



ATLANTIC AIRWAYS



Half Year Report

2011

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Second quarter of 2011 in brief

Financial highlights

- ❑ Revenue in the second quarter of 2011 was DKK 118.8 million compared to DKK 92.8 million in the second quarter of 2010, an increase of 28%
- ❑ Earnings before depreciation (EBITDA) in the second quarter of 2011 were DKK 22.9 million compared to DKK 11.0 million in the second quarter of 2010
- ❑ Net financial items were DKK -0.5 million in the second quarter of 2011 compared with net financial items of DKK -0.4 million in the second quarter of 2010
- ❑ Total depreciation in the second quarter of 2011 was DKK 10.6 million compared to DKK 12.4 million in the second quarter of 2010
- ❑ The result before tax in the second quarter of 2011 was DKK 12.1 million compared to DKK -1.8 million in the second quarter of 2010
- ❑ Net result after tax in the second quarter of 2011 was DKK 9.9 million compared to DKK -1.5 million in the same period the previous year

Traffic development

- ❑ The number of passengers carried on scheduled flights in the second quarter of 2011 was 54,350 compared to 46,046 in the second quarter of 2010
- ❑ The load factor on scheduled services in the second quarter of 2011 was 81% compared to 76% in the second quarter of 2010
- ❑ The total number of aircraft block hours operated was 2,209 in the second quarter of 2010 compared to 1,664 in the second quarter of 2010
- ❑ Block hours sold on ACMI/charter in the second quarter of 2011 were 598 compared to 191 in the second quarter of 2010
- ❑ Block hours for helicopter activity were 163 in the second quarter of 2011 compared to 210 in the second quarter of 2011

First half of 2011 in brief

Financial highlights

- ❑ Total revenue for the first half of 2011 was DKK 203.3 million compared to DKK 171.6 million for the first half of 2010
- ❑ Earnings before depreciation (EBITDA) for the first half of 2011 were DKK 32.2 million compared to DKK 17.9 million for the first half of 2010
- ❑ Net financial items were DKK -2.8 million in the first half of 2011 compared with net financial items of DKK -1.6 million in the first half of 2010
- ❑ Total depreciation for the first half of 2011 was DKK 20.2 million compared to DKK 25.0 million for the first half of 2010
- ❑ The result before tax for the first half of 2011 was DKK 9.5 million compared to DKK -8.7 million for the first half of 2010
- ❑ Net result after tax for the first half of 2011 was DKK 7.8 million compared to DKK -7.2 million for the same period the previous year

Traffic development

- ❑ The number of passengers carried on scheduled flights in the first half of 2011 was 87,707 compared to 81,905 in the first half of 2010
- ❑ The load factor on scheduled services in the first half of 2011 was 77% compared to 74 % in the first half of 2010
- ❑ The total number of aircraft block hours operated was 3,909 in the first half of 2011 compared to 3,081 in the second quarter of 2010
- ❑ Block hours sold on ACMI/charter in the first half of 2011 were 1,092 compared to 401 in the first half of 2010
- ❑ Block hours for helicopter activity were 291 in the first half of 2011 compared to 368 in the first half of 2010

Highlights for the second quarter 2011

Solid result based on improved utilization

Atlantic Airways' result for Q2 2011 was significantly better than a year ago despite hiking fuel prices. The company has experienced a healthy sales improvement regarding block hours in the ACMI and charter segments. Additionally, the company has witnessed growth in terms of the load factor on scheduled services, and has furthermore improved its economic development regarding helicopter operations. In terms of comparison with the results of 2010, it is however also important to note the severe impact on operations that was caused by the Icelandic volcano Eyjafjallajökull a year ago, which partly explains differences in results compared to the same period in 2010. There was another eruption in Iceland in Q2 this year which caused some delays, but it did not have a significant impact on operations like Eyjafjallajökull in 2010.

The result for Q2 supports the overall result for the first half year of 2011, which has turned a considerable deficit into a healthy profit.

Atlantic Airways' EBITDA result for the second quarter of 2011 amounted to DKK 22.9 million compared to DKK 11.0 million for the same period last year, which corresponds to an increase of 107%. The result before tax for the second quarter of 2011 was DKK 12.1 million compared to a loss of DKK 1.8 million in the same period last year, corresponding to a net improvement of DKK 13.9 million. Revenue increased 28% to DKK 118.8 million in the second quarter of 2011 from DKK 92.8 million last year.

EBITDA for the first half of 2011 was DKK 32.2 million compared to DKK 17.9 million for the first half of 2010, an increase of 80%. The result before tax for the first half of 2011 amounted to DKK 9.5 million compared to DKK -8.7 million in 2010.

“In a world of so much economic uncertainty, we remain both humble and jubilant over the good results we have achieved so far in 2011. It is a result based on combined efforts to improve business in different segments, improve utilization and reduce unit costs. We are also encouraged by the growth in sales of block hours as well as the positive trend in tourism traffic,” says Magni Arge, CEO of Atlantic Airways.

Atlantic Airways maintains its expectation of an improved result in 2011 compared to 2010, but the level of improvement will be dependent on factors that the company ultimately cannot control, such as fuel prices, the various effects of the ongoing global economic uncertainties and crisis situation in certain European regions.

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Financial highlights and key ratios

