



Color Group



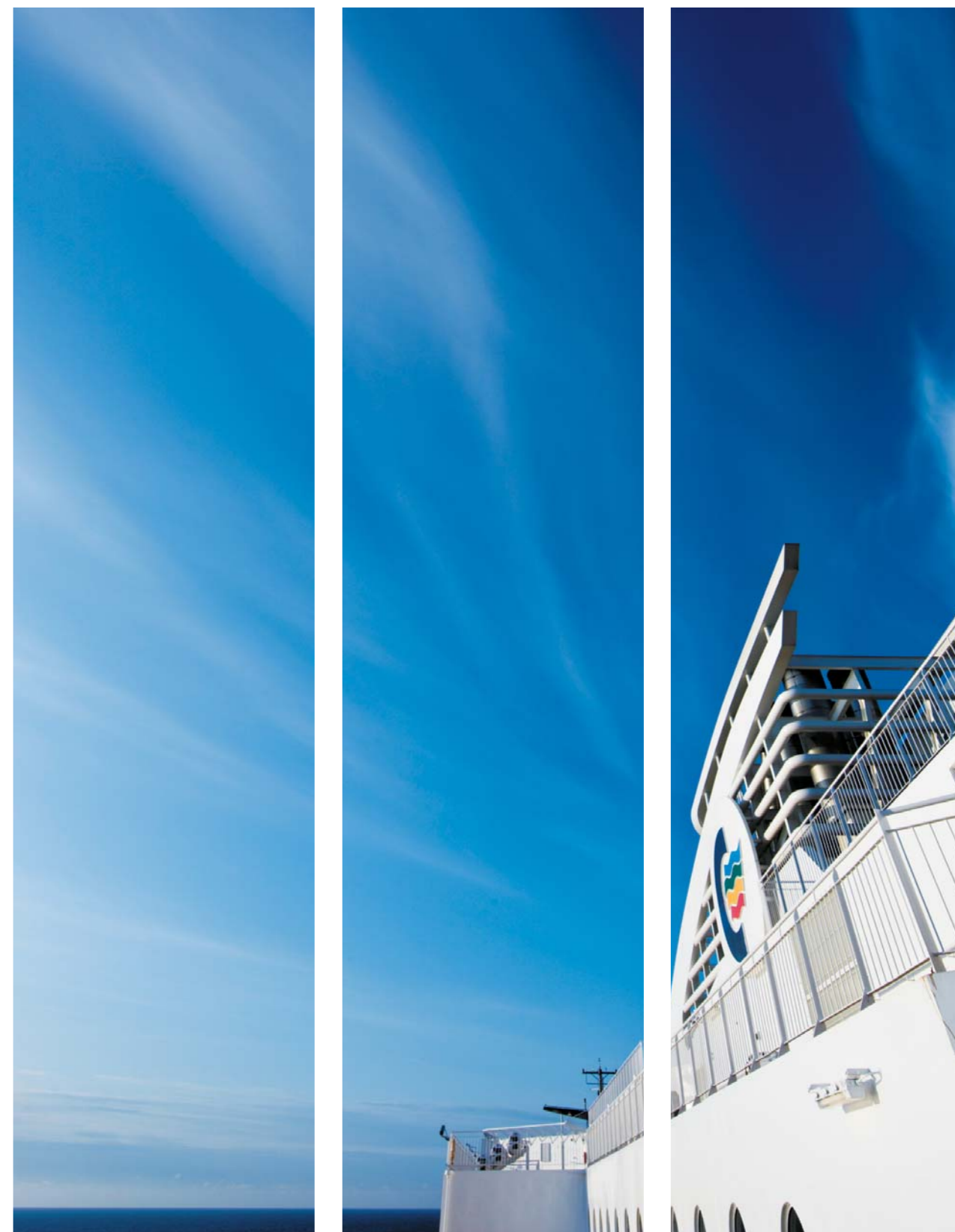
Principal figures and Key figures

Color Group ASA

ACCOUNTING STANDARD	IFRS			NAS		
CONSOLIDATED	2008	2007	2006	2005	2004	2008
DEVELOPMENT OF TRAFFIC						
Passengers	4 093 761	4 294 691	4 279 868	4 433 072	4 211 284	
Cars	890 407	879 458	828 284	809 188	823 029	
Freight units (12m-equivalents)	168 272	176 634	192 412	177 195	158 357	
PROFIT/LOSS (in NOK mill.)						
						(in EUR mill.)
Revenues	4 568	3 802	4 585	4 682	3 944	463
Operating expenses	-3 550	-3 137	-3 726	-3 740	-3 151	-360
EBITDA	1 018	665	859	942	793	103
Depreciation	-305	-310	-397	-495	-367	-31
Charter, leasing expenses	-98	-65	-66	-77	-74	-10
Operating income before write-downs/loss/gain	616	290	396	369	352	62
Gain and loss on sales, write-downs				1	8	
EBIT	616	290	396	378	353	62
Net financial items	-752	-88	-31	-122	-89	-76
Pre-tax income	-136	203	365	256	263	-14
Taxes	37	-59	-104	-87	-94	4
Net income prior to discontinued business	-99	144				-10
Discontinued business	-85	-22				-9
Net income	-184	121	261	169	169	-19
BALANCE SHEET (in NOK mill.)						
Current assets	1 274	1 879	1 534	615	769	129
Fixed assets	7 905	6 741	5 073	5 699	5 521	801
Total assets	9 178	8 620	6 608	6 314	6 290	930
Current liabilities	1 678	1 008	842	566	595	170
Long-term debt	5 258	4 863	2 928	3 216	3 270	533
Deferred taxes	509	574	599	557	512	52
Shareholders' equity	1 733	2 005	2 074	1 973	1 912	176
Total liabilities and shareholders equity	9 178	8 620	6 608	6 314	6 290	930
LIQUIDITY (in NOK mill.)/SOLIDITY (%)						
Cash and cash equivalents as at 31 Dec.	694	1 307	1 463	1 508	1 465	70
Cash flow from operations	921	600	793	865	714	93
Equity ratio %	19	23	31	31	31	
Net interest-bearing debt	5 656	4 955	2 950	3 082	3 017	573
EMPLOYEES/SUNDRY EXPENSES						
Number of employees	2 592	3 967	3 821	3 827	3 268	
Cost of wages	1 141	1 409	1 296	1 303	1 102	116
Port dues	141	152	143	138	121	14

Definitions:

- 1) Translated into euro, exchange rate as at 31 Dec. 08
 2) Operating profit/loss before ordinary depreciation and charter expenses
 3) Including non-utilised credit facilities
 4) EBITDA less charter expenses





Framework conditions

ABOUT THE GROUP

Color Group ASA is the parent company of Color Line AS. Color Line is Norway's largest, and one of Europe's leading companies in the field of short-sea shipping, employing approx. 2 600 man-years in four countries. Following a strategic reorganisation in 2008, the company now has an operational fleet of six vessels operating on four international ferry services between seven ports in Norway, Germany, Denmark and Sweden.

During the period 2004 to 2008, Color Line has invested approx. NOK 7.5 billion in new ships and concepts. The company has an assertive two-armed strategy in the areas of cruise, courses and conferences on the long routes, and efficient transport on the short routes. It is the company's ambition to be the best company in Europe in the field of tourism and in the growth industry of active holidays and entertainment in addition to efficient transport of goods by sea.

THE CRUISE AND TRANSPORT INDUSTRY

Major changes have taken place in Europe in shipping and short-sea traffic. Half of the services between Norway and foreign ports have been discontinued, primarily due to costly operating concepts, low utilisation of capacity and alternative forms of transport.

THE MARKETS

There is uncertainty connected with the financial consequences for Color Line resulting from the general economic and financial situation in Europe in 2009. The recession has led to a generally lower level of demand in many areas, particularly in luxury goods and capital intensive goods. Lower demand on the different markets can have a negative effect on the company's freight volumes in 2009. It is expected that holiday patterns will also be affected. In 2009, it is expected that there will be a tendency towards fewer expensive and long holiday trips, and that people will choose shorter and more reasonable alternatives. Despite the economic downturn and uncertainty, analysis of holiday trends in 2009 show that holiday and leisure continue to have high priority among most people. However, it is expected that there will be greater focus on the more reasonable and shorter types of holiday to destinations nearer home. Increased interest in markets closer to home, combined with lower total capacity resulting from the discontinuation of services to and from

Norway to Europe in 2008, can have a positive effect for Color Line and for tourism between Norway, Germany, Denmark and Sweden.

THE AUTHORITIES

The European Commission has announced that measures will be taken in order to reach objectives in the policy of transferring transport from the roads to sea and rail. The importance of this development is being accelerated in Norway - which from a geographical viewpoint is a peninsular in relation to the rest of Europe. This development will be reflected in Norwegian transport policy and the presentation of the National Transport Plan (2010 - 2019) will allow greater focus on important transport corridors in which the connection between efficient roads and central ports with connections to the rail network will play a leading part. The aim of transferring a major part of goods traffic to sea and rail can result in greater attention to roads, rail, ports and fairways on the part of the authorities. Political signals concerning improvement of efficiency in ports and fairways in order to strengthen the competitiveness of environmentally-friendly sea transport may pave the way for future reductions in the present fiscal system.

In Denmark, a great deal of work has taken place in order to develop Hirtshals as a traffic junction with a four-lane motorway leading to the port and rail connections right from the continent directly to Color Line's terminal in Hirtshals. On the Norwegian side, there has been a positive development in improving the efficiency of feeder roads to the terminals. Developing E18 to a four-lane motorway will contribute towards making Color Line's terminal in Larvik into East Norway's main port for traffic from Denmark and the continent.

The government's new regulations concerning the Lotteries Act were ratified on 21 November 2008. The new regulations apply from 1 January 2009 and will effect Color Line's ships. The new regulations lay down specific requirements with regard to the design of the machines and it is required that 20 percent of profits (sales less winnings) must be allocated to a humanitarian or other deserving charity. The regulations specify that Color Line shall take care of the administration of the scheme. The work of preparing routines and complying with the regulations for cruise ships will continue in 2009. ■

Preparing for a new era

REORGANISATION AND FLEET RENEWAL

Major changes have taken place in Color Line in 2008, both in the structure of services and in the organisation. In January, the company discontinued the West Norway service operating between Bergen, Stavanger and Hirtshals. Two months later, M/S SuperSpeed 1 was put into operation between Kristiansand and Hirtshals. In March, M/S Peter Wessel was handed over to its new owners. Early in May, the service between Oslo and Denmark was discontinued and on 19 June, Color Line opened a new terminal in Larvik and put the new ferry M/S SuperSpeed 2 into service between Larvik and Hirtshals. M/S Christian IV was handed over to its new owners early in July and on 30 September, Color Line's comprehensive fleet renewal programme was completed with the sale of M/S Prinsesse Ragnhild. During the course of the year, Color Line reduced its fleet from ten to six ships, reduced the number of services from six to four and the number of ports of call from ten to seven.

Fewer and more modern ships in addition to wide-reaching organisational restructuring in the shore-based organisation has resulted in a reduction in the number of employees both sea-based and shore-based of approx. 1 000 man years compared with the preceding year. Despite these reductions, the company has increased the total capacity of the fleet with regard to both cargo and number of passengers.

MARKET RESPONSE

2008 was the first complete year in which the company operated two new ships between Norway and Germany. The statistics for M/S Color Magic and M/S Color Fantasy confirm that the company's engagement in short sea cruises and entertainment has been the right decision. In 2008, more than one million passengers travelled by Color Line between Oslo and Kiel, an increase of approx. 20 percent compared with 2007, and a historical record for the service. The ships still have some free capacity on several departures during the course of the year and Color Line is actively engaged in increasing the number of passengers in order to improve capacity utilisation in 2009. The capacity potential particularly from Germany is still far from being utilised and this situation will be given high priority in 2009.

M/S SuperSpeed 1 and 2 have been given a good reception among passengers, transport customers and the shore-based tourist industry. The

traffic figures for Kristiansand-Hirtshals and Larvik-Hirtshals show a growth in passengers of approx. 10 percent and 30 percent respectively. With regard to freight volumes, the increased capacity has resulted in growth compared with the preceding year. The increase in freight volume is approx. 40 percent and 30 percent respectively.

