Color Group

Color Group AS | Annual Report 2009

Principal figures and key figures

Color Group AS

ACCOUNTING STANDARD		IFRS				NRS	
CONSOLIDATED		**2009**	**2008**	**2007**	**2006**	**2005**	**2009**
DEVELOPMENT OF TRAFFIC							
Passengers		4 212 974	4 093 761	4 294 691	4 279 868	4 433 072	
Cars		984 695	890 407	879 458	828 284	809 188	
Freight units (12m-equivalents)		172 245	168 272	176 634	192 412	177 195	
PROFIT/LOSS (in NOK mill.)	1)						(in EUR mill.)
Revenues		4 600	4 568	3 802	4 585	4 682	554
Operating expenses		-3 538	-3 550	-3 137	-3 726	-3 740	-426
EBITDA	2)	1 062	1 018	665	859	942	128
Depreciation		-302	-305	-310	-397	-495	-36
Charter, leasing expenses		-133	-98	-65	-66	-77	-16
Operating income (EBIT)		627	616	290	396	369	76
Net financial items		256	-752	-88	-31	-122	31
Pre-tax income		883	-136	203	365	256	106
Taxes		-242	37	-59	-104	-87	-29
Net income prior to discontinued business		642	-99	144			77
Discontinued business			-85	-22			
Net income		642	-184	121	261	169	77
BALANCE SHEET (in NOK mill.)							
Current assets		893	1 208	1 743	1 534	615	108
Fixed assets		7 913	7 999	6 877	5 073	5 699	953
Total assets		8 806	9 207	8 620	6 608	6 314	1 061
Current liabilities		1 027	1 637	967	842	566	124
Long-term debt		4 767	5 287	4 863	2 928	3 216	574
Deferred taxes		778	521	733	599	557	94
Shareholders' equity		2 234	1 762	2 057	2 074	1 973	269
Total liabilities and shareholders'equity		8 806	9 207	8 620	6 608	6 314	1 061
LIQUIDITY (in NOK mill.)/SOLIDITY (%)							
Cash and cash equivalents as at 31 Dec.	3)	670	694	1 307	1 463	1 508	81
Cash flow from operations	4)	929	921	600	793	865	112
Equity ratio %		25	19	24	31	31	
Net interest-bearing debt		5 094	5 656	4 955	2 950	3 082	614
EMPLOYEES/SUNDRY EXPENSES							
Number of man-years		2 634	2 592	3 967	3 821	3 827	
Cost of wages		1 213	1 141	1 409	1 296	1 303	146
Port dues		147	141	152	143	138	18

Definitions:
1) Translated into EURO, exchange rate as at 31 Dec. 09
2) Operating profit/loss before ordinary depreciation and charter expenses
3) Including non-utilised credit facilities
4) EBITDA less charter expenses






Reorganisation, competence and innovation

ABOUT THE GROUP

Color Group AS 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 6 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. It is the company's vision to be the best company in Europe in the fields of cruise and transport, from a base in Norway.

Color Line's ships are registered in the Norwegian Ordinary Ship Register (NOR) and the company is a Norwegian registered stock company subject to taxation in Norway. The company does not participate in the taxation scheme for Norwegian shipowners.

POSITION AND ROLE

Today, Color Line is well positioned in two of the Norwegian Government's five defined growth areas – shipping and tourism. The company has a modern cost-efficient fleet with a high degree of product standardisation. In order to fully utilise the company's considerable investments in new tonnage and new infrastructure, a new flexible booking and Internet system is being developed where the Internet and e-commerce will be the most important sales and market channels. The company has carried out a cost-dimensioning and reorganisation process in order to obtain the best possible returns from its investments in new tonnage.

Color Line is today the only Norwegian shipowning company in the NOR register operating in international ferry traffic from and to Norway. In the Government's strategy from 2007 "A steady course – for environmentally friendly growth in the maritime industries", it is stated on page 5:

> *"Color Line AS has developed into one of Europe's leading cruise and ferry companies. (...) The company operates at the intersection point between transport of goods and tourism, and plays an important part in attracting foreign tourists to Norway."*

Color Line is an engaged cooperating partner with the authorities, trade and industry, regions and individuals – and plays an important part in the land-based tourist industry particularly in Germany, Denmark and Norway. The company contributes for example approx. five million overnight stays annually in Norway through the company's ferry business and almost 400 000 guest days through its cruise operations.

Color Line's vision is to be the best shipping company in the fields of cruise and transport based in Norway. Such an ambition is however conditional upon equal conditions in relation to competitors in the cruise and international ferry industry operating under registers and flags other than the NOR register.

FRAMEWORK CONDITIONS

Net wage refund schemes, with some variations were introduced in Great Britain in 1988, in Germany in 1999, in Denmark in 2000, in Sweden in 2001 and in Norway in 2002.

The framework for national net wage schemes in the EU is due for revision after having been in force for nearly seven years (7 January 2004). The present-day status for net wage schemes in the EU is that the Commission has not received any suggestions from any of the member countries in the EU or in the EEA area with regard to limiting the measures at present in use, and that are regulated through the European Commission's Guidelines for Support to Sea Transport.

Those responsible in the EU Commission are of the opinion that no country will unilaterally wish to limit its own schemes as this would have consequences for the competitiveness of a country's maritime industries, not only from third countries, but also in relation to other countries in the EU.

Contributory refund schemes for the employment of seamen have been a condition for the considerable investments by Color Line during the period 2003 to 2009. The scheme that applies to Color Line as long as the company remains in the NOR register, has since its introduction been weakened in relation to the company's international competitors. This applies to the numbers of those entitled to refund onboard where it is required that the crew form part of the safety force on the alarm roll. Moreover, an upper limit of refund per employee has been introduced.

INNOVATION AND REORGANISATION

The entire Norwegian maritime industry backs the Government's "Steady Course" strategy. This strategy comprises three main elements: 1. The net wage refund scheme, 2. The shipowner taxation scheme, and 3. Competence enhancement.

Today, Color Line is almost on an equal footing with its Nordic competitors in the EU with regard to framework conditions. On the basis of this equality, Color Line has made major future-oriented investments in ships, the environment and safety, information technology, market positioning, product development, and cooperation projects with shore-based industries.

The new organisational structure and efficiency enhancing measures were implemented during the autumn 2008, involving approx. 1 000 fewer man-years. The company is investing in a new booking and Internet platform planned to be operative in 2011. This technology investment will make it possible to utilise the physical investments in the transport corridors in which the company operates.

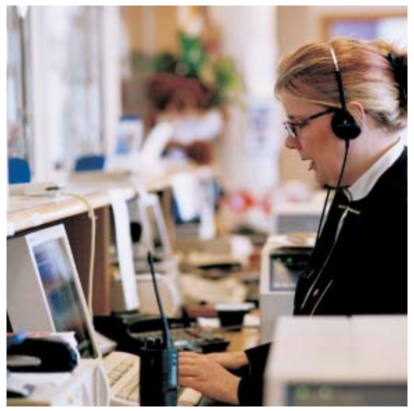
Color Line ships employ a total workforce of 2 081 who live in approx. 200 municipalities all over Norway. Shore-based employees and employees abroad are not included. Distribution between sexes is 1 242 men and 1 009 women.

