

NORWEGIAN AIR SHUTTLE ASA



THIRD QUARTER REPORT 2012

HIGHLIGHTS

- Third quarter revenue up by 25% to MNOK 4,224 (3,376).
- Third quarter RASK up 5% to 0.48, where yield was up 8% to 0.58 and load factor was down 2 percentage points to 82%.
- Earnings before depreciation and leasing (EBITDAR) in third quarter were MNOK 1,098 (1,206).
- Earnings before depreciation and amortization (EBITDA) in third quarter were MNOK 822 (1,001).
- Earnings before financial items and tax (EBIT) in third quarter were MNOK 708 (923).
- Earnings before tax (EBT) in third quarter were MNOK 873 (686).
- The number of passengers in third quarter was 5.19 mill. (+13%).
- Unit cost in third quarter was NOK 0.44 (NOK 0.37). Unit cost excluding fuel and effects from other losses and gains in the third quarter was NOK 0.28 (0.27).
- Gross realized fuel price per ton up 3% in the third quarter.
- Cash and money market deposits of MNOK 1,735 (1,430) as of 30 September 2012.
- Cash flow from operating activities in third quarter was MNOK 460 (243).

CONSOLIDATED KEY FINANCIAL FIGURES

Unaudited

(Mill. NOK)	Quarter ended 30.09.		YTD 30.09.		Year ended
	2012	2011	2012	2011	2011
Operating revenue	4,224.0	3,376.2	9,753.6	7,995.8	10,532.2
EBITDAR	1,097.7	1,206.2	1,525.4	1,323.4	1,539.5
EBITDA	822.4	1,001.2	735.4	708.2	709.9
EBIT	707.6	923.3	455.3	501.3	415.9
EBT	872.9	686.1	600.2	354.3	166.5
Net profit/ loss (-)	628.0	494.9	433.0	255.4	122.1
EBITDAR margin	26.0%	35.7%	15.6%	16.6%	14.6%
EBITDA margin	19.5%	29.7%	7.5%	8.9%	6.7%
EBIT margin	16.8%	27.3%	4.7%	6.3%	3.9%
Net profit margin	14.9%	14.7%	4.4%	3.2%	1.2%

OPERATIONS**CONSOLIDATED TRAFFIC FIGURES AND RATIOS**

Unaudited

	Quarter ended 30.09.			YTD 30.09.			Full Year
	2012	2011	Change	2012	2011	Change	2011
(ratios in NOK)							
Yield	0.58	0.54	8 %	0.55	0.53	5 %	0.52
Unit Revenue	0.48	0.45	5 %	0.44	0.42	5 %	0.41
Unit Cost	0.44	0.37	19 %	0.46	0.44	5 %	0.45
Unit Cost ex fuel	0.30	0.23	31 %	0.32	0.30	5 %	0.31
Unit Cost ex fuel and hedge	0.28	0.27	2 %	0.31	0.31	-1 %	0.32
Ancillary Revenue/PAX	82.6	79.5	4 %	80.1	79.6	1 %	78.0
Ancillary Revenue/Sched. PAX	85.8	82.8	4 %	82.7	82.0	1 %	80.2
Internet bookings	80%	83%	-4 pp	78%	82%	-4 pp	82%
ASK (mill)	7,780	6,480	20 %	19,403	16,496	18 %	21,958
RPK (mill)	6,407	5,468	17 %	15,332	13,132	17 %	17,421
Passengers (mill)	5.19	4.61	13 %	13.31	11.71	14 %	15.70
Load Factor	82%	84%	-2 pp	79%	80%	-1 pp	79%

Traffic Development

A total of 5.19 million passengers travelled with Norwegian in the third quarter of 2012, compared to 4.61 million in the third quarter of 2011, an increase of 13%. Production (ASK) increased by 20% and passenger traffic (RPK) increased by 17%. The load factor was 82% in the third quarter, a decrease of 2 percentage points compared to the same period last year.

At the end of the third quarter the total fleet including aircraft on maintenance and excluding wet lease comprised 67 aircraft. The Group utilized every operational aircraft on average 11.9 block hours per day in the third quarter compared to 11.7 last year.

The share of Internet sales was 80 % which is a decrease of 4 percentage points due to increased sales through travel agents.

