reduction of share capital	(249 688)	-	-	249 688	-	-	-
Change in minority interests SPE	-	-	-	-	-	(32 611)	(32 611)
Total transactions with owners	142 828	(15 476)	9 083	249 688	386 123	(32 611)	353 512
Balance at 30 September 2009	417 325	734 622	149 576	207 030	1 508 554	257 682	1 766 236
Net profit/(loss) 4th quarter 2009	-	-	-	(146 695)	(146 695)	24 266	(122 429)
Other comprehensive income							
Currency translation differences	-	-	-	3 102	3 102	-	3 102
Cash flow hedges, net after tax	-	-	(42 964)	-	(42 964)	-	(42 964)
Actuarial gain/loss on retirement benefit obligations (after tax)	-	-	-	29 249	29 249	715	29 964
Other comprehensive income, net of tax	-	-	(42 964)	32 351	(10 613)	715	(9 898)
Total comprehensive income, net of tax	-	-	(42 964)	(114 344)	(157 308)	24 981	(132 327)
Transactions with owners							
Total transactions with owners	-	-	-	-	-	-	-
Balance at 31 December 2009	417 325	734 622	106 612	92 684	1 351 244	282 663	1 633 907

Consolidated statement of changes in equity

(NOK 1 000)	Share capital	Share premium	Other paid-in capital	Retained earnings	Total paid-in and retained capital	Minority interests	Total equity
Balance at 1 January 2010	417 325	734 622	106 612	92 684	1 351 244	282 663	1 633 907
Net profit/(loss) at 30 september 2010	-	-	-	72 755	72 755	22 764	95 519
Other comprehensive income							
Currency translation differences	-	-	-	8 641	8 641	-	8 641
Cash flow hedges, net after tax	-	-	4 001	-	4 001	-	4 001
Other comprehensive income, net of tax	-	-	4 001	8 641	12 642	-	12 642
Total comprehensive income, net of tax	-	-	4 001	81 396	85 397	22 764	108 161
Transactions with owners							
Total transactions with owners	-	-	-	-	-	-	-
Balance at 30 September 2010	417 325	734 622	110 613	174 080	1 436 640	305 427	1 742 066
Net profit/(loss) 4th quarter 2010	-	-	-	(64 429)	(64 429)	(644)	(65 073)
Other comprehensive income							
Currency translation differences	-	-	-	(13 831)	(13 831)	-	(13 831)
Cash flow hedges, net after tax	-	-	12 960	-	12 960	(253)	12 708
Actuarial gain/loss on retirement benefit obligations (after tax)	-	-	-	(11 506)	(11 506)	(5 311)	(16 816)
Other equity adjustments	-	-	-	-	-	(174)	(174)
Other comprehensive income, net of tax	-	-	12 960	(25 337)	(12 376)	(5 737)	(18 114)
Total comprehensive income, net of tax	-	-	12 960	(89 766)	(76 805)	(6 381)	(83 187)
Transactions with owners							
Total transactions with owners	-	-	-	-	-	(10 920)	(10 920)
Balance at 31 December 2010	417 325	734 622	123 573	84 314	1 359 835	288 126	1 647 961

Consolidated cash flow statement

(NOK 1 000)

