



ATLANTIC AIRWAYS



1-3 Quarter Report 2011

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Third quarter of 2011 in brief

Financial highlights

- ❑ Revenue in the third quarter of 2011 was DKK 133.9 million compared to DKK 133.6 million in the third quarter of 2010
- ❑ Earnings before depreciation (EBITDA) in the third quarter of 2011 were DKK 29.7 million compared to DKK 33.2 million in the third quarter of 2010
- ❑ Net financial items in the third quarter were at the same level as the same period last year, DKK -1.0 million
- ❑ Total depreciation in the third quarter of 2011 was DKK 10.9 million compared to DKK 13.1 million in the third quarter of 2010
- ❑ The result before tax in the third quarter of 2011 was DKK 17.9 million compared to DKK 19.0 million in the third quarter of 2010
- ❑ Net result after tax in the third quarter of 2011 was DKK 14.7 million compared to DKK 15.6 million in the same period the previous year

Traffic development

- ❑ The number of passengers carried on scheduled flights in the third quarter of 2011 was 66,337 compared to 66,071 in the third quarter of 2010
- ❑ The load factor on scheduled services in the third quarter of 2011 was 79% compared to 75% in the third quarter of 2010
- ❑ The total number of aircraft block hours operated was 2,470 in the third quarter of 2011 compared to 2,403 in the third quarter of 2010
- ❑ Block hours sold on ACMI/charter in the third quarter of 2011 were 514 compared to 325 in the third quarter of 2010
- ❑ Block hours for helicopter activity were 170 in the third quarter of 2011 compared to 313 in the third quarter of 2010

1-3 quarter of 2011 in brief

Financial highlights

- ❑ Total revenue for the first 3 quarters of 2011 was DKK 337.2 million compared to DKK 305.2 million for the first 3 quarters of 2010
- ❑ Earnings before depreciation (EBITDA) for the first 3 quarters of 2011 were DKK 61.9 million compared to DKK 51.0 million for the first 3 quarters of 2010
- ❑ Net financial items were DKK -3.8 million in the first 3 quarters of 2011 compared with net financial items of DKK -2.6 million in the first 3 quarters of 2010
- ❑ Total depreciation for the first 3 quarters of 2011 was DKK 31.1 million compared to DKK 38.1 million for the first 3 quarters of 2010
- ❑ The result before tax for the first 3 quarters of 2011 was DKK 27.4 million compared to DKK 10.3 million for the first 3 quarters of 2010
- ❑ Net result after tax for the first 3 quarters of 2011 was DKK 22.5 million compared to DKK 8.4 million for the same period the previous year

Traffic development

- ❑ The number of passengers carried on scheduled flights in the first 3 quarters of 2011 was 154,044 compared to 147,976 in the first 3 quarters of 2010
- ❑ The load factor on scheduled services in the first 3 quarters of 2011 was 78% compared to 75% in the first 3 quarters of 2010
- ❑ The total number of aircraft block hours operated was 6,395 in the first 3 quarters of 2011 compared to 5,484 in the first 3 quarters of 2010
- ❑ Block hours sold on ACMI/charter in the first 3 quarters of 2011 were 1,664 compared to 726 in the first 3 quarters of 2010
- ❑ Block hours for helicopter activity were 461 in the first 3 quarters of 2011 compared to 680 in the first 3 quarters of 2010

Highlights for the third quarter 2011

Solid result for the first nine months despite small decline in Q3

Turnover for Q3 2011 was at the same level as the corresponding period during 2010. The result before tax (EBT) was 6% lower in Q3 2011 compared to Q3 2010. The main explanatory factors for the lower result can be ascribed to higher fuel costs and lower contribution from offshore activity in Faroese waters during 2011, as there was significant activity in the corresponding period during 2010.

Atlantic Airways' EBITDA result for the third quarter of 2011 amounted to DKK 29.7 million compared to DKK 33.2 million for the same period last year, which corresponds to a decrease of 10%. The result before tax for the third quarter of 2011 was DKK 17.9 million compared to DKK 19.0 million in the same period last year, corresponding to a decrease of 6%. Revenue in the third quarter amounted to DKK 134 million, which was unchanged compared to the same period in 2010.

EBITDA for the first 3 quarters of 2011 was DKK 61.9 million compared to DKK 51.0 million for the first 3 quarters of 2010, equal to an increase of 21%. The result before tax for the first 3 quarters of 2011 amounted to DKK 27.4 million compared to DKK 10.3 million in 2010, corresponding to a result increase of 166% for the first 3 quarters period.

The result in Q3 confirms a continued stable development during the year with much improved utilization based mainly on improved sales of block hours in the ACMI and charter segment, but also due to higher load factors and passenger numbers on scheduled services and a stabilized helicopter segment.

“It is encouraging to witness the growth we have been able to achieve outside Faroe Islands in the ACMI and charter segment through improving utilization of marginal capacity. We are aiming for growth in the company's scheduled service and helicopter operations in 2012. The new Airbus opens up for new direct routes from Faroe Islands to destinations like Spain,” says Magni Arge, CEO of Atlantic Airways.

