Annual Report 2005

norwegian.no

"Affordable air-fares for everyone"

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The year in brief

Total turnover for the year was MNOK 1 972.2 compared with MNOK 1 210.1 in 2004.

The total operating result before depreciation and leasing costs (EBITDAR) was MNOK 181 compared to MNOK – 32.7 in 2004.

The total operating result before depreciation (EBITDA) was MNOK 55.1 compared to MNOK -140.6 in 2004.

The result before tax (EBT) for the year was MNOK 37.2 compared to MNOK -152,5 in 2004.

Result after tax for 2005 was MNOK 26,7 compared to MNOK -109.8 the previous year.

In total the company has flown 3.289.769 passengers in 2005 compared to 2.073.736 in 2004, which is an increase of 59 %.

Total passenger traffic (RPK) increased by 76 % compared to 2004.

The cabin factor in 2004 has been 78 % compared to 67 % last year which is an increase of 11 percentage points.

Total production (ASK) has increased 51 % in 2005 (3 464 million ASK) compared to 2004 (2 301 million ASK).

The company had cash reserves of MNOK 261.5 at the end of the year and an equity ratio of 25%.

Total unit cost (cost per ASK) for the year was NOK 0.55 compared to NOK 0.59 in 2004, which is an improvement of 7 %.

During the year Norwegian ASA has developed its network from 43 to 54 routes, of which 45 to international destinations (the number of routes for sale by the end of the year). This far in 2006, the company has introduced 1 domestic route and 15 international routes.

Key Figures (NOK 1000)

Total for the company	2005	2004	2003
Operating revenue	1 972 247	1 210 059	958 613
EBITDAR	180 986	-32 686	55 441
EBIT	24 842	-159 600	-58 190
EBT	37 229	-152 458	-59 017
Earnings per share	1,46	-6,03	-4,05
ASK (millions)	3 464	2 301	1 149
RPK (millions)	2 703	1 538	718
Load Factor	78 %	67 %	62 %
Passengers carried	3 289 769	2 073 736	1 234 547
Internet sales	75 %	63 %	44 %
Number of routes 1)	54	44	18
Aircrafts operated 2)	14	12	8

1) Number of routes for sale by the end of the year.

2) Number of aircraft received by the end of the year.

Dear shareholder

Finally, the breakthrough we have been yearning for. We were able to show black numbers in the last three quarters, which gave an operating profit before depreciation and financial income (EBITDA) of MNOK 55, and MNOK 27 after tax. Our operating result is not a consequence of higher prices. We have improved the operating profit with MNOK 196 compared to last year (EBITDA), and MNOK 115 of this is pure cost reductions.

Our strategy in 2005 was to emphasise the growth on European cities, which we have most certainly achieved. This way we were able to expand our operation significantly, and carry on decreasing our unit costs. A good measurement of the company's efficiency is how many passengers flying per employee. In 2003, we flew 3 300 passengers per employee. In 2004 we made 4 500 passengers, while last year we achieved 6 600 passengers per employee. In other words, we have become twice as efficient in the course of two years.

In 2004 the cost of flying one seat one kilometre was NOK 0.59. Despite an increase of 32 % on fuel prices last year, we managed to fly the same seat for NOK 0.55, which is a cost reduction of 7 %.

In 2005 we flew 3.3 million passengers, compared to 2.1 million in 2004. We increased the fleet with 2 aircraft; however, we managed to increase the utilisation of the aircraft by 7.6 hours to 9.1 hours a day.

Efforts put forward on European cities lead to the launch of a total of 13 new routes at the beginning of 2006. Today, we are the largest low cost carrier in Scandinavia.

Based on the trend in travel patterns we depicted an increase in weekend travelling to big cities. This has indeed been the case, despite terror attacks and street riots like in Paris and London. People have learned to live with such events, and luckily there have only been short term effects in people's travel patterns.

New paths have been laid in Norwegian, in the way we plan new routes. Some of the most beautiful pearls of cities are located in Eastern Europe, with a level of cost that makes most of us feel rich. Norwegians have discovered this. In 2006, we will continue our focus on this part of Europe, which is very under stimulated on low fares.

Since Norwegian started, we have had a good grip on other cities in Norway. That is why it has been very natural to start direct routes from Bergen, Trondheim and Stavanger. Today we offer 14 direct routes out of Bergen, and 8 routes out of Trondheim, while we have 6 routes out of Stavanger. Thus, at the beginning of 2006 we are offering a total of 70 routes. That is 60 routes in and out of Norway, while we operate 10 routes domestically, and I can promise that we will have more routes both domestically and internationally in the future.

Where to?
Norwegian has more than 36 different destinations around Europe. All with their respective features. At the bottom of each page we have placed icons representative for destination. Can you guess which destination?

What about the future?

In 2006, there will still be an aggressive focus on costs. We will show that the strong market price increase that Norwegian has had is entitled. Nothing comes for free; in Norwegian we have experienced this to the fullest. The competition is not getting any easier. We do not believe in high prices, and there are many new seats to be filled. By experience we know how hard it is to compete on the domestic market. This year we are opening a route between Bergen and Stavanger. It is almost two years since we discontinued that route and opened a route between Oslo and Ålesund. We felt that the business community failed us here, and the route to Ålesund showed red numbers for almost two years. It did not help much that the Norwegian Competition Authority gave our competitor a fine of 30 million crowns for unlawful behaviour. By then, we had discontinued that route. When we open a new domestic route competing with a monopolist through a number of years, of course we are ready for price war. However, the difference now is that Norwegian can operate at almost half the cost as its competitors. In addition, today our cost base is almost 40 % lower than when we started in Ålesund.

In the course of the next two years we will make the necessary arrangements to establish ourselves in the leading division of low cost carriers in Europe, both when it comes to technology, costs and attractive routes.

During the first half of 2006, in co-operation with the global ticket distributor Amadeus, we will launch a completely new system for sale and distribution of tickets. This will radically cut costs.

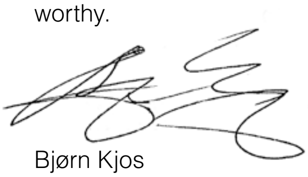
New and simplified ticket systems will also make it possible to open up transfer-travels on own routes.

We have also opened a new school for education of people to the travel business. The education is a two year programme, where a substantial part of the apprenticeship will be onboard a Norwegian aircraft. The education will give certificates of apprenticeship in the travel business, with a valuable experience in customer relations, sale and marketing, and work onboard the aircraft. The apprentices will get a fantastic education, and we will get many enthusiastic people with great spirits.

So, dear shareholder; we have a duty to deliver, and we will make it. Let me say;

“FASTEN YOUR SEATBELTS”.

We hope that we will give you a really exciting flight in 2006, and a journey that goes to show our trust is worthy.



Bjørn Kjos
Managing Director

The city is situated in a country that borders on the Mediterranean. It has approximately 4 millions inhabitants. Among the best kept monuments is the Titus-arc from 81ad . If not all roads lead here, at least Norwegian travel to this city.

This is Norwegian

Foto(c) Leif Skandsen

Visions and goals

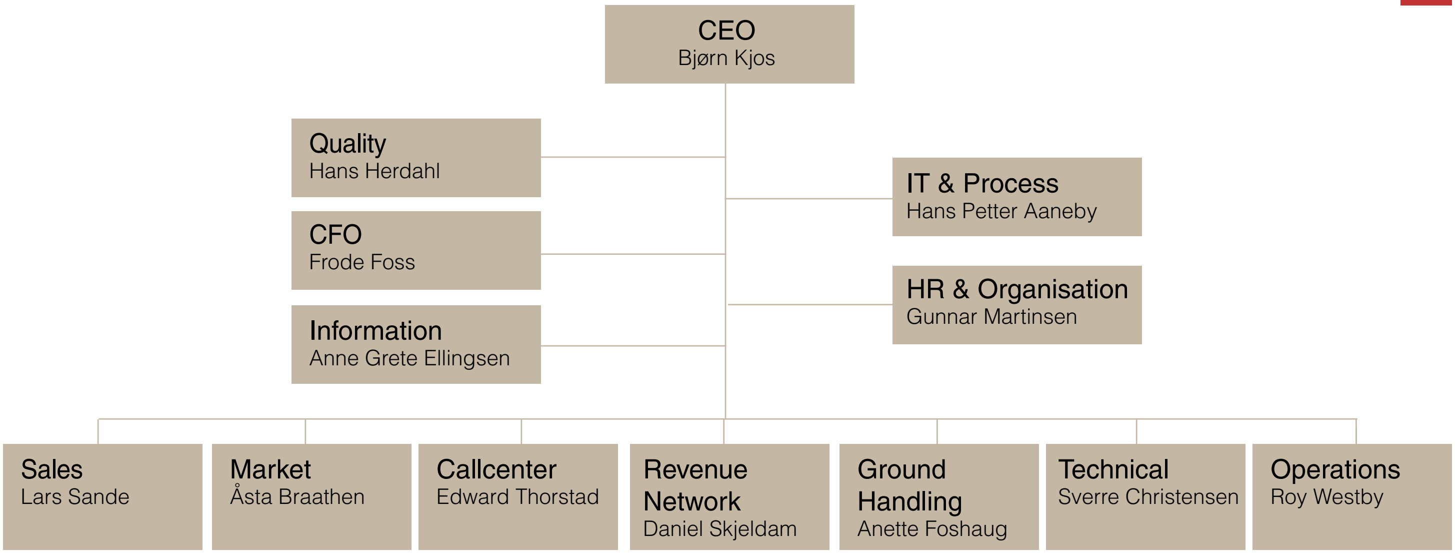
The business aim of Norwegian Air Shuttle ASA is, through efficient operations and low prices, to give everybody who lives in Norway the possibility to travel by aircraft. Lower prices for aircraft journeys is expected to improve people's financial well being and social life, give a more competitive Norwegian business community, as well as to give a positive stimulant to the general development of our society.

The company's ambition is to establish itself as one of the preferred suppliers of air travel to those who live in Norway. This can be achieved through low prices in selected markets and a competitive destination list, and high relevance and quality in delivery.

In order to achieve the company's business aim and ambitions, our organisation is being developed on the lines of: Directness, simplicity and relevance. The company has a flat organisational structure which makes the decision-making processes simple and direct. The company prefers management processes which allow it at any time to react quickly with necessary measures. Working in the organisation should be hallmarked by focus, team playing and achievement of goals, where this is seen as being an open and direct dialogue with emphasis on real improvement.

To achieve a high level of business relevance the company structure and organisation is built from the ground up, with the aim to build the strategic skills which give low costs and high efficiency in the company's use of resources. Activities which are not of sufficient strategic relevance for the business will be actively outsourced.

" The green island" is a gorgeous small island that has a lot to offer, both for those who are interested in history and culture, and for those who only wants sun & fun. The island is also well known as the party island.



Company organisation

Management

The figure above shows the management structure for Norwegian.

