

NORWEGIAN AIR SHUTTLE ASA

QUARTERLY REPORT – FIRST QUARTER 2006

[This document is a translation from the original Norwegian version]

FIRST QUARTER IN BRIEF

- Norwegian Air Shuttle ASA had a deficit before tax of MNOK 59.9 (-47.6) in the first quarter.
- The operating revenue increased by 69 % this quarter, compared to last year, to MNOK 539.1 (319.7).
- The total quarterly earnings before depreciation and leasing costs (EBITDAR) was MNOK -12.8 (-15.1).
- The total quarterly earnings before depreciation (EBITDA) was MNOK -52.3 (-44.2).
- The quarterly earnings after tax was MNOK -43.1 (-34.3).
- The total number of passengers transported in the first quarter was 1,014, 081, which is an increase in passenger traffic (RPK) by 86%.
- The passenger load factor was 77 % (68 %) this quarter.
- The total production (ASK) increased by 64 % to 933 million this quarter.
- The company had a cash reserve of MNOK 522.5 at the end of the first quarter, and an equity ratio of 25%.

- The total quarterly unit cost was NOK 0.63 (0.64).

TRAFFIC DEVELOPMENT

A total of 1,014,081 passengers travelled with Norwegian Air Shuttle in the first quarter of 2006, compared to 550,497 in the first quarter of 2005. This equals an increase of 84 % in the number of passengers. The company had a passenger load factor of 77 % this quarter, compared to 68 % in 2005. The production (ASK) has increased by a total of 64 % since the same period last year, and the passenger traffic (RPK) has increased by 86 %.

The growth is related to the company's expansion throughout the year. In the first quarter of 2006, the company operated 14 aircraft, compared to 12 in the same period last year. The utilization of the aircraft has improved as a consequence of expansion, and in the first quarter every aircraft were utilized 9.6 block hours a day, compared to 6.8 block hours in the same period last year.

The share of Internet sale has further increased to 82 %, compared to 72 % in the same period last year.

TRAFFIC STATISTICS	First Quarter			Accumulated
	2006	2005	Change	
Norwegian				2005
Internet bookings	82 %	72 %	10 pp	75 %
ASK (mill)	933	569	64 %	3 464
RPK (mill)	718	387	86 %	2 703
Cabin factor	77 %	68 %	9 pp	78 %
Passengers	1 014 081	550 497	84 %	3 289 769
Domestic				
ASK (mill)	411	317	29 %	1 396
RPK (mill)	309	214	44 %	1 023
Cabin factor	75 %	68 %	8 pp	73 %
Passengers	604 106	409 432	48 %	1 900 468
International				
ASK (mill)	522	251	108 %	2 068
RPK (mill)	409	172	137 %	1 680
Cabin factor	78 %	69 %	10 pp	81 %
Passengers	409 975	141 065	191 %	1 389 301

COMMENTS TO THE ACCOUNTS

PROFIT AND LOSS STATEMENT

The company's total turnover in the first quarter was MNOK 539.1 (319.7), an increase of 69 %. MNOK 526.1 (314.1) of the revenues is related to ticket revenues, while the remaining 13.0 (5.5) are related to other freight, fees, and third-party products. The increase in ticket revenues is related to an increase in passenger traffic by 86 %, but is negatively influenced by the 10 % decrease in the yield. The yield reduction is mainly a consequence of increased international traffic with a lower yield, and the incorporation of increased production in Northern Norway.

The operating costs (including leasing and excluding depreciation and write-down) were MNOK 591.4 (363.9) this quarter. The cost increase is mainly related to the increase in production (ASK) by 64 % compared to last year. In addition, the company has utilized 14 aircraft this quarter compared to 12 in the same quarter last year. The average operating cost per ASK (unit cost) was NOK 0.63 (0.64) this quarter. The quarterly cost of jet fuel has increased from MNOK 56.7 last year to MNOK 123.3 this year. The increase is partly related to the increased production; however, approximately MNOK 30.3 is related to the jet fuel price increase. The company has had no fuel hedging contracts this period, however, parts of the expected exposure is secured in the second quarter. Incidentally, there is a relative reduction in costs due to better utilization of material and personnel, more advantageous agreements, more efficient sale- and distribution channels, in addition to other cost reducing measurements. The company has term contracts on 20-25% of expected exposure in USD for the first-half year of 2006.