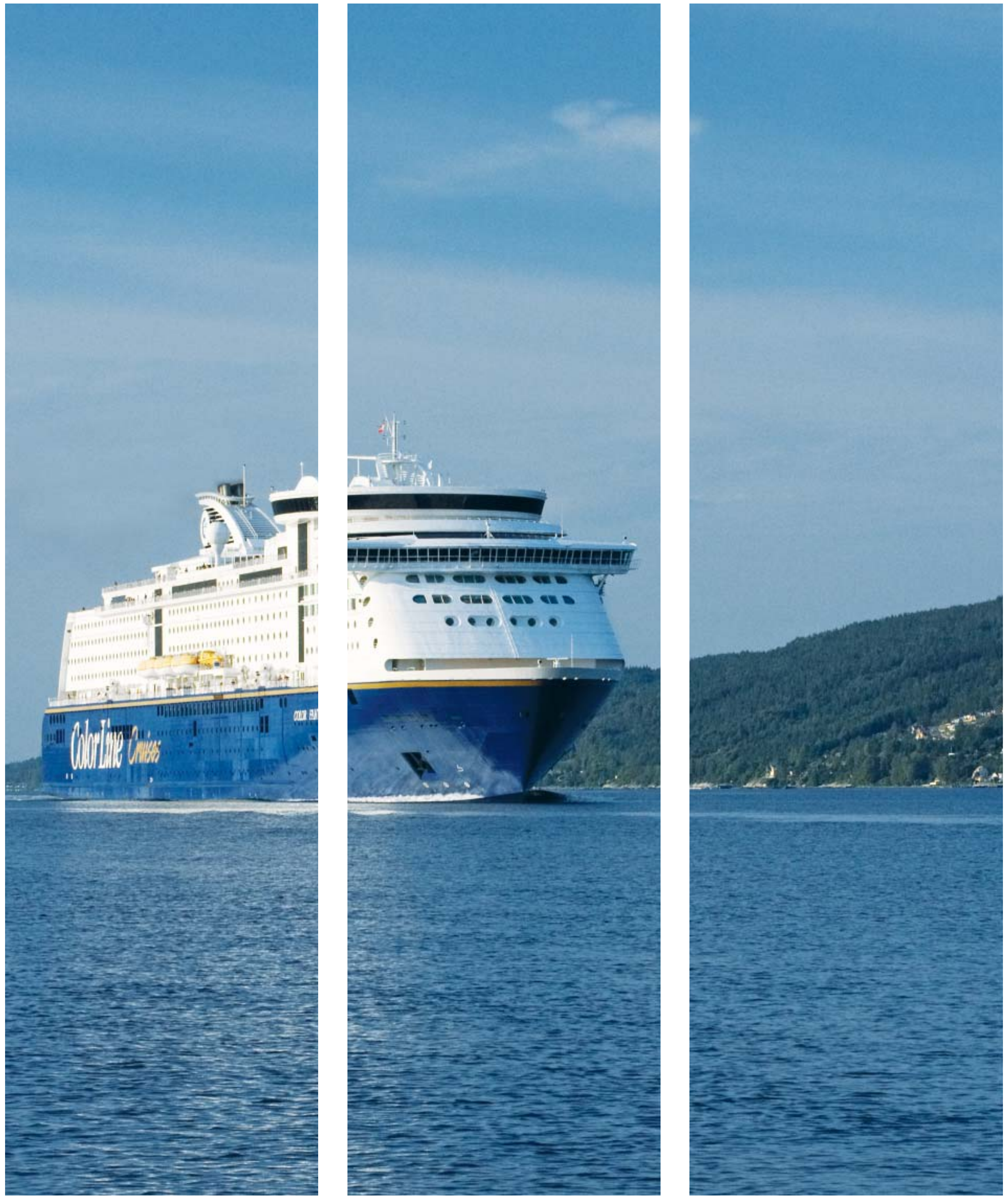
During the period 2004 to 2009, Norwegian shipowners have paid almost NOK 324 million to the foundation Norwegian Maritime Competence, of which Color Line's contribution is NOK 67 million representing 21 percent of the total figure.

In recent years the company has been the largest contributor with regard to apprentice contracts. During the period 2003 to 2009 the company has engaged 539 apprentices in addition to innumerable students from universities and colleges who have served their practice periods onboard the company's ships. ■







Tourism and spin-off effects

A PROMINENT PLAYER IN THE TOURIST INDUSTRY

Color Line plays a prominent part in the tourist industry and is responsible for bringing in a large number of foreign tourists to Norway. Passengers travelling by Color Line services represent about 5 million overnight stays in Norway on an annual basis calculated on the basis of the number of foreign passengers and the average number of overnight stays.

Color Line is one of the leading tour operators bringing tourists to Norway, particularly in the winter season, recording an average of almost 400 000 guest days. These are guests who book their voyage and holiday with Color Line either in Denmark or Germany.

The Norwegian Government's vision for the national strategy for the tourism industry "Valuable Experiences" is the creation of values for visitors, the individual enterprises, the employees, the local society, the environment and the common good.

With regard Color Line's position and role, the strategy states:

"The maritime transport sector is vital for land-based tourism. Color Line is Norway's largest and one of Europe's leading cruise and transport companies connecting the European continent to Norway. Color Line markets Norwegian tourist attractions internationally, and there is a major potential for both coastal and inland regions to benefit from the spin-off effects of the increasing number of tourists travelling by international ferries."

MARKET AND STRATEGY

Color Line is also one of the major contributors to the international marketing of Norway abroad. During the period 2003 to 2009, Color Line has invested a total annual amount of approx. NOK 50 million.

According to the EU Commission, tourism is one of the financial activities that have the best potential for generating future growth and jobs in the EU, and the services sector now represents a considerable and growing part of financial activities throughout the western world.

The travel and tourism industry plays an important part in the production of services. Color Line's tourism strategy contribute towards increasing the company's market share in that the company strengthens its position in the tourism industry and at the same time contributes towards increasing the overall market by strengthening the industry's attraction and framework conditions on the markets where Color Line operates. ■

Society, environment and safety

TRANSPORT OF GOODS

Norway is part of a European peninsula and an efficient system of sea transport is essential for Norwegian industry and Norwegian tourism. The renewals of the fleet and investments in new ports and in infrastructure have resulted in an environmentally efficient transport and a considerable increase in capacity across the Skagerrak. The SuperSpeed ferries provide a daily capacity of 7 700 passengers (equivalent to the total capacity of 51 Boeing 737 aircraft), 2 920 passenger cars (equivalent to 13 kilometres of traffic queue at 4.5 metres per car) and 675 trailers (equivalent to 8.1 kilometres of traffic queue with 12-metre long trailers).

Color Line's Cargo business offers a freight volume that saves the Norwegian road network for approx. 2 000 kilometres trailers per year, that is to say the distance from Oslo to Nordkapp by road. The number of trailers freighted by Color Line represents approx. 20 percent of the annual number of trailers crossing the Swedish-Norwegian border at Svinesund.

ENVIRONMENTAL VISION

Color Line cooperates with the Norwegian maritime industry on both short term and long term measures in order to achieve the vision of the Norwegian Shipowners' Association of zero discharge of environmentally harmful substances to air and to water.

Generally speaking, there is an environmental benefit in freighting a trailer by ferry in order to shorten the total distance it would otherwise drive on the road.

Replacing ships that are more than twenty years old as Color Line have done on three-fourths of the company's services is in itself an important environmental benefit. New ships are more environmentally friendly. Gas was considered as fuel, but was ruled out as amongst other things, framework conditions for delivery do not exist. Development in technology within energy systems, hull design, propulsion, and propeller are important factors with regards to the total decrease in the emmision of greenhouse gasses. IMO's Green House Gas study estimate that the cost benefits and potential is approx. evenly divided between operations, and improvement in new-building technology. Measured by discharge per unit freighted, there is a reduction of approx. 34 percent for the SuperSpeed concept compared with the earlier discharge figures from the old fleet going between Norway and Denmark.

Color Line does not discharge untreated sewage, refuse or food waste, and has entered into a voluntary agreement with the World Wildlife Fund concerning non-discharge of waste water.