Employees

At the end of the year the company had 560 employees, or the equivalent of 536 full time employees. 75% of the total employees were operative aircraft and technical personnel; pilots, cabin crew, fleet operation administration and maintenance. The table below shows the development of total employees during the year.

Function	31.12.05	31.12.04
Operations – Pilots	147	96
Operations – Cabin staff	198	155
Operations - Administration	22	19
Technical	53	44
Commercial 1)	111	93
Administration	29	38
Total	560	445

1) Including Call Centre

Operations and market developments

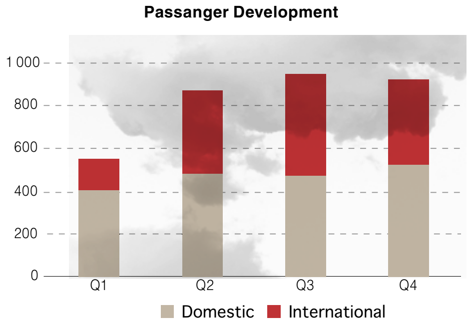
Destinations

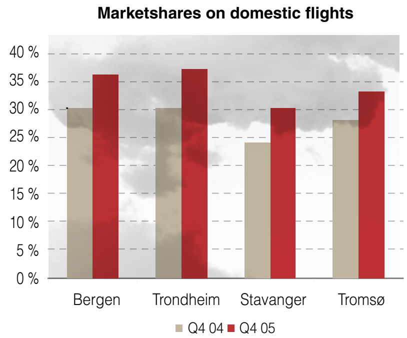
The driving forces in the development of Norwegians route portfolio have been:

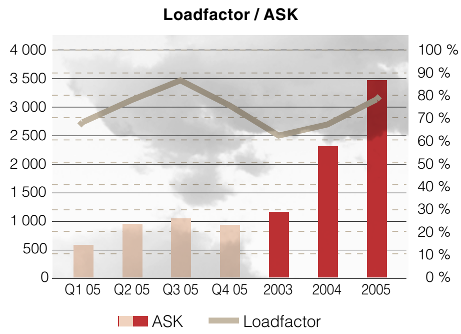
- to follow the larger point-to-point market in and out of the largest towns in Norway which are either being overpriced or underserved
- to be the first low cost carrier on new routes where only established players have existing flights
- to develop smaller markets through the introduction of the low-fare concept
- to provide the opportunity to both private and business travellers to get an attractive price
- to maximize the total utilisation of the fleet in order to achieve lower operating costs per seat

Norwegian developed its route portfolio in 2005 to cover 54 routes to 37 destinations by December 31st 2005, 9 domestic and 45 international. Total aircraft in the fleet in that period have increased to 14 Boeing 737-300. By the start of 2006, the company has received two additional aircraft.

This is the second largest city in the Valencia-region. Explanda de España is the focus of the city and it has a charming promenade with palms along the waterside.







From the basis of the established position in the Norwegian domestic market, Norwegian has sought growth through expansion into international routes to traditionally popular cities and destinations in southern Europe. Throughout 2005 the goal has been to increase production on some of these routes to give a satisfying product, including products to business travellers. This expansion is also being motivated out of the need to further utilization of the fleet.

A substantial part of the expansion of the route portfolio in 2005 has been on destinations in Eastern Europe, which so far has shown to be a success.

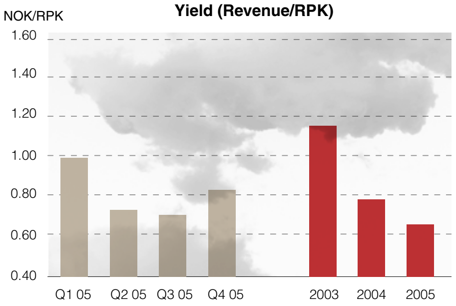
Passenger development

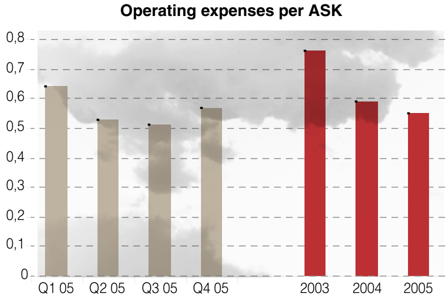
Approximately 3.3 million passengers have flown with Norwegian during 2005, an increase of 50 %. Travel volumes have varied throughout the year with the first quarter having the lowest activity, thereafter improving quarter by quarter. In addition to the seasonal changes, the growth in passenger traffic reflects the expansion of the route portfolio Norwegian has on offer.

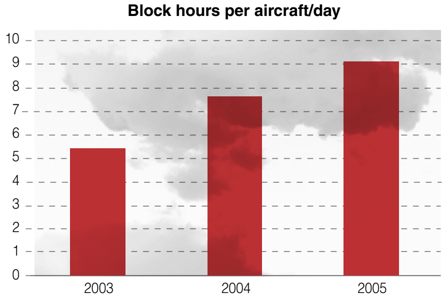
Throughout its three years of low cost operations, Norwegian has established its position in the Norwegian domestic market. At the end of 2005 the company had a market share of approximately 34 % on the largest domestic routes (Oslo to Bergen, Trondheim, Stavanger and Tromsø).

During the year, passenger traffic (RPK) has increased by 76 %. Production (ASK) increased by 51 % compared to 2004. The load factor for the year as a whole ended at 78 % which is an increase of 11 % points from 2004. The domestic load factor ended at 73 %, an increase of 11 % points. The international load factor was 81 %, an increase of 13% points compared to last year. The international production is the fastest growing part of the company's operations, and made 59 % of the total production by the end of 2005, compared to 43 % last year.

The capital in a country that is both dear and near. Even though we like to make jokes about the citizens, we really enjoy their company.







The yield (traffic revenue/RPK) has been falling ever since the low-fare operations started. This is to a large extent connected to expansion and longer average flying distances. In addition, the yield is influenced by seasonal changes and holiday seasons. We have seen a reduction in the yield throughout the year. The reduction is mainly related to the increased efforts on international routes, together with extended production on the company's routes in Northern Norway. The average flight distance increases by such efforts, leading to a lower yield.

Operating costs

A relatively large part of the company's costs are driven by fixed and interval fixed production costs (leasing costs, fleet insurance, cabin crews etc). It is therefore important to have a high utilisation of the fleet in order to achieve the lowest possible cost per ASK. Additionally, the development of the fleet provides further economies of scale and reduction in costs per ASK. Frequency based aircraft operating costs, such as take off fees, de-icing and ground handling achieve a lower cost per ASK due to increased sector length.

Since the start of the low cost operations, Norwegian has achieved a significant increase in production, by increasing the number of aircraft to 14 by the end of 2005, and also by better utilisation of the aircraft. This has resulted in costs per ASK being reduced as shown in the figure. The unit cost has been reduced by a total of 7 % from 2004 to 2005.

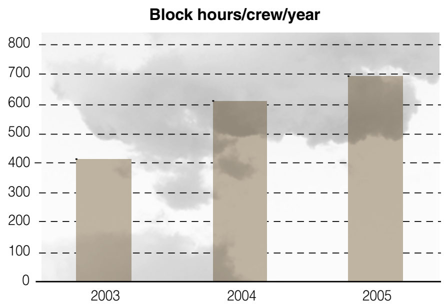
In addition to the utilisation of the fleet, cost per ASK are also dependent on the extent of total operating costs. Factors which are considered to be the most important in relation to the size of the company's costs are commented on below.

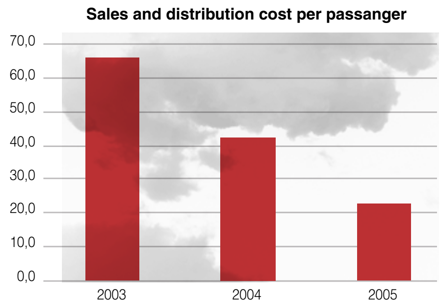
Utilization of the fleet

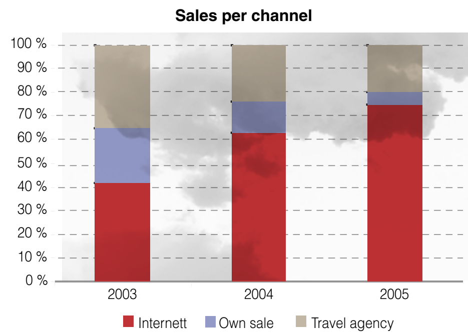
An important element in the company's price strategy is to focus on a uniform fleet of Boeing 737-300 aircraft. At the end of 2005 the company had 14 such aircraft. Focus on a uniform aircraft fleet result in lower costs due to simpler maintenance operations, reduced need for spares, and reduced variation in the type of tools equipment and infrastructure as well as a simpler administration.

Utilisation of the fleet is significantly improved as result of the expansion, and each aircraft has for the year as a whole an average 9.1 hours per day in use (block hours), compared to 7.6 hours in 2004.

The city is a world metropolis and heaven for people that are devoted to shopping and football. In this city you find history in every street, meanwhile Big Ben watches the time for you. .







Staff utilization

The company is focused on an effective staff utilization. It is particularly important to achieve optimal utilisation of crew members, and the highest possible number of flying hours for these. This is to a large extent dependent on the route and crew planning, and trade union agreements with crew personnel within boundaries that apply for civil aviation. Since the start up of the company, the flying hours per crew member has increased in line with the expansion.

Ticket distribution costs

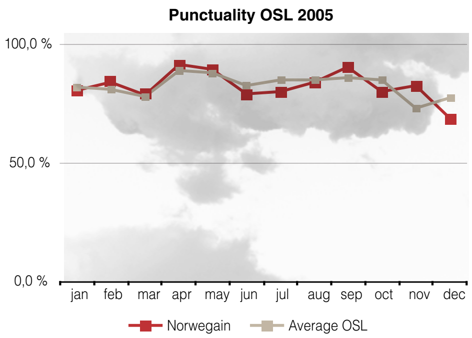
Norwegian focuses on having low distribution costs, as well as offering the broadest distribution possible. The costs of distribution have near halved from 2004 to 2005. This is partly due to a shift in volume between the different distribution channels towards more cost effective channels, first and foremost Internet and other web-based sales channels. Furthermore, a renegotiation of contract terms and other efforts to reduce costs of distribution are reasons for this reduction.

The Internet channel www.norwegian.no is clearly the most cost effective sales channel, aiming at private individuals. Approximately 75 % of all bookings in 2005 were made over the Internet, compared to 63 % in 2004. The relative growth has lead to a setback for Norwegian's call-centre to about 5 % of the total sale. The share of travel agency sales has had a slight decrease.

Norwegian has developed a common integration platform to the central booking systems, which makes it easier to connect to other front-end systems. In 2005, the company has fully started to use to Corporate Portal, which is a web-based sales system aimed towards firms, and the Agent Portal, which is a web-base alternative for travel agencies to make bookings with Norwegian. Norwegian also offers the agents the possibility to establish a direct integration between their systems and our central booking systems. Narvesen and Telenor (who delivers Norwegian's SMS solution) are already using this integration. In 2005, Norwegian launched the Station Portal for selling tickets and overweight at airports. This sales system reduces the sales costs, and simplifies the start up of new ticket offices at new destinations.