	Q2 2011	Q2 2010	YTD 2011	YTD 2010	FY 2010
INCOME STATEMENT (DKK 1,000)					
Net sales	118.833	92.838	203.169	171.606	401.790
Other income	0	0	115	0	880
Result before depr., amort. and impairm. (EBITDA)	22.902	11.045	32.221	17.870	69.049
Depreciations, amortisations and impairment	-10.567	-12.415	-20.200	-24.959	-49.546
Result before financial items (EBIT)	12.335	-1.370	12.021	-7.089	19.503
Net financial items	-527	-417	-2.814	-1.610	-3.933
Share of profit/loss of associates	310	0	310	0	-488
Result before tax (EBT)	12.118	-1.787	9.517	-8.699	15.082
Tax	-2.181	322	-1.713	1.543	-2.738
Profit	9.937	-1.465	7.804	-7.156	12.344
BALANCE SHEET (DKK 1,000)					
Assets					
Total non-current assets	239.126	290.284	239.900	290.284	221.100
Total current assets	162.197	135.996	161.423	135.996	189.618
Total assets	401.323	426.280	401.323	426.280	410.718
Equity and liabilities					
Total equity	222.467	210.811	222.467	210.811	227.487
Total non-current liabilities	69.960	124.782	69.960	124.782	67.452
Total current liabilities	108.896	90.688	108.896	90.688	115.778
Total equity and liabilities	401.323	426.280	401.323	426.280	410.718
Cash flows (DKK 1,000)					
Net cash flow from operating activities	22.834	25.519	68.911	50.897	62.077
Net cash flow used in investing activities**	-163	-7.294	25.436	-11.854	-31.098
Net cash flow from financing activities	-9.708	897	-60.668	-4.357	-15.353
Cash flows for the period	12.964	19.122	33.680	34.686	15.626
**Of this purchase of property, plant and equipment	-257	-7.269	25.499	-11.558	-29.916
Financial ratios					
EBITDAR (DKK 1,000)	25.088	12.387	35.750	20.554	74.516
EBITDAR margin (%)	21%	13%	18%	12%	19%
Return on investment (%)	3%	0%	3%	-2%	5%
Current ratio (%)	149%	150%	148%	150%	164%
Solvency ratio (%)	55%	49%	55%	49%	55%
Return on equity before tax (%)	6%	-1%	4%	-4%	7%
Return on equity after tax (%)	5%	-1%	3%	-3%	6%
Income/cost ratio (%)	1,11	0,98	1,05	0,95	1,04
Shares					
Number of shares (1,000)	1035	1035	1035	1035	1035
Earnings after tax per share (DKK)	9,60	-1,42	7,54	-6,91	11,93
Dividend per share (DKK)	-	-	-	-	7
Share price end of period (DKK)	107	117	107	117	116
Share price end of period/Earnings after tax per share (P/E)	11,14	-82,65	14,19	-16,92	9,73
Traffic statistics					
Capacity - scheduled flight (ASK) (1,000)	90.062	81.752	154.459	148.704	337.467
Traffic - scheduled flight (RPK) (1,000)	73.317	62.138	118.843	110.758	252.140
Load factor (%)	81%	76%	77%	74%	75%
Passengers carried on scheduled flight	54.350	46.046	87.707	81.905	186.704
Total number of passengers	72.675	54.670	122.562	96.775	219.737
Block hours	2.372	1.874	4.200	3.449	8.244
Other					
Number of full-time employees	159	166	159	166	167
Aircraft operated as at 30 June**	4	4	4	4	3
Helicopters operated as at 30 June	2	3	2	3	3

**Fleet in service, excluding aircraft leased out

Management's Review

Further improvement in productivity and lower unit costs are two central parameters behind the improvement in results during Q2 and the first half year as a whole. The positive development in terms of passenger growth should be seen in light of the negative impact of the Eyjafjallajökull ash cloud last year, but also due to successful initiatives to increase tourism. The company's utilization of capacity has also improved, as the load factor increased 5% and the number of sold block hours has tripled compared to the second quarter of last year. The number of fixed-wing aircraft in service during Q2 was at the same level as last year. For the first half year of 2011 the load factor has increased 3% and the number of block hours sold almost tripled. The company's positive results also derive from multiple other activity areas, which have contributed individually by improving efficiency and optimizing operations much to the credit of the employee.

The previous decline in number of passengers on scheduled services has been reversed by new growth throughout Q2. Scheduled traffic in July and August is overall expected to be in line with expectations while some routes are performing better than others. The new Bergen route has been well received. Various initiatives to market the Faroes as a tourist destination and ease the access to the Faroes, via improvement of distribution channels, have paid off, while traffic originating from the Faroes is still adversely affected by the economic environment and high increase in airport taxes and charges. It remains to be seen later in Q3 and onwards how steady the new trend will become, as part of the relative increase, compared to the same period in 2010, is rooted in last year's fluctuations in Easter traffic and effects of the Icelandic volcanic activity as well as new financial turmoil may affect demand.

The sale of block hours amounted to an even better result in Q2 than in Q1, mainly due to short-term ACMI contracts. The number of block hours sold is still relatively low in comparison to the high level witnessed a few years ago, but should also be viewed in light of having only four aircraft in the fleet in Q2. All aircraft were primarily occupied within scheduled services during high season, and for the remainder of the year one aircraft will mainly be servicing external customers. The aircraft leased to cover additional traffic during the summer peak can be redelivered in the autumn, but no final decision has been made yet regarding this option.

During the first half year there has been an ongoing negotiation between the company and the Faroese government regarding use of the company's helicopter services. This has led to a final agreement regarding helicopter services in 2011 as well as an agreement to finalize negotiations on the next four years of service. The Faroese parliament has decided to support the governments ambitions.

The number of staff employed has remained at around the same level as the previous year and the growth in productivity has thus lead to a higher utilization of resources as well as lower unit costs. Other important steps have also been taken, including optimizing service contracts, spare part inventory, introducing Amadeus-based check-in facilities and selling technical services within our field of special competences.

The company has also devoted a large focus towards the forthcoming introduction of the Airbus 319 in March 2012. The aircraft definition has taken place, engineers have been trained, the first batch of pilots has been identified and finance for the aircraft has been secured.

Activity during the second half year of 2011 will include preparatory efforts for the Airbus phase in, the upgrade of the company's helicopter service in relation to the expected extension of the SAR contract, actions to improve tourism as well as focusing on customer needs and customer satisfaction in general.

If the Faroese government and Vágur Airport are ready to support initiatives to grow tourism and sustain frequent connections year around, Atlantic Airways will take its share of the effort and offer both local and foreign passengers more alternatives – both in regard to prices, capacity and destinations. We believe that a reduction and diversification in taxes and charges on air transportation will allow traffic to grow and provide the company with an optimal traffic development in time for the second Airbus.

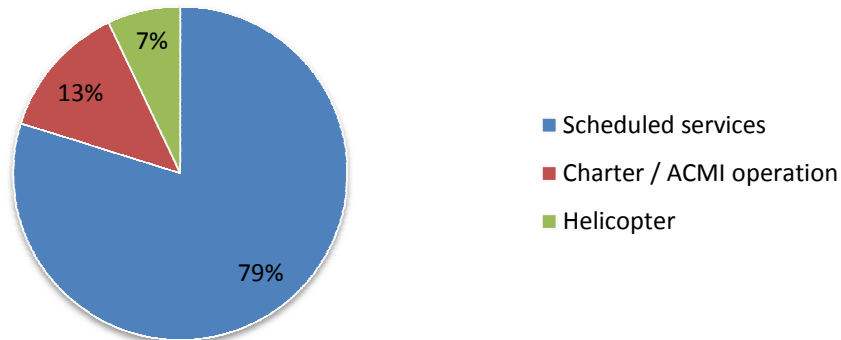
Traffic Development

Total fleet production (the number of block hours in total) increased by 22% in the first half of 2011 in comparison to the first half of 2010. Aircraft and helicopters were airborne for a total of 4,200 block hours in the first half of 2011 compared to 3,449 hours in the same period last year.

The larger part of the growth was due to higher ACMI/charter activity in the fixed-wing segment, which increased by 691 block hours (172%) compared to the first half of last year. Helicopter activity was lower than at the same period last year and decreased from 368 to 291 hours.

Supply of available seat kilometers (ASK) increased by 4% while the passenger traffic, measured in revenue passenger kilometers (RPK), increased by 7%.

