

NORWEGIAN AIR SHUTTLE ASA QUARTERLY REPORT – SECOND QUARTER 2007

SECOND QUARTER IN BRIEF

- Norwegian Air Shuttle ASA had earnings before tax (EBT) of MNOK 62.0 (25.0) in the second quarter.
- The second quarter operating revenue increased by 33 %, compared to last year, to MNOK 1,018.9 (764.6).
- The total quarterly earnings before depreciation and leasing costs (EBITDAR) was MNOK 161.5 (79.6).
- The total quarterly earnings before depreciation (EBITDA) was MNOK 85.0 (36.2).
- The quarterly earnings after tax was MNOK 44.7 (18.0).
- The total number of passengers transported in the second quarter was 1,595,107, which is an increase in passenger traffic (RPK) by 34 %.
- The passenger load factor was 79 % (79 %) in the second quarter.
- The total production (ASK) increased by 33 % to 1,763 million this quarter.
- The company had a cash reserve of MNOK 1,048.6 at the end of the second quarter, and an equity ratio of 15.0 %.
- The total quarterly unit cost was NOK 0.53 (0.55).

TRAFFIC STATISTICS						
	2.quarter			Accumulated		
Norwegian	2007	2006	Change	2007	2006	Change
Internet bookings	86 %	84 %	2 pp	86 %	83 %	3 pp
ASK (mill)	1 763	1 324	33 %	3 105	2 256	38 %
RPK (mill)	1 400	1 047	34 %	2 404	1 765	36 %
Cabin factor	79 %	79 %	0 pp	77 %	78 %	(1) pp
Passengers	1 595 107	1 289 047	24 %	2 898 318	2 303 128	26 %
Segment						
Domestic						
ASK (mill)	488	438	11 %	935	848	10 %
RPK (mill)	382	351	9 %	719	660	9 %
Cabin factor	78 %	80 %	(2) pp	77 %	78 %	(1) pp
Passengers	768 208	695 333	10 %	1 464 462	1 299 439	13 %
International						
ASK (mill)	1 276	886	44 %	2 170	1 408	54 %
RPK (mill)	1 019	696	46 %	1 684	1 105	52 %
Cabin factor	80 %	79 %	1 pp	78 %	78 %	- pp
Passengers	826 899	593 714	39 %	1 433 866	1 003 689	43 %

TRAFFIC DEVELOPMENT

A total of 1,595,107 passengers travelled with Norwegian Air Shuttle in the second quarter of 2007, compared to 1,289,047 in second quarter of 2006. This equals an increase of 24 % in the number of passengers. The company had a passenger load factor of 79 % this quarter, compared to 79 % in 2006. The production (ASK) has increased by a total of 33 % since the same period last year, and the passenger traffic (RPK) has increased by 34 %.

The growth is related to the company's expansion throughout the year. At the end of the second quarter of 2007, the company operated 24 aircraft (whereof 2 were wetlease), compared to 16 in the same period last year. The utilization of the aircraft has improved as a consequence of the expansion, and in the second quarter every aircraft were utilized 10.6 block hours pr day, compared to 10.5 block hours in the same period last year.

The share of Internet sale has increased to 86 %, compared to 84 % in the same period last year.

COMMENTS TO THE ACCOUNTS

PROFIT AND LOSS STATEMENT

The company's total turnover in the second quarter was MNOK 1,018.9 (764.6), an increase of 33 %. MNOK 978.0 (752.4) of the revenues in the second quarter are related to ticket revenues, while the remaining 40.9 (12.2) are related to other freight, fees, and third-party products. The increase in ticket revenues is related to an increase in passenger traffic by 34 %.

The operating costs (including leasing and excluding depreciation and write-downs) were MNOK 933.8 (728.3) this quarter. The cost increase is mainly related to the increase in production (ASK) by 33 % compared to last year. In addition, the company has utilized in average 22 aircraft this quarter compared to 16 the same quarter last year. The average operating cost per ASK (unit cost) has decreased to NOK 0.53 (0.55) this quarter. The quarterly cost of jet fuel has increased from MNOK 172.9 last year to MNOK 217.2 this year. The company had in the first quarter of 2007 hedged 50 % of the expected fuel consumption through September 2007. At the end of the second quarter, the company has term contracts on 75 %, 50 %, and 25 % of expected exposure in USD in third quarter, fourth quarter, and first half year of 2008, respectively. 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 increase in depreciation is caused by the purchase of own airplanes in 2006.

Earnings before depreciation and write-down (EBITDA) in the second quarter were MNOK 85.0 (36.2), and the earnings before tax (EBT) was MNOK 62.0 (25.0). Operating margin increased from 3 % in second quarter 2006 to 7 % in the same quarter in 2007. EBITDA in the first half year of 2007 is MNOK 76.1 (-15.3), and EBIT is 41.2 (-34.6).

BALANCE SHEET

Intangible assets include a deferred tax asset of MNOK 85.5 and capitalised expenses related to the development of IT-systems and brand name of MNOK 34.0. Purchased aircrafts are valued at MNOK 156.4 in the balance sheet. Total investments in intangibles and fixed assets were MNOK 20.4 this quarter, mainly related to IT systems and upgrades on aircraft and spare parts. Fixed asset investments of MNOK 23.5 include the investment in Bank Norwegian.