Norwegian has entered into a co-operation with Amadeus, a supplier of distribution solutions for the global travel service industry. The co-operation involves the development of a distribution solution for low cost carriers, and will result in a further reduction of the sales and distribution costs in 2006 and further on.

A city that is famous for its night-life, and well-being. Here you can nurse both body and soul. The city used to be situated behind the famous iron curtain, but today it is one of the most trendiest cities in Europe.



Ground operations and in-flight services

To provide the flexibility that active route portfolio development demands, the company purchases services to cover ground operations.

For traditional carriers, provision of meals on board the aircraft is an added cost. Generally, Norwegian does not offer meals on its flights, but where flight time exceeds one hour, both food and drinks can be purchased. Tax-free sales are also offered on international routes.

Administration and other costs

The company's central administration currently runs Norwegian's activities from low cost premises at Fornebu, Norway.

IT is an important tool in the company's work to achieve a cost effective operation which at the same time ensures good service to customers. Amongst other things the company has invested in electronic solutions for the handling of ticket-less travel and staff planning which over time will require fewer employees and less administration. Moreover, the company has invested in a new IT system in 2005, to increase the efficiency of finance and accounting. The company's work on optimising IT systems and routines to ensure the most cost effective operations will continue in 2006.

Punctuality

The company's punctuality, measured in delays exceeding 15 minutes, has been lower than the average for other domestic operators in 2005, but still it has not been good enough. With the company's tight schedule, the delays will to a great extent transmit throughout the day. The main reasons for delays have normally been technical or weather related. In 2005, Norwegian's punctuality has been affected by ATC delays, because of the air controller conflict, understaffing, and heavy air traffic over Europe.

Late delivery of new aircraft and subsequent cancellations/re-routing, as well as delayed flights has somewhat affected the punctuality. The company's high utilisation of the aircraft fleet makes it more susceptible to follow-on consequences of one plane being late, compared with the traditional carriers which have a greater availability of aircraft and higher frequency in their time. This risk will be reduced through the planned development of the company's fleet and general optimization of operations.

Another world-metropolian. Well known for its fashion, trends, artists and not to forget its romantic atmosphere. A city with sights on every street corner, one of them measures 320 meters.

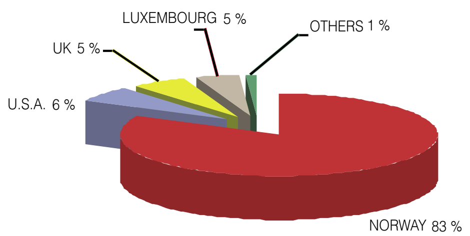
The share and the shareholders

Norwegian was floated on the Oslo Stock Exchange on 18 December 2003, and the shares have been traded throughout 2004 and 2005. At 31 December 2005 Norwegian had a share capital of MNOK 1 836 920, consisting of 18 369 196 shares with a par value of NOK 0.1. At the year-end Norwegian had a total of 1 610 shareholders split between institutional and private investors.

Share and ownership structure

Overseas shareholders were approximately 17 % at the year-end compared with approximately 19 % at the beginning of the year. Apart from in Norway the largest shareholdings are in the USA, the United Kingdom and Luxembourg with 6, 5 and 4 % respectively. During the year the employees received approximately 140 000 shares in connection with the company's incentive program. The company owned 283 500 of its own shares by the end of the year. When the company was made aware of that the acquisitions of shares were not in compliance with the Joint Stock Public Companies Act's requirement of free equity when buying own shares, the shares were sold in February 2006.

Shareholders per country



The share price has had a strong development throughout the year, and at the end of the year priced at NOK 82 (500 %). Hence, Norwegian Air Shuttle ASA was one of the winners of Oslo Stock Exchange in 2005. The positive development of the share price is related to the company's successful expansion throughout the year, in addition to the company delivering positive numbers in the last quarters of 2005 and the year as a whole. In order to achieve this, the company has further increased the efficiency of its operations, in addition to gaining larger market shares both in Norway and on travels to Europe.

The share is included in the OB-match liquidity group on the Oslo Stock Exchange. On average 155 571 shares are traded each day and in 2005 the company's shares turn over of 2.1 times.

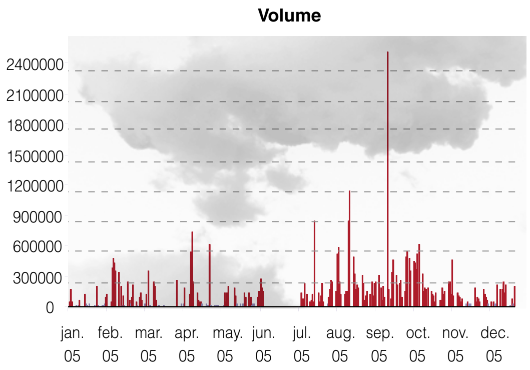
Corporate Governance

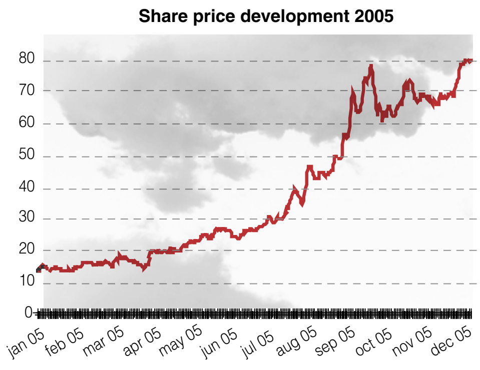
In 2005 the company has focused on developing its Corporate Governance systems to secure the shareholders, employees, government, customers, suppliers and lenders and financial institutions interests' in the company.

Norwegian's Corporate Governance principles are designed to ensure that the company is run in a satisfactory manner by:

- ensuring that laws, regulations and ethical standards are complied with
- securing independent and well qualified board members
- ensuring relevant and timely reporting to shareholders and other stakeholders
- giving the board the possibility for thorough insight into the operational and financial conditions
- ensuring equal treatment of shareholders
- demonstrating good internal control

Above all others, this city symbolizes the fall of the iron curtain. It has played a central role in the history of the 20th century. Today the city is an active one, that offers world class art and adventures.





The system is made up both of legally required corporate bodies which would look after the interests of the shareholders, internal bodies which ensure that the administration's management complies with the expectations of stakeholders, and a governance structure providing healthy interaction between bodies and efficient implementation of the company's governance control processes.

The composition of the board should be such that it has the competence and experience from the transport sector or other competitive consumer sectors, significant contacts, together with experience from business, finance capital markets and marketing.

The board meetings are run by its chairman. The managing director and finance director also participate in board meetings. Other members of management participate when there is a need.

The board's work and responsibilities are defined in the Norwegian Public Limited Companies Act, the Company's Articles of Association and the directives in place for the board's activities. The board's activities are concentrated on strategy, organisation, Corporate Governance, and approval of budgets, quarterly and annually reports. The board will keep records, follow-up, decide on and debate issues related to the above. The company's decisions related to expansion, introduction of aircraft and other issues which increase operational exposure as well as larger investments are given special attention.

An election committee is responsible for choosing and proposing board members that are to be approved by the annual general meeting, in accordance with the Articles of Association.

It is a goal for Norwegian to manage shareholders values such as the return measured as the sum of dividend and share price improvement is the highest possible over time. This will make the company an interesting investment alternative and will create the basis for the company to have access to risk capital whenever this should be necessary. Dividend payments will be approved by the shareholders at the annual general meeting.

Norwegian wishes to increase the level of knowledge of the company and an understanding of the industry. In this way the company can create trust such that the interest from investors and analysts over time can influence the correct pricing of the company in the share market. Norwegian does this by presenting financial information on a quarterly basis through its quarterly reports and presentations. Additionally the company publishes traffic developments every month. This information is collected and is available on the company's web-site www.norwegian.no.

The heart in one of Europe's most beautiful cities is Starè Mesto (the old town). It has retained its architecture, which consist of different styles, such as Gothic, Rococo and Renaissance. Most of the plot in the movie " Trippel-X" takes part in this city.

Annual Report

The annual report for Norwegian Air Shuttle ASA for 2005 has been prepared by the Board and the Managing Director.

Norwegian Air Shuttle ASA is a publicly listed company. The company has a total of 10 domestic routes and 60 routes to Europe from different locations in Norway. The company had 14 Boeing 737-300 aircraft by the end of 2005, and has acquired two additional aircraft in 2006.

From the establishment of the company in 1993 and up to the spring of 2003, the company operated flights on behalf of Braathens on the west coast of Norway, using Fokker F-50 aircraft. In September of 2002, the company started a low-fare operation with 6 Boeing 737-300 aircraft, flying almost a million passengers in the first 12 months. The expansion has continued since the start-up of the low-fare operation and in 2004 and 2005 2.1 and 3.3 million passengers flew with Norwegian.

Today the company is a pure low-fare carrier with a uniform aircraft fleet of Boeing 737-300. The company headquarter is located at Fornebu, and have additional ticket offices at Oslo Airport Gardermoen and Tromsø Airport Langnes.

Review of the year

The company has significantly extended its number of routes offered in 2005, from 43 to 54 (9 domestic and 45 international for sale by end of the year) and at the same time phasing in new aircraft. The increase in the number of routes has mainly been from Norway to European destinations. Norwegian has increased the number of routes between big domestic cities in order to offer better timetables for its customers. The increase in the number of routes has given a significantly improved utilisation of the aircraft fleet, with a corresponding reduction in costs per flying hour.

The company has continuously adapted production and the timetable, in order to achieve more efficient operations and a higher cabin factor. Even with significant increases in capacity on certain routes, the cabin factor has been improved.

Due to the good experience the company has had with the FlyNordic code share agreement, a similar agreement was entered into with the Danish company Sterling in 2004, covering a number of existing and new routes. The code share agreement on 13 routes started during the first half of 2005.

Based on the already established position in the Norwegian domestic market and the traditional South European tourist and city destinations, the company has achieved additional growth through the establishment of routes to destinations in Central and Eastern Europe for leisure travellers. The company started flying to Copenhagen, Paris, Rome and Montpellier in the spring of 2005. The following fall the company started flying to Hamburg, Warsaw, Krakow, Gdansk and Riga. In the spring of 2006 the company will open several routes to European cities like Düsseldorf, Madrid and Munich, as well as traditional South European tourist destinations like Varna and Burgas in Bulgaria, Rhodos, Kos, Heraklion and Ibiza.

There has been a great interest for Norwegian's routes, and during the course of 2005 the company transported 3 289 769 passengers domestically and internationally, and achieved an average cabin factor of 78 %.