Operating performance

Punctuality, the percentage of flights departing on schedule, was 86% in the third quarter 2012, compared to 88% in the same quarter last year. Operating performance in the period is influenced by irregularities in operations at Oslo Lufthavn.

Regularity, the percentage of scheduled flights actually taking place was 99.8% in the third quarter compared to 99.9% the same quarter last year. Norwegian manages to maintain a high level of regularity, despite irregularities in operations at Oslo Lufthavn. Third quarter 2012 is the twelfth consecutive quarter in which Norwegian operates with the highest regularity in its major markets.

Revenue

Total revenue in the third quarter was MNOK 4,224 (3,376), an increase of 25%. MNOK 3,707 (2,939) of the revenues in the third quarter is related to ticket revenues. MNOK 429 (367) is ancillary revenue, while the remaining MNOK 88 (71) is related to freight, third-party products and other income.

The ticket revenue per unit produced (RASK) in the third quarter was NOK 0.48 compared to NOK 0.45 for the same period last year. The RASK development compared to last year reflects higher yield, despite an increased sector length of 5%, and reduced load factor.

Ancillary passenger revenue was NOK 83 per scheduled passenger (NOK 80) in the third quarter, an increase of 4%, due to changes in route portfolio from last year.

Operating Expenses

COST BREAKDOWN

Unaudited

(Mill. NOK)	Quarter ended 30.09.		YTD 30.09.		Year ended
	2012	2011	2012	2011	2011
Personell expenses	539.6	462.9	1,535.2	1,367.7	1,836.2
Sales/ distribution expenses	69.7	46.1	200.0	149.2	198.9
Aviation fuel	1,070.1	892.5	2,802.5	2,262.5	3,055.8
Airport and ATC charges	493.3	441.2	1,299.1	1,167.9	1,561.4
Handling charges	307.3	261.4	821.8	728.5	982.2
Technical maintenance expenses	209.9	166.7	627.8	510.7	711.6
Other expenses	257.5	174.6	754.4	637.8	870.1
Other losses/(gains) - net	179.1	-275.3	187.3	-151.9	-223.5
Total operating costs	3,126.3	2,170.0	8,228.2	6,672.4	8,992.6

Operating expenses excluding leasing and depreciation increased by 44% to MNOK 3,126 (2,170) this quarter. A production increase (ASK) of 20% combined with appreciation of USD against NOK and losses from term contracts of MNOK 179 are the main factors explaining the increased operating expenses this quarter.

The unit cost excluding fuel is NOK 0.30 in the third quarter compared to NOK 0.23 in the third quarter last year. The underlying cost excluding effects from fuel and term contracts is NOK 0.28, which is an increase of 2% from last year. A larger share of Boeing 737-800Ws aircraft and increased sector length reduces underlying unit cost in the third quarter, but are more than offset by appreciation of USD against NOK and wetlease expenses of MNOK 34.

Personnel expenses increased by 17% to MNOK 540 (463) in the third quarter compared to the same quarter last year. Unit cost for personnel expenses decreased by 3%. Salary increase is more than offset by the productivity increase and increased sector length of 5%, following an increasing share of Boeing 737-800Ws which with more seat capacity per aircraft drives down the crew cost per unit produced. Irregularities in air traffic control services at Oslo Lufthavn have affected personnel expenses in the third quarter.

The average number of man-labor year increased by 18% compared to same quarter last year.

Sales and distribution expenses increased by 51% to MNOK 70 (46) in the third quarter compared to the same quarter last year. Unit cost for sales and distribution expenses increased by 26% due to increased sales through travel agents and increased prices.

Aviation fuel expenses increased by 20% to MNOK 1,070 (893) in the third quarter compared to the same quarter last year. The higher cost is driven by a production increase of 20% and a 3% increase in the realized fuel price per ton denominated in NOK including a hedge gain of MNOK 9. The average net spot price denominated in USD decreased by 6% during the same period. The increase in fuel price

per ton denominated in NOK is partly offset by a more efficient fleet of Boeing 737-800Ws and increased sector length of 5%. This resulted in a unit cost for fuel equal to third quarter 2011.

The Group has at the end of the third quarter forward contracts to cover approximately 0.5% of fuel exposure for the remaining of 2012 at an average price of USD 1,094 per ton.