Business area Percentages of Total Revenue H1 2011



Traffic information

	Q2 2011	Q2 2010	Change	Change	YTD 2011	YTD 2010	Change	Change	2010
Passengers	pass	pass	pass	%	pass	pass	pass	%	pass
Scheduled services	54.350	46.046	8.304	18%	87.707	81.905	5.802	7%	186.624
ACMI/Charter operations	16.879	5.621	11.258	200%	32.628	10.737	21.891	204%	23.710
Aircraft in total	71.229	51.667	19.562	38%	120.335	92.642	27.693	30%	210.334
Helicopter	1.446	3.003	-1.557	-52%	2.227	4.133	-1.906	-46%	9.323
	72.675	54.670	18.005	33%	122.562	96.775	25.787	27%	219.657

	Q2 2011	Q2 2010	Change	Change	YTD 2011	YTD 2010	Change	Change	2010
Block hours	hours	hours	hours	%	hours	hours	hours	%	hours
Scheduled services	1.611	1.473	138	9%	2.817	2.680	137	5%	6.048
ACMI/Charter operations	598	191	407	213%	1.092	401	691	172%	1.173
Aircraft in total	2.209	1.664	545	33%	3.909	3.081	828	27%	7.221
Helicopter	163	210	-47	-22%	291	368	-77	-21%	1.023
	2.372	1.874	498	27%	4.200	3.449	751	22%	8.244

Scheduled services

Passenger numbers on scheduled services in the first half of 2011 increased by 7% compared to the first half of 2010, and 18% in the second quarter compared to the same period last year. The ash cloud and airspace closure in April and May last year had an adverse impact on the passenger numbers last year, which is the main reason behind the increased passenger traffic. However, passenger number on scheduled services increased by 6% in June 2011. The prolonged declining trend in passenger numbers since November 2008 has been replaced by a recent period of growth.

The load factor on the scheduled services network for the first half of 2011 increased from 74% to 77% compared to the first half of 2010, and increased from 76% to 81% during the second quarter in comparison with the second quarter in 2010.

Charter/ACMI operations

Charter activity increased by 172% in the first half of 2011 from 401 to 1,092 block hours sold compared to the first half of 2010, and in the second quarter block hours sold increased 213% from 191 in 2010 to 598 this year, due to increased demand in the segment. Atlantic Airways has provided service in several charter segments such as ad hoc flights in Europe for various clients, ski-charters for tour operators in Denmark, and capacity provision (ACMI) for European airlines. The company's efforts to improve utilization have therefore paid off substantially in this segment throughout the first half of 2011.

Helicopter Operations

The helicopter activity has been based mainly on the two Bell 412 helicopters in ownership to provide the Faroese government with SAR operations and domestic service on contract. The previous contracts expired at the end of 2010, but Atlantic Airways and the government have agreed to extend the existing contract with certain updates for another year, while a new contract for the next four years will be finalized. The parties have stipulated the content of a continued and upgraded service for the next four years, which the Faroese parliament has approved. A final contract is expected to be in place at the end of Q3 2011.

The company maintains its capability to operate the AW 139 and has in 2011 provided line maintenance and heavy overhaul at its maintenance facility in Vágur.

Other income

Ancillary revenues, revenues from duty-free as well as freight and mail transportation increased by 18% in the first half of 2011 compared to the same period in 2010. The main driver behind this growth stems from increased duty-free sales and cargo export activity from the Faroes.

Fleet development

The number of fixed-wing aircraft in the fleet was reduced to three aircraft at the end of October 2010. The increased activity in the charter segment has led to an increased utilization of the remaining aircraft. From the end of March 2011 the company has leased in a fourth aircraft – a BAE 146/200, previously operated by Atlantic Airways – for the summer season. The length of the lease is dependent on the level of activity, but the aircraft can be redelivered in autumn 2011.

The company is on track regarding its plan to take delivery of its first Airbus 319 in March 2012. The definition of the aircraft has been finalized, the finance structure for the project is in place, training of engineers and pilots has been planned and partly executed. The company has decided to introduce Performance Based Navigation (RNP-AR 0.1) beginning from the introduction of the aircraft. The Airbus-owned company Quo Vadis has been selected to support the project. Atlantic Airways will be the first airline in Europe to introduce RNP-AR 0.1 and expects to obtain enhanced safety, less fuel burn, lower minima and higher regularity on its primary destination Vágur Airport in the Faroe Islands.

In October 2010 the company signed a contract to sell the AW 139 helicopter to Wiking Helikopter Service in Germany. The helicopter was delivered to Wiking in January 2011. The agreement facilitates Atlantic Airways' need for capacity provision of AW 139 capacity during 2011.

Financial Statement, 1 April – 30 June 2011

Revenue for the second quarter of 2011 increased 28% from DKK 92.8 million in the second quarter of 2010 to DKK 118.8 million.

Revenue from scheduled services increased by DKK 22.2 million in the second quarter of 2011 compared to the same period last year due to increased passenger numbers, higher fuel surcharge and increased airport and passenger charges.

Revenue from aircraft charter operations increased by DKK 7.3 million in the second quarter of 2011 compared to last year due to increased charter activity.

Income from helicopter operations decreased by DKK 3.5 million in the second quarter of 2011 due to lower activity.

The EBITDA result was DKK 22.9 million in the second quarter of 2011 compared to DKK 11.0 million in the second quarter of 2010, an increase of 107%.

The result before tax in the second quarter was DKK 12.1 million compared to DKK -1.8 million in the same period last year.

The result after tax in the second quarter of 2011 was DKK 9.9 million compared to DKK -1.5 million in the same period last year.

Financial Statement, 1 January – 30 June 2011

Total revenue for the first half of 2011 increased 18% by DKK 31.7 million, from DKK 171.6 million in the first half of 2010 to DKK 203.3 million in the first half of 2011.

Revenue from scheduled services increased by DKK 22.7 million in the first half of 2011 compared to the first half of 2010. The growth in revenue from scheduled services is mainly due to the following factors: Increase in number of passengers, higher fuel surcharges, increased airport and passenger charges, Easter traffic fluctuations, increased duty-free sales and 2010 numbers affected by the ash cloud and airspace closure in April and May last year.

Revenue from aircraft charter operations increased by DKK 11.8 million in the first half of 2011 compared to last year due to increased charter activity.

Income from helicopter operations decreased by DKK -2.8 million in the first half of 2011 compared to last year due to declining rotor wing charter activity.

Flight expenses increased by DKK 17.6 million in the first half of 2011 compared to the same period last year. The increase is mainly caused by higher fuel prices, increased airport and passenger charges, increased operational activities in the charter segment, duty free expenses due to increased passenger numbers and the impact of the ash cloud and subsequent airspace closure in April and May 2010 on last year's results.

Fuel costs have increased in the first half of 2011 by DKK 7.5 million, but have to an extent been offset through higher fuel surcharges as well as fuel and currency hedging.