INCREASED MARKET INITIATIVES

The Internet and other types of digital media are fast becoming the leading methods for communication, reservations and sales. Color Line's new booking and Internet platform is due to be launched in the autumn of 2009. The new Internet platform will provide improved dialogue with our customers and it will be easier both to buy and sell Color Line's travel products, whether it be transport or cruise, to destinations in Germany, Norway, Sweden or Denmark.

Color Line is a major cooperating partner of the shore-based tourist industries, particularly in North Germany, Jutland, Denmark and Norway. For example, the number of tourists the company brings into Norway represents approx. five million overnight stays. Tourism is one of the five main growth industries in Norway. The government and the tourist industry have an active and coordinated programme aimed at increasing the international market share, particularly on the nearby markets of Germany, Sweden and Denmark. Based on its role and position and its new technological platform, Color Line will, to a much greater extent than before, contribute towards the joint marketing of Norway as a tourist destination on the international market. Increased national grants and higher marketing contributions from cooperating partners will ensure increased resources for this marketing drive.

SPIN-OFF EFFECTS

Tourism has been identified as one of the five main industries in Norway in the years ahead. Based on its role and position, Color Line will play a leading role in this development in which the shore-based tourist industry will benefit from and contribute towards an increase in the flow of tourists to and from Norway.

External calculations have shown that German tourists travelling by the Oslo-Kiel service represented shore-based sales in Norway of approx. NOK 740 million in 2008. This is an increase of approx. 75 percent, compared

with 2004 which was the last full year without the introduction of new ships. M/S SuperSpeed 1 and 2 also represent a great potential for the Norwegian tourist industry. The new concept means that destinations in Norway are now more easily accessible for tourists from Denmark and the continent. The phasing out of the company's older tonnage operating in the Skagerrak involved the removal of more than 5 000 overnight stays on board, which means new growth opportunities for shore-based tourism in Norway and Denmark.

PREPARING FOR A NEW ERA

The changes in society and in the markets will mean that there will be

new demands from customers and from society as a whole. Many of the changes will have a positive effect for Color Line, not least new forms of travel where activities and entertainment are a competition factor. In the field of transport, a more streamlined infrastructure and increased focus on environmentally friendly forms of transport are positive trends for the seaborne transport of goods.

Color Line commenced its modernisation process in 2002, and in 2008 the entire strategic reorganisation has been completed. The fleet has been renewed, concepts are clearly identified and the organisation has been adapted accordingly. Color Line is prepared for a new era. ■



Society and the environment

SAFETY

Color Line has a long tradition of being one of the first companies to install new equipment and systems providing improved safety. In 2008, this included a new electronic alarm system providing fast warning and corrective measures in the case of serious events or operating irregularities.

THE ENVIRONMENT

Environmental challenges will play a leading role in 2009 and in the years ahead. This applies in the EU, in Norway and globally. The policy of transferring transport from road to seaborne and rail transport will be one of the primary objectives. Good freight development, new ships with higher volumes and modern technology will all contribute positively towards reaching the goal of environmentally friendly transport.

All Color Line's ships are equipped with the most environmentally-friendly solutions available and the company has also made allowances for future developments. For example, the SuperSpeed vessels have engines that are designed to run on biodiesel fuel in the future. Color Line works actively together with the authorities, leading research and development environments and the Norwegian maritime industry on both short-term and long-term measures for achievement of the vision of zero discharge, as incorporated in the defined ambitions of the Norwegian Shipowners' Association. In 2008, Color Line concluded a long-term cooperation agreement with the environmental foundation Bellona in order to strengthen the company's environmental competence. ■

Directors' Report 2008

Color Group ASA

ABOUT THE GROUP

Color Group ASA is the parent company of Color Line AS. Color Line is Norway's largest, and one of Europe's leading companies in the field of short-sea shipping, employing approx. 2 600 man-years in four countries. Following a strategic reorganisation in 2008, the company now has an operational fleet of six vessels operating on four international ferry services between seven ports in Norway, Germany, Denmark and Sweden.

During the period 2004 to 2008, Color Line has invested approx. NOK 7.5 billion in new ships and concepts. The company has an assertive two-armed strategy in the areas of active cruises, courses and conferences on the long routes, and efficient transport on the shorter routes. It is the company's ambition to be the best company in Europe in the field of tourism and in the growth industry of active holidays and entertainment in addition to efficient transport of goods by sea.

In the course of 2007 and 2008, Color Line has phased out the overnight ferries between Norway and Denmark. The Bergen-Stavanger-Hirtshals service was discontinued in December 2007 and the Oslo-Hirtshals overnight ferry was wound up in May 2008. Results related to the discontinued business are reported separately in the Annual Financial Statements. Comments with regard to the group's profit and loss statement are related to continued operation unless otherwise stated.

The number of guests recorded in the ongoing operations in 2008 totalled approx. 3.9 million, an improvement in relation to approx. 3.5 million in 2007 (figure that include discontinued services; 2008: 4.1 million, 2007: 4.3 million). Color Line has recorded a growth in the number of passengers on all services where the company has put new ships into operation. The figure for freight in the ongoing operations showed an increase of approx. 8 700 freight units (12 m-equivalents) up to 150 000 in 2008 (including discontinued services; 2008: 170 000, 2007: 177 000).

PROFIT AND LOSS ACCOUNT

Accounting principles

Color Group ASA is a Norwegian public limited company with its head office in Oslo. The consolidated accounts are presented in accordance with IFRS (International Financial Reporting Standards).

Result for the group

For 2008, the result for the discontinued service between Oslo and Hirtshals shows a deficit of NOK 84.8 million after tax and is recorded on a separate line. The comparable figure for 2007 includes the discontinued service between Bergen and Hirtshals. The profit and loss account for 2007 has been adjusted in order to provide comparable figures.

Operating income in respect of ongoing operations including gain on the sale of capital acquisitions, totalled NOK 4 568 million in 2008, compared with NOK 3 802 million in 2007. The operating result before depreciation and charter hire totalled NOK 1 018 million, compared with NOK 665 million in 2007. The operating result in 2008 totalled NOK 616 million, compared with NOK 290 million in 2007.

The result of operations in 2008 has been positively affected by sales gains on capital acquisitions in addition to the reorganisation of the group's pension scheme from a defined benefits pension scheme to a defined contribution scheme for all shore-based personnel. The operating result has also been charged with non-recurring expenses in connection with the phasing in and phasing out of ships. The effect of this was exacerbated by delays in the delivery of the M/S SuperSpeed 1 and 2 ferries. Moreover, the result was also affected by the higher cost of bunkers compared with the preceding year.

The group's net financial expenses show an increase from -NOK 88 million in 2007 to -NOK 752 million in 2008. Unrealised foreign exchange loss connected with loans in EUR and DKK in addition to unrealised negative results relating to long-term interest hedging agreements and currency/interest derivatives have been charged in the accounts in a total amount of approx. -NOK 350 million. In addition, there is an unrealised loss on bunkers hedging contracts of approx. -NOK 96 million charged to the financial accounts. The company's interest expenses increased as a result of the generally higher level of market interest combined with higher debt following the delivery of new tonnage in comparison with the preceding year. The result for the year for ongoing operations after tax shows a deficit of -NOK 99 million, compared with a profit of NOK 144 million in 2007 (the annual result after tax for the discontinued business shows a deficit of -NOK 184 million, compared with a profit of NOK 121 million in 2007).

The parent company Color Group ASA has recorded a pre-tax result of -NOK 262 million compared with a profit of NOK 29 million in 2007. The result after tax totals -NOK 189 million in 2008, compared with NOK 21 million in 2007. The Board proposes that the deficit be covered from other equity. Unrestricted equity in the parent company totalled NOK 293 million as at 31 December 2008.



FINANCIAL MATTERS

Balance Sheet and Financing

In 2005, Color Line AS concluded a contract with Aker Finyards Inc. for the building of two Ro/Pax SuperSpeed ships at a contract price of approx. EUR 126.7 million per ship. M/S SuperSpeed 1 was delivered to Color Line Transport AS during the first quarter of 2008. In respect of M/S SuperSpeed 2, Color Line has made use of the company's right to transfer the ship on date of delivery to Oslo Line AS (wholly owned by O.N. Sunde AS). A 12-year operational leasing contract has been concluded between Oslo Line AS and Color Line Transport AS under guarantee from Color Group ASA. M/S SuperSpeed 1 is financed for approx. 80 percent of the contract sum, maturing 12 years from date of delivery with a profile as a 16 year loan.

As at 31 December 2008, the group's balance totalled NOK 9 178 million, an increase of NOK 558 million compared with 2007.

As at 31 December 2008, shareholders' equity totalled NOK 1 733 million compared with NOK 2 028 million in 2007. The equity ratio was approx. 19 percent compared with approx. 24 percent in 2007.

Long-term mortgages on ships/terminals/hotel have a maturity profile of 12 - 15 years. The bond loans listed on Oslo Stock Exchange mature during the period 2009 - 2012. Total outstanding net bond loans as at 31 December 2008 is NOK 1 412 million.

In its loan agreements, the group has commitments linked to liquidity, equity and debt servicing ratio. All commitments were fulfilled as at 31 December 2008.

Cash flow

In 2008, the group's cash flow from operational activities totalled NOK 640 million. Net cash flow from investing and financing activities totalled -NOK 645 million. The group's total equity reserve, including granted drawing rights and liquid securities totalled approx. NOK 700 million as at 31 December 2008. Ordinary planned instalments on the group's interest-bearing debt to credit institutions and bond loan in 2009 are approx. NOK 637 million.

The financial risk situation

The group is exposed to foreign exchange risk due to fluctuations in NOK against other currencies, particularly USD, EUR and DKK. The group is also exposed to interest risk and fluctuations in the price of bunker products. The group makes use of financial instruments in order to curb the risk of fluctuations in the group's cash flow. On balance sheet date, approx. 33 percent of the group's interest-bearing debt was secured through fixed interest agreements and approx. 40 percent of the company's estimated cost of bunkers for 2009 was secured through derivative contracts for bunkers. The company also had different currency derivatives related to budgeted operations in 2009. The group has a limited market risk as its business relates to a large number of customers.

Continued operation

On the basis of the above report on the group's result and financial position, the directors confirm that the Annual Financial Statement has been prepared under the assumption of continued operation as a going concern and that the report provides a correct picture of the parent company's and the group's assets, liabilities, financial position and result.

WORKING ENVIRONMENT AND PERSONNEL

At the end of 2008, the number of man-years in the group totalled 2 592. 1 899 employees worked on board the ships. In 2008, the average absence due to illness in the group was approx. 5.5 percent for shore-based employees (6.5 percent in 2007) and approx. 11.3 percent for sea-going employees (9.8 percent in 2007). The absence figures for sea-going personnel must be seen in the light of the major changes in operations in 2008 involving closure of services, changes in tonnage and the general reduction in the workforce. The work of reducing absence will receive high priority in 2009.

The directors consider that the working environment in the group is good and will continue to focus attention on the environment and on absence due to illness in respect of both shore-based and sea-going personnel in line with the company's policy and with trends in society.

EQUAL OPPORTUNITIES

It is Color Group ASA's objective that there shall be full equality between female and male employees.

The board of Color Group ASA comprises two male directors and one female director.

Of the 1 899 employees on board the ships, 788 are women. There are 276 leading positions and 35 of these are held by women. The percentage of women in leading positions on board is relatively low as technical/maritime jobs have traditionally been dominated by males and so far few women hold the necessary certificates.

Of the 693 shore-based personnel, 398 are women. There are two women in the Color Line AS group management. The percentage of women in shore-based management positions is approx. 45 percent.

SAFETY

In Color Line, safety and environmental protection receive the highest priority, and the company makes every effort to prevent the occurrence of hazardous situations that could result in injury or damage to the environment. Color Line gives first priority to safety and the environment and is represented in international and national projects and bodies engaged in the field of safety and the environment.