Airport and air traffic control (ATC) charges increased by 12%, to MNOK 493 (441) in the third quarter compared to the same quarter last year. Unit cost for airport and ATC charges decreased by 7%. Increased prices for airport and ATC charges are more than offset by depreciation of EUR against NOK and reduced cost due to an increased share of 737-800Ws with larger capacity.

Handling charges increased by 18%, to MNOK 307 (261) in the third quarter compared to the same quarter last year. Unit cost for handling charges decreased by 2%. Depreciation of EUR against NOK, increased sector length of 5% and increased share of 737-800s with larger capacity are partly offset by increased Wi-Fi expenses as the share of Wi-Fi enabled aircraft has increased from last year.

Technical maintenance costs increased by 26%, to MNOK 210 (167) in the third quarter compared to the same quarter last year. Unit cost for technical maintenance costs increased by 5% in the third quarter due to appreciation of USD against NOK. The negative effect on unit cost is partly offset by positive impacts from reduced maintenance cost on leased 737-800Ws compared to 737-300s. Planned maintenance cost on owned aircraft is capitalized and reduces maintenance cost per unit through an increased share of owned aircraft in the fleet.

Other losses/(gains)-net a loss of MNOK 179 was recognized in the third quarter compared to a gain of MNOK 275 in the third quarter last year. Included in other losses/(gains)-net are change in fair value of foreign currency contracts and gains/losses on working capital in foreign currency.

As of 30 September the Group had term contracts with a negative mark-to-market value of MNOK -118. Losses on term contracts in third quarter amount to MNOK 165. Forward currency contracts in USD are designated to counter currency revaluation effects from USD denominated borrowings. Currency losses from term contracts are offset by currency gains of MNOK 192 on USD denominated borrowings booked as other financial income.

Leasing costs increased by 34% to MNOK 275 (205) in the third quarter compared to the same quarter last year. Unit cost for leasing increased by 12% in the third quarter due to use of wetlease of MNOK 34 and appreciation of USD against NOK. An increased share of owned Boeing 737-800Ws reduces leasing costs, but is more than offset by an increased number of leased Boeing 737-800Ws in the fleet. During the third quarter the Group operated 21 (13) owned Boeing 737-800Ws and 5 (5) Boeing 737-300s.

Profit/Loss from Associated Company

Profit/loss from associated company in the third quarter is estimated to MNOK 10 (6) which represents the 20 % share of Bank Norwegian's estimated third quarter results.

Earnings

Earnings before interest, depreciation and amortization (EBITDA) in the third quarter were MNOK 822 (1,001) and the earnings before tax (EBT) were MNOK 873 (686).

Financial Items

Net financial items in the third quarter were MNOK 155 (-243).

In the third quarter, interest on prepayments of MNOK 30 (13) was capitalized.

Included in other financial income (expense) is a currency gain on USD denominated borrowings amounting to MNOK 192 due to depreciation of USD against NOK. In comparison, a loss of MNOK 251 was recognized in the third quarter 2011. These gains and losses have no cash effects.

Tax

Income taxes amounted to an expense of MNOK 245 (191) in the quarter.

Net Result

The net result for the third quarter was MNOK 628, compared to MNOK 495 in the same period last year.

Balance Sheet

Total non-current assets amount to MNOK 7,611 at the end of the third quarter, compared to MNOK 6,502 at the end of last year. The main investments during the year are related to the purchase of five new Boeing 737-800Ws and prepayments to aircraft manufacturers for aircraft on order.

Total current assets amount to MNOK 3,297 at the end of the third quarter, compared to MNOK 2,502 at the end of last year. Investments have decreased by MNOK 234 during the year due to changes in fair value of term contracts. Receivables have increased by MNOK 411 during the year due to seasonality and increased production. Cash and cash equivalents have increased by MNOK 630 during 2012.

Total non-current liabilities at the end of the third quarter were MNOK 4,454, compared to MNOK 3,066 at the end of last year. Long-term borrowings increased by MNOK 1,158 during the year. The increase in borrowings is related to aircraft financing. Mark-to-market adjustment of USD denominated borrowings and down-payments on aircraft financing partly offsets the increase.

Total short-term liabilities at the end of the third quarter were MNOK 4,075, compared to MNOK 3,992 at the end of last year. Current liabilities increased by MNOK 462 during the year mainly due to increased production. Short-term borrowings decreased by MNOK 934 during the year due to redemption of the bond issue NAS02 and down-payment of pre-delivery payment financing. Air traffic liability has increased by MNOK 555 during the year due to seasonality and increased production.