Earnings before depreciation and write-down (EBITDA) in the first quarter were MNOK -52.3 (-44.2). The earnings before tax was MNOK -59.9 (-47.6)

BALANCE SHEET

Intangible assets include a deferred tax asset of MNOK 92.9 and capitalised expenses related to the development of IT-systems and brand name of MNOK 32.3. An aircraft was purchased in the first quarter, with a purchase price of MNOK 55.8 in the balance sheet. In addition, the total investments in intangibles and fixed assets were MNOK 15.7 this quarter, mainly related to IT systems, upgrades on aircraft and spare parts.

The stock of consumable goods was MNOK 38.7 by the end of the quarter, including MNOK 26.6 related to the purchase of parts to be used in engine overhaul in the time to come. Short term receivables are MNOK 264.6 at the end of the quarter, compared to MNOK 157.9 at the end of the first quarter of 2005. The increase is mainly related to the general increase in activity and sales, leading to

higher receivables on travel agents and credit card companies. In addition, receivables are affected by open accounts of code share partners, reimbursements of heavy maintenance and reimbursements of VAT.

The traffic settlement debt related to tickets sold, but not used, was MNOK 469.2 by March 31st 2006, which is an increase of MNOK 250.5 since the end of 2005. This is related to good sales in Q1.

By March 31st 2006, the company's cash reserve was MNOK 522.5, strengthening the liquidity by MNOK 261.0 during the quarter. Operating activities this year has given a positive cash flow of MNOK 192.7, while investments in the period have reduced the cash flow by MNOK 71.5 and financial activities this period have given a positive cash flow of MNOK 139.9. In the first quarter, there was an emission of MNOK 119.6, and the company sold own shares in the amount of MNOK 24.9. The emission was registered in the company register in April, and is classified as paid-up, not registered equity in the first quarter. The company had book equity of MNOK 267.7, by the end of the quarter, equivalent to an equity ratio of 25%.

ACCOUNTING PRINCIPLES

From the first quarter in 2005 public listed companies are required to follow the IFRS standards in the financial reporting as the main rule. However, the requirements address consolidated accounts. Oslo Stock Exchange has announced an exception from the rule for companies without consolidated accounts. Norwegian Air Shuttle ASA is a single company and does not have consolidated accounts. Due to changed regulations and the company's implementation of new financial and accounting systems, the company has decided to postpone the adoption of IFRS. The IFRS adoption process so far has revealed that the main differences from the current GAAP are related to the recognition of deferred tax asset, accounting for pension liabilities, and provisions for future maintenance of aircraft.

Earlier, the company entered into a code share agreement with Sterling and Fly Nordic, and in 2006 the company has entered into a co-operation with Polkovo Airlines on the Oslo-St.Petersburg route. This agreement gives Norwegian the right to sell an agreed upon number of seats on flights that Norwegian operate, and correspondingly buy a fixed number of seats on flights the partner operates. In accordance with current GAAP the sold capacity on Norwegian flights is recorded as gross revenue, and bought capacity is recorded at gross cost. Accordingly, all operational key figures (ASK, RPK and load factor) are reported using the gross principle.

Incidentally, the quarterly report has been compiled according to the same accounting principles that have been used in the Annual Report, and are in accordance with the Norwegian Accounting Standard no. 11. The accounts are not audited.

FUTURE PROSPECT

The market demand for travelling with Norwegian has been good entering the second quarter of 2006, and advanced bookings are relatively better than in the same period last year. Recently, the company launched a new version of the company's Internet pages, which has improved the buying process. Additionally, transit travels on suitable routes have been launched in Norwegian's route network. The change in product is expected to contribute to an increase in passenger traffic and sales in the long run.

In the beginning of the second quarter, the company will open 16 new routes. In the beginning of the 3. quarter Norwegian will start up several new routes out of Poland, and flights from Warszawa to other European cities. The plan is to start off by having two aircraft stationed in Warszawa, and the route for the other aircraft is expected to be published in the nearest future. With the expansion in Poland, the aircraft fleet will be further increased to 20 aircraft, whereof 19 will be operating.