Official requirements with regard to safety, the environment and operation of passenger ships are covered by the company's quality assurance system which conforms to the ISM code. The company has an ongoing improvement programme for the SMS system and the TQM system for the reporting and implementation of measures in the case of serious incidents and irregularities in operation. All accidents, near misses, and unintentional incidents are reported and analysed and the necessary measures put into operation in order to prevent repetitions.

There were no major accidents in 2008 involving serious injury or pollution of the environment.

THE ENVIRONMENT

Through its comprehensive newbuilding programme in recent years, Color Line has acquired new ships equipped with the latest technology providing improved environmental qualities and a reduction in discharge compared with the ships that they replace.

Norwegian shipowners shall be a driving force ensuring high international environmental standards in the UN shipping organisation IMO and

other international bodies and shall be innovative in the development of environmentally friendly solutions. An important condition for safety and environmental work is to contribute towards specific measures that must be controlled by common international regulations.

THE BOARD OF DIRECTORS AND SHAREHOLDERS

O.N. Sunde AS owns indirectly 100 percent of the company's 71 800 000 shares. O.N. Sunde is wholly-owned by director and group president Olav Nils Sunde and his family.

PROSPECTS/OCCURRENCES AFTER BALANCE SHEET DATE

Changed market conditions

The cruise and seaborne transport industry requires a high level of investment and places heavy demands on cost management and earning potential.

The international market for sea transport is going through a period of major change. In Europe, the increase in low price air travel and the considerable increase in the price of fuel have contributed towards a fall-off in the number of passengers and an increase in operating expenses. At the same time, developments in the transport of goods have been positive.

Half of the ferry services between Norway and the rest of Europe were discontinued in 2008, primarily due to costly operating concepts, low utilisation of capacity and competition from alternative forms of transport.

Strong focus on the environment by the authorities in the EU and in Norway involving a defined objective for the transfer of goods traffic from road to sea-borne and rail transport has contributed towards stable and long-term framework conditions for shipowners. It is expected that there will be further positive political measures in the field of transport and industry that will strengthen the competitiveness of seaborne transport with particular emphasis of intermodality in the ports.

Remaining investment commitments

In 2007, Color Line AS decided to develop a new booking and Internet platform (NBI) which is due to be completed and launched during the autumn of 2009.

Equal competition

Color Line operates in a demanding competition situation, partially in competition with other ferry companies and partially in competition with alternative forms of transport. The market is international and Color Line is dependent on stable framework conditions that are in line with the conditions that apply to foreign competitors in the EU in order to be able to develop further as a Norwegian corporation. Color Line works actively to establish terms for Norwegian maritime personnel that are equal to those of competitors in the other Nordic countries and in the EU. This initiative takes place in cooperation with Color Line maritime personnel

and their unions, the Norwegian Shipowners' Association, the Maritime Forum and the Norwegian authorities.

Both the European Commission through its general maritime policy "Towards a future maritime policy for the Union: A European vision for the oceans and seas" and the Norwegian government through its strategy for environmentally friendly growth in the maritime industry's "steady course" policy, are contributing towards equal and long-term framework conditions for Color Line's operations. State Aid Guidelines for Maritime Transport (SRG) which among other things control the important framework conditions for Norwegian and European shipping exposed to competition are provisionally fixed up to the year 2011.

The currency market

The group's result for 2008 has been charged with an allocation for unrealised loss related to foreign currency loans and financial interest/currency derivatives in the amount of approx. NOK 350 million. Changes in the currency situation after balance sheet date have partially reversed this allocation as of today's date.

General corporate financing

Bond loan

Color Group ASA has received subscriptions for a new bond loan in the amount of NOK 200 million maturing on 22 August 2011. The payment date for this loan was 22 April 2009. The loan is listed in Oslo ABM (Alternative Bond Market). In connection with the issue of the new loan, Color Group has simultaneously bought back NOK 184.5 million of the bond loan COLG02 and NOK 266.5 million of COLG03.

Drawing facility

Color Group has accepted an offer of financing based on a first ranking mortgage in the ships M/S Color Viking and M/S Bohus. The new Reducing Revolving Credit Facility is for NOK 150 million maturing in October 2011. The loan is subject to the same financial covenants as the existing ship mortgage loan in Color Group.

Prospects for 2009

The group's main objective is to secure profitable growth and to maintain cost efficient operations. The directors anticipate a positive development in results for 2009. 2009 will be the first year of operations since 2004 in which the new operating concepts for the ships and the new streamlined onshore organisation will be reflected on a full yearly basis. There is uncertainty connected with the financial consequences for Color Line of the general economic and financial uncertainty in Europe. High priority will continue to be given to efficient cost management in the group. The group anticipates that the result for 2009 after tax will show an improvement compared with 2008. The directors are of the opinion that the company is well-equipped to meet the challenges of 2009.

Oslo 28 April 2009



Morten Garman
Chairman of the Board



Olav Nils Sunde
Director / Group President



Mette Krabberød
Director



Profit and Loss account

Color Group ASA

PARENT COMPANY (NRS)		Amounts in TNOK		GROUP (IFRS)	
2008	2007		Note	2008	2007
136 785	129 273	Sales revenues	3,7	4 425 195	3 765 988
0	0	Other operating income	2,7	143 159	35 932
136 785	129 273	Total operating income		4 568 354	3 801 920
0	0	Cost of goods		-1 547 133	-1 258 643
-8 731	-6 541	Cost of wages	4,17,18,19	-1 141 374	-1 136 742
-11 368	-12 834	Other operating expenses	7,14	-861 513	-741 896
-20 099	-19 375	Total operating expenses		-3 550 020	-3 137 281
116 686	109 898	Operating income before depreciation, charter hire and leasing expenses		1 018 334	664 639
-22 078	-22 212	Write-downs and depreciation	4,8,9,10	-304 948	-309 516
0	0	Charter and leasing expenses	14	-97 557	-64 656
94 608	87 686	Operating result		615 829	290 467
-356 953	-58 767	Net financial expenses	15,16	-752 155	-87 794
-262 345	28 919	Pre-tax result		-136 326	202 673
73 437	-8 209	Taxes	23	36 942	-58 930
-188 908	20 710	Result for the year before discontinued operations	4,24	-99 384	143 743
		Discontinued operations	25	-84 812	-22 499
		Result for the year		-184 196	121 244

Balance sheet

Color Group ASA

PARENT COMPANY (NRS)		Amounts in TNOK		GROUP (IFRS)	
2008	2007		Note	2008	2007
ASSETS					
Fixed assets					
Intangible assets					
14 715	0	Deferred tax benefit			
174 829	196 863	Goodwill and other intangible assets	4,9,10	671 301	671 301
189 544	196 863	Total intangible assets		671 301	671 301
Property, plant and equipment					
0	0	Plants under construction	2,4,8	130 531	230 504
0	0	Land, buildings and other real estate	2,4,8	769 181	317 090
0	416	Machines and FF&E	2,4,8,10	79 612	49 514
0	0	Ships	2,4,8	5 960 981	5 344 658
0	416	Total property plant and equipment		6 940 305	5 941 766
Financial assets					
2 546 638	2 546 638	Investments in subsidiaries	5,6	0	0
5 096 267	4 613 774	Long-term receivables and investments	6,16	292 966	127 751
7 642 905	7 160 412	Total financial assets		292 966	127 751
7 832 449	7 357 691	Total assets		7 904 572	6 740 818
Current assets					
0	0	Inventories	11	177 432	185 032
403	744	Accounts receivable and other receivables	16	791 440	837 735
0	0	Other financial assets	16	66 030	136 850
274 769	212 003	Bank deposits and cash	16	238 812	243 605
275 172	212 747	Total		1 273 714	1 403 222
0	0	Assets for sale	8	0	476 184
275 172	212 747	Total current assets		1 273 714	1 879 406
8 107 621	7 570 438	TOTAL ASSETS		9 178 286	8 620 224
SHAREHOLDERS' EQUITY AND LIABILITIES					
2008	2007		Note	2008	2007
Contributed capital:					
143 600	143 600	Share capital (71 800 000 shares, nominal value NOK 2.- per share)	6,10,21	143 600	143 600
1 478 436	1 478 436	Premium fund	21	1 478 436	1 478 436
1 622 036	1 622 036	Total contributed capital		1 622 036	1 622 036
482 158	811 066	Other shareholders' equity	21	110 525	405 728
2 104 194	2 433 102	Total shareholders' equity		1 732 561	2 027 764
Liabilities					
Provisions:					
0	58 721	Deferred tax	22	509 270	573 641
0	868	Pension commitments	4,19	0	148 150
0	59 589	Total provisions		509 270	721 791
Long-term debt					
4 282 055	3 602 572	Debt to credit institutions	2,12,16	4 123 517	3 451 119
1 411 500	1 411 500	Bond loans	12	1 134 500	1 411 500
5 693 555	5 014 072	Total long-term debt		5 258 017	4 862 619
Current liabilities					
79 862	63 675	Trade creditors and other current liabilities	13,16	811 428	638 581
0	0	Current share of long-term debt	12,13,16	637 000	336 000
230 010	0	Other financial commitments	13	230 010	33 469
309 872	63 675	Total current liabilities		1 678 438	1 008 050
8 107 621	7 570 438	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		9 178 286	8 620 224



Morten Garman
Chairman of the Board



Olav Nils Sunde
Director / Group President



Mette Krabberød
Director

Cash flow statement

Color Group ASA

PARENT COMPANY (NRS)		Amounts in TNOK		GROUP (IFRS)	
2008	2007			2008	2007
FOR THE PERIOD 1 JANUARY TO 31 DECEMBER					
-262 345	28 919	Pre-tax result for ongoing business		-136 326	202 673
0	0	Loss/gain on sale of property, plant and equipment		-143 159	-35 932
0	0	Effect of discontinued businesses		-57 007	57 790
22 078	22 212	Ordinary depreciation		304 948	309 516
-868	833	Pension costs/income without cash flow effect		-150 548	7 272
0	0	Changes in inventories		7 600	-16 421
0	0	Changes in accounts receivable		-28 167	13 093
0	0	Changes in trade debtors		-5 751	36 505
106 484	-30 468	Changes in other accruals		848 170	405 300
-134 653	21 496	Net cash flow provided by operations		639 760	979 796
429	0	Proceeds from sale of property, plant and equipment		881 100	484 805
0	0	Purchases of property, plant and equipment		-1 626 031	-3 005 764
429	0	Net cash flow from investment activities		-744 931	-2 520 959
845 290	2 225 059	Proceeds from taking up new long-term debt		874 205	2 292 033
177 223	0	Currency effect long-term debt/receivables		156 313	0
-343 030	-299 659	Repayment of long-term debt		-355 030	-307 642
-356 893	-1 885 243	Repayment of interest-bearing receivable		-458 543	-198 416
0	0	Receipt interest-bearing receivable		808	0
-125 600	-75 894	Paid, received dividend/group contribution		-117 375	-265 506
196 990	-35 737	Net cash flow from financing activities		100 378	1 520 469
62 766	-14 241	Net change in liquid resources		-4 793	-20 694
212 003	226 244	Closing balance liquid resources 1 January		243 605	264 299
274 769	212 003	Closing balance liquid resources 31 December		238 812	243 605

Statement of changes in equity

Color Group ASA

	Share capital	Premium fund	Translation differences	Retained profit	Total
Amounts in TNOK					
Shareholders equity 1 January 2007	143 600	1 478 436	-2 316	454 290	2 074 010
Revision of opening balance				23 042	23 042
Result for the year				121 244	121 244
Translation difference			630	0	630
Total revenues and expenses for the period	143 600	1 478 436	-1 686	598 576	2 218 926
Group contribution/dividend				-191 162	-191 162
Shareholders' equity 31 December 2007	143 600	1 478 436	-1 686	407 414	2 027 764
Shareholders' equity 1 January 2008	143 600	1 478 436	-1 686	407 414	2 027 764
Result for the year				-184 196	-184 196
Translation difference			12 703	0	12 703
Total revenues and expenses for the period	143 600	1 478 436	11 017	223 218	1 856 271
Group contribution/dividend				-123 710	-123 710
Shareholders' equity 31 December 2008	143 600	1 478 436	11 017	99 508	1 732 561

Notes to the accounts 2008

Color Group ASA

NOTE 1 ACCOUNTING PRINCIPLES

General information

Color Group comprises Color Group ASA and its subsidiary companies. Color Group ASA is a public limited company registered in Norway with its head office in Oslo. The group concentrates mainly on two core areas, cruise and transport. These business areas are described in Note 3, Information Segment.