Color Line has concluded an agreement with the European Environmental Foundation Bellona. Color Line monitors developments in cleaning technology and in international legislation relating to the shipping industry.

SAFETY

Color Line's superior objective within safety and health is to assure a safe, dependable, and efficient maritime cruise and transportation service. This shall occur through continuous improvement of processes and systems to ensure the protection of life, health, the environment, and safety for the vessel and property. In 2009, the company commissioned an electronic solution for the company's safety management system (SMS). This electronic safety management system will among other things improve the quality of the company's processing of registered occurrences and improve availability for users. The safety management system includes procedures that ensure that non-conformance, accidents and near misses are reported to the company, are investigated and analysed in order to improve safety and prevent pollution. ■

Directors' Report 2009

Color Group AS

ABOUT THE GROUP

Color Group AS is the parent company of Color Line AS. At an extraordinary general meeting after the closing of the accounts, the company was reformed from Color Group ASA to Color Group AS. Color Line AS 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. The company now operates a fleet of six vessels, operating on four international ferry services between seven ports in Norway, Germany, Denmark and Sweden.

Norway is part of a peninsula in Europe where efficient sea transport is essential for Norwegian industry and Norwegian tourism. Color Line has an assertive differentiation strategy – high quality cruises on the service between Oslo and Kiel in Germany and efficient transport of goods and passengers on the shorter routes between Kristiansand and Larvik in Norway and Hirtshals in Denmark in addition to the Sandefjord-Strømstad service.

Color Line has a modern and cost-efficient fleet with a high degree of product standardisation. The company has carried out cost-dimensioning and reorganisation in order to ensure efficient utilisation of the new tonnage and other resources. The renewal of the fleet and investments in new ports and infrastructure has contributed towards environmentally efficient transport with considerably increased capacity across the Skagerrak for goods and passengers. With fewer ships and employees, Color Line has been able to increase its market shares in 2009 both in freight and passenger traffic.

2009 is the first year in which the new fleet, new operating concepts for the ships and a new and more efficient shore-based organisation have been recorded on a full year basis. The total number of passengers reached 4 212 974 (2008: 4 093 761). Having due regard to continued operation, this represents a growth in the number of passengers of approx. 7 percent from January to December compared with 2008. The freight volume has increased by more than 4 000 units (12-m equivalents) from 168 272 in 2008 to 172 245 in 2009.

PROFIT AND LOSS ACCOUNTS

Accounting principles

Color Group AS is a Norwegian 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

Operating income totalled NOK 4 600 million in 2009 compared with NOK 4 568 million in 2008. The operating result before depreciation and charter hire totalled NOK 1 062 million compared with NOK 1 018 million in 2008). 2008 included a positive non-recurring effect in connection with the reorganisation of approx. NOK 190 million. Underlying operations therefore show a positive improvement compared with the preceding year. The operating result in 2009 totalled NOK 627 million compared with NOK 616 million in 2008.

The group's net financial expenses show a reduction from -NOK 752 million in 2008 to NOK 256 million in 2009. Net financial items include approx. NOK 470 million in realised and unrealised values in respect of currency loans, fixed interest contracts, interest derivates, bunkers hedging, and gains on shares.

The annual result after tax is a profit of NOK 642 million compared with a deficit of NOK 99 million in 2008 (prior to the winding up of business in 2008). The parent company Color Group AS recorded a pre-tax result of NOK 391 million compared with a deficit of NOK 262 million in 2008. After tax, the result is NOK 290 million in 2009 compared with a deficit of NOK 189 million in 2008. The Board proposes that the profit be transferred to other equity. Distributable shareholders' equity in the parent company totalled NOK 493 million as at 31 December 2009.

FINANCIAL MATTERS

Balance Sheet and financing

Color Group AS received subscriptions for a new bond loan of NOK 200 million maturing on 22 August 2011. This loan represents a general extension of the bond loans COLG02 and COLG03 maturing in 2009 and 2010 respectively. Payment date was 22 April 2009. The loan is listed on Oslo ABM (Alternative Bond Market). In connection with subscription of the new loan, Color Group simultaneously bought back NOK 184.5 million of the bond loan COLG02, and NOK 266.5 million in COLG03.

In April 2009, Color Group concluded an agreement on a new Reducing Revolving Credit Facility of NOK 150 million maturing in October 2011.

The group's balance totalled NOK 8,806 million as at 31 December 2009, a reduction of NOK 401 million compared with 2008.

As at 31 December 2009, shareholders' equity totalled NOK 2 234 million, compared with NOK 1 762 million in 2008. The equity ratio was approx. 25 percent, compared with approx. 19 percent in 2008.

Long-term mortgages on ships/terminals/hotels have a maturity profile of 12 to 15 years. Total outstanding mortgages on ships/terminals/hotel as at 31 December 2009 are NOK 4 133 million. The bond loans listed on Oslo Stock Exchange mature during the period 2010 to 2012. Outstanding net bond loans as at 31 December 2009 totalled NOK 1 063 million. In connection with the delivery of the ferry M/S SuperSpeed 2 in 2008, a 12-year operational leasing contract was concluded between Oslo Line AS and Color Line Transport AS, guaranteed by Color Group AS.

In its loan agreements the company has commitments linked to liquidity, shareholders' equity and debt servicing ratio. All commitments were fulfilled as at 31 December 2009.

Cash flow

In 2009, the group's cash flow from operational activities totalled NOK 470 million. Net cash flow from financing activities showed a deficit of NOK 438 million, and net cash flow from investment activities totalled –NOK 169 million of which part is related to development costs in connection with the new booking and Internet platform. The group's totalled liquidity reserve, including granted drawing rights and liquid securities totalled approx. NOK 670 million as at 31 December 2009. Ordinary planned instalments on the group's interest-bearing debt to credit institutions and bond loan in 2010 total approx. NOK 443 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. 30 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 2010 was secured through derivate contracts for bunkers. The company also had different currency derivate contracts related to budgeted operations in 2010. 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 2009, the number of man-years in the group totalled approx. 2 600. In 2009, the average absence due to illness in the group was approx. 6.8 percent for shore-based employees (5.5 percent in 2008), and approx. 10.5 percent for seagoing employees (11.3 percent in 2008).

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 seagoing personnel in line with the company's policy and with trends in society.

EQUAL OPPORTUNITIES

It is Color Group AS' objective that there shall be full equality between female and male employees. The company makes every effort to satisfy the demands of the Anti-discrimination and Availability Act. This applies both to employees and in recruitment of new crew members.

Of the group employees onboard the ships, 1 009 are women. There are 276 leading positions and 22 of these are held by women. The percentage of women in leading positions onboard is relatively low as technical/maritime jobs have traditionally been dominated by males and so far few women hold the necessary certificates.

Of the 684 shore-based personnel, 410 are women. There is 1 woman in the Color Line AS group management. The percentage of women in shore-based management positions is approx. 45 percent.

SAFETY

Color Line has a long tradition of being one of the first companies to install equipment and systems providing improved safety. In 2009, the company commissioned an electronic solution for the company's safety management system (SMS). This electronic safety management system will among other things improve the quality of the company's processing of registered incidents and improve availability for users.

The safety management system includes procedures that ensure that non-conformance, accidents and near misses are reported to the company, are investigated and analysed in order to improve safety and prevent pollution.

Color Line makes every effort to prevent the occurrence of situations that could involve personal injury, health, and the environment. The company is represented in international and national projects and bodies engaged in safety and the environment.

There were no major incidents in 2009 involving serious injury or environmental pollution.

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 relative reduction in discharge compared with the ships they replace.

Norwegian shipowners act as 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 AS is wholly-owned by Director and Group President Olav Nils Sunde and his family.

PROSPECTS

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.