Total interest bearing liabilities at the end of September were MNOK 4,474 compared to MNOK 4,250 at the end of last year.

Shares

The parent company Norwegian Air Shuttle ASA had a total of 34,878,226 shares outstanding at 30 September compared to 34,878,226 at the end of last year.

Cash Flow

Cash and cash equivalents were MNOK 1,735 at the end of the third quarter compared to MNOK 1,105 at the end of last year.

Cash flow from operating activities in the third quarter amounted to MNOK 460 compared to MNOK 243 in the third quarter last year. Due to seasonality and increased production, changes in air traffic settlement liability decreased by MNOK 720 during the third quarter 2012 compared to MNOK 600 in the third quarter 2011. Cash from other adjustments amounts to MNOK 192 during third quarter compared to MNOK 78 in the same quarter last year. Other adjustments mainly consist of changes in accounts receivable, current liability and currency gain/loss with no cash effects.

Cash flow from investment activities in the third quarter was MNOK -565, compared to MNOK -801 in the third quarter last year. Deliveries of three new Boeing 737-800Ws and prepayments to aircraft manufacturers are the main investments in the quarter.

Cash flow from financing activities in the third quarter was MNOK 267 compared to MNOK 768 in the third quarter last year. Long term financing of three new Boeing 737-800Ws are partly offset by down-payments on borrowings and financing costs, resulting in an increase in cash from financing activities in the third quarter.

Other Information

Norwegian will establish new bases of operations at London's Gatwick Airport and at Alicante during the spring of 2013. Norwegian will offer flights to several Mediterranean destinations and the Nordic region from London.

Risk and Uncertainties

The airline industry is undergoing a challenging time as a consequence of the financial crisis and global downturn. Future demand is dependent on sustained consumer and business confidence in the Company's key Scandinavian markets.

A market place where capacity growth exceeds market growth will increase the risk of yield pressure. However, low yield stimulates new demand, thus growing the market further. This necessitates a similar reduction in the cost level in order to maintain profitability.

In the event of industrial actions, operations may be disrupted, causing inconvenience for passengers and impacting financial performance.

Fuel price and currency fluctuations are risks which can have a significant impact on Norwegian's business and financial results. Sudden and significant changes in fuel price and foreign exchange rates could significantly impact fuel and other costs, and debt denominated in foreign currency.

Outlook

The demand for travelling with Norwegian and advance bookings have been satisfactory entering the third quarter of 2012. Norwegian will continue to take advantage of its increasing competitive power realized through continuous cost cutting, and from introducing larger aircraft (737-800Ws), with a lower operating cost. Going forward, the Company expects continued competitive pressure.

Norwegian will by the start of the winter schedule have two bases operational in Spain, in Malaga and Las Palmas. By the start of the summer schedule in 2013 bases in London and Alicante will be established and operational.

For 2012 Norwegian guides for a production growth (ASK) of approximately 18 % mainly from increasing the fleet by adding 737-800Ws. Norwegian may decide to adjust capacity deployment depending on the development in the overall economy and in the marketplace. The cost advantage realized as a consequence of the increased production from the initially guided 15% is offset by one off costs such that the earlier target for unit cost (CASK) of NOK 0.43 – 0.44 for 2012 is upheld. The cost target assumes a fuel price of USD 850 per ton and USD/NOK 6.00 for the year 2012 (excluding hedged volumes) and the currently planned route portfolios.

Norwegian guides for a production growth (ASK) in excess of 20% for 2013, mainly from increasing the fleet by adding 737-800s and through increasing the average sector length. Norwegian may decide to adjust capacity in order to optimize the route portfolio depending on the development in the overall economy and in the marketplace.

Assuming a fuel price of USD 950 per ton and USD/NOK 5.75 for the year 2013 (excluding hedged volumes) and with the currently planned route portfolio, the Company is targeting a unit cost (CASK) in the area of NOK 0.42 - 0.43 for 2013.

The establishment of the long haul operation is developing in accordance with plan and the organization is preparing for the first long haul flight which will take place in the first half of 2013.