Employee costs were DKK 43.5 million in the first half of 2011 compared to DKK 43.8 in the same period last year. The number of full-time equivalent employees was 159 in the first half of 2011 compared to 166 during the same period the previous year.

The EBITDA result was DKK 32.2 million in the first half of 2011 compared to DKK 17.9 million in the first half of 2010, equal to an increase of 80%.

Depreciation for the first half of 2011 was DKK 20.2 million compared to DKK 25.0 million in the first half of 2010.

Net financial income amounted to DKK -2.8 million in the first half of 2011 compared to DKK -1.6 million for the same period last year.

The result before tax for the first half of 2011 was DKK 9.5 million compared to DKK -8.7 million for the same period during the previous year.

The 2011 first half year result after tax was DKK 7.8 million compared to DKK -7.2 million for the same period the previous year.

Balance Sheet

Total non-current assets increased by DKK 19 million, compared to the end of 2010, to DKK 240 million.

Pre-down payment on the Airbus 319 amounted to DKK 61 million.

Cash and cash equivalents increased by DKK 34 million in the first half of the year to DKK 115 million.

Total current assets decreased by DKK 28 million compared to the end of 2010.

Total equity as of 30 June 2011 was DKK 222 million, resulting in an equity ratio of 55%.

The company's total liabilities as of 30 June 2011 were DKK 179 million, of which non-current liabilities were DKK 70 million.

The balance sheet total as of 30 June 2011 was DKK 401 million, which is DKK 9 million lower than at the beginning of the year.

Shares

On 30 June 2011 the share price was DKK 107 and the total market value of the company's share capital amounted to DKK 111 million, which is 49% below the company's equity value. At the end of 2010 the share price was DKK 116.

Events after 30 June 2011

There have been no events from the balance sheet date until today that may affect the true and fair view of the financial statement for the first half of 2011.

Outlook for 2011

It is our belief that the traffic development in the important third quarter (which covers the absolute peak traffic season) will either meet our expectations or be close to target. New uncertainties created by the financial turmoil in August 2011 will have a yet unknown effect on demand in the latter part of the third quarter period as well as in the fourth quarter. The steady high fuel price and recent increases in airport charges are also hampering the return to previous levels of traffic. Apart from this, traffic during the winter season is mostly affected by the level of business activity in the Faroes, while the summer traffic is highly affected by the level of leisure traffic.

The outlook for the contribution from charter and ACMI activity in the second half of 2011 is projected to be stable. So far in 2011 the contribution from these operations has been based on smaller and shorter-term contracts.

Helicopter activity is believed to remain at the expected level after the temporary agreement with the Faroese government on SAR and Coastal Services. The agreement also covers an intention to extend and develop this service during the next four years.

Atlantic Airways maintains its expectations of an improved result for 2011 compared to 2010, but the level of improvement will be dependent on factors that the company ultimately cannot control, such as fuel prices, the various effects of the ongoing global economic uncertainties and crisis situation in certain European regions.

Risk management

The important risk factors, which may affect the profit and loss account as well as the balance sheet and long-term objectives, were assessed at length in the 2010 Annual Report and included: The economic conditions in the Faroese and international markets, increased competition, changes in oil prices, demand for airline travel, demand for charter aircraft and helicopters, currency fluctuations, the general level of cost, the weather and traffic disruption, operations and accidents, regulation, technology, financial risk, credit risk, liquidity risk and interest rate risk.

The Board of Directors and Executive Management incorporate the identification and management of risks as an integral part of their activities. By indentifying substantial areas of risk, as well as areas of opportunity, at an early point, Atlantic Airways is able to act accordingly and take due measures in its operations.

Auditing

The report for the first half of the year 2011 has been reviewed, but not audited, by the auditing firm NOTA P/F.

Financial calendar 2011

25 August 2011	Interim Report Q2
10 November 2011	Interim Statement Q3

Management's Statement

The Board of Directors and the Management have today discussed and approved the condensed interim financial statement of Atlantic Airways P/F for the period 1 January – 30 June 2011.

The interim financial statement, which has not been audited by the company's independent auditor, has been prepared in accordance with IAS 34 "Interim Financial Statements" as adopted by the EU.

We consider the accounting policies appropriate. It is our opinion that the interim financial statement gives a true and fair view of the Company's assets and liabilities and financial position as at June 30, 2011, results, changes in equity and cash flows for the period of 1 January – 30 June 2011.

In addition, we also consider the Management's review to give a true and fair presentation of the development in the Company's activities and financial affairs, the result for the period and the Company's financial position as a whole, as well as a description of the significant risks and elements of uncertainty that may affect the Company.

Sørvágur the 25th of August 2011

Management:

Magni Arge
CEO

Marius Davidsen
CFO

Board of directors

Bjarni Askham Bjarnason
Chairman

Kaj Johannesen
Vice-chairman

Jens Wittrup Willumsen

Tezz Tordsdotter Ohlsson

Ingi S. Joensen

Olaf S. Poulsen

Independent Auditor's Report

To the shareholders of P/F Atlantic Airways

According to agreement with the Board of Directors of P/F Atlantic Airways we have reviewed the accompanying condensed Interim Balance Sheet of P/F Atlantic Airways as of 30 June 2011, and the related condensed Statements of Income, changes in equity and Cash Flows and Notes for the six months period ended 30 June 2011.

Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34 "Interim Financial Reporting", as adopted by the EU. Our responsibility is to issue a report on the condensed Interim Financial Statement based on our review.

Basis of Opinion

We conducted our review in accordance with the generally accepted review standard as applied in the Faroe Islands. This standard requires that we plan and perform the review to obtain limited assurance as to whether the preliminary financial information is free of material misstatements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Opinion

Based on our review, nothing has come to our attention that causes us to believe that the condensed Interim Financial Statements do not give a true and fair view of the financial position of the Company as of 30 June 2011, and of the result of its operations and its cash flow for the six months period ending 30 June 2011 in accordance with IAS 34 "Interim Financial Reporting", as adopted by the EU.