The last quarter of the year is traditionally a weak financial quarter in the airline industry, but Atlantic Airways' result after the first nine months of 2011 indicates a marked improvement of the full year result for 2011 compared to 2010. Nonetheless, the level of improvement can still be affected by the level of impact that external factors and adverse weather can induce.

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Financial highlights and key ratios

	Q3 2011	Q3 2010	YTD 2011	YTD 2010	FY 2010
INCOME STATEMENT (DKK 1,000)					
Net sales	133.910	133.042	337.079	304.648	401.790
Other income	0	555	115	555	880
Result before depr., amort. and impairm. (EBITDA)	29.713	33.175	61.935	51.045	69.049
Depreciations, amortisations and impairment	-10.858	-13.132	-31.058	-38.091	-49.546
Result before financial items (EBIT)	18.855	20.043	30.877	12.954	19.503
Net financial items	-984	-1.035	-3.798	-2.645	-3.933
Share of profit/loss of associates	0	0	310	0	-488
Result before tax (EBT)	17.872	19.007	27.388	10.309	15.082
Tax	-3.217	-3.421	-4.930	-1.878	-2.738
Profit	14.655	15.586	22.458	8.430	12.344
BALANCE SHEET (DKK 1,000)					
Assets					
Total non-current assets	247.174	229.155	247.173	229.155	221.100
Total current assets	136.829	184.386	136.829	184.386	189.618
Total assets	384.003	413.541	384.003	413.541	410.718
Equity and liabilities					
Total equity	244.465	224.677	244.465	224.677	227.487
Total non-current liabilities	66.600	69.084	66.600	69.084	67.452
Total current liabilities	72.937	119.780	72.937	119.780	115.778
Total equity and liabilities	384.003	413.541	384.003	413.541	410.718
Cash flows (DKK 1,000)					
Net cash flow from operating activities	3.881	-3.868	72.792	47.028	62.077
Net cash flow used in investing activities**	-18.575	-14.795	6.861	-26.649	-31.098
Net cash flow from financing activities	-3.566	-5.236	-64.234	-9.593	-15.353
Cash flows for the period	-18.259	-23.899	15.420	10.786	15.626
**Of this purchase of property, plant and equipment	-18.122	-14.559	7.377	-26.117	-29.916
Financial ratios					
EBITDAR (DKK 1,000)	31.557	34.566	67.306	55.121	74.516
EBITDAR margin (%)	24%	26%	20%	18%	19%
Return on investment (%)	5%	5%	8%	3%	5%
Current ratio (%)	188%	154%	188%	154%	164%
Solvency ratio (%)	64%	54%	64%	54%	55%
Return on equity before tax (%)	8%	9%	12%	5%	7%
Return on equity after tax (%)	6%	7%	10%	4%	6%
Income/cost ratio (%)	1,15	1,17	1,09	1,03	1,04
Shares					
Number of shares (1,000)	1035	1035	1035	1035	1035
Earnings after tax per share (DKK)	14,16	15,06	21,70	8,15	11,93
Dividend per share (DKK)	-	-	-	-	7
Share price end of period (DKK)	103	118	103	118	116
Share price end of period/Earnings after tax per share (P/E)	7,27	7,84	4,75	14,49	9,73
Traffic statistics					
Capacity - scheduled flight (ASK) (1,000)	111.837	118.653	266.296	267.357	337.467
Traffic - scheduled flight (RPK) (1,000)	88.042	89.341	206.885	200.099	252.140
Load factor (%)	79%	75%	78%	75%	75%
Passengers carried on scheduled flight	66.337	66.071	154.044	147.976	186.704
Total number of passengers	81.952	73.225	204.514	170.000	219.757
Block hours	2.639	2.716	6.856	6.164	8.244
Other					
Number of full-time employees	167	170	167	170	167
Aircraft operated as at 30 Sep**	4	4	4	4	3
Helicopters operated as at 30 Sep	2	3	2	3	3

**Fleet in service, excluding aircraft leased out

Management's Review

In general the fixed wing activity has increased while helicopter operations decreased in Q3 compared to the same period last year. Productivity increased in the ACMI/charter segment, however the contribution per block hour was lower due to market conditions. For the scheduled services segment passenger numbers remained at the same level, but load factors increased due to more efficient scheduling. Fuel price increased in Q3 2011 compared to Q3 2010 by 16%. During Q3 2011 considerable resources have also been spent on preparing the Airbus A 319 entry into service in 2012.

Development in scheduled services has not been marked by any dramatic changes in routes, but the new route to Bergen performed well. There is a tendency towards growth in the market for travelers to the Faroes and a decline in the market from the Faroes. This correlates with the company's initiatives to improve distribution channels and market the Faroes as a tourist destination, while traffic originating from the Faroes still seems to be affected by the uncertain economic environment as well as high increases in airport taxes and charges. On a year-to-date basis the growth is 4%, but much of this increase is rooted in the 2010 activity decline caused by the Icelandic volcanic activity. Atlantic Airways shared with advertising agency Umwelt the recognized Danish marketing award Advertising Efficiency Award for its "Together" campaign in the Danish market spring 2011.