Several of the ferry services between Norway and Europe have been discontinued in recent years, 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 seaborne 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 on intermodality in the ports.

ESA

ESA, EFTA's supervisory body, decided in December 2009 to instigate competition law-based investigations of Color Line and the company's port agreements in connection with the Sandefjord-Strømstad service. Competitors of Color Line filed a complaint with the Norwegian Competition Authority in 2006. As the case also concerns Sweden, it was transferred to ESA. In the view of the company, Color Line has acted in accordance with the ruling provisions of competition law at all times.

Equal competition

Color Line is today the only major shipping company in Norwegian ownership, operating from a head office in Norway, registered in the Norwegian Register of Shipping and operating on a regular all year round schedule between Norway and the Continent carrying freight and passengers. Stable and internationally competitive framework conditions have been a condition for the major investments by Color Line during the period 2003 to 2009. Color Line works actively to ensure that there are equal conditions for Norwegian seamen in line with the company's competitors in the Nordic countries and in the EU. This is a joint effort with Color Line's crew members and their organisations, the Norwegian Shipowners' Association, the Maritime Forum of Norway and the Norwegian authorities.

Prospects for 2010

The group's main objective is to ensure profitability and to maintain cost-efficient operation. From an operational viewpoint, Color Group AS has recorded a good year, but at the same time certain sections of operations have been affected negatively as a result of the general financial recession in 2009. During the same period, the negative financial items as at 31 December 2008 have showed positive market development, and have had a positive effect on the financial statement. Color Group has been through a comprehensive investment and restructuring phase that is now having the desired effect on operations. The group anticipates a satisfactory result for 2010. The Directors are of the opinion that the company is well equipped to meet the challenges of 2010.

Oslo, 26 April 2010

Morten Garman	Olav Nils Sunde	Alexander Sunde	Bjørn Paulsen
Chairman of the Board	Director / Group President	Director	Director

Profit and Loss Account

Color Group AS

PARENT COMPANY (NRS)		Amounts in TNOK		Group (IFRS)	
2009	2008		Note	2009	2008
136 702	136 785	Sales revenues	3, 7	4 599 127	4 425 195
0	0	Other operating income	2, 7	582	143 159
136 702	136 785	Total operating income		4 599 709	4 568 354
0	0	Cost of goods		−1 524 970	−1 547 133
−10 769	−8 731	Cost of wages	4, 17, 18, 19	−1 212 789	−1 141 374
−11 945	−11 368	Other operating expenses	7, 14	−799 913	−861 513
−22 714	−20 099	Total operating expenses		−3 537 672	−3 550 020
113 988	116 686	Operating income before depreciation, charter hire and leasing expenses (EBITDA)		1 062 037	1 018 334
−22 034	−22 078	Write−downs and depreciation	4, 8, 9, 10	−302 294	−304 948
0	0	Charter and leasing expenses	14	−132 621	−97 557
91 954	94 608	Operating result (EBIT)		627 122	615 829
299 313	−356 953	Net financial expenses	15, 16	256 173	−752 155
391 267	−262 345	Pre−tax result		883 295	−136 326
−101 158	73 437	Taxes	23	−241 517	36 942
290 109	−188 908	Result for the year before discontinued operations	4, 25	641 778	−99 384
		Discontinued operations	26	0	−84 812
		Result for the year		641 778	−184 196
		Extended Profit and Loss Account pursuant to IAS 1			
		Result for the year		641 778	−184 196
		Other income and expenses			
		Conversion differences, foreign exchange		−7 691	12 703
		Net gain bunkers hedging		13 334	
		Total other income and expenses		5 643	12 703
		Total result		647 421	−171 493
		Majority share of total result for the year		647 421	−171 493

Balance sheet

Color Group AS

PARENT COMPANY (NRS)		Amounts in TNOK		GROUP (IFRS)		
2009	2008	ASSETS	Note	2009	2008	2007
		Fixed assets				
		Intangible assets				
0	14 715	Deferred tax benefit				
152 795	174 829	Goodwill and other intangible assets	4, 9, 10	671 301	671 301	671 301
152 795	189 544	Total intangible assets		671 301	671 301	671 301
		Property, plant and equipment				
0	0	Plants under construction	2, 4, 8	273 454	130 531	230 504
0	0	Land, buildings and other real estate	2, 4, 8	698 509	769 181	317 090
0	0	FF&E	2, 4, 8, 10	59 125	79 612	49 514
0	0	Ships	2, 4, 8	5 733 712	5 960 981	5 344 658
0	0	Total property plant and equipment		6 764 800	6 940 305	5 941 766
		Financial assets				
2 739 225	2 546 638	Investments in subsidiaries	5, 6	0	0	0
4 341 973	5 096 267	Long-term receivables and investments	6, 16, 19	476 868	387 758	264 601
7 081 198	7 642 905	Total financial assets		476 868	387 758	264 601
7 233 993	7 832 449	Total assets		7 912 969	7 999 364	6 877 668
		Current assets				
0	0	Inventories	11	155 393	177 432	185 032
4 131	403	Accounts receivable and other receivables	16	523 104	791 440	837 735
0	0	Other financial assets	16	18 519	0	0
95 239	0	Market-based shares		95 239	0	0
69 815	274 769	Bank deposits and cash	16	101 150	238 812	243 605
169 185	275 172	Total		893 405	1 207 684	1 266 372
0	0	Assets for sale	8	0	0	476 184
169 185	275 172	Total current assets		893 405	1 207 684	1 742 556
7 403 178	8 107 621	TOTAL ASSETS		8 806 374	9 207 048	8 620 224
2009	2008	SHAREHOLDERS' EQUITY AND LIABILITIES	Note	2009	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	143 600
1 478 436	1 478 436	Premium fund	21	1 478 436	1 478 436	1 478 436
1 622 036	1 622 036	Total contributed capital		1 622 036	1 622 036	1 622 036
652 008	482 158	Other shareholders' equity	21	612 018	140 045	435 248
2 274 044	2 104 194	Total shareholders' equity		2 234 054	1 762 081	2 057 284
		Liabilities				
		Provisions				
42 558	0	Deferred tax	22	777 663	520 750	585 121
0	0	Pension commitments	4, 19	0	0	148 150
42 558	0	Total provisions		777 663	520 750	733 271
		Long-term debt				
3 970 791	4 282 055	Debt to credit institutions	2, 12, 16	3 757 516	4 123 517	3 451 119
1 062 500	1 411 500	Bond loans	12	994 500	1 134 500	1 411 500
15 482	0	Other long-term debt	12	15 482	28 762	0
5 048 773	5 693 555	Total long-term debt		4 767 498	5 286 779	4 862 619
		Current liabilities				
35 976	79 862	Trade creditors and other current liabilities	13, 16	582 332	770 428	597 581
0	0	Current share of long-term debt	12, 13, 16	443 000	637 000	336 000
1 827	230 010	Other financial commitments	13	1 827	230 010	33 469
37 803	309 872	Total current liabilities		1 027 159	1 637 438	967 050
7 403 178	8 107 621	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		8 806 374	9 207 048	8 620 224