Fornebu, 24 October 2012

Bjørn Kjos
CEO

Consolidated Income Statement

Unaudited

(Mill. NOK)	Note	Quarter ended 30.09.		YTD 30.09.		Year ended
		2012	2011	2012	2011	2011
OPERATING REVENUE						
Total operating revenue	3	4,224.0	3,376.2	9,753.6	7,995.8	10,532.2
Total revenue		4,224.0	3,376.2	9,753.6	7,995.8	10,532.2
OPERATING EXPENSES						
Operational expenses		2,255.9	1,892.7	6,100.3	5,175.9	6,988.0
Payroll and other personnel expenses		539.6	462.9	1,535.2	1,367.7	1,836.2
Other operating expenses		330.8	-185.5	592.7	128.8	168.4
TOTAL OPERATING EXPENSES		3,126.3	2,170.0	8,228.2	6,672.4	8,992.6
OPERATING PROFIT / LOSS BEFORE LEASING & DEPR (EBITDAR)						
		1,097.7	1,206.2	1,525.4	1,323.4	1,539.5
Leasing		275.2	205.0	790.0	615.2	829.7
OPERATING PROFIT / LOSS BEFORE DEPR (EBITDA)						
		822.4	1,001.2	735.4	708.2	709.9
Depreciation and amortization		114.8	78.0	280.0	206.9	293.9
OPERATING PROFIT / LOSS (EBIT)						
		707.6	923.3	455.3	501.3	415.9
FINANCIAL ITEMS						
Interest income		16.3	10.8	37.2	28.2	41.2
Interest expense		24.4	17.9	77.3	45.5	70.2
Other financial income (expense)		163.1	-235.9	160.4	-143.9	-239.9
NET FINANCIAL ITEMS		154.9	-243.0	120.3	-161.3	-268.9
Profit/Loss from associated company		10.3	5.8	24.5	14.3	19.5
NET RESULT BEFORE TAX (EBT)						
		872.9	686.1	600.2	354.3	166.5
Income tax expense (benefit)		244.8	191.2	167.1	98.8	44.4
NET PROFIT / LOSS						
		628.0	494.9	433.0	255.4	122.1
Earnings per share (NOK) - Basic		18.01	14.32	12.42	7.39	3.53
Earnings per share (NOK) - Diluted		17.86	14.06	12.32	7.26	3.46
No. of shares at the end of the period		34,878,226	34,573,332	34,878,226	34,573,332	34,878,226
Average no. of shares outstanding		34,878,226	34,573,332	34,878,226	34,573,332	34,628,464
Average no. of shares outstanding - diluted		35,162,139	35,201,513	35,162,139	35,201,513	35,251,848

Financial key figures

Unaudited

(Mill. NOK)	Quarter ended 30.09.		YTD 30.09.		Year ended
	2012	2011	2012	2011	2011
Operating margin (%)	17%	27%	5%	6%	4%
Book equity per share (NOK)			68.21	59.55	55.78
Equity ratio (%)			22%	23%	22%

Consolidated Balance Sheet

Unaudited

(Mill. NOK)	Note	Quarter ended 30.09.		Year ended Dec 31
		2012	2011	2011
ASSETS				
NON-CURRENT ASSETS				
Intangible assets		245.8	222.0	238.3
Tangible fixed assets		7,123.4	5,636.6	6,065.5
Fixed asset investments		242.2	176.1	197.8
TOTAL NON CURRENT ASSETS		7,611.4	6,034.7	6,501.6
CURRENT ASSETS				
Inventory		78.5	77.2	82.0
Investments		0.0	202.9	242.8
Receivables		1,483.8	1,296.5	1,072.5
Cash and cash equivalents		1,734.8	1,429.6	1,104.9
TOTAL CURRENT ASSETS		3,297.1	3,006.2	2,502.2
TOTAL ASSETS		10,908.5	9,040.9	9,003.9
EQUITY AND LIABILITIES				
SHAREHOLDERS EQUITY				
Paid-in capital		1,142.7	1,122.4	1,142.7
Other equity		1,236.3	936.4	802.9
TOTAL EQUITY		2,379.0	2,058.8	1,945.6
NON CURRENT LIABILITIES				
Other non-current liabilities		598.0	457.6	367.7
Long term borrowings	6	3,856.3	3,107.8	2,698.4
TOTAL NON-CURRENT LIABILITIES		4,454.3	3,565.4	3,066.1
SHORT TERM LIABILITIES				
Current liabilities		1,694.1	1,265.1	1,232.0
Short term borrowings	6	618.0	797.8	1,551.9
Air traffic settlement liabilities		1,763.1	1,353.8	1,208.3
TOTAL SHORT TERM LIABILITIES		4,075.2	3,416.8	3,992.2
TOTAL LIABILITIES		8,529.5	6,982.2	7,058.3
TOTAL EQUITY AND LIABILITIES		10,908.5	9,040.9	9,003.9