The growth in sale of block hours continued in Q3 2011, with growth rates equaling 58% for Q3 compared to last year, and year-to-date growth of 129% compared to 2010. ACMI and charter production now accounts for more than 25% of the total fixed-wing production compared to 13% during the same period of 2010. However, a large part of this activity is based on short-term ACMI contracts, which have a lower effect on turnover compared to scheduled services and charter, as ACMI customers cover a large share of the operating cost directly. Atlantic Airways operated four aircraft during Q3. The fourth aircraft is currently on a 'power-by-the-hour' lease, and can be returned at short notice. However, the aircraft is likely to remain with Atlantic Airways for most of Q4 also.

Helicopter activity has been significantly lower during Q3 2011 compared to Q3 in 2010. The main reason for this is that ENI drilled an off-shore well in Faroese waters from June to November in 2010, while there has been no such activity in 2011. The helicopter operations are now based on two helicopters compared to three helicopters last year. The Faroese parliament has passed two laws to facilitate a new four year contract on Search-and-rescue (SAR) and domestic services. The final contract is now expected to be signed in Q4 2011.

The number of staff employed has remained at around the same level as in 2010, 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 devoted a large part of its focus in Q3 towards the forthcoming Airbus 319 entry into service in March 2012, and the company is on track regarding its preparations to take delivery in March 2012. Activity during the last quarter of 2011 will include further preparation for the Airbus introduction, upgrades to helicopter services and fulfilling ACMI and charter contracts.

The company will also pursue an aggressive line to increase and attract tourism in the future, and is ready to commit to a common national strategy if the government decides to support such an initiative.

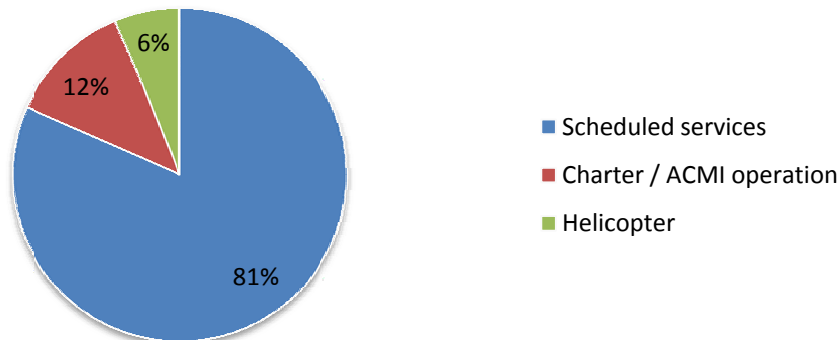
Traffic Development

Total fleet production (the number of block hours in total) increased by 11% in the first 3 quarters of 2011 in comparison to the first 3 quarters of 2010. Aircraft and helicopters were airborne for a total of 6,856 block hours in the first 3 quarters of 2011 compared to 6,164 hours in the same period last year.

The growth was due to higher ACMI/charter activity in the fixed-wing segment, which increased by 938 block hours (129%) compared to the first 3 quarters last year. Helicopter activity was lower than at the same period last year and decreased from 680 to 461 hours.

Supply of available seat kilometers (ASK) was unchanged while the passenger traffic, measured in revenue passenger kilometers (RPK), increased by 3%.

Business area Percentages of Total Revenue Q1-Q3 2011



Traffic information

	Q3 2011	Q3 2010	Change	Change	YTD 2011	YTD 2010	Change	Change	2010
Passengers	pass	pass	pass	%	pass	pass	pass	%	pass
Scheduled services	66.337	66.071	266	0%	154.044	147.976	6.068	4%	186.624
ACMI/Charter operations	13.613	3.958	9.655	244%	46.241	14.695	31.546	215%	23.710
Aircraft in total	79.950	70.029	9.921	14%	200.285	162.671	37.614	23%	210.334
Helicopter	2.002	3.196	-1.194	-37%	4.229	7.329	-3.100	-42%	9.323
	81.952	73.225	8.727	12%	204.514	170.000	34.514	20%	219.657

	hours	hours	hours	%	hours	hours	hours	%	hours
Scheduled services	1.956	2.078	-122	-6%	4.732	4.758	-26	-1%	6.048
ACMI/Charter operations	514	325	189	58%	1.664	726	938	129%	1.173
Aircraft in total	2.470	2.403	67	3%	6.395	5.484	911	17%	7.221
Helicopter	170	313	-143	-46%	461	680	-219	-32%	1.023
	2.639	2.716	-77	-3%	6.856	6.164	692	11%	8.244

Scheduled services

Passenger numbers on scheduled services in the first 3 quarters of 2011 increased by 4% compared to the first 3 quarters of 2010, while passenger numbers were unchanged for the third 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 in 2011.

The load factor on the scheduled services network for the first 3 quarters of 2011 increased from 75% to 78% compared to the first 3 quarters of 2010, and increased from 75% to 79% during the third quarter of 2011 in comparison with the third quarter in 2010.

Charter/ACMI operations

Charter activity increased by 129% in the first 3 quarters of 2011 from 726 to 1,664 block hours sold compared to the first 3 quarters of 2010. In the third quarter block hours sold increased 58% from 325 in 2010 to 514 in 2011, due to increased demand in the segment. Atlantic Airway 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 3 quarters 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 an additional 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 in Q4 2011.