Sørvágur the 25th of August 2011

NOTA

State Authorized Public Accountants P/F

Ole Guldborg Nielsen
State Authorized Public Accountant

Jóanes Olsen
Registered Public Accountant

Company Information

P/F Atlantic Airways

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Established 1987
Reg. no. 1223
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Domicile municipality: Sørvágur
Website: www.atlantic.fo
Email: ir@atlantic.fo

Share

Stock Exchange:
VMF Market on NASDAQ OMX Iceland &
NASDAQ OMX Copenhagen
ISIN code FO 0000000062
Share Capital DKK 103.500.000
No. of Shares 1.035.000

Board of directors

Bjarni Askham Bjarnason, Chairman
Kaj Johannesen, Deputy Chairman
Jens Wittrup Willumsen
Tezz Tordsdotter Ohlsson
Ingi S. Joensen
Olaf S. Poulsen

Management

Magni Arge, CEO
Marius Davidsen, CFO

Auditor

P/F NOTA, State Authorized Public Accountants

Income Statement

	Note	H1 2011	H1 2010	<i>(DKK 1,000)</i> 2010
Net sales	4	203.169.430	171.605.597	401.790
Other income		114.881	0	880
Total revenue	3,4,6	203.284.311	171.605.597	402.671
Flight expenses	5	-127.603.092	-109.955.575	-244.177
Employee expenditures	7	-43.459.743	-43.779.987	-89.445
Total operating expenses		-171.062.835	-153.735.562	-333.622
Result before depreciation, amort. and impairment (EBITDA)		32.221.476	17.870.035	69.049
Depreciations, amort. and impairment	8,12,13	-20.200.191	-24.958.933	-49.546
Result before financial items (EBIT)		12.021.285	-7.088.898	19.503
Financial income	9	2.940.193	3.775.537	7.481
Financial expenses	10	-5.754.568	-5.385.252	-11.414
Net financial items		-2.814.375	-1.609.715	-3.933
Share of profit/loss of associates	16	309.832	0	-488
Result before taxes (EBT)		9.516.742	-8.698.613	15.082
Taxes	11	-1.713.013	1.542.836	-2.738
Net Profit / Loss for the year		7.803.729	-7.155.777	12.344
Attributable to:				
Shareholders of Atlantic Airways P/F		7.803.729	-7.155.777	12.344
Earnings per share	28			
Earnings per share (DKK) (EPS)		7,62	-6,99	12,06
Diluted earnings per share (DKK) (EPS-D)		7,62	-6,99	12,06

Statement of comprehensive income

	H1 2011	<i>H1 2010</i>	<i>(DKK 1,000)</i> 2010
Net Profit / Loss for the year	7.803.729	<i>-7.155.777</i>	<i>12.344</i>
Other comprehensive income			
Value adjustm. of cash flow hedges	-6.363.878	<i>4.863.413</i>	<i>965</i>
Available-for-sale financial assets	-186.750	<i>-126.000</i>	<i>248</i>
Dividend own shares	0	<i>0</i>	<i>0</i>
Tax of other comprehensive income	1.145.498	<i>-875.414</i>	<i>-174</i>
Other comprehensive income after tax	-5.405.130	<i>3.861.999</i>	<i>1.039</i>
Total comprehensive income	2.398.599	<i>-3.293.778</i>	<i>13.383</i>
Attributable to:			
Shareholders of Atlantic Airways P/F	2.398.599	<i>-3.293.778</i>	<i>13.383</i>

Balance Sheet as at 30 June

ASSETS	Note	(DKK 1,000)		
		HI 2011	HI 2010	2010
Intangible assets	12	5.096.879	5.891.816	5.469
Aircraft and maintenance	13	114.507.713	198.261.275	122.408
Spare parts	13	12.238.035	17.216.375	16.808
Operating equipment	13	7.097.034	8.230.350	7.362
Hangar, buildings and land	13	37.614.963	39.473.610	38.493
Prepaid aircraft acquisitions	15	60.915.592	19.376.701	29.215
Total tangible assets		232.373.337	282.558.311	214.285
Investment in associates	16	495.885	674.267	186
Other shares	16	1.159.791	1.159.791	1.160
Long-term receivables		774.105	0	0
Other non-current assets		2.429.781	1.834.058	1.346
Total non-current assets		239.899.997	290.284.185	221.100
Inventories	17	3.777.950	3.836.608	2.666
Trade receivables	18	35.251.761	20.339.442	36.454
Prepayments		3.090.906	5.044.036	1.746
Other receivables		2.390.348	1.754.363	798
Other shares "available-for-sale"		789.750	603.000	977
Derivatives		1.297.194	4.213.706	2.479
Total receivables		42.819.960	31.954.548	42.454
Cash and cash equivalents	26	114.824.790	100.205.110	81.145
		161.422.701	135.996.266	126.265
Assets held for sale		0	0	63.353
Total current assets		161.422.701	135.996.266	189.618
TOTAL ASSETS		401.322.697	426.280.450	410.718

Balance Sheet as at 30 June

(DKK 1,000)

EQUITY AND LIABILITIES	Note	H1 2011	H1 2010	2010
Share capital	19	103.500.000	103.500.000	103.500
Share premium reserve		23.500.000	23.500.000	23.500
Value adjustm. of cash flow hedges		-3.185.211	5.229.707	2.033
Revaluation reserve shares	21	317.250	130.500	504
Retained earnings	22	98.334.492	78.450.536	90.450
Proposed dividend	29	0	0	7.500
Total equity		222.466.531	210.810.743	227.487
Mortgage loans	23	42.045.933	100.046.677	46.214
Provisions for deferred taxes	11	27.913.851	24.735.203	21.239
Total non-current liabilities		69.959.784	124.781.880	67.452
Mortgage loans	23	10.382.500	14.382.500	10.383
Trade payables		28.438.819	25.613.540	20.236
Deferred income and accruals		64.893.465	50.691.787	29.084
Derivatives		5.181.598	0	0
		108.896.382	90.687.827	59.703
Liabilities ass. with assets held for sale		0	0	56.076
Total current liabilities	23	108.896.382	90.687.827	115.778
Total liabilities	23	178.856.166	215.469.707	183.231
TOTAL EQUITY AND LIABILITIES		401.322.697	426.280.450	410.718
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Statement of Changes in Equity

(DKK 1,000)	Share capital	Share premium reserve	Hedging reserve	Revaluation reserve shares	Retained earnings	Proposed dividend	Total
Equity at 01.01.2010	103.500	23.500	1.242	257	85.606	-	214.105
Result for the period	-	-	-	-	-7.156	-	-7.156
Value adjustm. of cash flow hedges	-	-	3.988	-	-	-	3.988
Revaluation reserve shares	-	-	-	-126	-	-	-126
Total comprehensive income	-	-	-	-	-	-	-3.294
Proposed dividend	-	-	-	-	-	-	0
Equity at 30.06.2010	103.500	23.500	5.230	131	78.451	-	210.811
Equity at 01.01.2011	103.500	23.500	2.033	504	90.450	7.500	227.487
Result for the year	-	-	-	-	7.804	-	7.804
Value adjustm. of cash flow hedges	-	-	-5.218	-	-	-	-5.218
Revaluation reserve shares	-	-	-	-187	-	-	-187
Total comprehensive income	-	-	-	-	-	-	2.399
Dividends paid	-	-	-	-	-	-7.500	-7.500
Dividends Own shares	-	-	-	-	81	-	81
Equity at 30.06.2011	103.500	23.500	-3.185	317	98.334	0	222.466

Breakdown of changes in share capital

(DKK 1,000)	2010	2009	2008	2007	2006
Share capital at the beginning of the year	103.500	103.500	103.500	103.500	75.000
Increase of share capital	-	-	-	-	28.500
Total	103.500	103.500	103.500	103.500	103.500