Morten Garman
Chairman of the Board

Olav Nils Sunde
Director / Group President

Alexander Sunde
Director

Bjørn Paulsen
Director

Cash flow statement

Color Group AS

PARENT COMPANY (NRS)		Amounts in TNOK	GROUP (IFRS)	
2009	2008	FOR THE PERIOD 1 JANUARY TO 31 DECEMBER	2009	2008
391 267	-262 347	Pre-tax result for ongoing business	883 295	-136 326
0	0	Loss/gain on sale of property, plant and equipment	0	-143 159
0	0	Effect of discontinued businesses	0	-57 007
22 034	22 078	Ordinary depreciation	302 294	304 948
-383 421	404 190	Financial items without cash flow effect	-401 071	484 483
		Write-down financial fixed assets	12 450	0
0	-868	Pension costs/income without cash flow effect	0	-150 548
0	0	Changes in inventories	22 039	7 600
0	0	Changes in accounts receivable	14 171	-28 167
0	0	Changes in trade debtors	-29 145	-5 751
-307 077	-120 483	Changes in other accruals	-334 391	402 625
-277 197	42 570	Net cash flow provided by operations	469 642	678 698
0	429	Proceeds from sale of property, plant and equipment	0	881 100
0	0	Purchases of property, plant and equipment	-169 108	-1 626 031
0	429	Net cash flow from investment activities	-169 108	-744 931
284 500	845 290	Proceeds from taking up new long-term debt	284 500	874 205
-789 526	-343 030	Payment of long-term debt	-824 893	-355 030
0	-356 893	Payment of interest-bearing receivable	0	-341 168
743 169	0	Proceeds interest-bearing receivables	268 097	808
-165 900	-125 600	Paid received dividend/group contribution	-165 900	-117 375
72 243	19 767	Net cash flow from financing activities	-438 196	61 440
-204 954	62 766	Net change in liquid resources	-137 662	-4 793
274 769	212 003	Closing balance liquid resources 1 Jan.	238 812	243 605
69 815	274 769	Closing balance liquid resources 31 Dec.	101 150	238 812

Statement of changes in shareholder's equity

Color Group AS

Amounts in T NOK

	Share capital	Premium fund	Translation differences	Hedging reserve	Retained profit	Total
Shareholders' equity 1 Jan. 2008	143 600	1 478 436	−1 686	0	407 414	2 027 764
Revision of opening balance					29 520	29 520
Corrected equity 1 Jan. 2008	143 600	1 478 436	−1 686	0	436 934	2 057 284
Result for the year					−184 196	−184 196
Other income and expenses			12 703		0	12 703
Total income and expenses for the period	0	0	12 703	0	−184 196	−171 493
Group contribution/dividend to owner					−123 710	−123 710
Shareholders' equity 31 Dec.	143 600	1 478 436	11 017	0	129 028	1 762 081
Shareholders' equity 1 Jan. 2009	143 600	1 478 436	11 017		129 028	1 762 081
Result for the year					641 778	641 778
Other income and expenses			−7 691	13 334		5 643
Total income and expences for the period	0	0	−7 691	13 334	641 778	647 421
Group contribution/dividend to owner					−175 448	−175 448
Shareholders' equity 31 Dec. 2009	143 600	1 478 436	3 326	13 334	595 358	2 234 054

Notes to the accounts 2009

Color Group AS

NOTE 1 ACCOUNTING PRINCIPLES

General information

Color Group comprises Color Group AS and its subsidiary companies. At an extraordinary general meeting after balance sheet day, the company was converted from Color Group ASA (a public limited company) to Color Group AS. Color Group AS is a stock 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 AS has taken up bond loans which are registered on the Oslo Stock Exchange. Stock Exchange regulations require that the Group must report in accordance with 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 2009 have been applied when preparing the Annual Financial Statements. In accordance with IAS 1, a separate statement is provided showing the total result and all value amendments that are entered directly against shareholders' equity. Derivates have also been reclassified in short-term and long-term items in accordance with amendments in IAS 1. Earlier years' balance sheet results have been reclassified. For this reason and in view of an amended item in the accounts from previous years, it is required that Balance Sheets are presented for three years. 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 it would not be correct to apply these. 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 that are very complex or areas in which assumptions 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 AS have been prepared in accordance with the provisions of the Accounting Act of 1998 and generally accepted accounting principles in Norway (NRS).

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 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.

Fixed assets and Groups of fixed assets and liabilities retained for sale are valued at earlier book value for real value less sales cost, whichever is the lowest. Depreciation on assets classified for sale ceases from the date of classification.

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

Inventories

Inventories comprise trade goods, consumables and bunkers and are evaluated at cost price or net sales value less sales costs, whichever is lowest. The FIFO method is used in relation to procurement cost.

Cash and cash equivalents

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

Shareholder's 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 when consolidating foreign enterprises.

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 2008, the shore based employees have for the most part transferred from a defined benefit scheme to a defined contribution pension scheme. In this scheme, expenses are 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 benefit 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 periods. 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 benefit in the schemes are changed, the share of the increase in the 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 change-over to IFRS are zeroed and entered directly against shareholders' equity. Estimated deviations arising after 1 January 2006 are entered in the profit and loss statement and distributed over the average remaining 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.

In previous years a commitment was calculated in respect of a number of employees who would probably retire under the early retirement scheme, but this now applies to those employees who are included in the scheme. This change was made in 2008.

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 of 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. Financial instruments that are of a long term nature are included in financial fixed assets and long term debt. Earlier years balance sheets are also reclassified.

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.

Bunkers hedging

The Group makes use of financial derivates earmarked as hedging instruments in connection with cash flows that are extremely probable connected with the procurement of bunkers for the ships. This hedging is documented as being very efficient when entering into agreements and in subsequent measurements as it sets off price changes in cash flows. Hedging accounting is applied. Any inefficient part of a gain or loss will be immediately registered in the profit and loss statement.

Concluded hedging contracts are entered at actual value on balance date and any changes in actual value are entered against shareholders' equity. When hedging contracts are activated all earlier gains and losses are transferred from shareholder's equity and included in the cost price of bunkers.

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 AS 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 income on 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.

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 sales 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. Commissioning has been delayed. The system is due to become operative in 2011.

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 principle. The presented business segments are continued in their entirety. The Group's operations take place outside Norway. No internal result and balance sheet based on geographical division is prepared.

The group's main business areas

The business area Cruise is legally organised in Color Line Cruises AS, which markets and sells cruises, conference travel and hotel packages for individuals and groups/organizations between Norway and Germany. Freight operations are also included. The business area transport is legally organized in Color Line Transport AS which markets and sells cost efficient transport services between Norway, Sweden and Denmark for individuals, groups and organizations. Freight business is also included in addition to the sale of travel and hotel packages.

Key figures from the business divisions

Amounts in TNOK

	Cruise 2009	Transport 2009	Group 2009	Cruise 2008	Transport 2008	Group 2008
Operating income	1 967 684	2 632 025	4 599 709	2 086 236	2 482 119	4 568 354
Operating expenses	−1 571 219	−1 966 453	−3 537 672	−1 711 294	−1 855 536	−3 566 829
Ordinary depreciation	−197 942	−104 353	−302 294	−176 257	−128 691	−304 948
Charter hire, leasing expenses	−8 584	−124 038	−132 621	−18 068	−79 490	−97 557
Operating result/segment result (EBIT)	189 940	437 182	627 122	180 618	418 403	599 020
Net financial expenses			256 173			−639 699
Pre-tax result			883 295			−40 679
Tax costs			−241 517			9 580
Result for the year			641 778			−31 099
Assets segment	4 901 776	1 908 738	6 810 514	5 103 921	1 941 112	7 045 033
Non-allocated assets			1 995 860			2 162 015
Consolidated total assets			8 806 374			9 207 048
Segment commitments	3 567 501	1 036 989	4 604 490	4 231 694	926 955	5 158 649
Non-allocated commitments			1 967 830			2 286 318
Consolidated total commitments			6 572 320			7 444 967
Investments during the period (gross)	3 670	20 809	24 479	21 494	1 402 147	1 423 641
Non-allocated investments			144 629			207 204
Consolidated total investments			169 108			1 630 845

NOTE 4 UNCERTAIN ESTIMATES

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 was changed.

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

Calculation of pension commitments is based on several financial conditions. Any change is 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 flows and may result in a write-down of goodwill.