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

Other income

Ancillary revenues, revenues from duty-free as well as freight and mail transportation increased by 10% in the first 3 quarters 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 at short notice. The aircraft will likely remain with the company for most of Q4 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, and training of engineers and pilots has been planned and partly executed. The finance structure contains partly own company finance and partly external finance. Pre-down payments has been financed from cash flow. External finance is secured from The Faroese fund Ílleggingargrunnurin - which invests in infrastructural projects in Faroe Islands only. 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-AR0.1, and on the basis of this procedure 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.

Financial Statement, 1 July – 30 September 2011

Revenue in the third quarter of 2011 was DKK 133.9 million compared to DKK 133.6 million in the third quarter of 2010.

Revenue from scheduled services increased by DKK 10.9 million in the third quarter of 2011 compared to the same period last year due to higher fuel surcharge, increased airport and passenger charges and increased duty-free sales.

Revenue from aircraft charter operations decreased by DKK 2.4 million in the third quarter of 2011 compared to the same period last year even though charter activity has increased. This is due to a larger share of ACMI activity, where the lessee has to bear a significant portion of direct costs, compared to other charter activity.

Income from helicopter operations decreased by DKK 8.1 million in the third quarter of 2011 compared to the same period last year due to lower activity.

The EBITDA result was DKK 29.7 million in the third quarter of 2011 compared to DKK 33.2 million in the third quarter of 2010, equal to a decrease of 10%.

The result before tax in the third quarter was DKK 17.9 million compared to DKK 19.0 million in the same period last year.

The result after tax in the third quarter of 2011 was DKK 14.7 million compared to DKK 15.6 million in the same period last year.

Financial Statement, 1 January – 30 September 2011

Total revenue for the first 3 quarters of 2011 increased 10% by DKK 32.0 million, from DKK 305.2 million in the first 3 quarters of 2010 to DKK 337.2 million in the first 3 quarters of 2011.

Revenue from scheduled services increased by DKK 33.6 million in the first 3 quarters of 2011 compared to the first 3 quarters 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 9.3 million in the first 3 quarters of 2011 compared to last year due to increased charter activity.

Income from helicopter operations decreased by DKK -10.9 million in the first 3 quarters of 2011 compared to last year due to declining offshore operations.

Flight expenses increased by DKK 20.6 million in the first 3 quarters 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 3 quarters of 2011 by DKK 11.2 million, but have to an extent been offset through higher fuel surcharges as well as through fuel and currency hedging.

Employee costs were DKK 67.4 million in the first 3 quarters of 2011 compared to DKK 66.9 in the same period last year. The number of full-time equivalent employees was 167 in the first 3 quarters of 2011 compared to 170 during the same period the previous year.

The EBITDA result was DKK 61.9 million in the first 3 quarters of 2011 compared to DKK 51.0 million in the first 3 quarters of 2010, equal to an increase of 21%.

Depreciation for the first 3 quarters of 2011 was DKK 31.1 million compared to DKK 38.1 million in the first 3 quarters of 2010.

Net financial income amounted to DKK -3.8 million in the first 3 quarters of 2011 compared to DKK -2.6 million for the same period last year.

The result before tax for the first 3 quarters of 2011 was DKK 27.4 million compared to DKK 10.3 million for the same period during the previous year.

The result after tax for the first 3 quarters of 2011 was DKK 22.5 million compared to DKK 8.4 million for the same period the previous year.

Balance Sheet

Total non-current assets increased by DKK 26 million, compared to the end of 2010, to DKK 247 million.

Pre-down payment on the Airbus 319 amounted to DKK 78 million.

Cash and cash equivalents increased by DKK 15 million in the first 3 quarters of the year to DKK 97 million.

Total current assets decreased by DKK 53 million to DKK 137 million compared to the end of 2010.

Total equity as of 30 September 2011 was DKK 244 million, resulting in an equity ratio of 64%.

The company's total liabilities as of 30 September 2011 were DKK 140 million, of which non-current liabilities were DKK 67 million.

The balance sheet total as of 30 September 2011 was DKK 384 million, which is DKK 27 million lower than at the beginning of the year.

Shares

On 30 September 2011 the company's share price was DKK 103 and the total market value of the company's share capital amounted to DKK 107 million, which is 57% below the company's equity value. At the end of 2010 the share price was DKK 116.

Events after 30 September 2011

Ahead of the 2011 parliamentary elections in October, the Faroese Minister of Industry and trade Mr. Jóhan Dahl stipulated in a debate in The Faroese Broadcasting that The Faroese Government had decided to buy back the private shares in Atlantic Airways P/F. The company has subsequently asked the Minister to clarify his statement. Mr. Jóhan Dahl, states that Føroya Landsstýri (The Faroese Government) has not decided upon buying back the privately held shares in Atlantic Airways. The Government however wants to clarify how a possible buy back of the privately held shares in Atlantic Airways can materialise in a controlled way if the government should decide to do so.

The finance of the new Airbus contains partly own company finance and partly external finance. Pre-down payments has been financed from cash flow. Agreement for external finance amounting to DKK 120 million is secured in November from The Faroese fund Ílleggingargrunnurin – which invests in infrastructural projects in Faroe Islands only.

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 3 quarters of 2011.