The notes 19-22 and 29 are an integral part of the Statement of Changes in Equity

Cash Flow Statement

(DKK 1,000)	Note	H1 2011	H1 2010	2010
Net profit/loss for the year		7.804	-7.156	12.344
Depreciations		20.200	24.959	49.546
Taxes		1.713	-1.543	2.738
Adjustments		21.913	23.416	52.284
+/- trade receivables		1.203	1.430	-14.684
+/- prepayments		-1.344	-4.544	-1.247
+/- other receivables		-1.593	919	1.876
+/- Inventories		-1.112	-75	1.095
+/- investment in associates and other shares		-1.084	0	488
+/- trade payables		8.202	5.928	551
+/- deferred income and accruals		34.922	30.978	9.370
Changes in operating assets and liabilities		39.194	34.636	-2.551
Cash flow from operating activities		68.911	50.897	62.077
Purchase of intangible, tangible assets and prepaid aircraft	12,13,15	25.436	-11.854	-31.098
Cash flows from investing activities		25.436	-11.854	-31.098
Repayment of long-term loans	23	-53.168	-4.357	-15.353
Paid dividends		-7.500	0	0
Cash flows from financing activities		-60.668	-4.357	-15.353
Total cash flows for the year		33.680	34.686	15.626
Cash and cash equivalents at the beginning of the year		81.145	65.519	65.519
Cash and cash equivalents at the end of the year		114.825	100.205	81.145

The notes 8-27 are an integral part of the Cash Flow Statement

Notes

1. Accounting Principles

Reporting entity

Atlantic Airways P/F (the “Company”) is a limited liability company incorporated and domiciled in Faroe Islands. The address of the Company’s registered office is at Vágur Airport in Sørvágur, Faroe Islands. The financial statements of the Company as at June 30, 2011 and for the period January 1, to June 30, 2011 comprise the Company and the Company’s interests in associates. Atlantic Airways is an airline company focused on passenger transportation and is formed of three business divisions: Schedule Services, Charter Services, and Helicopter Services. Schedule Services and Charter Services have 4 aircraft in service as at June 30, 2011, excluding aircraft leased out, supported by 150 employees with the operational base at Vágur. In the Helicopter Services there are 2 helicopters in service as at 30 June 2011 supported by 9 people with the operational base at Vágur. The Company is listed on the NASDAQ OMX Iceland and NASDAQ OMX Copenhagen stock exchanges.

Statement of compliance

The condensed interim financial statement for the period 1 January – 30 June 2011 have been prepared in accordance with IAS 34 “Interim Financial Statements”, as adopted by the EU, and in accordance with the guidelines for companies listed on the NASDAQ OMX Iceland and NASDAQ OMX Copenhagen.

These condensed interim financial statement were approved by the Board of Directors on August 25, 2011.

Significant accounting principles

The accounting policies applied by the Company in these condensed financial statements are the same as those applied by the Company in its annual report for the year ended 31 December 2010.

The annual report for 2010, which is available at the Company’s website www.atlantic.fo, contains a full description of the accounting policies.

2. Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Notes

3. Business segment

Business segments

(DKK 1,000)	Aircraft Services		Helicopter Services		Total	
	H1 2011	H1 2010	H1 2011	H1 2010	H1 2011	H1 2010
Income statement						
Net sales	188.904	154.534	14.265	17.071	203.169	171.606
Other income	115	0	0	0	115	0
Total revenue from external customers	189.019	154.534	14.265	17.071	203.284	171.606
Operating expenses	177.084	159.093	14.179	19.601	191.263	178.694
Operating result	11.935	-4.559	86	-2.530	12.021	-7.089
Effects of associated companies	-	-	-	-	310	0
Financial income	2.938	3.708	2	68	2.940	3.776
Financial expenses	-4.992	-3.318	-763	-2.067	-5.755	-5.385
Result before tax	9.882	-4.170	-675	-4.529	9.517	-8.699
Income tax expense					-1.713	1.543
Profit					7.804	-7.156
Balance sheet						
Segment assets	343.993	301.590	56.833	124.016	400.827	425.606
Investment in associates	-	-	-	-	496	674
Segment liabilities and equity	375.416	344.842	25.906	81.438	401.323	426.280
Cash flows						
Cash flows from operating activities	47.256	50.755	21.655	141	68.911	50.897
Cash flows from investing activities	-32.595	-11.854	58.031	0	25.436	-11.854
Cash flows from financing activities	-10.168	-2.576	-50.500	-1.781	-60.668	-4.357
Other						
Depreciations and amortisation	15.808	18.635	4.392	6.324	20.200	24.959

Geographical segments

Revenue comprises the following markets:

	Faroe Islands		Europe		Total	
	H1 2011	H1 2010	H1 2011	H1 2010	H1 2011	H1 2010
Total revenue from external customers	110.830	98.866	92.454	72.740	203.284	171.606

Notes

4. Total revenue (DKK 1,000)	HI 2011	HI 2010
Passenger transport	135.901	118.388
Charter activity	27.076	21.185
Cargo and mail	6.525	5.995
Other	19.921	15.455
SAR and Inter-Island services	13.746	10.583
Other income	115	0
Total	203.284	171.606

5. Flight expenses (DKK 1,000)	HI 2011	HI 2010
Aircraft fuel	-35.807	-28.352
Aircraft maintenance	-11.434	-11.836
Other costs	-80.362	-69.768
Total	-127.603	-109.956

6. Specification of numbers of passengers:	HI 2011	HI 2010
Passengers fixed wing, scheduled services	87.707	81.905
Passengers fixed wing, charter	32.628	10.737
Passengers fixed wing	120.335	92.642
Passengers by Helicopters	2.227	4.133
Total passengers	122.562	96.775

Block hours:

Aircraft, block hours, scheduled services	2.817	2.680
Aircraft, block hours, charter	1.092	401
Total aircraft block hours	3.909	3.081
Helicopters	291	368
Total airborne hours	4.200	3.449

Income overseas:

Export value in DKK	92.453.836	72.740.035
Export value in %	46%	42%

Notes

7. Employee expenditures (DKK)	HI 2011	HI 2010
Wages and salaries	-37.407.505	-37.980.128
Pensions	-3.206.317	-3.111.088
Expenses for social security	-1.241.727	-1.288.737
Other employee expenditures	-1.604.194	-1.400.035
Bonus	0	0
Share-based payments	0	0
Total	-43.459.743	-43.779.987

Number of employees	159	166
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8. Depreciation, amort. and impairments (DKK)	HI 2011	HI 2010
Amortisation of intangible assets	-1.267.356	-1.234.767
Impairments of intangible assets	0	0
Depreciation of tangible assets	-18.932.835	-23.724.166
Impairments of tangible assets	0	0
Depreciation of assets held for sale	0	0
Impairments of assets held for sale	0	0
Total depreciation, amortisation and impairments	-20.200.191	-24.958.933