NOTE 5 SUBSIDIARY COMPANIES

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

Amounts in TNOK

	Registered office	Result 2009	Share capital	Stake 31.12.2009	Book value in balance sheet
Owned by Color Group AS (parent company)					
Color Line AS	Oslo	284 149	2 980 234	100	2 739 125
Color Hotels AS	Oslo	14	1 139	100	100
Total direct ownership					2 739 225
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 Marine Verksted AS	Sandefjord		4 000	100	
Bergen Line AS	Oslo		100	100	
Norway Line AS	Oslo		100	100	
Color Scandi Line	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		5 700 (DKK)	100	
Color Line Danmark AS	Hirtshals		5 000 (DKK)	100	
Hirtshals Skipsproviantering AS	Hirtshals		500 (DKK)	100	
Larvikterminalen AS	Oslo		100	100	

NOTE 6 RELATED PARTIES

All the shares in Color Group AS are owned indirectly by O.N. Sunde AS, a company owned by Olav Nils Sunde and his family. As at 31 December 2009, the Color Group has an interest bearing receivable against the O.N. Sunde Group of NOK 648 million, equivalent to NOK 650 million as at 31 December 2008. In 2009, NOK 22 million has been charged in interest. The equivalent figure for 2008 was NOK 39 million. In 2008, SuperSpeed 2 was delivered by the shipyard to Oslo Line AS, a company indirectly owned by O.N. Sunde AS. The company charters the ship from Oslo Line AS at an annual rate, which is at present NOK 115 million. The external financing of all the companies in the group is mainly handled by Color Group AS. The Company then lends to other companies in the group. The Company has the following outstanding accounts with other companies in the Group:

Amounts in TNOK

	2009	2008	2007
Color Hotels AS	−978	7 172	7 172
Color Line AS	3 799 753	4 051 659	4 174 289
Color Hotel Skagen AS	26 627	29 818	22 773
Total	3 825 402	4 088 649	4 204 234

Interest is charged on outstanding amounts equivalent to the interest rate that Color Group AS pays for external loans. In addition to financing expenses, also Color Group AS is paid a royalty for the name and the line rights. In 2009, Color Group received NOK 137 million in royalty. The equivalent figure in 2008 was NOK 136 million.

NOTE 7 INCOME AND EXPENSES

Total operating income comprises the following items

Amounts in TNOK

	2009	2008
Passenger revenues	3 996	3 788
Freight revenues	400	396
Other	203	384
Total	4 599	4 568

Total operating expenses comprise the following items

Amounts in TNOK

	2009	2008
Cost of technical operation	221	220
Other operating expenses on board	193	207
Other operating expenses ashore etc.	386	435
Total	800	862

NOTE 8 PROPERTY PLANT AND EQUIPMENT, ASSETS RETAINED FOR SALE

Amounts in TNOK

	Ships	F.F.& E	Land, buildings, real estate	Projects under construction	Total
Procurement cost					
Procurement cost as at 1 Jan. 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 Dec. 2007	8 419 775	441 014	673 027	230 504	9 764 320
Procurement cost as at 1 Jan. 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 Dec. 2008	6 638 263	484 640	1 152 617	130 531	8 406 051
Procurement cost as at 1 Jan. 2009	6 638 263	484 640	1 152 617	130 531	8 406 051
Additions	15 322	5 736	5 127	142 923	169 108
Disposals	0	−153 178			−153 178
Deflation difference		−9 104	−52 147		−61 251
Procurement cost as at 31 Dec. 2009	6 653 585	328 094	1 105 597	273 454	8 360 730
Accumulated depreciation and write-downs					
Depreciations and write-downs as at 1 Jan. 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 Dec. 2007	3 075 117	391 500	355 937	0	3 822 554
Depreciations and write-downs as at 1 Jan. 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 Dec. 2008	677 282	405 028	383 436	0	1 465 746
Accumulated depreciations and write-downs					
Depreciations and write-downs as at 1 Jan. 2009	677 282	405 028	383 436		1 465 746
Depreciations for the year	242 591	18 377	41 326		302 294
Disposals		−150 480			−150 480
Deflation differences		−3 956	−17 674		−21 630
Depreciations and write-downs as at 31 Dec. 2009	919 873	268 969	407 088	0	1 595 930
Values in balance sheet					
As at December 2008	5 960 981	79 612	769 181	130 531	6 940 305
As at December 2009	5 733 712	59 125	698 509	273 454	6 764 800
Depreciation method	All property plant and equipment is depreciated according to the straight-line method over the estimated life time.				
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.
Projects 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 MS Peter Wessel and MS 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 2009 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. 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 2009 is TNOK 671 301. The equivalent value as at 31 December 2008 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 2009 did not show any requirement for writing down goodwill.

NOTE 10 PLANT, PROPERTY AND EQUIPMENT, COLOR GROUP AS

Amounts in TNOK

	Goodwill/Intangible assets	Total
Cost price 1 Jan.	444 677	444 677
Cost price 31 Dec.	444 677	444 677
Acc. depreciation 1 Jan.	269 848	269 848
Ordinary depreciation in year	22 034	22 034
Disposals in the year		
Acc. depreciation 31 Dec.	291 882	291 882
Book value 31 Dec.	152 795	152 795
Depreciation rate	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

	2009	2008	2007
Inventories for onward sale	124 864	145 541	147 611
Consumables	20 814	26 506	27 056
Bunkers	9 715	5 385	10 365
Total	155 393	177 432	185 032

NOTE 12 LONG TERM INTEREST BEARING DEBTS, MORTGAGES AND GUARANTEES

Amounts in TNOK

	Parent Company			Group		
	2009	2008	2007	2009	2008	2007
Long term loans						
Mortgage loans	3 970 973	4 282 055	3 602 572	3 757 516	4 123 517	3 451 119
Bond loans (registered on Oslo Stock Exchange)	1 062 500	1 411 500	1 411 500	994 500	1 134 500	1 411 500
Total interest bearing long term commitments	5 033 473	5 693 555	5 014 072	4 752 016	5 258 017	4 862 619
Current Commitments						
Short–term part of mortgage loans	0	0	0	375 000	360 000	336 000
Redeemed bond loan	0	0	0	68 000	277 000	
Total interest bearing current commitments	0	0	0	443 000	637 000	336 000
Total interest bearing commitments	5 033 473	5 693 555	5 014 072	5 195 016	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 2009.

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 AS 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 travel guarantee funds in addition to other pledges for subsidiary companies totalling approx. 52 million.

Amounts in TNOK

	2009	2008	2007
Book value (group) of assets pledged as security (ships, buildings, etc.)	6 764 800	6 940 305	6 218 814

Interest conditions on all loans and credits are fixed in accordance with NIBOR with the addition of an agreed margin. At year-end 2009, interest rates were on average: Mortgage loans: 2.45 percent. Bond debt: 4.05 percent.

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

Amounts in TNOK

	Parent Company		Group	
	Mortgage	Bond loans	Mortgage	Bond loans
Less than 1 year	462 840	110 323	476 451	110 323
1 – 2 years	485 564	234 751	498 879	234 751
2 – 3 years	475 878	832 379	488 897	832 379
3 – 4 years	449 691		462 414	
5 years and longer	2 605 469		2 729 198	
Total	4 479 442	1 177 453	4 655 839	1 177 453

Balance sheet value and actual value of long-term loans

Amounts in TNOK

	Balance sheet value			Actual value*		
	2009	2008	2007	2009	2008	2007
Mortgage loans	3 757 516	4 123 517	3 451 119	3 562 396	3 842 195	3 451 119
Bond loans	994 500	1 134 500	1 411 500	931 218	1 105 119	1 414 837
Total	4 752 016	5 258 017	4 862 619	4 493 614	4 947 314	4 865 956

* The basis for the actual value of bond loans is the stock exchange list price at yearend and actual value for mortgage loans is the company's evaluation of any additional cost of refinancing at year-end, discounted by 5% per year taking due regard to average maturity.