Condensed Consolidated Statement of Cash Flow

Unaudited (Mill. NOK)	Quarter ended Sept 30		YTD Sept 30		Year ended Dec 31
	2012	2011	2012	2011	2011
OPERATING ACTIVITIES					
Profit before tax	872.9	686.1	600.2	354.3	166.5
Paid taxes	0.0	0.0	-1.0	-5.6	-9.8
Depreciation, amortization and impairment	114.8	78.0	280.0	206.9	293.9
Changes in air traffic settlement liabilities	-720.3	-599.5	554.7	399.6	254.1
Other adjustments	192.3	78.4	141.2	-208.2	-31.1
Net cash flows from operating activities	459.7	243.0	1,575.1	747.0	673.7
INVESTMENT ACTIVITIES					
Purchases, proceeds and prepayment of tangible assets	-564.9	-800.5	-1,220.1	-1,706.7	-2,189.5
Net cash flows from investing activities	-564.9	-800.5	-1,220.1	-1,706.7	-2,189.5
FINANCING ACTIVITIES					
Loan proceeds	416.3	878.9	826.9	1,675.1	2,008.6
Principal repayments	-84.6	-57.6	-366.7	-280.3	-347.7
Net increase (decrease) in other short-term debt	-64.3	-53.8	-184.1	-184.7	-239.1
Proceeds from issuing new shares	0.0	0.0	0.0	0.0	20.4
Net cash flows from financial activities	267.4	767.5	276.1	1,210.2	1,442.2
Foreign exchange effect on cash	-1.8	0.4	-1.3	0.7	0.1
Net change in cash and cash equivalents	160.4	210.3	629.9	251.2	-73.5
Cash and cash equivalents in beginning of period	1,574.4	1,219.3	1,104.9	1,178.4	1,178.4
Cash and cash equivalents in end of period	1,734.8	1,429.6	1,734.8	1,429.6	1,104.9

Statement of comprehensive income

Unaudited

(Mill. NOK)	YTD 30.09.		Year ended Dec 31
	2012	2011	2011
Net profit for the period	433.0	255.4	122.1
Available-for-sale financial assets	0.0	0.0	0.0
Exchange rate differences Group	-0.4	-1.5	-1.7
Total comprehensive income for the period	432.6	253.9	120.4
Profit attributable to:			
- Owners of the company	433.0	255.4	122.1

Consolidated changes in equity

Unaudited

(Mill. NOK)	YTD 30.09.		Year ended Dec 31
	2012	2011	2011
Equity - Beginning of period	1,945.6	1,795.9	1,795.9
Total comprehensive income for the period	432.6	253.9	120.4
Share issue	0.0	0.0	20.4
Equity change on employee options	0.0	8.9	8.8
Equity - End of period	2,379.0	2,058.8	1,945.6

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**General and accounting principles**

Norwegian Air Shuttle ASA (the Group) consists of Norwegian Air Shuttle ASA and its subsidiaries. The Company is a limited liability company incorporated in Norway. The condensed consolidated interim financial statements comprise the Group.

The consolidated financial statements of the Group for the year ended 31 December 2011 is available upon request from the company's registered office at Oksenøyveien 3, 1330 Fornebu, Norway, or at www.norwegian.com.

These condensed consolidated interim financial statements have been prepared in accordance with rules and regulations of Oslo Stock Exchange and International Financial Reporting Standard (IAS) 34 Interim Financial Reporting. They do not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with consolidated financial statements for the Group at 31 December 2011. These condensed interim financial statements are unaudited.

The accounting policies applied by the Group in these condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2011.

Note 1 Judgments, estimates and assumptions

The preparation of condensed consolidated interim financial statements in accordance with IFRS and applying the chosen accounting policies requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the period ended 31 December 2011.