	4th quarter	4th quarter	Year to date	Year to date
Cash generated from operation	(65 073)	(122 430)	30 446	(7 088)
Adjusted for:				
Tax expense on continued and discontinued business	(39 855)	(58 529)	(8 877)	(21 391)
Depreciation and impairment on continued and discontinued business	98 757	110 403	367 797	375 349
Other (losses)/gain	(14 503)	1 230	(18 653)	(27 732)
Agio/disagio unrealised	(4 512)	-	(14 279)	-
Interest expenses	52 812	57 430	226 359	265 226
Share of profit/loss of associates	9 590	(7 383)	13 247	(22 475)
Depreciation on financial investments	316	-	316	-
Difference between expensed pension and payments	795	359	20 469	(1 989)
Change in working capital:				
Inventories	(4 540)	6 204	2 422	6 204
Trade and other receivables	(80 178)	176 929	(428 035)	285 875
Net adjustments on financial assets through income statement	-	(25 061)	-	(85 782)
Trade and other payables	(28 283)	(275 470)	155 769	(530 909)
Cash flow from operations	(74 674)	(136 318)	346 982	235 288
Interest paid	(46 140)	(59 857)	(223 927)	(252 727)
Income tax paid	-	-	(7 484)	(17 027)
Net cash flow from operating activities	(120 814)	(196 175)	115 570	(34 466)
Cash flows from investing activities				
Purchases of property, plant and equipment (PPE)	(80 787)	7 476	(192 649)	(128 180)
Proceeds from sale of PPE	171	(11 518)	25 789	488 600
Purchases of intangible assets	-	(33 539)	-	(33 539)
Loan to associates	6 300	(7 000)	7 000	(7 000)
Proceeds from sale of shares	6 000	-	6 000	52 000
Net liquid assets from purchase and sale of businesses	-	(6 721)	(1 046)	(38 321)
Net change in other investments and trade receivables	-	48 500	-	48 500
Dividends received	1 273	-	1 273	-
Change in restricted funds	(20 705)	(59 902)	5 982	(79 454)
Net cash used in investing activities	(87 748)	(62 704)	(147 651)	302 606
Cash flows from financing activities				
Proceeds from the issue of ordinary shares	-	2 859	-	377 040
Proceeds from borrowings	15 000	-	15 000	450 797
Repurchase convertible bond loan	-	-	-	(101 594)
Repayment of borrowings	(10 981)	(75 607)	(37 515)	(793 441)
Dividends paid to non-controlling interests	(10 920)	(8 600)	(10 920)	(8 600)
Net cash used in financing activities	(6 901)	(81 348)	(33 435)	(75 798)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts				
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(215 463)	(340 227)	(65 516)	192 342
Cash, cash equivalents and bank overdrafts at beginning of period, excluding restricted cash	707 651	895 126	557 704	362 558
Exchange gains/(losses) on cash and bank overdrafts	-	2 804	-	2 804
Cash, cash equivalents and bank overdrafts at end of period	492 188	557 703	492 188	557 704

PRODUCT INFORMATION

(NOK 1 000)	HURTIGRUTEN NORWEGIAN COAST				EXPLORER PRODUCTS			
	4th quarter 2010	4th quarter 2009	Year to date 2010	Year to date 2009	4th quarter 2010	4th quarter 2009	Year to date 2010	Year to date 2009
Operating revenues	211 539	222 708	1 991 745	1 912 048	54 507	54 581	241 939	269 198
Contractual revenues	161 377	158 761	376 948	382 401	-	-	-	-
Total revenues	372 916	381 469	2 368 693	2 294 449	54 507	54 581	241 939	269 198
Payroll expenses	143 984	139 136	636 828	612 919	8 401	14 514	35 628	60 955
Depreciation and impairment	60 908	66 783	239 929	265 819	4 672	5 699	18 542	18 928
Other operating costs	265 451	280 611	1 473 229	1 433 967	34 703	31 493	152 018	203 703
Other losses/(gains) - net	-	-	-	-	-	-	-	304
Operating profit/ (loss)	(97 427)	(105 061)	18 707	(18 256)	6 731	2 875	35 751	(14 692)
Finance costs - net	(21 782)	(53 723)	(127 206)	(185 450)	(6 012)	(5 035)	(22 654)	(24 102)
Share of profit/ (loss) of associates	-	-	-	-	-	-	-	-
Profit/ (loss) before income tax on continued business	(119 209)	(158 784)	(108 499)	(203 706)	719	(2 160)	13 097	(38 794)
Profit/ (loss) before income tax on discontinued business	-	-	-	-	-	-	-	-
Profit/ (loss) before income tax	(119 209)	(158 784)	(108 499)	(203 706)	719	(2 160)	13 097	(38 794)
Operating profit/ (loss) before depreciation	(36 519)	(38 278)	258 636	247 563	11 403	8 574	54 293	4 236