Outlook for 2011

Scheduled traffic in Q4, which is traditionally a weak period for airlines, is expected to remain at same level as in the corresponding period in 2010. However uncertainty in the European economics can have an impact on the level of traffic and impact from adverse weather is expected to cause higher expenses to the airline than the corresponding period last year.

Charter and especially ACMI activity is expected to stay on a higher level than the previous year although this is based on shorter-term contracts.

Helicopter activity is expected to stay at the same level as in previous quarters as the temporary agreement with the government remains valid until the end of the year. A renewal for the next four years is expected to be signed in Q4.

Based on the year-to-date result and the expectation for the last quarter of 2011 the company expects a further improvement of the full year 2011 result compared to 2010 than previously anticipated. Nonetheless, the level of

the improvement is still dependent on factors, which the company ultimately cannot control, such as fuel prices, the various effects of the ongoing economic uncertainties in Europe.

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 3 quarters of 2011 has not been audited, nor has it been reviewed.

Financial calendar 2012

8 March 2012	Annual Report 2011
17 April 2012	Annual General Meeting
10 May 2012	Interim Statement Q1 2012
3 August 2012	Interim Statement Q2 2012
8 November 2012	Interim Statement Q3 2012

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 September 2011.

The interim financial statement, which has not been audited or reviewed 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 September 30, 2011, results, changes in equity and cash flows for the period of 1 January – 30 September 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 10th of November 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

Company Information

P/F Atlantic Airways

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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, Vice 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

<i>(DKK 1,000)</i>	Note	Q1-Q3 2011	Q1-Q3 2010	Q3 2011	Q3 2010	2010
Net sales	4	337.079	304.648	133.910	133.042	401.790
Other income		115	555	0	555	880
Total revenue	3,4,6	337.194	305.203	133.910	133.598	402.671
Flight expenses	5	-207.899	-187.253	-80.296	-77.298	-244.177
Employee expenditures	7	-67.360	-66.905	-23.901	-23.125	-89.445
Total operating expenses		-275.260	-254.158	-104.197	-100.423	-333.622
Result before depreciation, amort. and impairment (EBITDA)		61.935	51.045	29.713	33.175	69.049
Depreciations, amort. and impairment	8,12,13	-31.058	-38.091	-10.858	-13.132	-49.546
Result before financial items (EBIT)		30.877	12.954	18.855	20.043	19.503
Financial income	9	4.071	6.217	1.131	2.441	7.481
Financial expenses	10	-7.869	-8.862	-2.115	-3.476	-11.414
Net financial items		-3.798	-2.645	-984	-1.035	-3.933
Share of profit/loss of associates	16	310	0	0	0	-488
Result before taxes (EBT)		27.388	10.309	17.872	19.007	15.082
Taxes	11	-4.930	-1.878	-3.217	-3.421	-2.738
Net Profit / Loss for the year		22.458	8.430	14.655	15.586	12.344
Attributable to:						
Shareholders of Atlantic Airways P/F		22.458	8.430	14.655	15.586	12.344
Earnings per share	28					
Earnings per share (DKK) (EPS)		21,93	8,23	14,31	15,22	12,06
Diluted earnings per share (DKK) (EPS-D)		21,93	8,23	14,31	15,22	12,06

Atlantic Airways P/F has not had any discontinuing operations during these periods.

Statement of comprehensive income

(DKK 1,000)	Q1-Q3 2011	Q1-Q3 2010	Q3 2011	Q3 2010	2010
Net Profit / Loss for the year	22.458	8.430	14.655	15.586	12.344
Other comprehensive income					
Value adjustm. of cash flow hedges	3.283	2.313	9.647	-2.550	965
Available-for-sale financial assets	-387	-27	-201	99	248
Dividend own shares	0	0	0	0	0
Tax of other comprehensive income	-957	-416	-2.102	459	-174
Other comprehensive income after tax	1.939	1.870	7.343	-1.992	1.039
Total comprehensive income	24.397	10.300	21.998	13.594	13.383
Attributable to:					
Shareholders of Atlantic Airways P/F	24.397	10.300	21.998	13.594	13.383

Atlantic Airways P/F has not had any discontinuing operations during these periods.

Balance Sheet

ASSETS	Note	30.9.2011	30.9.2010	<i>(DKK 1,000)</i> 31.12.2010
Intangible assets	12	4.644.084	5.492.502	5.469
Aircraft and maintenance	13	106.802.555	126.144.272	122.408
Spare parts	13	11.936.220	16.654.080	16.808
Operating equipment	13	6.486.106	7.754.843	7.362
Hangar, buildings and land	13	37.172.452	38.983.084	38.493
Prepaid aircraft acquisitions	15	78.145.950	32.292.534	29.215
Total tangible assets		240.543.283	221.828.812	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		330.366	0	0
Other non-current assets		1.986.042	1.834.058	1.346
Total non-current assets		247.173.409	229.155.372	221.100
Inventories	17	3.416.382	3.170.475	2.666
Trade receivables	18	27.293.546	37.494.741	36.454
Prepayments		2.765.847	2.030.306	1.746
Other receivables		618.019	617.732	798
Other shares "available-for-sale"		589.500	702.000	977
Derivatives		5.581.274	1.272.618	2.479
Total receivables		36.848.186	42.117.397	42.454
Cash and cash equivalents	26	96.564.728	76.305.481	81.145
		136.829.297	121.593.353	126.265
Assets held for sale		0	62.792.331	63.353
Total current assets		136.829.297	184.385.685	189.618
TOTAL ASSETS		384.002.706	413.541.056	410.718