At the farther end of the Adriatic sea lies the city of the gondoliers. During the 13th century the city controlled most of the trading in the eastern part of the Mediterranean. Today the city is quite a romantic-pearl.

In January 2005 the company launched the Low-Price Calendar on its Internet page, which has been a success. The calendar makes it easy for the customers to find the lowest prices. The sales over the Internet have increased, and were approximately 80 % of total sales by the end of the year. This makes for a substantial cost decrease. Moreover, in 2005, the company entered into an agreement on co-operation with Amadeus on the development of new systems for low-cost companies. This co-operation is expected to give an additional reduction in the company's distribution costs.

Organisation, working conditions and environment

At the end of 2005 the company had 560 employees, constituting 536 man-labour years. The number of employees is expected to increase in 2006 as a result of further expansion and phasing in of new aircraft. The 2005 recruitment of new employees has mainly been concentrated on pilots and cabin crew.

In November 2005, the company was approved as an apprenticeship company in the travel service field. In 2006, the company will have a significant number of apprentice contracts in cabin, sale and the services function. The first apprentice course started in January 2006 with 24 apprentices. Furthermore, the company has strengthened its operational staff by employing flight technicians, in addition to expanding the sales- and market functions. The company's turnover has been 2,3 % throughout 2005

A plan of action for Health, Safety and Environment (HSE) was set forth in 2004, with emphasis on preventive work. The company has had a positive development with a strong reduction in absence due to sickness.

However, this work is demanding and has to be followed-up continuously. The sick leave has been reduced to 4.6 % in 2005, compared to 6.2 % in 2004. The company works actively to prepare employees to return to work, giving positive results this far. The HSE-work will be intensified in 2006.

The company has developed a good collaboration with "Inkluderende Arbeidsliv – IA" (Including Worklife). In 2006, this collaboration will also include occupational health service on probabilistic health assessment/HES-analysis on workplace inspection. The company has a close follow-up of injuries at work. There have only been 2 smaller accidents where reports have been made. On two occasions, there has been loss of licenses due to health-related causes.

In 2005, the company had 51.9% men and 48.1 % women employed. The majority of the pilots are men, as well as a male dominance in the technical positions. The cabin crew, positions traditionally dominated by women, consists of 20 % men.

The company emphasises on having both genders employed in positions where qualified personnel are available. As a result of this recruitment policy, to a

This city is situated in the region Tuscany, that are known for mountains full of marble. You can also find fine castles and forts from the middle age. The most famous monument is a rather particular construction.

greater extent we have an even allocation of both genders in all our positions. That is, women in both different managing positions and in the companies management team.

Norwegian is a member of the National Airline Association (FL), which again is a part of the Confederation of Norwegian Business and Industry – (NHO). Several of the employee representatives and trade union members are members in central organisations which are part of FL.

External environment

The company's business is inherently dependent on the use of energy and can result in high levels of noise. However, the aircraft fleet is by nature of its shape and standard, able to keep its effects on the environment well within the levels and limitations imposed on aircraft operations.

The Board considers that the company has complied with all requirements which are necessary in order to limit pollution to both the exterior and interior environment.

Aircraft security and safety

No incidents have been registered in 2005, representing a significant risk. Certain incidents have been reported by the company to the Civil Aviation Authorities. These are incidents which are regularly reported in compliance with the regulations in the Civil Aviation Law. In 2005 the company has established Flight Data Monitoring in all aircraft operated by Norwegian, which has been an effective tool to promote flight safety.

No serious accidents or incidents that have caused injury to passengers or crew have been noted by the company since its establishment in 1992. Neither have injuries nor accidents in the work place on the ground been registered, which have caused any large damage or invalidity. The company considers that a proactive attitude to the avoidance of accidents and incidents is extremely important. Flight security is covered in the training programs, which all crew members must complete on initial employment. In addition, there are annual training programs, followed by examinations and qualification requirements. The Civil Aviation Authority approves all programs, examinations and qualification requirements.

Flight safety is also covered by aircraft being subject to stringent maintenance and inspection programs, in compliance with the manufacturer's recommendations, and the Civil Aviation Authorities approvals. All forms of training are directly oriented towards flight safety and the avoidance of incidents and accidents. The reporting system, which crew members use to report non-compliance, is a useful tool. This way the company's management is made aware of such incidents and can take necessary actions, in order to avoid potential incidents.

Wolfgang Amadeus Mozart was born in this city, a city full of concerts and art. The movie "Sound of music" was taken here, and the surroundings can offer beautiful nature.

Aircraft maintenance
The company runs its maintenance operations from the technical administration at Fornebu. Boeing's recommended maintenance programme MPD (Maintenance Planning Document) is followed with few exceptions.

The line maintenance, which has the most effect on regularity and punctuality, is mainly carried out by own employees in Stavanger, Oslo and Bergen. The company has hangars at disposal in Oslo and Stavanger.

Heavy maintenance (C/D checks), aircraft engine maintenance and component maintenance is put out on tender. In 2005, ATC Lasham in England has performed C/D checks. The contract is valid until October 2006. The engine maintenance is done by Pratt & Whitney Norway Engine Center at Sola in Stavanger. The contract is valid until August 2007. Component maintenance, including spare part stocks, is contracted with SR Technics in England and the contract is valid until august 2007.

Composition of the Board
At the end of 2005, the company's Board consists of 8 persons, of whom three represent the employees. At the General Meeting on May 11th, two new board members were elected, Liv Berstad and Ola Krohn-Fagervoll. The latter worked as the vice Managing Director in the company until June 2005.The Board consists of persons with long experience, both from business and the airline industry. Three of the Board's eight members are women.

An election committee is responsible for choosing and proposing board members that are to be approved by the annual general meeting.

Comments to the income statement
The company had an accumulated turnover of MNOK 1 972.2 (1210.1) in 2005. Compared to last year the company's total turnover growth was 63 %. MNOK 1 931.7 (1 183.3) of the revenues are related to ticket income, while the remaining 40.6 (26.7) is related to other freight, fees and third-party products. The increase in sales is related to an increase in production by 51 % from 2004 to 2005. The company has also had a great increase in the cabin factor from 67 % in 2004 to 78 % in 2005. The income is negatively influenced by a decrease in the yield from NOK 0.77 in 2004 to 0.71 in 2005. The yield reduction is solely due to the fact that the increase in production is mainly from the international routes, and has resulted in a longer average sector length.

Your shopping you can get done in the city`s main street " Strøget" and for a more adventuress stay in this capital you can spend your time at the well known "Tivoli".

The accumulated operating costs (including leasing and excluding depreciation and write-down) were MNOK 1 917.2 (1 350.7) in 2005. The cost increase is mainly related to the increase in production (ASK) by 51 % compared to last year. In addition, the company has better utilized its aircrafts this year. The accumulated average operating cost per ASK (unit cost) was NOK 0.55 (0.59) in 2005. The company has had a relative cost reduction due to better utilization of assets and personnel, more advantageous agreements, more efficient sale- and distribution channels, in addition to other cost reducing measurements. The cost of fuel has increased by MNOK 166 from last year, a 76 % increase. This is partly caused by the increase in production; however, a total of MNOK 94 is related to fuel price increase, which is a consequence of the high oil price in most parts of 2005. The company had term contracts on part of the fuel consumption in the first quarter of 2005. The company has term contracts for 20-25% of expected exposure in USD for the first-half year of 2006. The value of the term contracts have been recognized as a financial asset as of December 31st 2005, making a positive impact on the company's financial earnings of MNOK 2.6.

The accumulated earnings before depreciation and write-down (EBITDA) was MNOK 55.1 (-140.6) in 2005. The accumulated earnings before tax in 2005 was MNOK 37.2 (-152.5) and accumulated earnings after tax was MNOK 26.8 (-109.8). Hence, 2005 is the first year Norwegian Air Shuttle has had a profit after starting up the low-cost operation in the fall of 2002.

Comments to the balance sheet

The deferred tax asset has been reduced by MNOK 10.5 from 2004 to 2005, as a result of the taxable profit for the year, with a subsequent reduction of a carried forward deficit. Other intangible assets are related to the capitalisation of expenses incurred in connection with the establishment of the brand name Norwegian during the start of the low-fare operations and investments in IT-systems developed to support the company's operations. MNOK 17.2 has been invested in IT-systems during the year, of which the largest project in 2005 is an investment in a new financial- and reporting platform.

The company has invested MNOK 21.2 in other business assets, mainly related to the upgrade of leased aircrafts.

Because of the high payment of premiums in 2005, pensions are recorded with a positive net pension asset of MNOK 7.9. The estimate deviation not recognised in the balance sheet is MNOK 27.1 as of December 31st 2005 which is an increase of MNOK 15.3 during the year.

Other long term receivables are mainly related to deposits from different suppliers.

The world youngest old-town lies in this East-European capital. In 1940 the Nazis established the disreputable ghetto in the town district Nalewki. Today the district is a tourist attraction with historical memorials.

The stock of consumable goods was MNOK 36.8 at the end of the year. The MNOK 25 increase in 2005 is mainly due to the purchase of parts to be used in engine overhaul this spring. Short term receivables were MNOK 202.7 at the end of 2005, compared to MNOK 81.7 at the end of 2004. 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 company had a total equity of MNOK 170.4 (158.3) by December 31st, and an equity ratio of 25 (35) %. During 2005, the company has had some minor equity issues related to employee option programs. In addition, the cost of a new option programme is recorded to the equity. In September, the company bought of its own shares, in which the cost price and the transaction cost has been recorded as an equity reduction. The transaction has reduced the equity by MNOK 15.7. The company was made aware that the acquisition of shares did not comply with the Joint Stock Public Companies Act's requirement of equity reserves when buying own shares, and the shares were sold in February of 2006. The accumulated operating profit after tax has been used to increase other equity by MNOK 26.8. By December 31st 2005 the company does not have any free equity reserves.

Provisions for future maintenance costs are booked with MNOK 34.8 by December 31st 2005, an increase of MNOK 26.1 during the year. The increase is a consequence of maintenance carried out on the fleet, relating to executed maintenance.

Air traffic settlement liabilities related to sold but not utilised tickets were MNOK 218.7 by December 31st, an increase of MNOK 109.7 during the year. This is related to a general increase in activity and a relative increase in the international activity, with a higher degree of advance purchase than the domestic segment.

Short term liabilities have increased by MNOK 76.9 to 161.9 during the year. This increase is mainly related to cost incurred, which is not invoiced by the end of the year.

Comments to the cash flow statement

By December 31st 2005, the company had a cash balance of MNOK 261.5, a strengthening of the liquidity by MNOK 66.3 during 2005. Operations have given a positive cash flow of MNOK 119.3 for the year. The discrepancy between the annual result and the cash flow from operations is first and foremost based on a strong increase in tickets sold, compared to passengers travelled with the company, which the accrual of income is based on. However, part of the new sale is locked to the increase in accounts receivable. Other receivables have also had a substantial increase, which affects the cash flow negatively.