9. Financial income (DKK)	HI 2011	HI 2010
Interest, cash, etc.	512.517	585.285
Dividends	0	0
Profit from options	0	1.322.512
Other interest income	261.076	61.434
Currency adjustments	2.166.600	1.806.306
Total	2.940.193	3.775.537

10. Financial expenses (DKK)	HI 2011	HI 2010
Interest on long term loans	-1.269.825	-2.677.082
Other interest expenses	-794.236	-243.806
Currency adjustments	-3.690.508	-2.464.364
Total	-5.754.568	-5.385.252

Notes

11. Tax (DKK)	HI 2011	HI 2010
Taxes	-985.362	0
Changes in deferred taxes during the year	-727.651	1.542.836
Total taxes	-1.713.013	1.542.836

Deferred taxes as of Jan 1st	28.314.121	25.792.142
Changes in deferred taxes during the year	727.651	-1.542.836
Taxes recognised in equity	-1.145.498	485.897
Transferred to assets held for sale	0	0
Deferred tax at the end of the year	27.896.274	24.735.203

Taxes from net profit/loss for the year:		
Calculated 18% tax of result before taxes	1.713.014	-1.565.750
Adjustments from previous years	0	22.914
Dividend from other shares	0	0
Total	1.713.014	-1.542.836

Effective tax percent	18%	18%
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Provisions for deferred tax comprises:

Property, plant and equipment	28.650.279	31.409.945
Financial assets	43.764	88.698
Receivables	-81.000	-504.000
Derivatives	-699.193	1.147.985
Tax loss carried forward	0	-7.407.425
Total	27.913.851	24.735.203

12. Intangible fixed assets (DKK)	Software
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Acquisition value as of Jan 1st	14.557.412
Additions during the year	895.018
Disposal during the year	0
Acquisition value as of June 30th	15.452.430

Amortisations as of Jan 1st	-9.088.195
Amortisations during the year	-1.267.356
Amortisations of disposal	0
Amortisations as of June 30th	-10.355.551

Book value as at June 30th 2011	5.096.879
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Book value as at June 30th 2010	5.891.816
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Notes

13. Tangible fixed assets (DKK)

	Aircraft and maintenance	Spare parts	Operating Equipment	Hangar, buildings and land	Total
Acquisition value as of Jan 1st	372.135.441	39.396.732	19.844.781	47.214.671	478.591.625
Additions during the period	8.486.140	0	943.650	103.455	9.533.245
Disposal during the period	-142.716.171	-4.531.178	-1.209.663	0	-148.457.012
Acquisition value as of June 30th	237.905.410	34.865.554	19.578.768	47.318.126	339.667.858
Depreciations and write-downs as of Jan 1st	-186.375.003	-22.588.920	-12.483.019	-8.722.112	-230.169.056
Depreciations and write-downs during the period	-16.386.097	-562.376	-1.003.311	-981.051	-18.932.835
Depreciations and write-downs of disposal	79.363.402	523.779	1.004.598	0	80.891.778
Depreciations and write-down as of June 30th	-123.397.699	-22.627.517	-12.481.733	-9.703.163	-168.210.112
Book value as at June 30th 2011	114.507.711	12.238.036	7.097.035	37.614.963	171.457.745
<i>Book value as at June 30th 2010</i>	<i>198.261.275</i>	<i>17.216.375</i>	<i>8.230.350</i>	<i>39.473.613</i>	<i>263.181.613</i>

14. Insurance value (DKK)

	Insurance value	Carrying amount
Aircraft and helicopters	271.000.000	126.745.748
Other equipment	*	44.711.998
Total		171.457.745

*Replacement value

15. Prepaid aircraft acquisitions

Prepaid aircraft acquisitions in the balance sheet is for the purchase of one Airbus A319 aircraft to be delivered in 2012.

Notes

16. Financial assets (DKK)

	Investment in		
	associates*	Other shares*	Total
Acquisition value as of Jan 1st	570.000	1.159.791	1.729.791
Additions during the period	0	0	0
Disposal during the period	0	0	0
Acquisition value as of June 30th	570.000	1.159.791	1.729.791
Revaluations and share of result as of Jan 1st	-383.947	0	-383.947
Revaluations during the period	130.006	0	130.006
Share of result in last year	179.827	0	179.827
Additions during the period	0	0	0
Disposal during the period	0	0	0
Revaluations as of June 30th	-74.114	0	-74.114
Book value as at June 30th 2011	495.886	1.159.791	1.655.677
<i>Book value as at June 30th 2010</i>	<i>674.267</i>	<i>1.159.791</i>	<i>1.834.058</i>

Summary of aggregate financial information for investments in associates

P/F Green Gate Incoming		P/F Gjáargarður		Total
<i>Domicile: Tórshavn</i>		<i>Domicile: Gjógv</i>		
<i>Share capital: 500.000 DKK</i>		<i>Share capital: 1.200.000 DKK</i>		
<i>Company's portion: 49%</i>		<i>Company's portion: 27%</i>		
Assets	2.193.701	Assets	9.989.987	12.183.688
Equity	902.423	Equity	198.883	1.101.306
Liabilities	1.291.278	Liabilities	9.791.104	11.082.382
Net profit	296.753	Net profit	127.476	424.229
<i>Company's portion</i>		<i>Company's portion</i>		
Equity	442.187	Equity	53.698	495.886
Net profit	145.409	Net profit	34.419	179.827

*All numbers as at Dec 31th 2010

17. Inventories (DKK)

	H1 2011	H1 2010
Inventories	3.777.950	3.836.608
Write-downs of inventories	0	0
Inventories total	3.777.950	3.836.608

18. Trade receivables (DKK)

	H1 2011	H1 2010
Trade receivables	35.701.761	23.139.442
Write-downs of trade receivables	-450.000	-2.800.000
Trade receivables total	35.251.761	20.339.442

Notes

19. Equity

Share capital

The share capital amounting to DKK 103.500.00 is divided in 1.035.000 shares of DKK 100. The shares are not divided in different categories.

Share premium reserve

Share premium comprises premium on issue of shares.

Hedging reserve

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not been realised.

Revaluation reserve shares

Unrealised gains and losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised in equity as revaluation reserve shares.

Retained earnings

Retained earnings from the year and previous years.

Proposed dividend

Proposed dividends for the year is disclosed as a separate item under equity named: Proposed dividend. Proposed dividends are recognised as a liability when the proposed dividends are adopted at the annual general meeting.