The value of consumable goods was MNOK 28.5 by the end of the quarter, including MNOK 9.8 for parts to be used in engine overhaul in the future. Short term receivables are MNOK 418.9 at the end of the quarter, compared to MNOK 267.7 at the end of the second quarter of 2006. The increase is mainly

related to reimbursement claims in connection with heavy maintenance and 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 reimbursements of VAT.

Accruals for future maintenance liabilities are 93.1 MNOK compared to 10.7 MNOK in the second quarter last year. The increase is due to a reclassification of accrued maintenance costs to accounts receivables, which previously was defined as a reduction of accrued maintenance costs.

The company's pension liabilities were at the end of the quarter MNOK 21.6 compared to MNOK 23.2 in 2006. Other long term liabilities is the publicly issued bond of MNOK 300, issued in April 2007. The traffic settlement debt related to tickets sold, but not used, was MNOK 671.7 (483.8) by June 30th 2007, which is an increase of MNOK 33.6 in the quarter. This is due to higher sales activity than travel activity during the quarter.

At the end of second quarter 2007, the company's cash balance was MNOK 1,048.6, an increase of MNOK 520.4 during the quarter and an increase of MNOK 513.1 compared to the second quarter of 2006. Operating activities this quarter has given a positive cash flow of MNOK 257.2. Investments in fixed assets during the period reduced the cash flow by MNOK 43.9, while the bond issue increased the liquidity by MNOK 300.

The group had book equity of MNOK 290.8 by the end of the quarter, equivalent to an equity ratio of 15.0 %.

ACCOUNTING PRINCIPLES

The quarterly report has been compiled according to IFRS accounting principles, which is the same accounting principles that were used in preparing the Annual Report for 2006. The quarterly financial statements for comparable periods are restated to IFRS accounting principles. The quarterly financial report is prepared in accordance with IAS 34 for interim reporting. The quarterly accounts are not audited.

Earlier, the company entered into a code share agreement with Sterling and Fly Nordic, and in 2006 the company 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 accounting principles 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.

FUTURE PROSPECT

The demand for travelling with Norwegian and advanced bookings has been good entering the third quarter of 2007. Norwegian has executed several sales and marketing campaigns that have been well received by the market.

Norwegian introduced in April seating on most international flights giving our passengers the opportunity to choose their own seat for a small fee or a randomly selected seat free of charge at check-in. Seating will be introduced on the entire network during the third quarter. In June, Norwegian introduced check-in kiosks at the major airports in Norway. These product enhancements are improving the travel experience for the customers by speeding up the check-in process and through the fact that the customer can choose their own seat.

The Warsaw base continues to improve after on year of operation, and will be closely be monitored throughout the second half of 2007.

On June 30th Finnair and Norwegian signed and entered into an agreement on Norwegian's acquisition of 100% of the shares in FlyNordic. The Transaction is subject to approval from the Norwegian Competition Authority and it is expected to receive this approval in July/August, and at that point the

transaction will be finalized. Norwegian will after closing start the integration process which will address both commercial and operational issues. The acquisition of FlyNordic constitutes an attractive building block for Norwegians future expansion plans.

Fornebu, 18. july 2007

Bjørn Kjos
CEO



PROFIT AND LOSS ACCOUNT (KNOK)	2. Quarter		YTD		31. December 2006
	2007	2006	2007	2006	
OPERATING REVENUE					
Total operating revenue	1 018 853	764 594	1 756 911	1 303 705	2 941 400
TOTAL REVENUE	1 018 853	764 594	1 756 911	1 303 705	2 941 400
OPERATING EXPENSES					
Operating expenses	666 246	552 856	1 198 646	978 110	2 188 359
Personell expenses	135 554	99 158	257 089	190 232	412 940
Other operating expenses	55 512	32 953	95 461	67 748	139 264
TOTAL OPERATING EXPENSES	857 312	684 967	1 551 195	1 236 090	2 740 563
OPERATING PROFIT / LOSS BEFORE LEASING & DEPR (EBITAR)	161 541	79 627	205 716	67 615	200 837
Leasing	76 522	43 379	129 627	82 948	180 277
OPERATING PROFIT / LOSS BEFORE DEPR (EBITDA)	85 019	36 248	76 089	-15 333	20 560
Depreciation	18 093	14 324	33 613	22 479	51 070
Write-down	-	-	-	-	-
OPERATING PROFIT / LOSS (EBIT)	66 926	21 924	42 476	-37 812	-30 510
NET FINANCIAL ITEMS	-4 918	3 085	-1 286	3 185	-1 196
PROFIT / LOSS BEFORE TAX (EBT)	62 007	25 009	41 189	-34 627	-31 706
TAX	17 306	7 002	11 430	-9 697	-9 709
PROFIT / LOSS FOR THE PERIOD	44 702	18 007	29 760	-24 930	-21 997