The country that this jugend-capital lies in, has been occupied for over 50 years. Now it is a friendly place in the Baltic with prominent hotels and bars. A melting pot with influence from all cardinal points.

Net investments have resulted in a reduction of liquidity of MNOK 38.4. During 2005 the company has had smaller equity issues related to employee options. In addition, the company has bought 285.000 of its own shares, in which the cost price and the transaction cost has been recorded as an equity reduction. The transaction has reduced the cash flow by MNOK 15.7.
In total, cash and cash equivalents have given a negative cash flow of MNOK 14.6.

Risk

The company is exposed to different types of risk factors, including risk of increased competition, operational incidents and accidents, financial risk, credit- and liquidity risk. There is a high degree of competition within the aviation industry today. The entrance of new parties in the company's already established network of routes would amplify the competition, and could possibly lead to a price war. The company has great focus on keeping the cost as low as possible, partly to make it less attractive for new competitors, and partly to be better suited for future competition.

The company's activity is by nature exposed to different incidents that can disturb operations, such as technical incidents or serious accidents, which can lead to shutdown, which again can lead to high costs and loss of reputation. The company has high priority on preventing accidents and incidents in the operational management. Operations is also influenced by external circumstances, such as air traffic controllers going on strike, giving higher costs and the company loosing its reputation.

The company has a significant exposure to USD and Euros as well as to jet fuel. The Board has given the company the authority to utilise financial instruments to limit exposure to both jet fuel and currencies. By the end of the year, no hedging contract was made; however, the company has signed a hedging contract of approximately 25 % of expected exposure in the second quarter of 2006, as of February 2006. The company has entered into term contracts of 20 – 25 % of excepted exposure in USD in the first half of 2006.

There are limited credit risks to the company's operations, because the main part of the outstanding claims is with credit card companies, which has a minimal loss risk. Part of the sales are invoiced travel agencies and are exposed to a moderate credit risk.

The company has relatively high variation in liquidity due to seasonal changes in activity and ticket sales. The company has a strong focus on liquidity planning and the Board feels that the company has a favourable liquidity position at the beginning of 2006.

Dividend

The company has no free equity reserves, and the board recommends that no dividend should be distributed for the 2005 operating year.

It is evident that the Croatians have done a impressive job building up this city after the Serbian bombing attack in 1991. The city is again a pearl with beautiful sights.

Prospects for 2006

The demand for travelling with Norwegian has been good entering the first quarter of 2006. The Internet sale has been record high, with over 80 % driven by for example the New Years Campaign. In January the company reported a cabin factor of 72 % (64 %), and the yield estimated to NOK 0.72. In February, the cabin factor was 80 % (67), and the yield estimated to NOK 0.74 (0.80).

With the increased activity from other European low-price companies, the company is expecting more pressure on the yield, and increased competition on passengers. The company focuses among other things on continuous cost reducing measurements and optimal capacity utilisation to meet the price pressure.

During the first half year, the company will phase in more aircraft in connection with a new established base in Bergen, and the production will be increased up to 50 % compared to last year. The increase in production is also caused by better utilization of the aircraft fleet, and will for the most part be related to the international routes. The expansion contributes to a better utilisation of the company's resources, resulting in lower unit costs.

In the first quarter, the company is expecting approximately the same unit cost as in the same time period last year. Considering the fuel price and the level of the foreign currency, in addition to aggressive initiatives to reduce the unit cost, the company's goal is to reach a unit cost level of 0.52 NOK in the summer months of 2006. The company expect a loss in the first quarter, as a consequence of the seasonal variations and the start-up cost related to our expansion.

The Board would like to emphasis that there is considerable uncertainty related to the assessment of future prospects.

Continued operations

In compliance with the Norwegian Accounting Act § 3-3, these annual accounts are prepared on the basis of continued operations. The justification for this assumption lies in the company's budget and plans and strategies for 2006.

Allocation of the year's result

The company had an annual surplus of NOK 26 751 032, which the board propos to transferred to other equity.

Fornebu 15. mars 2006

Erik G. Braathen
(Chairman of the Board)

Bjørn H. Kise

Berit Slåtto Neerbye

Ola Krohn-Fagervoll

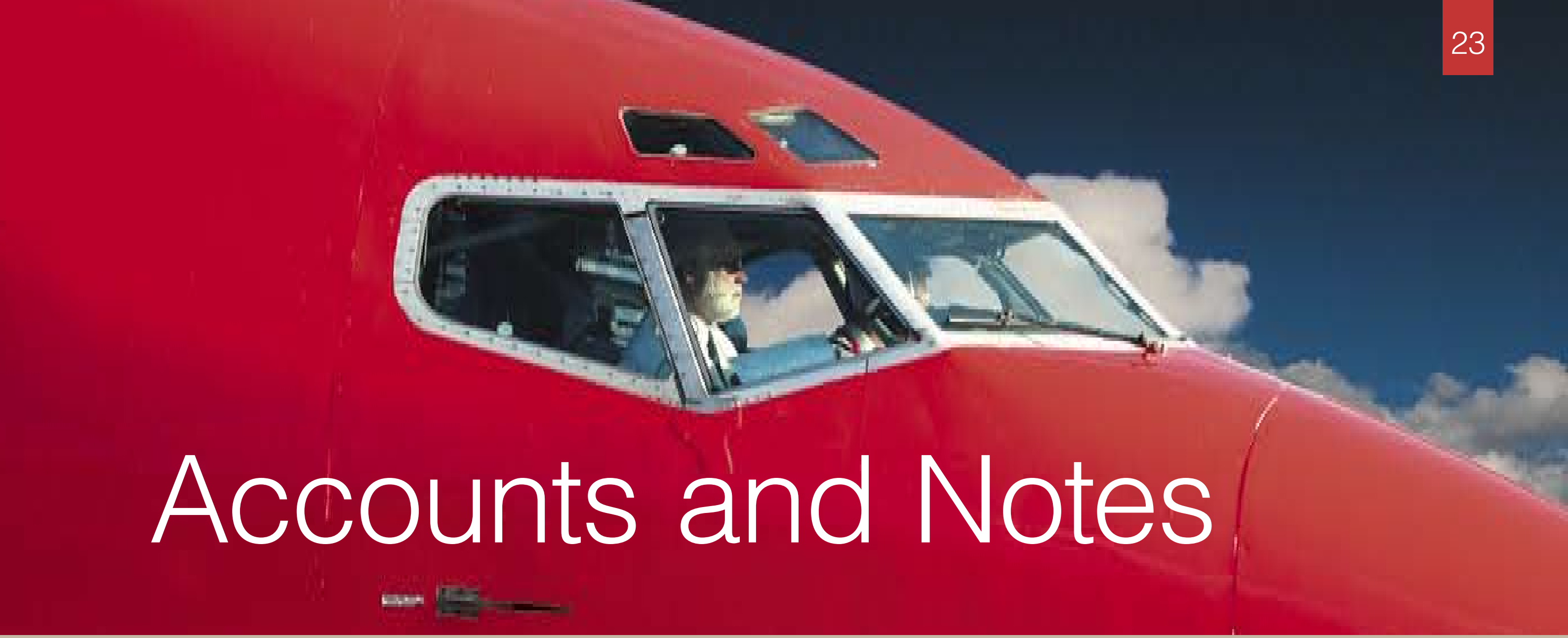
Liv Berstad

Kari-Helene Mordt Fjær
(Repr. for employees)

Halvor Vatnar
(Repr. for employees)

Frode Husan
(Repr. for employees)

Bjørn Kjos
CEO



Accounts and Notes

Norwegian Air Shuttle ASA
Income Statement

NOK 1 000		2005	2004	2003
NOTE	**OPERATING REVENUES AND OPERATING EXPENSES**			
2	Revenues	1 972 247	1 210 059	922 424
24	Restructuring compensation			36 189
	Total operating revenues	**1 972 247**	**1 210 059**	**958 613**
3	Operational expenses	1 507 054	1 048 549	745 421
4,15,16	Salaries and other personnel expenses	299 023	228 887	180 001
7,8	Depreciation and amortization	30 237	17 960	10 098
7,8	Asset impairment write-down		1 042	24 270
	Other operating expenses	111 090	73 221	57 012
	Total operating expenses	**1 947 405**	**1 369 659**	**1 016 803**
	Operating profit	**24 842**	**-159 600**	**-58 190**
FINANCIAL REVENUES AND FINANCIAL EXPENSES				
	Interest income	4 014	4 325	2 966
	Interest expense	648	- 843	- 782
5	Other financial items	9 021	3 661	-3 011
	Net financial items	**12 387**	**7 143**	**- 827**
	Profit before tax	**37 229**	**-152 458**	**-59 017**
6	Income tax expense	10 478	-42 616	-16 271
	Profit after tax	**26 751**	**-109 842**	**-42 746**
	PROFIT FOR THE YEAR	**26 751**	**-109 842**	**-42 746**
13	Basic earnings per share	1,46	(6,03)	(4,05)
13	Diluted earnings per share	1,46	(6,03)	(4,05)

Norwegian Air Shuttle ASA
Balance Sheet as at 31 December 2005

NOK 1 000		2005	2 004	2003
NOTE	**ASSETS**			
	Non-current assets			
	Intangible assets			
7	Other intangible assets	33 640	28 272	19 639
6	Deferred tax asset	75 479	85 956	43 340
	Total intangible assets	**109 118**	**114 228**	**62 980**
8	**Tangible assets**			
	Airplanes			24 667
	Installations on leased airplanes	18 253	9 574	2 761
	Spare parts	4 970	5 986	4 248
	Equipment and fixtures	13 597	18 412	17 881
	Total tangible assets	**36 820**	**33 971**	**49 557**
	Financial assets			
15	Pensions	7 868		
	Investment in shares		85	170
9	Other long term receivables	19 404	18 950	13 868
	Total financial assets	**27 271**	**19 035**	**14 038**
	Total non-current assets	**173 210**	**167 235**	**126 575**
	Current assets			
10	Inventory	36 764	11 791	2 435
	Receivables			
	Accounts receivable	105 484	41 204	56 850
11	Other receivables	94 690	40 520	24 590
	Total receivables	**200 174**	**81 724**	**81 439**
	Investements	2 563		
21	Cash and cash equivalents	261 464	195 157	314 036
	Total current assets	**500 965**	**288 671**	**397 911**
	TOTAL ASSETS	**674 175**	**455 906**	**524 486**