Balance Sheet

(DKK 1,000)

EQUITY AND LIABILITIES	Note	30.9.2011	30.9.2010	31.12.2010
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		4.359.063	3.411.227	2.033
Revaluation reserve shares	21	117.000	229.500	504
Retained earnings	22	112.989.123	94.036.613	90.450
Proposed dividend	29	0	0	7.500
Total equity		244.465.186	224.677.340	227.487
Mortgage loans	23	38.480.048	48.419.763	46.214
Provisions for deferred taxes	11	28.120.145	20.664.279	21.239
Total non-current liabilities		66.600.193	69.084.043	67.452
Mortgage loans	23	10.382.500	10.382.500	10.383
Trade payables		21.700.817	18.126.619	20.236
Deferred income and accruals		40.588.668	34.509.879	29.084
Derivatives		265.343	0	0
		72.937.328	63.018.997	59.703
Liabilities ass. with assets held for sale		0	56.760.677	56.076
Total current liabilities	23	72.937.328	119.779.674	115.778
Total liabilities	23	139.537.520	188.863.717	183.231
TOTAL EQUITY AND LIABILITIES		384.002.706	413.541.056	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	1.514	257	85.606	-	214.377
Result for the period	-	-	-	-	8.430	-	8.430
Value adjustm. of cash flow hedges	-	-	1.897	-	-	-	1.897
Revaluation reserve shares	-	-	-	-27	-	-	-27
Total comprehensive income	-	-	-	-	-	-	10.300
Proposed dividend	-	-	-	-	-	-	0
Equity at 30.09.2010	103.500	23.500	3.411	230	94.036	-	224.677
Equity at 01.01.2011	103.500	23.500	2.033	504	90.450	7.500	227.487
Result for the year	-	-	-	-	22.458	-	22.458
Value adjustm. of cash flow hedges	-	-	2.326	-	-	-	2.326
Revaluation reserve shares	-	-	-	-387	-	-	-387
Total comprehensive income	-	-	-	-	-	-	24.397
Dividends paid	-	-	-	-	-	-7.500	-7.500
Dividends Own shares	-	-	-	-	81	-	81
Equity at 30.09.2011	103.500	23.500	4.359	117	112.989	0	244.465

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	Q1-Q3 2011	Q1-Q3 2010	2010
Net profit/loss for the year		22.458	8.430	12.344
Depreciations		31.058	38.091	49.546
Taxes		4.930	1.878	2.738
Adjustments		35.988	39.970	52.284
+/- trade receivables		8.830	-15.725	-14.684
+/- prepayments		-1.019	-1.531	-1.247
+/- other receivables		180	2.056	1.876
+/- Inventories		-750	591	1.095
+/- investment in associates and other shares		-310	0	488
+/- trade payables		1.464	-1.559	551
+/- deferred income and accruals		5.951	14.796	9.370
Changes in operating assets and liabilities		14.346	-1.372	-2.551
Cash flow from operating activities		72.792	47.028	62.077
Purchase of intangible, tangible assets and prepaid aircraft	12,13,15	6.861	-26.649	-31.098
Cash flows from investing activities		6.861	-26.649	-31.098
Repayment of long-term loans	23	-56.734	-12.147	-15.353
Foreign exchange effect on cash		0	2.554	0
Paid dividends		-7.500	0	0
Cash flows from financing activities		-64.234	-9.593	-15.353
Total cash flows for the year		15.420	10.786	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		96.565	76.305	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 September 30, 2011 and for the period January 1, to September 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 September 30, 2011, excluding aircraft leased out, supported by 158 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 September 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 November 10, 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

(DKK 1,000)	Aircraft Services		Helicopter Services		Total	
	Q1-Q3 2011	Q1-Q3 2010	Q1-Q3 2011	Q1-Q3 2010	Q1-Q3 2011	Q1-Q3 2010
Income statement						
Net sales	315.942	272.583	21.138	32.065	337.079	304.648
Other income	115	555	0	0	115	555
Total revenue from external customers	316.056	273.138	21.138	32.065	337.194	305.203
Operating expenses	284.586	260.035	21.732	32.214	306.317	292.249
Operating result	31.471	13.103	-594	-149	30.877	12.954
Effects of associated companies	-	-	-	-	310	0
Financial income	4.065	6.157	6	60	4.071	6.217
Financial expenses	-6.838	-5.843	-1.031	-3.019	-7.869	-8.862
Result before tax	28.698	13.417	-1.619	-3.108	27.388	10.309
Income tax expense					-4.930	-1.878
Profit					22.458	8.430
Balance sheet						
Segment assets	329.032	276.073	54.474	136.794	383.507	412.867
Investment in associates	-	-	-	-	496	674
Segment liabilities and equity	360.409	335.385	23.594	78.156	384.003	413.541
Cash flows						
Cash flows from operating activities	51.342	57.458	21.450	-10.430	72.792	47.028
Cash flows from investing activities	-51.170	-25.859	58.031	-790	6.861	-26.649
Cash flows from financing activities	-11.421	-2.780	-52.813	-6.813	-64.234	-9.593
Other						
Depreciations and amortisation	24.320	27.702	6.738	10.389	31.058	38.091
Geographical segments						
Revenue comprises the following markets:						
	Faroe Islands		Europe		Total	
	Q1-Q3 2011	Q1-Q3 2010	Q1-Q3 2011	Q1-Q3 2010	Q1-Q3 2011	Q1-Q3 2010
Total revenue from external customers	185.962	170.623	151.232	134.580	337.194	305.203