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

Amounts in TNOK

	Parent Company			Group		
	2009	2008	2007	2009	2008	2007
NOK	4 011 104	4 520 446	5 014 072	4 042 181	4 557 059	5 056 764
EUR	1 022 369	1 173 109		1 022 369	1 173 109	
DKK				130 466	164 849	141 855
Total	5 033 473	5 693 555	5 014 072	5 195 016	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 by Color Group AS.

NOTE 13 TRADE CREDITORS AND OTHER CURRENT COMMITMENTS

Amounts in TNOK

	2009	2008	2007
Trade creditors	182 980	212 125	176 876
Debt to credit institutions			36 720
1 year's instalment long–term debt	443 000	637 000	336 000
Other current commitments (financial instruments)	1 827	230 010	33 469
Unpaid government charges and special taxes	74 334	87 460	99 199
Pre–paid income	120 490	127 021	79 383
Sundry current debt	204 528	343 822	205 403
Total	1 027 159	1 637 438	967 050

NOTE 14 LEASES

Amounts in TNOK

	2009	2008
Charter hire	115 454	61 767
Hire of internal IT/communications equipment	14 662	32 401
Other	2 922	3 389
Total charter hire, leasing commitments	133 038	97 557
Lease of terminals and queuing areas	18 842	26 327
Total lease commitments	151 880	123 884

The company has concluded a lease for the hire of MS 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. while the reduction of the lease amount every 6 months is increased to 4.17 percent. Other leases comprise mainly IT/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

Amounts in TNOK

	Currency	1 year	2–5 years	over 5 years	Total
Ship	NOK	80 375	301 900	487 320	869 595
Ship	EUR	3 049	11 176	18 809	33 034
IKT	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, areas 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.

Operational framework agreements are being concluded for the lease of IT equipment, vehicles and other equipment.

NOTE 15 NET FINANCIAL EXPENSES

Amounts in TNOK

	Group		Parent Company	
	2009	2008	2009	2008
Interest earned	40 266	73 084	215 281	349 882
Net gain/loss on financial instruments at actual value in profit and loss statement	228 183	–325 170	228 183	–226 967
Interest costs	–222 371	–390 487	–286 850	–389 335
Foreign exchange gain/loss	210 095	–109 582	142 699	–90 533
Total	256 173	–752 155	299 313	–356 953

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 derivates 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 2009, 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 loans 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 derivate contracts will affect the result by approx. +/- NOK 40 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 yearend 2009, the Company had three swap agreements at a nominal value of NOK 1 378 million with a remaining term of approx. 5.1 years at an average interest rate of 4.4 percent. Furthermore a CIRR-fixed interest agreement has been concluded with Finnish Export Credit in connection with the delivery of M/S Color Magic in 2007 in the amount of (adjusted in accordance to contractual instalments) NOK 1 756 million of which 50 percent is fixed at 4.2 percent and 50 percent is swapped to a floating rate of interest, six month NIBOR less 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 in their entirety to a floating rate of interest, 6 months NIBOR less 1.115 percent and EURIBOR less 0.49 percent p.a. for 12 years, respectively. Total interest bearing debt totals NOK 5 195 million. Fixed interest derivates are concluded for a total net amount of NOK 1 378 million representing approx. 27 percent of total interest bearing debt as at 31 Dec. 2009. A change in the interest level of +/- 1 percent taking into account concluded hedging contracts will affect the result by approx. +/- NOK 34 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 2009.

Interest sensitivity, Group

Amounts in TNOK

	Less than 1 year	1–2 years	3–4 years	5 years and over
Mortgage loans	3 757 516	3 350 882	2 944 248	2 554 114
Unsecured bond loans	994 500	800 000		0
Total debt to credit institutions	4 752 016	4 150 882	2 944 248	2 554 114
Cash in hand/bank	101 150	101 150	101 150	101 250
Net interest swaps	1 290 185	1 202 370	864 555	438 925
Net interest bearing debt after interest swaps	3 360 681	2 847 362	1 978 543	2 014 039
Interest sensitivity at +/– 1%	33 607	28 474	19 785	20 140

Bunkers risk

Bunkers represented approx. 10 percent of the Group's operating expenses in 2009, and represent an operational risk resulting from changes in the prices of oil. As at 31 December 2009, the Group had future bunkers hedging agreements for approx. 40 percent of estimated consumption in 2010. The agreements are based on the actual physical product consumed by the ships at an oil price of approx. USD 55-70 (Brent per barrel). The bunkers hedging contracts in force have no impact on the results at yearend. Actual value of hedging contracts as at 31 December 2009 is TNOK 18 519. All hedging contracts for bunkers expire in 2010. Changes in the market value of the remaining bunkers contracts will not affect the result in 2010, only on shareholders' equity.

A change in the price of bunkers of +/- 10 percent will have an effect on the result of approx. +/-NOK 17.5 million before tax. The effect on the result connected with future hedging contracts is entered in the accounts in accordance with the hedging principles.

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. Liquidity preparedness is managed at Group level and 12 month budgets are prepared and monitored on a weekly basis. Liquidity available as at 31 December 2009 totalled NOK 670 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.

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 derivates 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.

Exposure to credit risk: trade debtors/other current assets

Amounts in TNOK

	2009	2008
Trade debtors	100 699	115 177
Write–downs for anticipated loss	–5 821	–6 128
Net trade debtors	94 878	109 049
Inter–company receivables	308 414	529 204
Sundry current receivables	119 812	153 187
Trade debtors and other receivables	523 104	791 440
Other financial receivables	113 758	66 030

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. 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 the actual value as these are concluded on normal terms at short maturity. Bond loans are registered on the stock exchange and are subject to a floating rate of interest falling due quarterly. Actual value of bond loans is the stock exchange list price at yearend. Actual value of long term bank loans is the company's evaluation of any added costs for refinancing at yearend, discounted at 5% p.a. and taking due regard to average maturity.

Overview of financial assets and liabilities classified according to measurement categories

Amounts in TNOK

	2009	2008	2007
Financial assets			
Loans and receivables			
Bank Deposits/cash in hand	101 150	238 812	243 605
Net trade debtors	94 878	109 049	80 882
Sundry current receivables	428 226	682 391	756 853
Total liabilities and receivables	624 254	1 030 252	1 081 340
Balance sheet value entered in profit and loss statement			
Market based shares	95 239		
Bunkers swaps	18 519		
Interest swaps	63 193	66 030	136 850
Total balance sheet value entered in profit and loss statement	176 951	66 030	136 850
Financial commitments			
Financial commitments at amortized cost			
Accounts payable and other current debt	582 332	811 428	638 581
Bank loans	4 132 516	4 483 517	3 787 119
Bond loans	1 062 500	1 411 500	1 411 500
Total financial commitments at amortized cost	5 777 348	6 706 445	5 837 200
Balance sheet value in profit and loss statement			
Bunkers swaps		95 647	
Currency derivatives contracts	1 827	134 363	33 469
Total balance sheet value entered in profit and loss statement	1 827	230 010	33 469

Balance sheet items evaluated at actual value

Level 1 values taken from the figures in the market with similar activity.
Level 2 values from others that are not included in an active market with appurtenant rates.
Level 3 values calculated following evaluation of assets and commitments that are not based on known market data.