Furthermore, the company has, as previously announced, increased the frequency of domestic routes from Oslo to Bergen, Trondheim, Stavanger and Evenes in the beginning of the second quarter, and now has up to 24 daily departures from the busiest routes. Additionally, at the beginning of May, the company will open yearly routes to Munich and St.Petersburg, in addition to direct daily departures to 13 European cities.

Advanced bookings on the routes have been good, and from previous experience, it takes time to incorporate routes with strong competition, especially where it is expected a considerable share of business travellers.

If the jet fuel price continues to stay as high as today's level, the company will have substantially higher operating costs. Initiatives in process to reduce costs, and to increase cost effectiveness, is expected to counteract some of the increased operating costs. Given today's fuel price level, the unit cost will be from 0.01 NOK to 0.02 NOK higher than expected earlier.

In the beginning of April, the company bought an additional aircraft, a Boeing 737-300, and now owns two aircraft.

Fornebu, April 26th 2006

Bjørn Kjos
CEO

PROFIT AND LOSS ACCOUNT (KNOK)	First Quarter		Accumulated		2005
	2006	2005	2006	2005	
OPERATING REVENUE					
Total operating revenue	539 111	319 694	539 111	319 694	1 972 247
TOTAL REVENUE	539 111	319 694	539 111	319 694	1 972 247
OPERATING EXPENSES					
Operating expenses	426 002	243 735	426 002	243 735	1 381 147
Personell expenses	91 074	66 269	91 074	66 269	299 023
Other operating expenses	34 795	24 809	34 795	24 809	111 090
TOTAL OPERATING EXPENSES	551 871	334 813	551 871	334 813	1 791 261
OPERATING PROFIT / LOSS BEFORE LEASING & DEPR (EBITAR)	-12 760	-15 119	-12 760	-15 119	180 986
Leasing	39 569	29 098	39 569	29 098	125 907
OPERATING PROFIT / LOSS BEFORE DEPR (EBITDA)	-52 329	-44 217	-52 329	-44 217	55 079
Depreciation	8 385	6 815	8 385	6 815	30 237
Write-down					
OPERATING PROFIT / LOSS (EBIT)	-60 714	-51 032	-60 714	-51 032	24 842
NET FINANCIAL ITEMS	850	3 431	850	3 431	12 387
PROFIT / LOSS BEFORE TAX (EBT)	-59 864	-47 601	-59 864	-47 601	37 229
TAX	-16 762	-13 328	-16 762	-13 328	10 478
PROFIT / LOSS FOR THE PERIOD	-43 102	-34 273	-43 102	-34 273	26 751

BALANCE SHEET (KNOK)	First Quarter		Per. 31.12 2005
	2006	2005	
FIXED ASSETS			
Intangible assets	124 555	128 371	109 118
Tangible fixed assets	101 283	37 763	36 820
Fixed assets investment	21 427	18 985	27 271
TOTAL FIXED ASSETS	247 265	185 118	173 210
CURRENT ASSETS			
Consumable goods	38 711	40 275	36 764
Receivables	264 561	157 903	200 174
Cash in bank and in hand etc.	522 538	185 572	261 464
TOTAL CURRENT ASSETS	827 911	383 750	500 965
TOTAL ASSETS	1 075 176	568 868	674 175
EQUITY			
Called-up and fully paid equity	284 054	158 935	159 332
Retained earnings	-16 351	-34 273	11 093
TOTAL EQUITY	267 703	124 663	170 425
LIABILITIES			
Provisions for liabilities and charges	31 859	13 999	34 779
Current liabilities	775 614	430 207	468 971
TOTAL LIABILITIES	807 473	444 206	503 750
TOTAL EQUITY AND LIABILITIES	1 075 176	568 868	674 175
No. Of shares	18 369 196	18 369 201	18 085 696
Face value	0,1	0,1	0,1

CASH FLOW STATEMENT (KNOK)