Note 2 Risk**SENSITIVITY ANALYSIS**

Unaudited

**Effect on income
MNOK**

1% decrease in jet fuel price	+34
1% depreciation of NOK against USD	- 45
1% depreciation of NOK against EURO	- 19

The sensitivity analysis reflects the effect on operating costs by changes in market prices and exchange rates. The effect on operating costs is annualized based on current level of production, fuel prices and exchange rates. Operational hedges are not included in the calculation of the sensitivity.

Note 3 Revenue

Passenger revenue comprise only ticket revenue, while ancillary passenger revenue is other passenger related revenue such as fees. Other revenue consist of revenue not directly related to passengers such as cargo, 3rd party commissions etc.

SALES REVENUE

Unaudited

(Mill. NOK)	Quarter ended 30.09.		YTD 30.09.		Year ended
	2012	2011	2012	2011	2011
Per activity					
Passenger revenue	3,707.0	2,938.6	8,492.3	6,904.0	9,097.7
Ancillary passenger revenue	428.6	366.7	1,065.9	931.5	1,224.3
Other revenue	88.4	70.9	195.4	160.3	210.2
Total	4,224.0	3,376.2	9,753.6	7,995.8	10,532.2
Per geographical market					
Domestic	1,071.3	957.7	2,960.3	2,719.2	3,666.7
International	3,152.7	2,418.5	6,793.3	5,276.6	6,865.5
Total	4,224.0	3,376.2	9,753.6	7,995.8	10,532.2

Note 4 Segment information

Executive Management reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segment on these reports.

Executive Management considers the business as one operational segment, which is low cost air passenger travel. The Group's operating profit arises from airline-related activities and the only revenue generating assets of the Group are its aircraft fleet, which is employed flexibly across the Norwegian, Danish, Finnish and Swedish operation.

Performance is measured by Executive management based on the operating segment earnings before interest, tax, depreciation and amortization (EBITDA). Other information is measured in a manner consistent with that in the financial statements.

Note 5 Information on related parties

During the third quarter 2012 there are no changes in related parties compared to the description in Note 27 in the Annual Report for 2011. There have been no significant transactions with related parties during the third quarter 2012.

Note 6 Borrowings

Unaudited

(Mill. NOK)	YTD Sept 30 2012		YTD Sept 30 2011		Year ended Dec 31 2011	
	Long term	Short term	Long term	Short term	Long term	Short term
Bond issue	-588	0	-598	0	0	-599
Revolving credit facility	-27	-241	0	-517	0	-648
Aircraft financing	-3,229	-372	-2,493	-276	-2,683	-300
Financial lease liability	-12	-5	-17	-5	-15	-5
Total	-3,856	-618	-3,108	-798	-2,698	-1,552
TOTAL BORROWINGS	-4,474		-3,906		-4,250	

Note 7 Events after the reporting date

There are no events after the balance sheet date.

Definitions

ASK: Available Seat Kilometres. Number of available passenger seats multiplied by flight distance.

Unit revenue: Passenger Revenue divided by Available Seat Kilometres.

Unit cost: Total operating expenses plus leasing divided by Available Seat Kilometres.

RPK: Revenue Passenger Kilometres. Number of sold seats multiplied by flight distance.

CABIN FACTOR: Relationship between RPK and ASK as a percentage. Describes the rate of utilisation of available seats.

EBITDAR: Operating profit/loss before depreciation and leasing costs for aircraft (earnings before financial items, tax, depreciation and leasing costs for aircraft)

EBITDA: Operating profit/loss before depreciation (earnings before financial items, tax and depreciation)

EBIT: Operating profit/loss (Earnings before financial items and tax)

Information about the Norwegian Group

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Ola Krohn-Fagervoll, deputy Chairman
Liv Berstad
Marianne Wergeland Jenssen
Linda Olsen
Thor Espen Bråten
Jeanette Vannebo

Group Management

Bjørn Kjos, Chief Executive Officer
Asgeir Nyseth, Chief Operating Officer
Frode E. Foss, Chief Financial Officer
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Other sources of Information

Annual reports

Annual reports for Norwegian Group are available on www.norwegian.com

Quarterly publications

Quarterly reports are available on www.norwegian.com.

The publications can be ordered by sending an e-mail to investor.relations@norwegian.com