PRODUCT INFORMATION

(NOK 1 000)	SPITSBERGEN				CHARTER			
	4th quarter 2010	4th quarter 2009	Year to date 2010	Year to date 2009	4th quarter 2010	4th quarter 2009	Year to date 2010	Year to date 2009
Operating revenues	8 237	16 834	200 854	200 364	181 850	599	590 753	201 751
Contractual revenues	-	-	-	-	-	-	-	-
Total revenues	8 237	16 834	200 854	200 364	181 850	599	590 753	201 751
Payroll expenses	9 831	8 303	45 453	46 618	38 483	3 020	134 407	27 126
Depreciation and impairment	2 017	2 081	10 915	10 635	8 602	-	34 862	-
Other operating costs	8 502	17 462	118 234	131 905	70 044	2 879	280 454	56 280
Other losses/(gains) - net	-	-	-	-	-	-	-	-
Operating profit/ (loss)	(12 113)	(11 012)	26 252	11 206	64 721	(5 300)	141 030	118 345
Finance costs - net	298	533	704	836	(13 100)	-	(36 668)	-
Share of profit/ (loss) of associates	-	-	-	-	-	-	-	-
Profit/ (loss) before income tax on continued business	(11 815)	(10 479)	26 956	12 042	51 621	(5 300)	104 362	118 345
Profit/ (loss) before income tax on discontinued business	-	-	-	-	-	-	-	-
Profit/ (loss) before income tax	(11 815)	(10 479)	26 956	12 042	51 621	(5 300)	104 362	118 345
Operating profit/ (loss) before depreciation	(10 096)	(8 931)	37 167	21 841	-	(5 300)	175 892	118 345

Non-GAAP financial information Hurtigruten Norwegian coast

(NOK 1 000, except passenger CN)	Q4 2010	Q4 2009	YTD 2010	YTD 2009
Passenger cruise nights	153 824	132 071	1 069 804	962 026
Round trip cruise nights	84 527	66 296	676 168	593 216
Port to port cruise nights	69 297	65 775	393 636	368 810
Available passenger cruise nights (APCN)	384 948	388 984	1 548 754	1 565 280
Occupancy rate	40,0 %	34,0 %	69,1 %	61,5 %
Passenger ticket revenues	147 118	160 816	1 577 402	1 525 904
Onboard revenues	46 551	43 539	348 781	318 480
Total revenues	193 669	204 355	1 926 183	1 844 384
Less:				
Commissions, transportation and other	31 047	37 374	377 565	374 267
Onboard	34 272	28 972	233 002	213 225
Net revenues	128 350	138 009	1 315 616	1 256 892
Gross ticket revenues per cruise night (NOK)	1 259	1 547	1 801	1 917
Net ticket revenues per cruise night (NOK)	834	1 045	1 230	1 307
Total cruise operating expenses	309 706	302 774	1 666 871	1 578 231
Selling, general and administrative expenses	0	0	442 845	468 655
Gross cruise costs	309 706	302 774	2 109 716	2 046 886
Less:				
Commissions, transportation and other	31 047	37 374	377 565	374 267
Onboard	34 272	28 972	233 002	213 225
Net cruise costs	244 387	236 428	1 499 149	1 459 394
Gross cruise costs per APCN (NOK)	805	778	1 362	1 308
Net cruise costs per APCN (NOK)	635	608	968	932
Net cruise costs exclusive fuel per APCN (NOK)	443	443	785	765
Net cruise costs per cruise night (NOK)	1 589	1 790	987	1 030
Fuel consumption (thousand litre)	17 835	17 187	71 899	69 575
Fuel cost per litre (NOK)	3,94	3,52	3,76	3,54

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 two remaining fast ferries and the share in Nor Lines AS are presented as "discontinued business" at 31 December 2010. At 31 December 2009 the travel agency operations were classified as "discontinued business" in addition. 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)	4th quarter 2010	4th quarter 2009	YTD 2010	YTD 2009
Operating revenues	4 140	32 013	22 128	127 801
Payroll costs	107	7 596	209	28 632
Depreciation and impairment	7 692	11 492	7 692	15 535
Other operating costs	692	9 883	3 391	42 700
Other losses/(gains) - net	-	-	201	(29 725)
Operating profit/(loss)	(4 351)	3 042	10 635	70 659
Finance income	7	314	7	1 472
Finance costs	842	847	3 210	5 465
Finance costs - net	(835)	(533)	(3 203)	(3 993)
Share of profit/(loss) of associates	5 685	4 109	(1 091)	11 722
Profit/(loss) before income tax	499	6 618	6 341	78 390
Income tax expense	(1 408)	1 853	228	14 498
Profit/(loss)	1 907	4 765	6 113	63 892