Norwegian Air Shuttle ASA
Balance Sheet as at 31 December 2005

NOK 1 000		2005	2 004	2003
NOTE	**EQUITY AND LIABILITIES**			
	Equity			
	Paid-in equity			
12,13	Share capital	1 837	1 833	1 809
13	Own Shares	- 28		
13	Share premium reserve	157 099	156 441	261 724
13	Other paid-in equity	424		
	Total paid-in equity	**159 332**	**158 274**	**263 532**
	Earned Equity			
13	Other equity	11 093		
	Total paid-in equity	**11 093**		
	Total equity	**170 425**	**158 274**	**263 532**
	Liabilities			
	Provisions			
15	Pension liabilities		3 865	16 708
17	Provision for periodic maintenance	34 779	8 708	26 067
	Total provisions	**34 779**	**12 573**	**42 775**
	Other long term liabilities			
18,20	Other long term liabilities			20 652
	Total long term liabilities			**20 652**
	Short term liabilities			
	Accounts payable	61 860	70 476	57 676
	Air traffic settlement liabilities	218 693	109 033	69 604
	Payble tax			
	Public duties payable	26 470	20 501	13 738
19	Other short term liabilities	161 947	85 048	56 509
	Total short term liabilities	**468 971**	**285 059**	**197 526**
	Total liabilities	**503 750**	**297 632**	**260 953**
	TOTAL EQUITY AND LIABILITIES	**674 175**	**455 906**	**524 486**

Fornebu, 15. mars 2006

Erik G. Braathen
Chairman of the Board

Bjørn H. Kise

Ola Krohn-Fagervoll

Liv Berstad

Berit Slåtto Neerbye

Kari-Helene Mordt Fjær
(Repr. for employees)

Halvor Vatnar
(Repr. for employees)

Frode Husan
(Repr. for employees)

Bjørn Kjos
CEO

Norwegian Air Shuttle ASA
Cash Flow Statement

NOK 1 000	2005	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax	37 229	-152 458	-59 017
Taxes paid			
Depreciation, amortization and write-down	30 237	19 002	34 368
Pension expense without cash effect	-7 679	-12 843	14 343
Effect of currency translations			
Gain/loss on sales of fixed assets			361
Change in inventories, accounts receivable and accounts payable	-97 870	19 091	-25 812
Change in air traffic settlement liabilities	109 660	39 429	45 134
Change in other current assets and current liabilities	47 700	-3 068	52 121
Net cash flow from operating activities	**119 277**	**-90 847**	**61 498**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Paid deposits			964
Purchases of tangible assets	-21 244	-18 217	-18 232
Purchases of intangible assets	-17 209	-18 499	-11 199
Returns on investments in financial fixed assets	85	24 752	
Purchases of financial fixed assets			- 170
Net cash flow from investing activities	**-38 369**	**-11 964**	**-28 637**
CASH FLOWS FROM FINANCIAL ACTIVITIES:			
Repayments of long term liabilities		-20 652	-11 397
Proceeds from new short term liabilities			
Net change in bank overdraft			
Paid-in equity	1 057	4 584	229 335
Paid-out equity	-15 658		
Net cash flow from financial activities	**-14 600**	**-16 069**	**217 938**
Net change in cash and cash equivalents	66 308	-118 879	250 799
Cash and cash equivalents at 1 January	195 157	314 036	63 237
Cash and cash equivalents at 31 December	**261 464**	**195 157**	**314 036**

Notes to the financial statements 2005

NOTE 1 ACCOUNTING POLICIES

The financial statement of Norwegian Air Shuttle ASA is prepared in accordance with the Norwegian Accounting Act of 1998 and Generally Accepted Accounting Principles in Norway.

In preparation of the accounts, estimates and assumptions are used, influencing reported numbers. The final reasult may deviate from used estimates.

General valuationrules and classification of assets and liabilities
Assets the Company intends to own or use permanently are classified as non-current assets. All other assets are classified as current assets. Receivables due for payment within 12 months are classified as current assets. The equivalent criteria is applied to the classification of short-term liabilities and long-term liabilities.

Fixed assets are valued at acquisition cost. If fair value of fixed assets is lower than their book value, and the decline is expected to be permanent, the asset is written down to fair value. Fixed assets are depreciated using the strait line method over estimated economic life of the assets.

Current assets are valued at the lower of acquisition cost and fair value.

Revenues
Revenue from passenger traffic is recognised on the basis of passengers actually carried. The value of prepaid tickets on the balance sheet date are recognised as air traffic settlement liability.

Other income is recognised in the period in which the goods are delivered or the services are rendered.

Assets and liabilities denominated in foreign currency
Monetary items denominated in foreign currency are converted using the exchange rates on the balance sheet date. Income statement items are converted using the exchange rates prevailing at the time of the transactions.

Intangible assets
Intangible assets, including development expenses, are capitalized when it is likely that the future financial benefits related to the assets will benefit the company and the acquisition cost can be measured reliably.

Intangible assets are depreciated using the strait line method. Intangible assets are subject to write-down if the expected financial benefits from the asset is less than book value and remaining development expenses.

Leasing agreements for tangible assets
Assets that are leased on terms where the major part of risk and control is transferred to the company (financial lease) are capitalized as tangible assets. Future lease obligations are calculated as the net present value of future lease payments and are recognized as other long term liabilities. The tangible assets are depreciated systematically, and the lease obligations are reduced with lease payments reduced for calculated interest expense.

Periodic maintenance on tangible assets that are recognized in the balance sheet is reflected through the assets depreciation plan. For assets that are subject to operational lease, the company's obligation to perform periodic maintenance in excess of the contractual level is recognized as a provision.

Other receivables classified as fixed assets
Other receivables are recognized at acquisition value. Other receivables are written down to market value if a decline in value is considered to be permanent.

Inventory
Inventory consists of consumables and are valued at the lower of acquisition cost and net realizable value considering obsolescence.

Accounts receivable
Accounts receivable and other receivables are recognised at nominal value less allowances for doubtful debts. Allowances for doubtful debts are calculated on the basis of individual assessments.

Bank deposits, cash etc.
Bank deposits, cash etc. includes cash, bank deposits and other liquid assets with maturity dates less than three months from the date of acquisition.

Pensions
The accounting for pensions is based on linear application of pension entitlement earned and expected salary at the time of retirement. Estimate deviations and deviations due to changes in calculation assumptions in excess of 10% of the higher of pension liabilities or pension assets are amortized over the expected remaining period for accrual of pension rights. The effect of any changes in the pension scheme is amortized over the expected remaining period for accrual of pension rights Social security tax is taken into account. Pension assets are valued at market value.

Stock Options
Stock options are accounted in accordance with IFRS 2 and Norwegian Accounting Act § 5 – 9a. Stock options are recognized at fair value and expensed over the stock option period, the contra is entered in other paid-in equity. Provisions for employers contributions are made.

Taxes
Tax expense consists of the aggregate of tax payable and changes in net deferred tax. Deferred tax and deferred tax asset is presented on a net basis in the balance sheet.

Cash Flow Statement
The cash flow statement is prepared in accordance with the indirect method. Cash and cash equivalencies consist of cash and bank deposits.

Notes to the financial statements 2005

NOTE 2 REVENUES

NOK 1.000	2005	2004	2003
By activity:			
Contractual flights			45 616
Passenger transport	1 931 663	1 183 325	851 260
Compensation from the Ministry of Transportation			18 506
Other revenues	40 583	26 734	7 042
Restructuring compensation			36 189
Total	**1 972 247**	**1 210 059**	**958 613**
By geographic market:			
Norway	1 047 992	829 709	892 229
Other EU/EEA countries	924 255	380 351	66 384
Total	**1 972 247**	**1 210 059**	**958 613**

In 2004 and 2005, the Company has been running low-fare operations exclusively, using its fleet of Boeing 737 aircraft. The low-fare operation was launched in the autumn of 2002, and revenues from this activity are specified as Passenger transport in the table above. During 2002 and the beginning of 2003, the Company performed contractual flights for Braathens. When terminating this activity, the Company received a restructuring compensation from Braathens. In 2002, the Company won a competitive tender to supply the Norwegian Government with operations on three subsided routes in northern Norway. The contract provided Norwegian with the sole right and duty to operate these routes within the contract period in line with specifications provided by the Ministry of Transportation, for a fixed compensation. The contract flights were provided from 1 April 2003 to the end of the year. The contract was terminated at the end of 2003 as the Company decided to terminate its Fokker F-50 operations.

NOTE 3 OPERATING EXPENSES

NOK 1.000	2005	2004	2003
Sales and distribution expenses	75 114	88 049	81 418
Aviation fuel	384 394	218 200	121 122
Aircraft leases	125 907	107 912	79 262
Airport charges	276 184	223 099	141 731
De-icing expenses	21 952	17 636	17 167
Handling charges	200 296	159 616	133 977
Technical maintenance expenses	207 785	152 249	101 943
Blocked Space	114 083		
Other operating expenses	101 339	81 789	68 801
Total	**1 507 054**	**1 048 549**	**745 421**

NOTE 4 PAYROLL EXPENSES, NUMBER OF EMPLOYEES, REMUNERATION, LOAN TO EMPLOYEES ETC.

NOK 1.000	2005	2004	2003
Wages and salaries	228 266	177 517	134 801
Social security tax	34 390	27 745	22 124
Pension expenses	24 328	16 212	16 038
Other benefits	12 040	7 413	7 038
Total	**299 023**	**228 887**	**180 001**

In 2005, TNOK 466 was charged as an expense to salary, according to the stock option programme.

	2005	2004	2003
Average number of employees	498	463	341

Remuneration of senior management 2005	Salary	Pension expences	Other benefits
Chief Executive Officer	1 065 900	106 331	112 145

In addition, the CEO got 30 000 stock options as stated Note 15. The CEO has no performance based compensation or special salary rights in the case of termination.

Remuneration to the Board of Directors were NOK 680 000 in 2005. The Chairman of the Board received NOK 150 000 in remuneration.

Auditors:
Fees to the auditors, PricewaterhouseCoopers AS, was in 2005 NOK 521 440 in audit fees and NOK 185 600 in fees for audit related services.

NOTE 5 OTHER FINANCIAL ITEMS

NOK 1.000	2005	2004	2003
Forreign exchange income and loss	6 504	4 349	-2 591
Appreciation financial current assets	2 563		
Other financial items	- 46	688	420
Total	**9 021**	**3 661**	**-3 011**

Financial current assets are recognized at fair value and changes in value are recognized in the profit and loss account the present year.

NOTE 6 TAXES

This year's tax expense consists of:

NOK 1.000	2005	2004	2003
Tax payable	0	0	0
Tax effect from cost of share offerings			5 786
Change in deferred tax	10 478	-42 616	-22 057
Income tax expense	**10 478**	**-42 616**	**-16 271**

Reconciliation from nominal to effective tax rate:

NOK 1.000	2005	2004	2003
Profit before tax	37 229	-152 458	-59 017
This year's profit before tax	37 229	-152 458	-59 017
Expected tax expense using nominal tax rate (28 %)	10 424	-42 688	-16 525
Tax effect of the following items:			
Non deductible expenses	80	72	254
Non taxable revenue			
Other items	- 26		
Tax expense	**10 478**	**-42 616**	**-16 271**
Effective tax rate	**28,14 %**	**27,95 %**	**27,57 %**

Specification of temporary differences and tax loss carry forward, and net tax effect of such:

NOK 1.000	2005	2004	2003
Tangible assets	11 515	6 554	-4 469
Long term liabilities			20 652
Receivables	4 138	1 531	3 720
Gain/loss account	306	383	479
Provisions	34 779	9 467	35 476
Pensions	-7 868	3 865	16 708
Tax loss carry forward	226 696	285 188	82 222
Total	269 566	306 987	154 787
Deferred tax asset/liability	75 479	85 956	43 340
Not recognized deferred tax asset			
Net recognized deferred tax asset/liability	**75 479**	**85 956**	**43 340**

Deferred tax asset is recognized with basis in future revenue.