Notes

4. Total revenue (DKK 1,000)	Q1-Q3 2011	Q1-Q3 2010
Passenger transport	234.853	207.595
Charter activity	40.907	46.449
Cargo and mail	9.731	9.098
Other	31.536	25.568
SAR and Inter-Island services	20.053	15.937
Other income	115	555
Total	337.194	305.203

5. Flight expenses (DKK 1,000)	Q1-Q3 2011	Q1-Q3 2010
Aircraft fuel	-63.154	-51.973
Aircraft maintenance	-17.051	-18.285
Passenger/aircraft charges	-42.577	-36.199
Handling and catering costs	-17.519	-18.734
Cancellations and diversions	-5.983	-6.223
Other costs	-61.615	-55.840
Total	-207.899	-187.253

6. Specification of numbers of passengers:	Q1-Q3 2011	Q1-Q3 2010
Passengers fixed wing, scheduled services	154.044	147.976
Passengers fixed wing, charter	46.241	14.695
Passengers fixed wing	200.285	162.671
Passengers by Helicopters	4.229	7.329
Total passengers	204.514	170.000

Block hours:		
Aircraft, block hours, scheduled services	4.732	4.758
Aircraft, block hours, charter	1.664	726
Total aircraft block hours	6.395	5.484
Helicopters	461	680
Total airborne hours	6.856	6.164

Income overseas:		
Export value in DKK	151.231.865	134.579.823
Export value in %	45%	44%

Notes

7. Employee expenditures (DKK)	Q1-Q3 2011	Q1-Q3 2010
Wages and salaries	-57.932.452	-57.948.890
Pensions	-4.914.511	-4.732.512
Expenses for social security	-1.897.790	-1.932.092
Other employee expenditures	-2.615.512	-2.291.222
Bonus	0	0
Share-based payments	0	0
Total	-67.360.265	-66.904.715
Number of employees	167	170

8. Depreciation, amort. and impairments (DKK)	Q1-Q3 2011	Q1-Q3 2010
Amortisation of intangible assets	-1.949.541	-1.870.774
Impairments of intangible assets	0	0
Depreciation of tangible assets	-29.108.360	-31.488.666
Impairments of tangible assets	0	0
Depreciation of assets held for sale	0	-4.731.656
Impairments of assets held for sale	0	0
Total depreciation, amortisation and impairments	-31.057.901	-38.091.096

9. Financial income (DKK)	Q1-Q3 2011	Q1-Q3 2010
Interest, cash, etc.	512.517	585.285
Dividends	0	0
Profit from options	0	2.404.159
Other interest income	374.867	84.915
Currency adjustments	3.183.493	3.142.297
Total	4.070.877	6.216.656

10. Financial expenses (DKK)	Q1-Q3 2011	Q1-Q3 2010
Interest on long term loans	-1.881.053	-3.941.493
Other interest expenses	-1.256.796	-989.077
Currency adjustments	-4.731.287	-3.931.169
Total	-7.869.137	-8.861.739

Notes

11. Tax (DKK)	Q1-Q3 2011	Q1-Q3 2010
Taxes	-5.634.423	0
Changes in deferred taxes during the year	704.539	-1.878.498
Total taxes	-4.929.884	-1.878.498
Deferred taxes as of Jan 1st	28.314.121	25.792.142
Changes in deferred taxes during the year	-704.539	1.878.498
Taxes recognised in equity	510.563	485.897
Transferred to assets held for sale	0	0
Deferred tax at the end of the year	28.120.145	28.156.537
Taxes from net profit/loss for the year:		
Calculated 18% tax of result before taxes	4.929.884	1.855.584
Adjustments from previous years	0	22.914
Dividend from other shares	0	0
Total	4.929.884	1.878.498
Effective tax percent	18%	18%
Provisions for deferred tax comprises:		
Property, plant and equipment	27.236.558	32.988.498
Financial assets	7.719	376.010
Receivables	-81.000	-486.000
Derivatives	956.868	197.698
Tax loss carried forward	0	-4.919.669
Total	28.120.145	28.156.537
12. Intangible fixed assets (DKK)		Software
Acquisition value as of Jan 1st		14.557.412
Additions during the year		1.124.408
Disposal during the year		0
Acquisition value as of September 30th		15.681.820
Amortisations as of Jan 1st		-9.088.195
Amortisations during the year		-1.949.541
Amortisations of disposal		0
Amortisations as of September 30th		-11.037.736
Book value as at September 30th 2011		4.644.084
Book value as at September 30th 2010		5.492.502