Framework for preparing the Annual Financial Statements

Group

Color Group ASA has taken up a bond loan which is registered on the Oslo Stock Exchange. Stock Exchange regulations require that the group must report in accordance with the international financial reporting standards (IFRS) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

All new and amended standards and interpretations that are relevant for Color Group and that were in force with effect from the commencement of the accounting period on 1 January 2008 have been applied when preparing the annual financial statements. At the time the accounts were closed, numerous new and amended standards and interpretations had not yet come into force and the group decided that these should not be applied. In the opinion of management, these standards and interpretations will not affect the annual financial statements significantly. Preparing the accounts in accordance with IFRS requires the use of estimates. Moreover, consolidated accounting principles require that management shall make discretionary decisions. Areas that to a large extent are based on such discretionary evaluations and are very complex, or areas in which conditions and estimates are significant for the consolidated accounts are duly described in the notes. The consolidated accounts have been prepared on the historical cost principle, adjusted in respect of financial instruments and measured at real value.

The parent company

The financial statements for the parent company, Color Group ASA have been prepared in accordance with the provisions of the Accounting Act of 1998 and generally accepted accounting principles in Norway (NAS).

Unless otherwise stated in the description of principles, it is the group's accounting principles that are described. Description of accounting principles that apply only to the parent company's accounts in accordance with NAS are specified separately.

Translation of foreign exchange

Accounts relating to the individual units in the group are presented in the currency normally used in the financial area where the unit operates (functional currency). The group's presentation currency is NOK and this is also the parent company's presentation and functional currency. Subsidiary companies which have other functional currency are translated

to NOK. Balance sheet items are translated at the exchange rate ruling at year-end, while items on the profit and loss statement are translated on the basis of an average exchange rate. Translation differences are entered against shareholders' equity and are specified separately.

Transactions and balance sheet items

Money items (assets and liabilities) in foreign currency are translated at the exchange rate on balance sheet date. Foreign exchange gain and loss in connection with the translation of money items in foreign currency at year-end are entered in the profit and loss statement. Items are translated at the exchange rate ruling at the time of the transaction. Foreign currency gains and losses arising upon payment of such transactions are entered in the profit and loss statement.

Principles of consolidation

Subsidiary companies comprise all units in which the group has a deciding influence on the unit's financial and operational strategy, through a stake of more than 50 percent providing voting control. When deciding whether the group has a deciding influence, the effect of potential rights that may be exercised or converted on balance sheet date is included. Subsidiaries are consolidated from the time control has been taken over by the group and are withdrawn from consolidation when deciding influence ceases.

The purchase method of accounting is applied in connection with the acquisition of subsidiary companies. Procurement cost is measured at the actual value of assets used as payment, equity instruments issued, commitments that have been taken over through the transfer of control and direct expenses connected with the actual acquisition. Identifiable purchased assets, debts undertaken and conditional commitments are entered in the accounts at real value at time of acquisition, irrespective of any minority interests. Expenses connected with the acquisition are allocated to identifiable assets and liabilities based on their actual value at time of acquisition. Procurement costs that exceed the share of actual value of identifiable net assets in a subsidiary company are entered in the balance sheet as goodwill. If procurement cost is lower than actual value of net assets in a subsidiary company, the difference is entered in the balance sheet at time of acquisition.

Intercompany transactions, intercompany accounts and unrealised earnings between companies in the group are eliminated. Unrealised loss is eliminated, but is evaluated as an indicator of the drop in value in relation to the write-down of the transferred assets.

Accounting principles in subsidiary companies are amended whenever necessary in order to conform to the group's accounting principles.

Principles of taking to income

Income from the sale of goods and services is entered in the accounts at actual net value after deduction of VAT, discounts and reductions.

Income from the sale of goods and services is calculated from the time

material risks and rights have passed over to the buyer, the group no longer has ownership or control of the goods, the income amounts can be reliably measured, it is probable that the financial gain linked to the sale is passed to the group and that costs incurred in connection with the sale can be reliably measured.

Income is calculated as follows:

Sale of services (travel)

Sale of services is calculated at the start of the voyage, that is to say the time of transfer of risk.

Sales of goods

Sales of goods in the group are recorded when delivery of the goods is made, this being the time of transfer of risk. Payment of retail sales is usually in the form of cash payment or by credit card. Such sales are taken to income, including credit card fees that are incurred at the time of the transaction. Fees are entered as sales costs.

Interest earned

Interest earned is taken to income in accordance with the true rate of interest method.

Income from dividends

Dividends from investments are recorded when the group has an unconditional right to receive the dividend.

Public subsidies

Public subsidies are entered when it is reasonably certain that the company will fulfil the subsidy conditions and the subsidies will in fact be received. Public subsidies that compensate the business for disbursements are taken to income as and when the costs are incurred. Subsidies are deducted from the expense to be covered by the subsidy.

Cost of loans

Cost of loans that can be directly related to the acquisition of qualified assets are capitalised as part of the relevant asset's expenses until the fixed asset is ready for its intended use. Such loan expenses are capitalised as part of the asset's procurement cost when it is probable that this will result in future financial benefits for the group and the expenses can be measured in a reliable manner.

Other loan expenses are recorded in the profit and loss statement during the period when they are incurred.

Taxes

Tax cost comprises tax payable and changes in deferred tax. Deferred tax/ tax benefit is calculated on all differences between the value of assets and liabilities in the accounts and tax value, with the exception of:

- Temporary differences connected with goodwill which is not deductible with regard to tax
- Temporary differences related to investments in subsidiary companies when the group controls when the temporary differences will be reversed and this is not expected to take place in the foreseeable future.

Deferred tax benefit is entered in the accounts when it is probable that the company will have sufficient taxable profit in subsequent periods in order to utilize the tax benefit. Earlier deferred tax benefit is entered in the accounts by the company to the extent that it is probable that the company can make use of the deferred tax benefit. Likewise, the company will reduce deferred tax benefit to the extent the company no longer considers it probable that it can utilize the deferred tax benefit.

Deferred tax and deferred tax benefit is measured on the basis of anticipated future tax rates in the companies in the Group in which temporary differences have arisen. Deferred tax and deferred tax benefit are entered at nominal value in the balance sheet.

Tangible assets

Assets that are classified as long-term in nature or use are entered as fixed assets. Tangible fixed assets are mainly comprised of ships, port facilities, land, buildings and machines/F.F.&E. Tangible fixed assets are entered at procurement cost including costs linked to the procurement less deductions for depreciation and write-down in respect of reduced value. Subsequent major embellishment costs are added to the value of the fixed assets in the balance sheets or are entered separately when it is probable that future financial benefits linked to the expense will be measured reliably. Other repair, classification and maintenance costs, including costs for the docking of ships are entered in the income statement in the period when the expense is incurred. Land is not depreciated. Other property plant and equipment is depreciated in accordance with the straight line method so that the procurement cost of fixed assets is depreciated to residual value over anticipated usable lifetime, which is:

Ships	20-35 years
Buildings/port facilities.....	20-30 years
Machines and F.F.&E	4-10 years

The usable lifetime of tangible assets and the residual value is re-assessed every balance day and amended if necessary. In respect of the Group's ships, components are broken down into components having high wear and tear and components with low wear and tear. Components with high wear and tear are depreciated without residual value. Scrap value is estimated every year-end, and any changes in estimates of scrap value are entered in the accounts as a change in estimate.

Gain and loss upon disposal are entered in the income statement and make up the difference between sales price and value in the balance sheet.

Plants under construction are classified as fixed assets and are entered at cost price until production or development is completed. Plants under construction are not depreciated until the fixed assets are taken into use.

Intangible assets

Intangible assets procured separately are entered in the balance sheet at actual value at time of procurement. Intangible assets are depreciated according to the straight line method over the asset's anticipated lifetime. If the lifetime of the asset is not limited and economic use cannot be estimated, the asset is not depreciated, but is tested annually with regard to fall-off in value.

Goodwill

The difference between procurement cost at takeover and actual value of net identifiable assets at the time of takeover is classified as goodwill.

Goodwill is entered in the balance sheet at procurement cost with the deduction of any accumulated write-downs. Goodwill is not depreciated but is tested annually in respect of any loss in value. The test of loss in value is carried out by allocating goodwill to the Group's cash generating units that are expected to benefit from the merger. Assets and liabilities taken over in connection with mergers are entered at actual value in the Group's opening balance sheet.

Leasing, plant and equipment

Leases in which a large part of the risk and earnings linked to ownership continue to be in the hands of the lessor are classified as operational leases. The company's leases are mainly operational leases in which lease payments are an operating expense distributed over the lease period.

Fixed assets retained for sale and winding-up of business

Fixed assets and groups of fixed assets and liabilities are classified as retained for sale if the book value is to be regained through a sales transaction, instead of continued use. This is only considered to be fulfilled when a sale is highly probable and the fixed assets are available for immediate sale in their present form. Management must have committed the company to a sale and it must be expected that the sale will be implemented within one year from the date of classification.

Operations which are to be discontinued are to be reported separately in the profit and loss statement. The figures for the preceding year have been adjusted for comparison purposes.

Inventory

Inventories that comprise trade goods, consumer goods and bunkers are valued at either cost price or net sales value with the deduction of sales costs, whichever is the lowest. The FIFO method is applied to procurement cost.

Cash and cash equivalents

Cash and cash equivalents comprises cash in hand and bank deposits.

Shareholders' equity

Ordinary shares are classified as share capital. Expenses directly connected with the issuing of new shares with the deduction of tax, are entered as a reduction of remuneration received in shareholders funds.

Translation differences arise in connection with currency differences in the consolidation of foreign units.

Pension commitments and pension costs

The companies in the group have different pension schemes. In general, pension schemes are financed by payments of premium to life insurance companies.

During the course of the year, the shore-based employees have for the most part transferred from a defined benefits pension scheme to a defined contribution pension scheme. In this scheme, the expenses will be equal to contributed premium.

The pension scheme for the seagoing employees is a defined benefit scheme. Pension funds are evaluated at actual value. Net commitments linked to the defined contribution scheme are calculated separately in each scheme by estimating the amount of future benefits earned by the individual employee through work performed during the year under review and in earlier period. These future benefits are discounted in order to calculate

the present-day value and actual value of the pension funds is deducted in order to find net commitments. The discount rate is equal to the balance day interest on government bonds with particularly high creditworthiness and with approximately the same maturity as the group's commitments. The schemes are based on a linear earning model. When the benefits in a scheme are changed, the share of the increase in benefit that the employee has earned the right to is entered in the profit and loss statement in accordance with the linear method over the remaining earning period. Costs are entered in the profit and loss statement if the employee has already received an unconditional right to an increased benefit.

Estimated deviations that are not entered in the balance sheet at the time of changeover to IFRS are zeroed and entered directly against shareholders' equity. Estimate deviations arising after 1 January 2006 are entered in the profit and loss statement and distributed over the average remaining earning period to the extent that these exceed 10 percent of the present value of the defined benefit pension commitments and actual value of the pension funds.

Allocations

An allocation is entered when the Group has a commitment (legal or self-incurred) resulting from an earlier occurrence and it is probable that a financial settlement will take place as a result of this commitment and the amount can be reliably measured. When an allocation in the accounts is measured by applying the cash flows necessary to pay for the commitment, the amount entered in the balance sheet is the present value of these cash flows.

Restructuring allocations are entered when the Group has approved a detailed and formal restructuring plan and the restructuring has either started or been publicised. Allocations for restructuring comprise only direct costs resulting from and necessary for the restructuring, and are not part of the normal operations of the unit.

Conditional commitments and assets

Conditional commitments are not entered in the financial statements. Information is provided on material conditional commitments, but conditional commitments where the probability for the commitments arising is low are excepted. A conditional asset is not entered in the annual accounts, but information is provided if there is a probability that a benefit will be ascribed to the Group.