	First Quarter		Accumulated		2005
	2006	2005	2006	2005	
Net cash flows from operation activities	192 732	1 832	192 732	1 832	120 359
Net cash flows from investments	-71 523	-11 417	-71 523	-11 417	-38 369
Net cash flows from financial activities	139 864		139 864		-15 682
Net change in cash and cash equivalents	261 073	-9 585	261 073	-9 585	-9 585
Cash and cash equivalents in beginning of period	261 464	195 157	261 464	195 157	195 157
Cash and cash equivalents in end of period	522 538	185 572	522 538	185 572	185 572

SALES REVENUE (KNOK)

	First Quarter		Accumulated		2005
	2006	2005	2006	2005	
Per activity					
Passenger revenue	526 068	314 142	526 068	314 142	1 931 663
Other revenue	13 042	5 552	13 042	5 552	40 583
Total	539 111	319 694	539 111	319 694	1 972 247
Per geographical market					
Norway	334 661	246 623	334 661	246 623	1 047 992
Other EU states	204 450	73 071	204 450	73 071	924 255
Total	539 111	319 694	539 111	319 694	1 972 247

Equity (KNOK)

	First Quarter		Accumulated		2005
	2006	2005	2006	2005	
Equity - Beginning of period	170 425	158 274	170 425	158 274	158 274
Share issue	114 966	661		661	661
Equity change on employee options	516		516		424
Purchase own shares	24 898		24 898		
Profit/loss	-43 102	-34 273	-43 102	-34 273	26 751
Equity - End of period	267 703	124 663	267 703	124 663	170 425

COST BREAKDOWN (KNOK)

	First Quarter		Accumulated		2005
	2006	2005	2006	2005	
Personell costs	91 074	66 269	91 074	66 269	299 023
Sales/ distribution costs	30 196	20 744	30 196	20 744	75 114
Aviation fuel	123 295	56 677	123 295	56 677	384 394
Aircraft leases	39 569	29 098	39 569	29 098	125 907
Airport charges	81 226	55 143	81 226	55 143	281 252
De-icing	13 677	7 639	13 677	7 639	21 952
Handling charges	59 228	39 460	59 228	39 460	200 296
Technical maintenance costs	64 569	40 157	64 569	40 157	207 785
Depr. / write-down	8 385	6 815	8 385	6 815	30 237
Other costs	88 608	48 725	88 608	48 725	321 444
Sum operating costs	599 825	370 726	599 825	370 726	1 947 405

FINANCIAL KEY FIGURES

	First Quarter		Accumulated		2005
	2006	2005	2006	2005	
Operating margin (%)	-11 %	-16 %	-11 %	-16 %	1 %
Earnings per share (NOK) (calculated on average no. Of shares)	-2,2	-1,9	-2,2	-1,9	1,5
Book equity per share (NOK)	14,57	6,8	14,6	6,8	6,9
Equity ratio (%)	25 %	22 %	25 %	22 %	22 %
No. Of shares at the end of the period	18 369 196	18 369 201	18 369 196	18 369 201	18 085 696
Adjusted no. of shares at the end of the period	19 309 358	18 364 677	19 309 358	18 364 677	18 284 451
Average no. of shares and options in the period	19 449 358	18 370 040	19 449 358	18 370 040	18 317 257

SENSITIVITY ANALYSIS

	Effect on P/L MNOK
1 % increase in jet fuel price	-6,2
1 % weakening of NOK against USD	-5,4
1 % weakening of NOK against EUR	-1,7

The sensitivity analysis reflects the effect on P/L by substantial changes in market prices and exchange rates. The effect on P/L is annualized based on today's level of production, fuelprices and exchange rates

Definitions

ASK: Available Seat Kilometres. Number of available passenger seats multiplied by the flight distance.
 RPK: Revenue Passenger Kilometres. Number of paying passengers multiplied by the flight distance.
 CABIN FACTOR: Relationship between RPK and ASK as a percentage. Describes the rate of utilisation of available seats.

EBITDA: Operating profit/loss before financial items, taxes and depreciation

EBITDAR: Operating profit/loss before financial items, taxes, depreciation and leasing costs for aircraft