BALANCE SHEET (KNOK)	2. Quarter		31. December 2006
	2007	2006	
FIXED ASSETS			
Intangible assets	119 473	128 914	129 840
Tangible fixed assets	232 946	213 814	228 444
Fixed assets investment	32 477	8 187	8 819
TOTAL FIXED ASSETS	384 897	350 915	367 103
CURRENT ASSETS			
Consumable goods	28 474	28 613	19 341
Investments	11 011	694	298
Receivables	418 883	267 651	443 492
Cash in bank and in hand etc.	1 048 618	535 501	231 710
TOTAL CURRENT ASSETS	1 506 986	832 459	694 841
TOTAL ASSETS	1 891 882	1 183 374	1 061 944
EQUITY			
Called-up and fully paid equity	276 059	275 610	275 610
Retained earnings	14 739	-18 089	-14 883
TOTAL EQUITY	290 798	257 521	260 727
LIABILITIES			
Provisions for liabilities and charges	114 755	33 966	112 528
Other long term liabilities	300 000	-	-
Current liabilities	1 186 329	891 887	688 689
TOTAL LIABILITIES	1 601 084	925 853	801 217
TOTAL EQUITY AND LIABILITIES	1 891 882	1 183 374	1 061 944
No. Of shares	19 669 196	18 369 196	19 669 196
Face value	0,1	0,1	0,1

CASH FLOW STATEMENT (KNOK)	2. Quarter		YTD		31. December 2006
	2007	2006	2007	2006	
Net cash flows from operation activities	257 222	141 493	491 160	334 225	75 647
Net cash flows from investments	-43 939	-128 525	-62 392	-200 048	-245 257
Net cash flows from financial activities	302 184	-4	382 975	139 859	139 864
Exchange rate effect on cash	4 937	-	5 165	-	-8
Net change in cash and cash equivalents	520 405	12 963	816 908	274 036	-29 754
Cash and cash equivalents in beginning of period	528 213	522 538	231 710	261 464	261 464
Cash and cash equivalents in end of period	1 048 618	535 501	1 048 618	535 501	231 710

FINANCIAL KEY FIGURES	2. Quarter		YTD		31. December 2006
	2007	2006	2007	2006	
Operating margin (%)	7 %	3 %	2 %	-3 %	-1 %
Earnings per share (NOK) (calculated on average no. Of shares)	2,3	0,9	1,5	-1,3	-1,1
Book equity per share (NOK)	14,8	14,0	14,8	14,0	13,3
Equity ratio (%)	15 %	22 %	15 %	22 %	25 %
No. Of shares at the end of the period	19 669 196	18 369 196	19 669 196	18 369 196	19 669 196
Average no. of shares in the period	19 669 196	19 309 358	19 669 196	19 309 358	19 312 719
Average no. of shares and options in the period	19 797 946	19 449 358	19 797 946	19 449 358	19 454 958

Equity (KNOK)	2. Quarter		YTD		31. December 2006
	2007	2006	2007	2006	
Equity - Beginning of period	246 013	239 023	260 727	141 585	141 585
Share issue				114 965	114 965
Equity change on employee options	180	496	450	1 012	1 285
Sale of own shares				24 898	24 898
Profit/loss	44 702	18 007	29 760	-24 930	-21 997
Exchange rate difference group	-97	-5	-138	-9	-9
Equity - End of period	290 798	257 521	290 798	257 521	260 727

SALES REVENUE (KNOK) Per activity	2. Quarter		YTD		31. December 2006
	2007	2006	2007	2006	
Passenger revenue	978 011	752 355	1 692 065	1 278 423	2 879 431
Other revenue	40 841	12 239	64 847	25 282	61 969
Total	1 018 853	764 594	1 756 911	1 303 705	2 941 400
Per geographical market					
Norway	458 550	380 524	859 944	715 185	1 471 852
Other EU states	560 303	384 071	896 967	588 521	1 469 548
Total	1 018 853	764 594	1 756 911	1 303 705	2 941 400

COST BREAKDOWN (KNOK)	2. Quarter		YTD		31. December 2006
	2007	2006	2007	2006	
Personell costs	135 900	99 158	257 717	190 232	412 940
Sales/ distribution costs	23 179	26 313	45 735	56 509	92 889
Aviation fuel	217 167	172 886	370 224	295 065	703 872
Aircraft leases	76 522	43 379	129 627	82 948	180 277
Aiport charges	144 477	103 235	252 054	184 461	417 942
De-icing	5 195	2 414	18 231	16 091	26 661
Handling charges	108 762	74 711	183 851	133 939	306 825
Technical maintenance costs	68 482	85 330	133 372	149 899	306 333
Depr. / write-down	18 093	14 554	33 613	22 939	51 991
Other costs	154 149	120 690	290 011	209 298	472 179
Total operating costs	951 927	742 670	1 714 435	1 341 381	2 971 910

SENSITIVITY ANALYSIS		Effect on profit and loss
		MNOK
1 % increase in jet fuel price		-9,0
1 % weakening of NOK against USD		-14,3
1 % weakening of NOK against EUR		-2,6

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