Occurrences after the closing of the balance sheet

New information after closing of the balance sheet concerning the company's financial position on balance day is taken into account in the annual financial statement. Occurrences taking place after balance sheet day that do not affect the company's financial position on balance sheet day but will effect the company's financial position in the future are reported if they are of material importance.

Financial instruments

Financial assets and financial commitments are entered in the Group balance sheet when the Group becomes a party to the contractual conditions in the instruments. The Group's financial instruments are classified in the following three categories: actual value in Profit and Loss Statement, lendings and receivables and other financial commitments. The group does not apply hedging methods for concluded financial contracts.

Financial assets

Financial assets at actual value in the Profit and Loss Statement are first entered on the balance sheet at actual value on the day the contract is concluded and thereafter measured at actual value on each balance day.

Client receivables and other short term receivables are first registered in the accounts at actual value and thereafter at amortised cost corrected in respect of any written-down amount. Current receivables having a maturity of less than 3 months or receivables evaluated as insignificant are not normally discounted. Earned services that have not been invoiced are taken to income on balance day and entered as receivables.

Financial Commitments

Financial commitments at actual value in the Profit and Loss Statement are entered on the balance sheet for the first time at the actual value on the date the contract is concluded and measured thereafter at actual value on each balance day.

Interest bearing loans are first entered on the balance sheet at actual value with the deduction of transaction expenses. Subsequent accounting is at amortised cost, any difference between cost and redemption amount is calculated over the period of maturity as part of the effective interest rate.

Accounts payable and other current obligations are first measured at actual value and thereafter at amortized cost. Current obligations that fall due within three months or obligations considered as insignificant are not normally discounted. Income paid in advance on balance sheet day is entered as a liability.

Principles applicable to the parent company only

Royalty

Operating revenues in the parent company refer for the most part to royalty income.

In connection with the reorganisation of Color Group, the ferry business in Color Group ASA was transferred to Color Line AS with effect from 1998. The rights to the use of the name and trademarks and use of the developed shipping lines, quay rights etc. were not subject to takeover. Royalty agreements have been concluded between the companies regulating Color Line's right to the use of rights connected with the use of ferry business and remuneration for such use.

Shares in subsidiary companies

Investments in subsidiary companies are evaluated according to the cost method. Group contributions from the parent company to subsidiary companies after tax are entered in the accounts as an increase in the investment in the subsidiary company. Dividend received and group contribution from the subsidiary company is entered in the accounts as income from investments in the subsidiary company.

Dividend received and paid out and group contributions and other contributions are taken to income in the same year as they are allocated in the subsidiary company.

The main rule for evaluation and classification of assets and liabilities in the parent company

Assets for permanent ownership or use are classified as fixed assets. Other assets are classified as current assets. Receivables for repayment within one year are classified as current assets. Equivalent criteria are applied in the classification of current and long term debt. Fixed assets are evaluated at

procurement cost and written down to actual value when the drop in value is not considered to be of a short-term nature. Fixed assets having a limited financial lifetime are subject to a depreciation plan. Long-term loans are entered in the balance sheet at the nominal amount received at time of establishment. Current assets are valued at procurement cost or actual value, whichever is the lowest. Shares in a trade portfolio are appraised at actual value on balance day. Changes in value are entered in the Profit and Loss Statement. Current liabilities are entered in the balance sheet at the nominal amount received at time of transaction.

Operating expenses

Expenses in the parent company are expensed in the same period as the appurtenant income.

Goodwill in the parent company is depreciated according to the linear method over the expected lifetime of goodwill.

Pensions

In 2008, the company has switched from a defined benefits pension scheme to a defined contribution scheme.

NOTE 2 MAJOR INDIVIDUAL TRANSACTIONS

The purchase and sale of assets, investment commitments

Purchase and sale of ships

In February 2008, the group took delivery of M/S SuperSpeed 1 at price of NOK 1 043 million. M/S SuperSpeed 2 was delivered in June 2008. An operational lease has been established for M/S SuperSpeed 2 between Oslo Line AS and Color Line Transport AS maturing at 12 years in which the contract price, expenses incurred during the building period and the before-mentioned financing and fixed interest agreements are reflected in the bareboat rate. In 2008, the group has sold and handed over 4 ships at a total sale sum of approx. NOK 855 million.

The Larvik terminal

In 2006, Larvik Municipality adopted a new development plan for the Revet area on the outskirts of Larvik which is to be the new port area for Larvik town. A 30 year lease was concluded in 2007 for this area with the option of an extension of 20 years. In 2008, the group completed the building of the new ferry terminal and the official opening took place in June. The total cost of this terminal is approx. NOK 340 million.

A new booking and Internet platform

In 2007, an agreement was concluded on the development/delivery of a new booking system and a new Internet platform. The system is due to become operative in 2009.

NOTE 3 SEGMENT REPORTING

Segment information is presented for each business segment. This structure is based on a format for information to Group Management. Purchase and sales of services within the Group are based on the arm length principal. The presented business segments are continued in their entirety. The Group's operations also take place outside Norway. No internal result and balance sheet based on geographical division is prepared.

Key figures from the business divisions

Amounts in TNOK

	Cruise 2008	Transport 2008	Group 2008	Cruise 2007	Transport 2007	Group 2007
Operating income	2 086 237	2 482 119	4 568 356	1 770 013	2 031 907	3 801 920
Operating expenses	-1 702 714	-1 847 307	-3 550 021	-1 375 255	-1 762 026	-3 137 281
Ordinary depreciation	-176 257	-128 691	-304 948	-162 169	-147 347	-309 516
Charter hire, leasing expenses	-18 068	-79 490	-97 558	-48 034	-16 622	-64 656
Operating result/segment result (EBIT)	189 198	426 631	615 829	184 555	105 912	290 467
Net financial expenses			-752 155			-87 794
Pre-tax result			-136 326			202 673
Tax costs			36 942			-58 930
Result for the year before discontinued operations			-99 384			143 743
Assets segment	5 103 921	1 941 112	7 045 033	5 851 018	1 007 811	6 858 829
Non-allocated assets			2 133 253			1 761 395
Consolidated total assets			9 178 286			8 620 224
Segment commitments	4 231 694	926 955	5 158 649	4 851 169	388 826	5 239 995
Non-allocated commitments			2 287 076			1 352 465
Consolidated total commitments			7 445 725			6 592 460
Investments during the period (gross)	21 494	1 402 147	1 423 641	2 659 050	95 423	2 754 473
Non-allocated investments			207 204			251 291
Consolidated total investments			1 630 845			3 005 764

The group's main business areas

The business area Cruise is legally organised in Color Line Cruises AS, a company that markets and sells cruises, conference travel, travel and hotel packages for individuals and groups/organisations between Norway and Germany. Freight operations are also included. During the course of 2008, the overnight services between Norway and Denmark have been discontinued. This section of the business has therefore been withdrawn from the ordinary accounts and presented as a discontinued business sector. The figures for 2007 have been adjusted accordingly.

The business area Transport is legally organised in Color Line Transport AS, a company that markets and sells cost efficient transport services between Norway, Sweden and Denmark for individual, groups and organisations. Freight business is also included in addition to the sale of travel and hotel packages.

NOTE 4 UNCERTAIN ESTIMATES

Due to the present market conditions, there is probably a greater degree of uncertainty than is usual in the estimates that are taken as a basis.

The estimates that have been made in connection with items in the Profit and Loss Statement and Balance Sheet have been subject to appraisal. Changes to estimates in the accounts are entered in the Profit and Loss Statement in the period in which the estimate is changed.

Depreciation of property, plant and equipment is based on the estimated lifetime of the items. Changes in investment decisions and market conditions may affect the depreciation time as well as future results.

Calculation of pension commitments is based on several financial conditions. Any change in these conditions will affect the future result.

Goodwill is based on future cash flows. These cash flows are subject to uncertainty. Any changes in the conditions will change the value of the cash flow and may result in a write-down of goodwill.

NOTE 5 SUBSIDIARY COMPANIES

The group comprises the parent company Color Group ASA. The following subsidiaries are owned directly and indirectly.

	Registered office	Share capital	Stake 31.12.2008	Book value in balance sheet
Owned by Color Group ASA (parent company)				
Color Line AS	Oslo	49 740	100	2 546 538
Color Hotels AS		100	100	100
Total direct ownership				2 546 638
Companies owned indirectly				
Owned by Color Line AS				
Color Line Cruises AS	Oslo	430 520	100	
Color Line Transport AS	Oslo	414 142	100	
Color Line Crew AS	Oslo	3 033	100	
Color Line Marine AS	Sandefjord	7 250	100	
Color Line Verksted AS	Sandefjord	4 000	100	
Bergen Line AS	Oslo	100	100	
Norway Line AS	Oslo	100	100	
Color Scandi Line AS	Oslo	100	100	
Owned by Color Line Cruises AS				
Color Line GmbH	Kiel	26 (EUR)	100	
Terminalbygget AS	Oslo	100	100	
I/S Jahre Line	Oslo		100	
Owned by Color Line Transport AS				
Color Hotel Skagen AS	Skagen	5700 (DKK)	100	
Color Line Danmark AS	Hirtshals	5000 (DKK)	100	
Hirtshals Skipsprovantering AS	Hirtshals	500 (DKK)	100	
Larvikterminalen AS	Oslo	100	100	

NOTE 6 RELATED PARTIES

All the shares in Color Group ASA are owned indirectly by O.N. Sunde AS, a company owned by Olav Nils Sunde and his family. As at 31 December 2008, Color Group's interest bearing receivables against the O.N. Sunde Group totalled NOK 650 million compared with NOK 291 million as at 31 December 2007. In 2008, NOK 39 million has been charged in interest. The equivalent figure for 2007 was NOK 15 million. In 2008, M/S SuperSpeed 2 was delivered

by the shipyard to Oslo Line AS, a company owned indirectly by O.N. Sunde AS. The company charters the ship from Oslo Line AS at an annual rate, at present of NOK 110 million. The external financing of all the companies in the group is mainly handled by Color Group ASA. The Company then lends to the other companies in the group. As at 31 December 2008, the inter-company outstanding accounts were as follows:

	2008	2007
Color Hotels AS	7 172	7 172
Color Line AS	4 051 659	4 174 289
Color Hotel Skagen AS	29 818	22 773
Total	4 088 649	4 204 234

Interest is charged on outstanding amounts equivalent to the interest rate that Color Group ASA pays for external loans. In addition to financing expenses, the subsidiary company Color Line AS also pays a royalty to Color Group ASA for the name and the line rights. In 2008, Color Group received NOK 136 million in royalty. The equivalent figure in 2007 was NOK 128 million.

NOTE 7 INCOME AND EXPENSES

Total operating income comprises the following items:

	2008	2007
Passenger revenues	3 788	3 275
Freight revenues	396	312
Other	384	215
Total	4 568	3 802

Total operating expenses comprises the following items:

	2008	2007
Cost of technical operation	220	219
Other operating expenses on board	207	186
Other operating expenses ashore etc.	435	337
Total	862	742

NOTE 8 PROPERTY PLANT AND EQUIPMENT ASSETS FOR SALE

	Ships	F.F.&E.	Land, buildings, real estate	Buildings under construction	Total
Procurement cost					
Procurement cost as at 1 January 2007	7 066 620	436 603	650 392	43 963	8 197 578
Additions	2 740 466	12 589	25 044	227 665	3 005 764
Disposals	-556 590	-8 178	-2 409	-41 124	-608 301
Reclassified as retained for sale	-830 721				-830 721
Procurement cost as at 31 December 2007	8 419 775	441 014	673 027	230 504	9 764 320
Procurement cost as at 1 January 2008	8 419 775	441 014	673 027	230 504	9 764 320
Additions	1 068 656	57 815	520 833	169 682	1 816 986
Disposals	-2 850 168	-14 189	-41 243	-269 655	-3 175 255
Reclassified as retained for sale	0				0
Procurement cost as at 31 December 2008	6 638 263	484 640	1 152 617	130 531	8 406 051
Accumulated depreciation and write-downs					
Depreciations and write-downs as at 1 January 2007	3 251 798	373 124	313 043		3 937 965
Depreciations for the year	329 506	25 877	43 171		398 554
Disposals	-506 187	-7 501	-277		-513 965
Depreciations and write-downs as at 31 December 2007	3 075 117	391 500	355 937	0	3 822 554
Accumulated depreciation and write-downs					
Depreciations and write-downs as at 1 January 2008	3 075 117	391 500	355 937		3 822 554
Depreciations for the year	219 164	24 773	71 798		315 735
Disposals	-2 616 999	-11 245	-44 299		-2 672 543
Depreciations and write-downs as at 31 December 2008	677 282	405 028	383 436	0	1 465 746
Balance sheet values					
As at December 2007	5 344 658	49 514	317 090	230 504	5 941 766
As at December 2008	5 960 981	79 612	769 181	130 531	6 940 305

Depreciation method All property plant and equipment is depreciated according to the straight-line method over the estimated lifetime.
Depreciation rates 2,85-20% 10-20% 5-20%

Borrowing expenses are capitalized against the appurtenant item and depreciated over the estimated life time of the assets. Buildings under construction are mainly related to the new booking and internet platform. Facilities on leased land are depreciated over the leased period.