20. Own shares

	Number		Nominal value		% of Share capital	
	H1 2011	H1 2010	H1 2011	H1 2010	H1 2011	H1 2010
1. Jan 11	11.111	11.111	1.111.100	1.111.100	1%	1%
Addition	0	0	0	0	0%	0%
Disposal	0	0	0	0	0%	0%
31-mar-11	11.111	11.111	1.111.100	1.111.100	1%	1%

21. Revaluation reserve shares (DKK)

	H1 2011	H1 2010
Reserve as of Jan 1st	504.000	256.500
Adjustment for the period	-186.750	-126.000
Revaluations	0	0
Reserve at the end of the period	317.250	130.500

22. Retained earnings (DKK)

	H1 2011	H1 2010
Retained earnings opening	90.450.248	85.606.313
+ Dividend own shares	80.514	
+ Net profit	7.803.729	-7.155.777
- proposed dividend	0	0
Total	98.334.492	78.450.536

Notes

23. Non-current and current liabilities (DKK)

	Liab. Jun. 30th 2011	Short term liab. 0-1 year	Due for payment after 5 years	Liab. Jun. 30th 2010
Mortgage loans	52.428.433	10.382.500	3.093.750	114.429.177
Provision for deferred taxes	27.913.851	0	0	24.735.203
Trade payables	28.438.819	28.438.819	0	25.613.540
Deferred income and accruals	64.893.465	64.893.465	0	50.691.787
Derivatives	5.181.598	5.181.598	0	0
Liabilities ass. with assets held for sale	0	0	0	0
Total non-current and current liab.	178.856.166	108.896.382	3.093.750	215.469.707

Specified as follows:

Current liabilities	108.896.382	90.687.827
Non-current liabilities	69.959.784	124.781.880

The company has not had any defaults of principal, interest or other breaches with respect to their liabilities during the period (H1 2010: the same).

24. Mortgaging and contingent liabilities etc.

Aircraft with a book value as at 30 June 2011 of DKK 115 million are mortgaged.

The company has entered into a contract with Airbus, about purchasing an aircraft for US\$ 43 million, with an option to extend it with an aircraft. The company has so far paid up front US\$ 11.7 million. The delivery of the first aircraft is expected to be in the first quarter of 2012. A cancellation of the contract with Airbus is possible, but in that case the prepayment will be lost.

The company is obligated to pay a sum of DKK 5.4 million a year until 30 September 2013 for the lease of one aircraft. The leasing rate in 2013 is amounting to DKK 3.6 million.

Notes

25. Related parties

Control:	Basis of influence
Vinnumálaráðið (Ministry of Industry), Tinganes, 100 Tórshavn	Majority shareholder

Significant influence:

The Company has in H1 2011 provided helicopter services to the Faroese Ministry of Industry amounted to DKK 4.3 million (2010: DKK 3.3 million) and to the Faroese Ministry of Fisheries amounted to DKK 9.2 million (H1 2010: DKK 7.0 million). The Company has not granted loans, provided security, recourse guarantee or guarantee obligations to the principal shareholder.

All transactions are priced on an arm's length basis.

The Company has not traded with, granted loans, provided security, recourse guarantee or guarantee obligations to the Board of Directors, the Board of Executives or to non-group enterprises in which the parties concerned are interested.

Associated company's

P/F Green Gate Incoming	(Note 16)
P/F Gjáargarður	(Note 16)

The Company has not been involved in trade of particular importance with associated companies. The Company has not granted loans, provided security, recourse guarantee or guarantee obligations to the associated companies

Transactions with associates are priced on an arm's length basis.

26. Cash and cash equivalents (DKK)	H1 2011	H1 2010
Cash and cash equivalents	114.824.790	100.205.110
Total	114.824.790	100.205.110

27. Additional cash flow information (DKK)	H1 2011	H1 2010
Interest paid	-2.064.060	-2.920.888
Interests received	773.593	646.719
Total	-1.290.467	-2.274.168

Notes

28. Earnings per share (DKK)	HI 2011	HI 2010
Net Profit/Loss for the year	7.803.729	-7.155.777
Number of shares	1.035.000	1.035.000
Number of own shares	11.111	11.111
Total (Excluding own shares)	1.023.889	1.023.889
Earnings per share (DKK) (EPS)	7,62	-6,99
Diluted earnings per share (DKK) (EPS-D)	7,62	-6,99

The calculation of earnings per share is based on the profit after tax and on the weighted average number of shares in issue during the period.

29. Dividend

The Annual General Meeting on 31 March 2011 decided to distribute a dividend of DKK 7.5 million for the financial year 2010. The dividend was paid on 12 April 2011. No dividend was distributed to Atlantic Airways' shareholders the previous year.

30. Seasonality

The airline industry is highly seasonal. Revenue from scheduled services are normally higher in the third quarter and lower in first and fourth quarter due to significantly higher demand during the summer. A breakdown of the company's income statement during five quarters is specified below.

	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010
INCOME STATEMENT (DKK 1,000)					
Total Revenue	118.833	84.451	97.468	133.598	92.838
Flight expenses	-73.415	-54.188	-56.924	-77.298	-59.201
Employee expenditures	-22.516	-20.944	-22.540	-23.125	-22.592
Result before depr., amort. and impairm. (EBITDA)	22.902	9.320	18.004	33.175	11.045
Depreciations, amortisations and impairment	-10.567	-9.634	-11.455	-13.132	-12.415
Result before financial items (EBIT)	12.335	-314	6.549	20.043	-1.370
Net financial items	-527	-2.287	-1.288	-1.035	-417
Share of p/l of ass. companies	310	0	-488	0	0
Result before tax (EBT)	12.118	-2.602	4.773	19.007	-1.787
Tax	-2.181	468	-859	-3.421	322
Profit	9.937	-2.133	3.914	15.586	-1.465

31. Events after the end of the first half

There have been no events from the balance sheet date until today that might affect the true and fair view of the financial statement for the first half of 2011.

Definitions

ACMI

Leasing of Aircraft, Crew, Maintenance and Insurance. The lessee has to bear a significant portion of direct costs related to the charter – hereunder fuel cost and airport fees.

Airborne hours

Number of flown hours.

ASK: Available seat kilometres

The total number of seats available for passengers multiplied by the number of kilometers which they are flown.

Block hours

Refers to the time the aircraft leaves the departure gate until it arrives at the destination gate.

C-checks

Heavier maintenance checks.

Current ratio (%)

Total current assets, end of period divided by total current liabilities.

EBT

Earnings before tax.

EBIT

Earnings before interest and tax.

EBITDAR

Operating income before interest, tax, depreciations, amortizations and leasing cost.

EBITDAR margin

Earnings before interest, tax, depreciations, amortizations and leasing cost as a percentage of revenue.

EBITDA

Operating income before interest, tax, depreciations and amortizations.

Load factor

RPK divided by ASK. Describes the utilisation of the available seats.

Return on equity (%)

Profit/loss after tax, end of period divided by average equity.

Return on investment (%)

Profit/loss before financial items divided by total assets.

RPK: Revenue Passenger Kilometres

Number of paying passengers multiplied by the distance they are flown in kilometers.

Solvency ratio (%)

Equity, end of period divided by total assets.