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	9.669.412	0	988.329	151.470	10.809.211
Disposal during the period	-142.716.171	-4.558.289	-1.552.198	0	-148.826.657
Acquisition value as of Sep. 30th	239.088.683	34.838.443	19.280.912	47.366.141	340.574.179
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	-25.274.528	-839.808	-1.522.447	-1.471.577	-29.108.360
Depreciations and write-downs of disposal	79.363.402	526.506	1.210.662	0	81.100.570
Depreciations and write-down as of September 30th	-132.286.129	-22.902.222	-12.794.804	-10.193.689	-178.176.845
Book value as at Sep. 30th 2011	106.802.553	11.936.221	6.486.107	37.172.452	162.397.333
<i>Book value as at Sep. 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	291.000.000	118.738.774
Other equipment	*	43.658.559
Total		162.397.333

*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 March 2012.

Notes

16. Financial assets (DKK)

	Investment in		Total
	associates*	Other shares*	
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 September 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 September 30th	-74.114	0	-74.114
Book value as at September 30th 2011	495.886	1.159.791	1.655.677
<i>Book value as at September 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)

	Q1-Q3 2011	Q1-Q3 2010
Inventories	3.416.382	3.170.475
Write-downs of inventories	0	0
Inventories total	3.416.382	3.170.475

18. Trade receivables (DKK)

	Q1-Q3 2011	Q1-Q3 2010
Trade receivables	27.743.546	40.294.741
Write-downs of trade receivables	-450.000	-2.800.000
Trade receivables total	27.293.546	37.494.741

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	
	30.9.2011	30.9.2010	30.9.2011	30.9.2010	30.9.2011	30.9.2010
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%
30-sep-11	11.111	11.111	1.111.100	1.111.100	1%	1%

21. Revaluation reserve shares (DKK)

	Q1-Q3 2011	Q1-Q3 2010
Reserve as of Jan 1st	504.000	256.500
Adjustment for the period	-387.000	-27.000
Revaluations	0	0
Reserve at the end of the period	117.000	229.500

22. Retained earnings (DKK)

	Q1-Q3 2011	Q1-Q3 2010
Retained earnings opening	90.450.248	85.606.313
+ Dividend own shares	80.514	
+ Net profit	22.458.360	8.430.300
- proposed dividend	0	0
Total	112.989.122	94.036.613

Notes

23. Non-current and current liabilities (DKK)

	Liab. Sep. 30th 2011	Short term liab. 0-1 year	Due for payment after 5 years	Liab. Sep. 30th 2010
Mortgage loans	48.862.548	10.382.500	781.250	58.802.263
Provision for deferred taxes	28.120.145	0	0	20.664.279
Trade payables	21.700.817	21.700.817	0	18.126.619
Deferred income and accruals	40.588.668	40.588.668	0	34.509.879
Derivatives	265.343	265.343	0	0
Liabilities ass. with assets held for sale	0	0	0	56.760.677
Total non-current and current liab.	139.537.520	72.937.328	781.250	188.863.717

Specified as follows:

Current liabilities	72.937.328	119.779.674
Non-current liabilities	66.600.193	69.084.043

The company has not had any defaults of principal, interest or other breaches with respect to their liabilities during the period (Q1-Q3 2010: the same).

24. Mortgaging and contingent liabilities etc.

Aircraft with a book value as at 30 September 2011 of DKK 109 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\$ 14.6 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 Q1-Q3 2011 provided helicopter services to the Faroese Ministry of Industry amounted to DKK 6.3 million (2010: DKK 4.95 million) and to the Faroese Ministry of Fisheries amounted to DKK 13.3 million (Q1-Q3 2010: DKK 10.5 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)	Q1-Q3 2011	Q1-Q3 2010
Cash and cash equivalents	96.564.728	76.305.481
Total	96.564.728	76.305.481

27. Additional cash flow information (DKK)	Q1-Q3 2011	Q1-Q3 2010
Interest paid	-3.137.849	-4.930.570
Interests received	887.385	670.200
Total	-2.250.465	-4.260.370

Notes

28. Earnings per share (DKK)	Q1-Q3 2011	Q1-Q3 2010
Net Profit/Loss for the year	22.458.360	8.430.300
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)	21,93	8,23
Diluted earnings per share (DKK) (EPS-D)	21,93	8,23

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.

	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010
INCOME STATEMENT (DKK 1,000)					
Total Revenue	133.910	118.833	84.451	97.468	133.598
Flight expenses	-80.296	-73.415	-54.188	-56.924	-77.298
Employee expenditures	-23.901	-22.516	-20.944	-22.540	-23.125
Result before depr., amort. and impairm. (EBITDA)	29.713	22.902	9.320	18.004	33.175
Depreciations, amortisations and impairment	-10.858	-10.567	-9.634	-11.455	-13.132
Result before financial items (EBIT)	18.855	12.335	-314	6.549	20.043
Net financial items	-984	-527	-2.287	-1.288	-1.035
Share of p/l of ass. companies	0	310	0	-488	0
Result before tax (EBT)	17.872	12.118	-2.602	4.773	19.007
Tax	-3.217	-2.181	468	-859	-3.421
Profit	14.655	9.937	-2.133	3.914	15.586

31. Events after the end of the third quarter

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 3 quarters 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.