Assets retained for sale

As a result of the implementation of the adopted investment programme for new tonnage, the sale of M/S Peter Wessel and M/S Color Festival was agreed in October and November 2007. Book value of these ships totalled TNOK 476 184 which has been deducted from property plant and equipment. Assets designated for sale are shown as current assets. As at 31 December 2008 there are no plans for selling assets.

Discontinued operations

Part of the business was discontinued in 2008 and the result of this business is reported separately. This includes ordinary depreciation connected with this segment of business. For 2008 this amounts to TNOK 10 787. The equivalent figure for 2007 was TNOK 89 038. These figures are included in the reported depreciation in the above table.

NOTE 9 GOODWILL/INTANGIBLE ASSETS

The book value of goodwill as at 31 December 2008 is TNOK 671 301. The equivalent value as at 31 December 2007 was also TNOK 671 301.

All goodwill is acquired by takeovers and has been of strategic importance in retaining and strengthening the market positions of the group. Goodwill is recorded in the transport segment.

Goodwill is not depreciated in the profit and loss statement. Annual tests are carried out based on future cash flows which can be referred to each individual goodwill element. A long-term forecast of 5 years is applied as well as extensions that exceed 5 years. Tests implemented in 2008 did not show any requirement for writing down goodwill.

NOTE 10 PLANT, PROPERTY AND EQUIPMENT, COLOR GROUP ASA

Amounts in TNOK			
	Machines, F.F.&E.	Goodwill/intangible assets	Total
Cost price 1 January	891	444 677	445 568
Additions in the year			0
Disposals in the year	-891		-891
Cost price 31 December	0	444 677	444 677
Accumulated depreciation 1 January	475	247 814	
Ordinary depreciation in year	45	22 034	22 079
Disposals in the year	-520		-520
Accumulated depreciation 31 December	0	269 848	269 848
Book value 31 December	0	174 829	174 829
Depreciation rate	20 %	5 %	

Goodwill is related to the acquisition of ferry business. Goodwill is depreciated over the estimated financial lifetime. A depreciation period of 20 years is in line with the conditions that formed the basis for evaluation upon acquisition of the business.

NOTE 11 INVENTORIES

Inventories comprise the following types of goods

Amounts in TNOK		
	2008	2007
Inventories for sale	145 541	147 611
Consumables	26 506	27 056
Bunkers	5 385	10 365
Total	177 432	185 032

NOTE 12 LONG TERM INTEREST BEARING DEBTS, MORTGAGES AND GUARANTEES

Amounts in TNOK				
	Parent Company		Group	
	2008	2007	2008	2007
Long term loans				
Mortgage loans	4 282 055	3 602 572	4 123 517	3 451 119
Bond loans (registered on Oslo Stock Exchange)	1 411 500	1 411 500	1 134 500	1 411 500
Total interest bearing long term commitments	5 693 555	5 014 072	5 258 017	4 862 619
Current Commitments				
Short-term part of mortgage loans	0	0	360 000	336 000
Redeemed bond loan	0	0	277 000	
Total interest bearing current commitments	0	0	637 000	336 000
Total interest bearing commitments	5 693 555	5 014 072	5 895 017	5 198 619

In its loan agreements the group has commitments linked to liquidity, shareholders' equity and degree of debt servicing. All commitments are fulfilled as at 31 December 2008.

Mortgage loans are secured by mortgages in ships and other assets. Leases for terminal areas are also mortgaged as well as negative mortgage in ships. Color Group ASA has concluded a framework agreement for guarantee of the group's tax withholdings of NOK 60 million. In addition the group has pledged approx. NOK 80 million to the travel guarantee fund in addition to other pledges for subsidiary companies totalling approx. 52 million.

Amounts in TNOK		
	2008	2007
Book value (group) of assets pledged as security (ships, buildings, accounts payable)	6 918 823	6 218 814

Interest conditions on all loans and credits are fixed in accordance with NIBOR with the addition of an agreed margin. At yearend 2008, interest rates were on average: Mortgage loans: 6.95 percent. Bond debt: 7.19 percent.

The following table shows the total cash flows in forthcoming years ahead for coverage of instalments and interest on current long term financing agreements in the form of long term bank loans and bond loans.

	Parent Company		Group	
	Mortgage loans	Bond loans	Mortgage loans	Bond loans
Less than 1 year	652 415	374 533	671 791	374 533
1-2 years	640 321	416 059	658 890	416 059
2-3 years	642 250	57 512	660 011	57 512
3-4 years	615 301	857 512	632 255	857 512
5 years and longer	3 405 586		3 613 484	
Total	5 955 873	1 705 616	6 236 431	1 705 616

Balance sheet value and actual value of long-term loans

	Balance sheet value		Actual value	
	2008	2007	2008	2007
Mortgage loans	4 123 517	3 451 119	4 123 517	3 451 119
Bond loans	1 134 500	1 411 500	1 134 500	1 411 500
Total	5 258 017	4 862 619	5 258 017	4 862 619

Balance sheet value of the group's mortgage loans to credit institutions in different currencies are as follows:

	Parent Company		Group	
	2008	2007	2008	2007
NOK	4 520 446	5 014 072	4 557 059	5 056 764
EUR	1 173 109		1 173 109	
DKK			164 849	141 855
Total	5 693 555	5 014 072	5 895 017	5 198 619

A 12 year operational lease has been concluded between Oslo Line AS and Color Line Transport AS under guarantee from Color Group ASA.

NOTE 13 TRADE CREDITORS AND OTHER CURRENT COMMITMENTS

Amounts in TNOK		
	2008	2007
Trade creditors	212 125	217 876
Debt to credit institutions	0	36 720
1 year's instalment long-term debt	637 000	336 000
Other current commitments (financial instruments)	230 010	33 469
Unpaid government charges and special taxes	87 460	99 199
Pre-paid income	127 021	79 383
Sundry current debt	384 822	205 403
Total	1 678 438	1 008 050

NOTE 14 LEASES

Amounts in TNOK		
	2008	2007
Charter hire	61 767	27 149
Hire of internal communications equipment	32 401	35 052
Other	3 389	2 455
Total charter hire, leasing commitments	97 557	64 656
Lease of terminals and queuing areas	26 327	18 341
Total lease commitments	123 884	82 997

The company has concluded a lease for the hire of M/S SuperSpeed 2 for a period of 12 years commencing in 2008. The annual lease amount totals NOK 82.3 million plus EUR 3.2 million. The lease amount is reduced every 6 months by 3.92 percent of NOK 25 million and of EUR 1.3 million. After 6 years the lease amount is increased by NOK 11.6 million and by EUR 0.6 million p.a. and the lease amount is increased to 4.17 percent every 6 months. Other leases comprise mainly internal communications equipment and other equipment on lease periods of 3 to 5 years. None of the hired equipment can be taken over free of charge upon expiry of the lease.

Future minimum hire commitments

	Currency	Amounts in TNOK			
		1 year	2–5 years	over 5 years	Total
Ship	NOK	82 335	317 432	569 655	969 422
Ship	EUR	3 151	11 986	21 960	37 097
IT, Communications	NOK	24 102	7 428	0	31 530
Other	NOK	3 065	5 226	0	8 291

The group has current leases with the local port authorities in regular ports of call. These contracts comprise lease of land, buildings, area and berths for the ships. Terms of the leases are partially fixed or are variable based on number of calls, passengers and vehicles. The company owns the terminal buildings in Oslo, Larvik, Hirtshals and Strømstad.

In 2001 an agreement was concluded concerning the right to use the brand name Color Line on the new multi-purpose arena in Hamburg, Germany. In 2008, TEUR 756 was paid in rent compared with TEUR 743 for 2007.

Operational framework conditions have been concluded for the leasing of IT equipment, vehicles and other movables.

NOTE 15 NET FINANCIAL EXPENSES

	Amounts in TNOK	
	2008	2007
Interest earned	73 084	32 987
Net gain/loss on financial instruments at actual value in profit and loss statement	-325 170	69 932
Interest costs	-390 487	-175 131
Foreign exchange gain/loss	-109 582	-15 582
Total	-752 155	-87 794

NOTE 16 FINANCIAL RISK AND USE OF FINANCIAL INSTRUMENTS**The group's risk management policy**

The main financial risks in the group concern bunkers, foreign exchange, interest and liquidity risk. It is the group's policy to refrain from active speculation in financial risks, but to use financial derivatives as a buffer against risks connected with financial exposure in operation and financing of the group's business.

Currency risk

Currency risk arises when there are differences between income and expenses in each type of currency, particularly USD, EUR and DKK and in relation to investments/purchase of fixed assets and repayment of loans in foreign currency. The group has an active policy for reducing currency risk through the hedging of currencies and the use of multi-currency loans. In a normal situation it is the group's policy to cover a large part of the current currency risk 6 to 12 months ahead by means of hedging contracts, options, swaps and structured products. Taking into account concluded hedging contracts and currency on hand as at 31 December 2008, the group is in a fairly neutral position with regard to operating income and expenses in EUR and DKK, but a change in the exchange rate between EUR and NOK of +/- 10 percent in relation to the group's currency loan will affect the result (foreign exchange gain/loss) by approx. +/- NOK 100 million before tax. A change in the exchange rate between USD and NOK of +/- 10 percent, taking into account concluded currency derivative contracts will affect the result by approx. +/- NOK 46 million before tax. The result will also be affected by the change in value of hedging contracts.

Interest risk

The group is primarily exposed to interest risk through its loan portfolio. The object of interest risk management is that changes in the interest level over a period of time can have a negative effect on the result. The group has concluded interest swap agreements in order to achieve the desired ratio between fixed and floating rates of interest. At year-end 2008, the Company had four swap agreements at a nominal value of NOK 1 000 million with a remaining term of approx. 1.8 years at an average interest rate of 5.38 percent. A CIRR-fixed interest contract has also been concluded with Finnish Export Credit in connection with the delivery of M/S Color Magic in 2007 amounting to NOK 1 931 million (adjusted in accordance with contractual instalments of which 50 percent is at a fixed interest rate of 4.2 percent plus margin and 50 percent is swapped to a six month floating rate of interest, NIBOR minus 1.315 percent p.a. for 11 years. A further CIRR-fixed interest agreement has been concluded with Finnish Export Credit in connection with the delivery of M/S SuperSpeed 1 in 2008 of NOK 546 million at 3.91 percent and EUR 30.4 million at 3.55 percent. These have been swapped to a floating rate of interest, 6 months NIBOR less 1.115 percent and EURIBOR less 0.49 percent p.a. for 12 years. Total interest bearing debt totals NOK 5 895 017 million. Fixed interest derivatives are concluded for a total net amount of NOK 1 922 million representing approx. 33 percent of total interest bearing debt as at 31 December 2008. A change in the interest level of +/- 1 percent taking into account concluded hedging agreements will affect the result by approx. +/- NOK 39 million before tax. In addition the result will be affected by the change in value of hedging contracts.

The table below quantifies the future interest risk taking into account cash in hand/bank deposits, structure of maturity for mortgages, bond loans and interest swaps. The figures are based on existing balance sheet commitments as at 31 December 2008.