Cumulative tax loss carry forward expires as follows:

NOK 1.000	2005*)	2004
2012		62 685
2013		19 537
2014		202 967
Totalt		285 188

*) Due to changes in Norwegian legislation, carry forward tax losses will not expire.

NOTE 7 INTANGIBLE ASSETS

NOK 1.000	Software	Trademark	Total
Acquisition cost at 1 January 2005	36 391	4 591	40 983
Disposals	-1 403		-1 403
Additions	17 209		17 209
Acquisition cost at 31 December 2005	**52 197**	**4 591**	**56 789**
Accumulated depreciation and write-down at January 1 2005	10 723	1 988	12 711
Accumulated depreciation and write-down disposals	-1 403		-1 403
Depreciation in 2005	10 922	919	11 841
Write-down in 2005			
Accumulated depreciation and write-down at 31 December 2005	20 242	2 907	23 149
Book value at 31 December 2005	**31 955**	**1 685**	**33 640**
Economic life	3-5 years	5 years	
Depreciation plan	Linear	Linear	

Capitalized intangible assets are related to external consulting fees for the development of Norwegian's own systems for booking and ticketless travel, various sales portals, back office and financial reporting systems, as well as expenses for the development and launch of the Company's trademark. In addition to that, direct costs for the involvement of internal employees in these projects are also capitalized. The depreciation of the software commence as each module is completed. In connection with the implementation of a new financial reporting system in the spring of 2005, some of the systems were discarded and are written down.

NOTE 8 TANGIBLE ASSETS

NOK 1.000	Installations on leased airplanes	Spare parts	Equipment and fixtures	Total
Acquisition cost at 01.01.2005	11 388	6 910	31 400	49 699
Additions	15 807	1 129	4 307	21 244
Disposals			- 20	- 20
Acquisition cost at 31.12.2005	**27 195**	**8 040**	**35 687**	**70 922**
Acc. depreciation and write-downs at 01.01 2005	1 814	924	12 988	15 726
Acc. depreciation and write-downs on disposals			- 20	- 20
Depreciation in 2005	7 127	2 145	9 123	18 395
Write-down in 2005				
Acc. depreciation at 31.12.2005	8 942	3 069	22 091	34 102
Book value at 31.12.2005	**18 253**	**4 970**	**13 597**	**36 820**

Notes to the financial statements 2005

Economic life	3-7 years	6 years	3-9 years
Depreciation plan	Linear	Linear	Linear
Remaining value	0 %	25 %	0 %

	Aircrafts	Cars	TOTAL
Annual rent for operational leases	124 374	653	125 026

The lease agreements on the Boeing 737 aircraft last for 3 to 5 years from the date of agreement, with some extension options. 6 of the aircraft were delivered in 2002, 2 aircraft in 2003, 4 aircraft in 2004, in addtion to 2 aircraft in 2005. The Company expects 4 aircraft to be delivered in the spring of 2006. Renegotiations have resulted in extensions on some of the shorter leases. The contracts for 5 of the aircraft expire in 2007, and for two of the aircraft in 2008. The remaining contracts expire in 2009 or later.

In the beginning of 2004, the Company had three leasing contracts with Elcon for Fokker F-50 airplanes that were treated as financial leasing. In connection with the termination of the Fokker F-50 operations, a Letter of Intent for the sale of the planes was signed in the autumn of 2003. At the same time, the planes were written down to the arranged sales price. The planes were delivered to the buyer in the spring of 2004, and removed from the Company's balance sheet without any material impact on the 2004 earnings.

NOTE 9 LONG-TERM RECEIVABLES

NOK 1.000	2005	2004	2003
Deposits	18 329	17 674	12 391
Other long-term receivables	1 075	1 276	1 478
Total	19 404	18 950	13 868

The Company has entered into some agreements to pay deposits as collateral for the Company's liabilities to certain suppliers. Among other things, this applies to leasing liabilities and aviation duties. Deposits denominated in foreign currency are converted using the prevailing exchange rates on the balance sheet date.

NOTE 10 INVENTORIES

NOK 1.000	2005	2004	2003
Consumables	9 466	5 235	1 831
Modification equipment	914	6 555	604
Parts for heavy maintenance	26 383		
Total	36 764	11 791	2 435

In the 4th Quarter, the company bought parts for a heavy maintenance on aircraft engines that will be done in the spring of 2006.

NOTE 11 OTHER RECEIVABLES

NOK 1.000	2005	2004	2003
Prepaid costs	19 948	10 471	9 560
Public Duty Debt	26 128	15 352	5 096
Reimbursements claims maintenance costs	41 077		
Other receivables	7 537	14 696	9 933
Sum	**94 690**	**40 520**	**24 590**

NOTE 12 SHAREHOLDER'S EQUITY AND SHAREHOLDER INFORMATION

At 31.12.2005, the share capital consists of the following share classes:

	Number of shares	Nominal Value	Book Value
Class A-shares	18 369 196	0,1	1 836 920
Own shares	283 500	0,1	28 350
Net Class A shares	**18 085 696**	**0,1**	**1 808 570**

Shareholder structure

The largest shareholders at 31 December 2005 were:

	A-shares	Ownership (%)	Voting interest
HBK Holding AS	3 165 747	17,23 %	17,23 %
Lufttransport AS	3 034 720	16,52 %	16,52 %
JPMorgan Chase Bank Omnibus Lending Account	978 339	5,33 %	5,33 %
OJADA AS	900 500	4,90 %	4,90 %
Ferd AS Invest P610AK	600 000	3,27 %	3,27 %
Ankerløkken Holding AS	520 000	2,83 %	2,83 %
Credit Suisse First Europe Prime Broke	443 600	2,41 %	2,41 %
Holberg Norden Verdipapirfondet	421 700	2,30 %	2,30 %
DNB NOR Norge (IV) VPF	385 594	2,10 %	2,10 %
Holberg Norden Veripapirfondet	358 800	1,95 %	1,95 %
Fidelity Funds-Nordic Funds	333 600	1,82 %	1,82 %
JP Morgan Chase Bank S/A Luxembourg Offshore	285 859	1,56 %	1,56 %
Norwegian Air Shuttle ASA	283 500	1,54 %	1,54 %
Nord-Norsk Finans AS	273 700	1,49 %	1,49 %
Fondsavanse AS	256 000	1,39 %	1,39 %
Skagen Vekst	250 000	1,36 %	1,36 %
Jakobsen og Sønner AS	217 750	1,19 %	1,19 %
JP Morgan Chase Bank Clients Treaty Account	198 239	1,08 %	1,08 %
Others	5 461 548	29,73 %	29,73 %
Total number of shares	**18 369 196**	**100 %**	**100 %**

Shares and options directly or indirectly held by members of the Board of Directors, Chief Executive Officer and executive management:

Name	Title	Shares [1]	Options
Erik G. Braathen	Chairman of the Board	900 500	-
Bjørn Kise[2]	Board member	300 000	-
Ola Krohn-Fagervoll	Board member	20 700	-
Halvor Vatnar	Board member/staff repr.	8 550	-
Kari Helene Mordt Fjær	Board member/staff repr.	1 935	-
Bjørn Kjos	CEO	6 420 467	30 000
Frode E. Foss	CFO	25 000	30 000
Hans-Petter Aanby	Head of IT	-	30 000

[1] Including shares held by related parties

[2] Bjørn Kise also holds respectively 10 % and 7,69 % off HBK Holding and LT Holding AS

NOTE 13 EQUITY

NOK 1.000	Share Capital	Share prem. reserve	Other paid-in equity	Other equity	Total equity
Equity at 31 December 2002	790	70 367			71 157
Share issue 2003	1 018	234 103			235 121
Net loss for the year		-42 746			-42 746
Equity at 31 December 2003	**1 809**	**261 724**			**263 532**
Share issue 2004	25	4 559			4 584
Net loss for the year		-109 842			-109 842
Equity at 31 December 2004	**1 833**	**156 441**			**158 274**
Share issue 2005	4	658			661
Purchase of own shares	-28			-15 658	-15 686
Stock Option programme 2005			424		424
Net profit for the year				26 751	26 751
Equity 31 December 2005	**1 809**	**157 099**	**424**	**11 093**	**170 425**

At 31 December 2005 the Company's share capital was NOK 1 836 920 comprising 18 369 196 shares, each with a nominal value of NOK 0.10. All shares represent equal rights.

In the third quarter, the company purchased 283 500 of its own shares. The intent was to use this for share bonus and the stock option programme.

The shares were sold in the first quarter of 2006 for MNOK 24.9

NOTE 14 EARNINGS PER SHARE

Basic earnings per share calculations are based on the average number of common shares outstanding during the period, while diluted earnings per share calculations are performed using the average number of common shares and dilutive common shares equivalents outstanding during each period. When net earning for the year is negative, diluted earnings per share are set equal to basic earnings per share.

	2005	2004	2003
Net profit (NOK 1 000)	26 751	-109 842	-42 746
Average number of shares outstanding	18 284 451	18 224 979	10 550 983
Average number of shares and options outstanding	18 317 257	18 370 825	10 585 684
Basic earnings per share	1,46	(6.03)	(4.05)
Diluted earnings per share	1,46	(6.03)	(4.05)

NOTE 15 PENSIONS

The Company has a pension scheme including 389 people in total. The scheme is a defined benefit plan. The benefits are mainly dependent on pension entitlement earned, salary at the time of retirement and the size of payments from the National Insurance. The liabilities are covered through an insurance company.