Assets and liabilities on discontinued business are presented as "assets held-for-sale", and "liabilities on assets held-for-sale" according to IFRS 5. Both non-current and current assets and liabilities related to operations are included in "assets held-for-sale" and "liabilities related to assets held-for-sale" respectively. "Assets held-for-sale", and "liabilities on assets held-for-sale" appears as follows:

(NOK 1 000)	31.12.2010	01.01.2010
Assets		
Tangible non-current assets	68 076	98 344
Intangible non-current assets	-	-
Financial non-current assets	-	1 549
Current assets	-	10 854
Assets held-for-sale	68 076	110 748
Liabilities		
Non-current liabilities	-	-
Provisions	-	449
Current liabilities	83 333	109 231
Liabilities on assets held-for-sale	83 333	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 company's board and executive management.

Note 5 Proceeds from and payments of borrowings

The group 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 was originally 27.5 per cent, but the equity covenant has been waived for the remaining part of the loan period, resulting in a new equity ratio of 25 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 14.0 million in nitrogen oxide tax has been charged to the company in 2010. (2009: NOK 13.4 million). Members of nitrogen oxide fund have collectively undertaken to reduce emissions of these gases by 18 000 tonnes in total, broken down into 2 000 tonnes in 2008, 4 000 tonnes in 2009 and 12 000 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, and states in its half year report 2010 that the members are also likely to fulfil their obligation for 2010. On 14 December 2010 a new agreement on nitrogen oxide reduction was signed, for the period of 2011-2017.

In 2004, the Norwegian government entered into a public procurement contract with Hurtigruten ASA concerning the delivery of transportation services along the Norwegian coast, from Bergen to Kirkenes, running until the 31 December 2012. The contract was awarded after a competitive tendering. 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. In the period 1 July 2008 – 31 December 2010 Hurtigruten ASA has recognized a total revenue of NOK 32 million related to nitrogen oxide tax compensations, together with a total of NOK 132 million as increased general compensation. The company was also given the right to reduce the number of ships operating in the winter season, from 11 to 10 ships, for the remaining period of the procurement contract.

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. In July 2010, the Efta Surveillance Authority (ESA) decided to open a formal investigation to verify if the added compensation is necessary to provide the public transportation service. Should ESA decide that the added compensation conflicts with the European Union's rules on government subsidies, all or part of the compensation could be demanded reimbursed. Hurtigruten ASA is of the opinion that the procurement contract is in fact not over compensated.

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 driving and unforeseen, unplanned driving. The total amount claimed is NOK 24 million not including interest. It is not clear when a final decision by the police might be expected. AS TIRB and Cominor AS take the view that the claim is groundless.

The divestment of Hurtigruten ASA's share in Nor Lines AS was accounted for on 31 December 2010. The selling price is based on the assumption that the seller will sign an agreement with the Norwegian government regarding the Coastal service Bergen – Kirkenes – Bergen for a period of eight years starting at latest 1 January 2013. The selling price will be reduced by NOK 10 million if Hurtigruten ASA does not reach an agreement with the Norwegian government.

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 75 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 four geographic areas (different parts of the year); Antarctica, Svalbard, 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 Adaptation of corresponding figures

Corrections of previous year's errors are recognized in equity in 2009. According to IAS 8 the corresponding figures for 2009 has been reworked as a result of this correction.

<i>(NOK 1 000)</i>	Retained earnings	Minority interest
Bad equity in 2009 from liquidated company	(10 758)	
Reallocation between retained earnings and minority interest	(8 449)	8 449
Correction in SPE's equity in connection with the refinancing		(11 819)
Correction	(19 207)	(3 370)