Interest sensitivity, group

	Amounts in TNOK			
	Less than 1 year	1–2 years	3–4 years	5 years and over
Mortgage loans	4 123 517	3 751 382	3 352 248	2 953 114
Unsecured bond loans	1 134 500	800 000	800 000	0
Total debt to credit institutions	5 258 017	4 551 382	4 152 248	2 953 114
Cash in hand/bank	238 812	238 812	238 812	238 812
Net interest swaps	1 128 150	1 040 335	952 520	526 890
Net interest bearing debt after interest swaps	3 891 054	3 272 235	2 960 916	2 187 412
Interest sensitivity at +/- 1%	38 911	32 722	29 609	21 874

Bunkers risk

Bunkers represented approx. 14 percent of the group's operating expenses in 2008, and represents an operational risk resulting from changes in the prices of oil. As at 31 December 2008 the group had future bunkers hedging agreements for approx. 40 percent of estimated consumption in 2009. The agreements are based on the actual physical product consumed by the ships at an oil price of approx. USD 65-70 (Brent per barrel). It has been calculated that a change in the price of bunkers of +/- 10 percent in 2009 will have an effect on the result of approx. +/- NOK 40 million before tax. The effect on results linked to hedging contracts has been included as a financial item in the accounts.

Liquidity risk

Liquidity risk is linked to the risk of the group being unable to fulfil its financial commitments as and when they fall due. The group focuses on maintaining a level of liquidity preparedness which, as a minimum will cover a peak period of charges against income. Liquidity preparedness is managed at group level and 12 month budgets are prepared, monitored on a weekly basis. Liquidity available as at 31 December 2008 is NOK 694 million (including undrawn credit lines). Surplus liquidity is placed primarily on the short term money market. Reference is also made to note 12 concerning maturity analysis and future instalments and interest on interest bearing debt.

Exposure to credit risk: trade debtors/other current assets

	Amounts in TNOK	
	2008	2007
Trade debtors	115 177	84 944
Write-downs for anticipated loss	-6 128	-4 062
Net trade debtors	109 049	80 882
Pre-paid property, plant and equipment	0	307 289
Project costs, property, plant and equipment	0	70 664
Inter-company receivables	529 204	190 524
Sundry current receivables	153 187	188 376
Trade debtors and other receivables	791 440	837 735
Other financial receivables	66 030	136 850

Determining actual value of financial assets and commitments

The actual value of hedging contracts is determined by applying the futures rate on the balance sheet date. Actual value of currency swap agreements is calculated by determining the present day value of future cash flows.

Capital management

An important objective is to secure financial freedom of action both in the short and long term and to maintain a good credit rating, thereby achieving favourable loan conditions which bear a reasonable relationship to the group's operations. The Company manages its capital structure and makes any changes that are necessary based on current evaluations of the financial situation for the operation. The Company's capital structure is followed up by calculating the debt-equity ratio.

Credit risk

The group's financial assets are mainly comprised of receivables from sales, other receivables, liquid resources and financial instruments. These receivables represent the group's maximum exposure and credit risk related to financial assets.

The figure for trade debtors in the balance sheet is net after any allocations for potential loss, based on previous experience and evaluation of the present day situation. The largest part of the company's trade debtors fall due for payment within 3 months. The credit risk for financial derivatives is considered to be low as agreements on these assets have been concluded with banks of high creditworthiness, thereby reducing the risk that the other party will be unable to fulfil its commitments.

Actual value of interest swap contracts is calculated by discounting the cash flows in the contracts at nil coupon rates in the yield curve in the relevant currency. Actual value of the above mentioned instruments is calculated by the company's external bankers. The balance sheet value of cash in hand

and credit lines is equal to the actual value. Similarly, balance sheet value of trade debtors and accounts payable is practically equal to actual value as these are concluded on normal terms at short maturity. Actual value of long term bank loans is practically equal to book value as it is assumed that the company could have achieved approximately the same conditions if the loans had been raised on balance sheet day. Bond loans are registered on

the stock exchange and are subject to a floating rate of interest falling due quarterly. Actual value is evaluated at book value as in the opinion of the company, the loans may be bought back in their entirety at par.

Overview of balance sheet values and actual values for the company's financial assets and commitments:

	Amounts in TNOK	
	2008	2007
Financial assets		
Loans and receivables		
Bank Deposits/cash in hand	238 812	243 605
Net trade debtors	109 049	80 882
Sundry current receivables	682 391	756 853
Actual value in profit and loss statement		
Interest swaps	66 030	136 850
Currency derivate contracts		
Financial commitments		
Financial commitments at amortized cost		
Accounts payable and other current debt	811 428	638 581
Bank loans	4 483 517	3 787 119
Bond loans	1 411 500	1 411 500
Actual value in profit and loss statement		
Currency derivatives contract	134 363	33 469
Actual value in profit and loss statement		
Bunkers swaps	95 647	

There is no difference between balance sheet value and actual value in respect of financial assets.

NOTE 17 COST OF WAGES

Group	Amounts in TNOK	
	2008	2007
Cost of wages		
Wages	899 435	779 888
Employers' tax	178 057	153 997
Pension costs (note 19)	-69 172	59 552
Other benefits	133 054	143 305
Total	1 141 374	1 136 742
Average man-years	2 592	2 865
Parent company (Color Group)		
	Amounts in TNOK	
	2008	2007
Cost of wages		
Wages	8 191	6 202
Employers' tax	1 396	1 063
Pension costs (note 19)	-864	-764
Other benefits	8	40
Total	8 731	6 541
Average man-years	6	6

NOTE 18 REMUNERATION TO SENIOR EXECUTIVES

	Salary	Fees	Bonus	Pension costs	Other remuneration	Total remuneration
Remuneration to senior executives etc.						
Olav Nils Sunde, Group President Color Group ASA		0		73	0	73
Trond Kleivdal, Group President Color Line AS	2 583		563	131	261	3 538
Laila Valdal, Deputy Group President	1 691		328	119	156	2 294
Total senior executives	4 274	0	891	323	417	5 905
Director's fees						
Total Directors fees*		160				160

*Fees to Chairman of the Board, Color Group ASA.

Auditors' fees - Deloitte

	Parent Company	Group
Statutory auditing services	257	1 460
Fees for tax advice etc.	20	42
Fees for other services unrelated to audit	258	614
Total audit and advisory fees	535	2 116

Guidelines for remuneration to senior executives 2008

Remuneration to senior executives in the group is to be based on the following main principles:

The principle for basic salary

Persons in executive positions shall receive a competitive basic salary based on position, responsibility, competence and the performance of the individual executive.

The principle for variable benefits, incentive schemes etc

Executives may receive a variable salary. This shall be an incentive, aimed at profit orientation. A variable salary is based on achievement of targets for the group, Division or Company in which the executive is employed.

The principle of non-cash benefits.

Executives may be offered different schemes, such as company car schemes, insurance, pensions and similar. Benefits in kind shall primarily be in the form of home telephone, mobile phone and newspaper - items that can improve the availability of the executive for the company.

Post termination salary scheme

The group president of Color Line, Trond Kleivdal will in the case of a possible termination that is not covered by the provisions of the Working Environment Act, receive three years salary equivalent to NOK 8.7 million. The Deputy Group President Laila Valdal will be entitled to the equivalent of 1 year's salary, NOK 1 625 million.

Information on the preparation and decision-making process

Salary terms for the Chief Executive Officer are dealt with by the Board on an annual basis. The Board prepares annual guidelines and a statement is submitted to the General Meeting for discussion pursuant to the provisions of Section 5-6 of the Public Limited Company's Act (Norway).

Report concerning the policy for remuneration to executives in 2008

Guidelines for executive salaries were in accordance with the above policy during the previous financial year. Remuneration to senior executives is charged to the company as an expense and has otherwise no direct consequence for the company's shareholders.

NOTE 19 PENSIONS

As at 2008 the pension scheme was changed from a defined benefit scheme to a defined contribution scheme for all shore-based employees.

The defined contribution scheme

In this scheme the company pays an annual premium to a life insurance company which invests the contributions on behalf of the employees. The annual premium is charged to expenses in the company. Company contribution to the defined contribution scheme totalled TNOK 3 501.

As at 1 January 2008 pension commitments in the group totalled TNOK 171 194. TNOK 143 677 of this commitment concerns the scheme for shore-based personnel which is now being transferred to a defined contribution pension scheme. The commitment is taken to income in 2008.

The defined benefit pension scheme

A number of shore based employees are covered by the early retirement scheme (AFP). Some employees are also entitled to a pension directly from the company. These employees are encompassed by the annual calculation of pension costs and commitments.

As at 31 December the Group Pension commitments for seagoing employees covered 2 037 members. In addition the group pays the ship-owner's share of the pensions scheme for seamen which in 2008 totalled NOK 29 million and NOK 31.4 million in 2007.

Commitments with regard to the early retirement scheme and unfunded commitments comprise 17 members and are included in net pension commitments in the amount of TNOK 4 230. Estimated values are applied in the evaluation of pension funds and commitments incurred. These estimates are adjusted annually in accordance with a statement of the transfer value of the pension funds and an actuarial calculation of the commitments.

In previous years the calculation embraced a number of employees who would probably retire under the early retirement scheme, but the calculation now applies to those persons who are covered by the scheme. This is an amendment of principle entered directly against equity in a total amount of TNOK 23 044. Last year's figures have been adjusted for comparison purposes.

Pension costs for the defined benefit scheme (earnings) for the year are as follows

	Amounts in TNOK	
	2008	2007
Financial assumptions		
Discount rate	3,80 %	4,50 %
Expected annual wage adjustment	4,00 %	4,50 %
Expected annual adjustment of pensions	1,50 %	2,25 %
Expected annual G-adjustment	3,75 %	4,25 %
Estimated earnings	5,80 %	5,40 %
Pension costs for the year are as follows		
Pension yield for the year	22 091	44 401
Interest cost on pension commitments	5 905	19 700
Anticipated yield pension funds	-5 871	-15 910
Administration	354	1 040
Employers' tax	3 169	4 640
Changes in estimates and estimate deviation in income statement	1 529	-9 233
Cost of pensions	27 177	44 638
Reconciling of pension commitments and pension funds against balance sheet		
Present value of pension commitments incurred	184 571	480 715
Value of pension funds	-118 221	-311 625
Employers' tax	-934	18 164
Unrecognised deviation in estimate	-72 039	-39 104
Pension commitments in balance sheet	-6 623	148 150

A premium of TNOK 32 334 was paid in 2008. Next years premium is expected to total TNOK 28 000.

The scheme is managed by an insurance company and the composition of funds is based on the statutory management performed by this company.

In the calculation disability table IR 02 and mortality table K05 are applied.

Pension costs for the year (yield) in Color Group ASA are as follows

	Amounts in TNOK	
	2008	2007
Present value of pension earnings for the year	0	939
Interest costs on pension commitments	0	344
Expected yield on pension funds	0	-260
Expensed Employers' tax	0	171
Book estimate deviation	0	-2 081
Cost of pensions	0	-887
Pension commitments and pension funds		
Estimated commitments incurred	0	8 666
Estimated value of pension funds	0	4 836
Estimated net pension commitments	0	3 830
Calculated Employers' tax	0	107
Calculated pension commitments	0	3 937
Unrecognised change in estimate (corridor)	0	-3 069
Calculated pension commitments in balance sheet	0	868

The actuarial calculation carried out by an independent specialist, the following assumptions are taken as a basis:

Discount rate	0,0 %	4,5 %
Expected return	0,0 %	5,4 %
Expected wage adjustments	0,0 %	4,5 %
Expected increase in pensions	0,0 %	2,3 %
Increase in inflation	0,0 %	4,3 %

NOTE 20 SHARE CAPITAL

The share capital comprises 71 800 000 shares of NOK 2.00 each, totalled TNOK 143 600. All shares carry equal rights. All shares are owned indirectly by Director and Group President Olav Nils Sunde and his family.