NOK 1.000	2005	2004	2003
Current value of pension entitlement accrued over the year	19 504	13 849	12 407
Interest expense on pension liabilities	4 845	3 897	3 545
Return on pension assets	-4 875	-4 060	-2 807
Recognized estimate deviations	1 121	282	1 120
Administration expenses	428	315	
Social security tax	4 053	1 930	1 772
Net pension expense	**25 076**	**16 212**	**16 038**

NOK 1.000	Insured (collective)	Uninsured (AFP)	Total 2005	Total 2004	Total 2003
Liabilities on earned pension rights	97 938	437	98 375	72 307	66 552
Calculated liability from future salary increases	22 576	164	22 740	13 782	13 782
Gross pension liabilities	120 513	601	121 115	86 089	80 334
Pension assets (at market value)	-101 930		-101 930	-70 892	-46 474
Estimate deviations not recognized	-27 051	- 1	-27 052	-11 792	-19 217
Social security tax				460	2 065
Net pension liabilities	**-8 467**	**600**	**-7 868**	**3 865**	**16 708**

Notes to the financial statements 2005

Economic assumptions:

	2005	2004	2003
Discount rate	5,0 %	5.5 %	5.5 %
Expected growth in salaries	2,5 %	2.5 %	3.0 %
Expected growth in state pensions	3,5 %	3.0 %	3.0 %
Expected growth in pensions	2,5 %	2.0 %	2.0 %
Expected return on pension assets	6,0 %	6.5 %	6.5 %

Actuarial assumptions related to demographic factors and retirement are based on assumptions commonly used in insurance. The estimated utilization rate for the AFP scheme is 20 %

NOTE 16 OPSJONER

On the extraordinary general meeting on 24 November 2003, the board was authorized to increase the share capital by at most NOK 30 000 by issuing at most 300 000 new shares at a nominal value of NOK 0.10. The authorization was only to be used in issuing shares to employees. The share issuance scheme gave the employees the oportunity to subscribe for shares against a wage decrease. In 2004, 248 168 stock options were exercised. At 31 December 2004, there were 37 422 options not exercised. By the end of 2005, all options were exercised or expired.

The Board issued 140 000 stock options on 20 October, in accordance with the authorization from the general meeting on 11 May 2005 to the company management team. The stock options are acquired over a 2 year period, whereof 50 % are acquired the first year, and the remaining the second year. Stock options that are not exercised on 19 October 2007 discontinues.

Stock options can be exercised at a price of NOK 65, if the value on the share exceeds NOK 72 (after 12 months) and NOK 79 (after 24 months). The value of the single option constitutes NOK 19.83.

The programme is assessed and expensed at fair value. Calculations are done using Black & Scholes option pricing model. In this calculation, a volatility of 61.4 % is used and an interest of 2.95 %, with an expected lifetime of 2 years.

NOK 1.000	2005 shares	Weighted average excercised value	2004 shares	Weighted average excercised value
Outstanding at the beginning of the period	37 422	0,1	0	0
Allocated	140 000	65	285 595	0,1
Excercised	35 798	0,1	248 173	0,1
Terminated	0	0	0	0
Rejected	0	0	0	0
Expired	1 624	0,1	0	0
Outstanding at the end of the period	140 000	65	37 422	0,1
Redeemable options	0	0	37 422	0,1
Weighted average of fair value of options allocated in the period	140 000	19,83	285 595	11,9

	---------------------- Outstanding options	----------------------		----------------- Redeemable options	--------------
Strikingprice	Outstanding options by 31.12.2005	Weighted average remaining lifetime (yrs)	Weighted average striking price	Redeemable options by 31.12 2005	Weighted average striking price
60,00 - 70,00	140 000	2	65	0	0

NOTE 17 OTHER PROVISIONS

NOK 1.000	2005	2004	2003
Periodic maintenance on Fokker F-50 airplanes			2 733
Periodic maintenance on Boeing 737 airplanes	34 779	8 708	23 334
Total	34 779	8 708	26 067

For leased airplanes, payments to maintenance funds held by the lessor are made. The accrued provisions in the accounts are estimated payments for periodic maintenance in excess of payments to the maintenance funds, and are provided on the basis of plane utilization. For some of the contracts, there is a degree of uncertainty about what kind of maintenance works are covered by the maintenance funds. The provisions for these contracts are based on the assumption that the Company's interpretation will not be accepted. The provision for this increase in liabilities is distributed over the duration of the contracts.

NOTE 18 OTHER LONG-TERM LIABILITIES

The Company's long-term debt at 31 December 2003 was in its entirety related to financial leasing agreements on the Fokker F-50 airplanes. In connection with the sale of the airplanes, all the financial leasing agreements were terminated in the 1st quarter of 2004.

NOTE 19 OTHER SHORT TERM LIABILITIES

NOK 1.000	2005	2004	2003
Accrued holiday allowances	22 733	18 122	14 523
Option liability		687	6 673
Accrued expenses	139 214	66 239	34 885
Other short term liabilities			427
Total	**161 947**	**85 048**	**56 509**

NOTE 20 ASSETS PLEDGED AS COLLATERAL AND GUARANTEES

Liabilities secured by pledge

NOK 1.000	2005	2004	2003
Other long term liabilities	-	-	20 652
Total	-	-	20 652

In addition, bank deposits are pledged as collateral for leasing liabilities and credit from fuel suppliers. A bank guarantee is pledged as collateral for leasing liabilities for airplanes.

Book value of assets pledged as security:

NOK 1.000	2005	2004	2003
Cash depot	44 030	22 970	17 568
Factoring		41 204	56 850
Inventory			
Tangible assets			
Airplanes			15 901
Total	**44 030**	**64 174**	**90 319**

NOTE 21 BANK DEPOSITS

Restricted cash items are:

NOK 1.000	2005	2004	2003
Amounts pledged as collateral for leases and credits from fuel suppliers	44 030	22 970	17 568
Taxes withheld	13 347	10 488	7 803
Total restricted cash	57 378	33 458	25 371

NOTE 22 RELATED PARTIES

The Chief Executive Officer is the principal shareholder in the company with an ownership share of 17.23 %, and controls a further 2.84 % of the shares through the company Ankerløkken Holding AS. The CEO is Chairman of the Board and the principal shareholder in LT Holding AS (name change from Lufttransport Holding AS), which owns 16.52 % of the shares in Norwegian Air Shuttle ASA. Board member Bjørn Kise is partner, and the CEO is former partner in the law firm Vogt & Wiig which is the legal advisor of Norwegian Air Shuttle ASA. Kise also owns minority shares i HBK Holding and LT Holding.

NOTE 23 FINANCIAL RISK

A substantial part of the expenses is denominated in foreign currency. The Company's leases and related expenses are mainly denominated in USD, and a portion of the sales and airplane operation expenses are denominated in EUR. The company has periodically used financial instruments to hedge the USD and EUR risk in 2005. In September 2005, termcontracts for 20 -25 % of planned USD needs were made from December 2005 to June 2006. The termcontracts have resulted in a profits of 2.6 MNOK by the end of 2005.

The company does not have interest-bearing debts, which makes for a small degree of direct risk, related to interest changes.

In 2005 the company hedged 25 % of the planned fuel consumption in the first quarter. Beyond this, there has been no fuel hedging. There is no fuel hedging contract by the end of 2005.

Sensitivity analysis	Effect on earnings MNOK
1 % increase in jet fuel prices	-5,8
1 % weakening of NOK against USD	-3,6
1 % weakening of NOK against EUR	-1,6

The sensitivity in the Company's expenses reflects changes in vital market prices and exchange rates. The effect on earnings is annualized based on production, jet fuel prices and exchange rates at year-end. Potential hedging is not considered.

The company is somewhat exposed to credit risk due to invoicing of sales and re-invoicing of cots. The main part of the sale is charged on credit cards. The credit card companies are the debtor and the credit risk minor. Part of the sales is directly through travel agents with a moderate credit risk. Additionally, there are some risks of missing settlements when selling blocked space to our code share partners and when re-invoicing maintenance costs on aircraft to the leasing companies.

NOTE 24 COMPARISON WITH PREVIOUS YEARS' FINANCIAL STATEMENTS

n the autumn of 2002, the Company made a strategic decision to concentrate on the low-fare concept with Boeing 737 airplanes. These operations started up in the autumn of 2002. During 2003, the Company's Fokker F-50 operations were terminated. The Company accepted to terminate its operations in western Norway prematurely in 2003 against compensation from Braathens. The compensation covered the expected costs for the termination and restructuring of the Fokker F-50 operations. The restructuring compensation and the actual expenses were netted in the financial statements, and entered as income with MNOK 36.2 in 2003. In the autumn of 2003, a Letter of Intent was signed regarding the sales of three Fokker F-50 aircrafts. In connection with this, the aircrafts, treated as financial leasing in the Company's books, were written down by MNOK 24.3. The planes were handed over to the buyer in the first quarter of 2004, and removed from the balance sheet. In 2004and 2005, the Company has been operating 737s exclusively.

NOTE 25 CONDITIONAL OUTCOME

In 2003, the county revenue office agreed with the Company in that its operations connected to contractual flights for Braathens were to be considered as letting planes out on hire, and not as passenger transport. This means that input VAT for this business from 1995 onwards are deductible. For 2002 and 2003, a proportional distribution between passenger transport and contractual flights are made, and there is some uncertainty associated with the deductible amount in this period. The reimbursement claim has not yet been dealt with by the tax authorities, and a cautious estimate of the cost reducing effect was taken into account in 2003.

NOTE 26 IFRS TRANSITION

As a main rule, companies quoted on the stock exchange are required to report according to IFRS regulations as from the first quarter of 2005. In principle, the rules apply to consolidated accounts, and Oslo Stock Exchange has announced that companies that do not organized into a group structure are excepted from the requirement. This exception applies to the Company, since Norwegian Air Shuttle ASA is not a group. As a consequence of this and due to the Company implementing a new financial reporting system, the Company has decided to report according to IFRS as from the first quarter of 2007.

Based on the work done on the IFRS project so far, the main differences are considered to be the treatment of deferred tax assets, the resetting of estimate variances to zero in calculating pension liabilities, and the treatment of provisions for maintenance.

Auditors Report for 2005

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To the Annual Shareholders' Meeting of Norwegian Air Shuttle ASA

Auditor's report for 2005

We have audited the annual financial statements of Norwegian Air Shuttle ASA as of December 31, 2005, showing a profit of TNOK 26.751. We have also audited the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The annual financial statements comprise the balance sheet, the statements of income and cash flows and the accompanying notes. The regulations of the Norwegian accounting act and accounting standards, principles and practices generally accepted in Norway have been applied in the preparation of the financial statements. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with the laws, regulations and auditing standards and practices generally accepted in Norway, including standards on auditing adopted by The Norwegian Institute of Public Accountants. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements have been prepared in accordance with the law and regulations and give a true and fair view of the financial position of the company as of December 31, 2005, and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information in accordance with the law and good bookkeeping practice in Norway
- the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit are consistent with the financial statements and comply with the law and regulations

Oslo, March 15, 2006
PricewaterhouseCoopers AS

Håvard S. Abrahamsen
State Authorised Public Accountant (Norway)
Note: This translation from Norwegian has been prepared for information purposes only.

Definitions

ASK	Available seat kilometres. Number of available seats multiplied by the distance flown.
RPK	Revenue passenger kilometres. Number of occupied seats multiplied by the distance flown.
LOAD FACTOR	RPK divided by ASK. Describes the utilisation of the of available seats.
YIELD	Average income per RPK.
SECTOR LENGTH	Distance from one destination to another (one way).
EBT	Earnings before tax.
EBIT	Earnings before interest and tax.
EBITDA	Earnings before interest, tax, depreciations and amortizations.
EBITDAR	Earnings before interest, tax, depreciations, amortizations and rent.

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