NOTE 21 SHAREHOLDERS' EQUITY, PARENT COMPANY

	Amounts in TNOK			
	Share capital	Premium fund	Other equity	Total
Shareholders' equity 1 January 2007	143 600	1 478 436	774 065	2 396 101
Result for the year			20 710	20 710
Group contribution, owner			16 291	16 291
Shareholders' equity 31 December 2007	143 600	1 478 436	811 066	2 433 102
Shareholders' equity 1 January 2008	143 600	1 478 436	811 066	2 433 102
Result for the year			-188 908	-188 908
Group contribution/dividend, owner			-140 000	-140 000
Shareholders' equity 31 December 2008	143 600	1 478 436	482 158	2 104 194

NOTE 22 DEFERRED TAX

Specification of the taxation effect of temporary differences and carry-forward loss

Group

	Amounts in TNOK	
Benefit/Commitments	2008	2007
Plant, property and equipment	1 885 700	1 891 296
Intangible assets	136 708	174 811
Financial assets	16 049	112 403
Profit and loss account	781 954	326 882
Current assets	-4 428	-3 942
Liabilities	-210 307	-193 819
Carry-forward loss	-786 855	-258 911
Total	1 818 821	2 048 720
Deferred tax commitment as at 31 December	509 270	573 641

Parent company (Color Group)

	Amounts in TNOK	
Benefit/Commitment	2008	2007
Plant property and equipment	155 849	174 686
Profit and loss account	21 506	26 882
Current assets	-213 410	9 022
Liabilities	0	-868
Carry-forward loss	-16 498	0
Total	-52 553	209 722
Deferred tax commitment as at 31 December	-14 715	58 721

NOTE 23 COST OF TAXES

Group		Amounts in TNOK	
Benefit/Commitment	2008	2007	
Tax costs for the year:			
Tax payable			
Tax, group contribution	-6 335	75 340	
Changes in deferred tax	-64 371	-25 159	
Charges directly against shareholders' equity and deferred taxes	782		
Taxes regarding discontinued operations	32 982		
Cost of taxes, ordinary result	-36 942	50 181	
Reconciling from nominal to actual tax rate:			
Pre-tax result including extraordinary result			
Ordinary result	-136 326	202 673	
Estimated income tax at nominal tax rate	-38 171	56 748	
Tax effect of following items:			
Non-deductible expenses	1 229	2 182	
Non-taxable income			
Cost of taxes ordinary result	-36 942	58 930	
Effective tax rate	27,1 %	29,1 %	

Parent Company (Color Group)

Parent Company (Color Group)		Amounts in TNOK	
Benefit/Commitment	2008	2007	
Tax costs for the year:			
Tax, group contribution	0	11 440	
Changes in deferred tax	-73 437	-3 231	
Cost of taxes, ordinary result	-73 437	8 209	
Reconciling from nominal to actual tax rate:			
Pre-tax result including extraordinary result			
Ordinary result	-262 347	28 919	
Estimated income tax at nominal tax rate	-73 457	8 097	
Tax effect of following items:			
Non-deductible expenses	20	112	
Cost of taxes, ordinary result	-73 437	8 209	
Effective tax rate	28,0 %	28,4 %	

NOTE 24 RESULT PER SHARE

The result per share is calculated as an annual result providing an average of the number of outstanding shares throughout the year.

		Amounts in TNOK	
	2008	2007	
Result for the year after tax	-184 196	121 244	
Weighted average, no. shares	71 800 000	71 800 000	
Result per share	-2,57	1,69	

NOTE 25 DISCONTINUED BUSINESS

The Color Line overnight ferries on the routes between Norway and Denmark were discontinued in 2007/2008. Bergen-Stavanger-Hirtshals was discontinued in 2007, and the Oslo-Hirtshals overnight ferry service was discontinued in May 2008. Results relating to discontinued business are reported separately in the accounts.

Results from discontinued business

		Amounts in TNOK	
	2008	2007	
Income	179 828	959 673	
Operating expenses	-230 692	-865 483	
Operating result	-50 864	94 190	
Write-downs and depreciations	-60 787	-89 038	
Financial items	-6 143	-36 400	
Pre-tax result	-117 794	-31 248	
Estimated tax	32 982	8 749	
Result for the year, discontinued business	-84 812	-22 499	

Cash flow

		Amounts in TNOK	
	2008	2007	
Pre-tax result	-117 794	-31 248	
Ordinary depreciation	60 787	89 038	
Change in liquidity	-57 007	57 790	

NOTE 26 DEVELOPMENTS AFTER BALANCE SHEET DATE**The Currency market**

The group result for 2008 is charged with allocation for unrealized loss relating to currency loans and financial interest/currency derivatives in the amount of approx. NOK 350 million. As of today's date, changes in exchange rates after balance sheet date have partially reversed this allocation.

General corporate financing**Bond loan**

Color Group ASA has received subscriptions for a new bond loan in the amount of NOK 200 million maturing on 22 August 2011. The payment date for this loan is 22 April 2009. The loan is listed on Oslo ABM (Alternative Bond Market). In connection with the issue for the new loan, Color Line has bought back NOK 184.5 million in bond loan COLG02 and NOK 266.5 million in COLG03.

Drawing facility

Color Group has accepted an offer of financing based on first ranking mortgage in the ships M/S Color Viking and M/S Bohus. The new Reducing Revolving Credit Facility totals NOK 150 million maturing in October 2011. The loan is subject to the same financial covenants as the existing ship mortgage loan in Color Group.



Declaration by management

We hereby declare that to the best of our knowledge, the consolidated accounts for 2008 have been prepared in accordance with IFRS, as stipulated by the EU and include the submission of additional information pursuant to the provisions of the Accounting Act (Norway), and that the Annual Financial Statements for the parent company for 2008 have been prepared in accordance with the Accounting Act and generally accepted accounting practice in Norway, and that the information in the accounts provides a true and fair view of the assets and liabilities of the Enterprise and the Group, the financial position of the group and the results of its operations, and that the Annual Financial Statements provide a correct review of developments, result and position of the Enterprise and the Group, together with a description of the main risk and uncertainty factors facing the Company.

Oslo, 28 April 2009

Morten Garman
Chairman of the Board

Olav Nils Sunde
Director/Group President

Mette Krabberød
Director

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Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Color Group ASA

AUDITOR'S REPORT FOR 2008

We have audited the annual financial statements of Color Group ASA as of 31 December 2007, showing a loss of NOK 188.908.000 for the parent company and a loss of NOK 184.196.000 for the group. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the coverage of loss. The annual financial statements comprise the parent company's financial statements and the group accounts. The parent company's financial statements comprise the balance sheet, the statements of income and cash flows and the accompanying notes. The rules of the Norwegian Accounting Act and generally accepted accounting practice in Norway have been applied to prepare the parent company's financial statements. The group accounts comprise the balance sheet, the statements of income and cash flows, the statement of changes in equity and the accompanying notes. International Financial Reporting Standards as adopted by the EU have been applied to prepare the group accounts. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

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

In our opinion,

- the parent company's financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as of 31 December 2008, and the results of its operations and its cash flows for the year then ended, in accordance with generally accepted accounting practice in Norway
- the group accounts are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Group as of December 31, 2008, and the results of its operations and its cash flows and the changes in equity for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU
- the Company's management has fulfilled its duty to see to proper and well arranged recording and documentation of accounting information in accordance with law and generally accepted bookkeeping practice in Norway
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the coverage of loss, is consistent with the financial statements and complies with law and regulations.

Oslo, 28 April 2009
Deloitte AS

Bernhard Lyngstad
State Authorised Public Accountant (Norway)

Audit & Advisory • Tax & Legal • Consulting • Financial Advisory.

Org.nr.: 980 211 282

Member of
Deloitte Touche Tohmatsu

**KRISTIANSAND - HIRTSHALS****M/S SuperSpeed 1**

Built: Aker Yards, Rauma, Finland
 Home port: Kristiansand
 Tonnage: 33 500 GRT
 Length: 211.3 metres
 Beam: 26 metres
 Draft: 6.5 metres
 Class: Det Norske Veritas
 Max. capacity: 1 929 persons
 Passenger cars: 764
 Trailers: lane metres: 2 036

**LARVIK - HIRTSHALS****M/S SuperSpeed 2**

Built: Aker Yards, Rauma, Finland
 Home port: Kristiansand
 Tonnage: 33 500 BRT
 Length: 211.3 metres
 Beam: 26 metres
 Draft: 6.5 metres
 Class: Det Norske Veritas
 Max. capacity: 1 929 persons
 Passenger cars: 764
 Trailers: lane metres: 2 036

**SANDEFJORD - STRØMSTAD****M/S Color Viking**

Year built: 1985, Nakskov, Denmark
 Home port: Sandefjord
 Tonnage: 19 763 GRT
 Length: 137 metres
 Beam: 24 metres
 Draft: 5.64 metres
 Class: Det Norske Veritas
 Max. capacity: 1 720 persons
 Passenger cars: 350
 Trailers: lane metres: 490

M/S Bohus

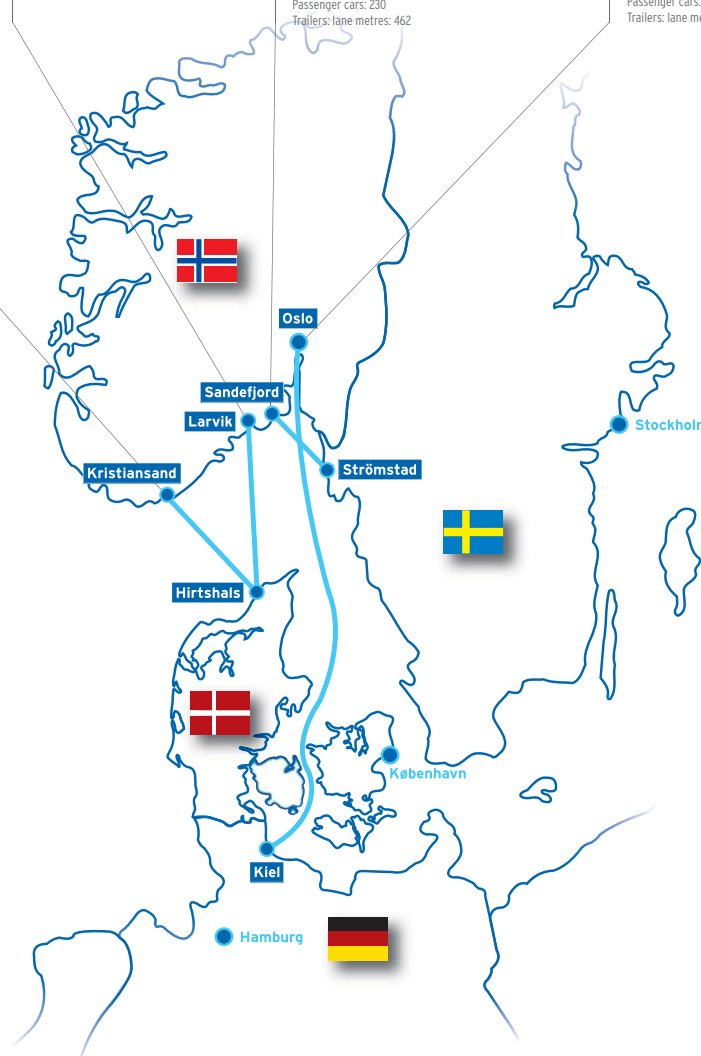
Year built: 1971, Aalborg, Denmark
 Home port: Sandefjord
 Tonnage: 9 149 GRT
 Length: 123.4 metres
 Beam: 19.2 metres
 Draft: 5.4 metres
 Class: Det Norske Veritas
 Max. capacity: 1 165 persons
 Passenger cars: 230
 Trailers: lane metres: 462

**OSLO - KIEL****M/S Color Fantasy**

Year built: 2004, Aker Yards, Turku Finland
 Home port: Oslo
 Tonnage: 75 027 GRT
 Length: 224 metres
 Beam: 35 metres
 Draft: 6.8 metres
 Class: Det Norske Veritas
 Max. capacity: 2 700 persons
 Passenger cars: 750
 Trailers: lane metres: 1 270

M/S Color Magic

Year built: 2007, Aker Yards, Turku Finland
 Home port: Oslo
 Tonnage: 75 100 GRT
 Length: 224 metres
 Beam: 35 metres
 Draft: 6.8 metres
 Class: Det Norske Veritas
 Max. capacity: 2 700 persons
 Passenger cars: 550
 Trailers: lane metres: 1 270



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