Amounts in TNOK

	Level 1	Level 2	Level 3	Total
Financial assets at actual value				
Market based shares	95 239			95 239
Bunkers derivates	18 519			18 519
Total	113 758	0	0	113 758
Financial commitments at actual value				
Interest swaps		15 482		15 482
Foreign exchange swaps		1 827		1 827
Total	0	17 309	0	17 309

NOTE 17 COST OF WAGES

Group

Amounts in TNOK

	2009	2008
Cost of wages		
Wages	839 436	899 435
Employers' tax	159 357	178 057
Pension costs	70 433	–69 172
Other benefits	143 563	133 053
Total	1 212 789	1 141 373
Average man–years	2 634	2 592

Parent company (Color Group)

Amounts in TNOK

	2009	2008
Cost of wages		
Wages	8 647	8 191
Employers' tax	1 340	1 396
Pension costs	190	–864
Other benefits	592	7
Total	10 769	8 730
Average man–years	6	6

NOTE 18 REMUNERATION TO SENIOR EXECUTIVES

Amounts in TNOK

	Salary	Bonus	Costs	Remuneration	Total
Remuneration to senior executives etc.					
Olav Nils Sunde, President Color Group AS	0	0	0	0	0
Trond Kleivdal, Group President Color Line AS	3 034	1 200	68	303	4 605
Total senior executives	3 034	1 200	68	303	4 605
Director's fees					
Total Directors fees*	200				200

* Fees to Chairman of the Board, Morten Garman.

Auditors' fees – Deloitte

Amounts in TNOK

	Parent Company	Group
Statutory auditing services	260	1 429
Fees for tax advice etc.	21	373
Fees for other services unrelated to audit	161	401
Total audit and advisory fees	442	2 203

Guidelines for remuneration to senior executives 2009

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

The principle of 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 of 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 9.0 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.

Report concerning the policy for remuneration to executives in 2009

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. Company contribution to the defined contribution scheme is expensed in the amount of TNOK 15 073.

The defined benefit pension scheme

A number of shore based employees are covered by the early retirement scheme (AFP). In addition, there are some employees 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 1 481 members. In addition the Group pays the shipowners' share of the pension scheme for seamen which in 2009 totalled NOK 25.5 million and NOK 29.0 million in 2008.

Commitments with regard to the early retirement scheme (AFP) and unfunded commitments comprise 38 members and are included in net pension commitments in the amount of TNOK 3 214. 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.

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

Amounts in TNOK

	2009	2008	2007
Financial assumptions			
Discount rate	4,40 %	3,80 %	
Expected annual wage adjustment	4,25 %	4,00 %	
Expected annual adjustment of pensions	1,30 %	1,50 %	
Expected annual G–adjustment	4,00 %	3,75 %	
Estimated yield	5,60 %	5,80 %	
Pension costs for the year are as follows			
Pension yield for the year	23 849	22 091	
Interest cost on pension commitments	7 078	5 905	
Anticipated yield pension funds	–7 421	–5 871	
Administration	812	354	
Employers' tax	3 428	3 169	
Changes in estimates and estimate deviation in income statement	5 455	1 529	
Cost of pensions	33 201	27 177	
Reconciling of pension commitments and pension funds against balance sheet			
Present value of pension commitments incurred	170 333	184 571	480 715
Value of pension funds	–127 614	–118 221	–311 625
Employers' tax	6 023	–934	18 164
Unrecognized deviation in estimate	–59 719	–72 039	–39 104
Pension commitments in balance sheet	–10 977	–6 623	148 150

A premium of TNOK 24 051 was paid in 2009. Next year's premium is expected to total TNOK 15 000.
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.

The parent company, Color Group AS has a defined contribution pension scheme. TNOK 190 has been paid in to this scheme in 2009. The pension schemes fulfil the statutory requirements with regard to service pension schemes.

NOTE 20 SHARE CAPITAL

The share capital comprises 71 800 000 shares of NOK 2.00 each, total 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 Jan. 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 Dec. 2008	143 600	1 478 436	482 158	2 104 194
Shareholders' equity 1 Jan. 2009	143 600	1 478 436	482 158	2 104 194
Result for the year			290 109	290 109
Group contribution/dividend, owner			–120 259	–120 259
Shareholders' equity 31 Dec. 2009	143 600	1 478 436	652 008	2 274 044

NOTE 22 DEFERRED TAX

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

Group

Amounts in TNOK

Benefit/Commitments	2009	2008	2007
Plant, property and equipment	2 225 893	1 885 700	1 891 296
Intangible assets	159 030	136 708	174 811
Financial assets	21 221	57 049	153 403
Profit and loss account	625 563	781 954	326 882
Current assets	–37 259	–4 428	–3 942
Liabilities	24 682	–210 307	–193 819
Carry–forward loss	–241 765	–786 855	–258 911
Total	2 777 365	1 859 821	2 089 720
Deferred tax commitment as at 31 Dec.	777 663	520 750	585 121

Parent company (Color Group)

Amounts in TNOK

Benefit/Commitment	2009	2008
Plant, property and equipment	138 068	155 849
Profit and loss account	17 205	21 506
Current assets	–3 281	–213 410
Liabilities	0	0
Deficit, carried forward	0	–16 498
Total	151 992	–52 553
Deferred tax commitment as at 31 Dec.	42 558	–14 715

NOTE 23 COST OF TAXES

Group

Amounts in TNOK

Benefit/commitment	2009	2008
Tax costs for the year		
Tax, group contribution	69 044	–6 335
Changes in deferred tax	172 473	–64 371
Entered directly against shareholders' equity and deferred tax	0	782
Tax related to discontinued businesses	0	32 982
Cost of taxes, ordinary result	241 517	–36 942
Reconciling from nominal to actual tax rate		
Pre–tax result including extraordinary result		
Ordinary result	883 295	–136 326
Estimated income tax at nominal tax rate	247 323	–38 171
Tax effect of following items		
Non–deductable expenses	–7 063	1 229
Translation differences	–165	
Corrections previous years	1 422	
Cost of taxes ordinary result	241 517	–36 942
Effective tax rate	27,3 %	27,1 %

Parent Company (Color Group)

Amounts in TNOK

Benefit/Commitments	2009	2008
Tax costs for the year		
Tax, group contribution	47 834	0
Changes in deferred tax	53 324	–73 437
Cost of taxes, ordinary result	101 158	–73 437
Reconciling from nominal to actual tax rate		
Pre–tax result including extraordinary result		
Ordinary result	391 268	–262 347
Estimated income tax at nominal tax rate	109 555	–73 457
Tax effect of following items		
Non–deductable expenses	–8 397	20
Cost of taxes, ordinary result	–101 158	–73 437
Effective tax rate	25,9 %	28,0 %

NOTE 24 BANK

Color Group AS is a Group account holder. The Group company's bank accounts that are included therefore represent intercompany accounts. This represents a net receivable of NOK 179 million in the parent company.

All represented companies stand surety for intercompany balances in respect of the legal group account.

NOTE 25 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

	2009	2008
Result for the year after tax	641 778	–184 196
Weighted average, no. shares	71 800 000	71 800 000
Result per share	8,94	–2,57

NOTE 26 DISCONTINUED BUSINESS

The Color Line overnight ferries on the routes between Norway and Denmark, Bergen-Stavanger-Hirtshals were discontinued in December 2007. 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

	2009	2008
Income	0	79 828
Operating expenses	0	–230 692
Operating result	0	–50 864
Write–downs and depreciations	0	–60 787
Financial items	0	–6 143
Pre–tax result	0	–117 794
Estimated tax	0	32 982
Result for the year, discontinued business	0	–84 812

Cash flow

Amounts in TNOK

	2009	2008
Pre–tax result	0	–117 794
Ordinary depreciation	0	60 787
Change in liquidity	0	57 007

NOTE 27 OTHER OCCURRENCES

The EFTA Surveillance Authority (ESA)

In December 2009, ESA decided to instigate investigations of Color Line in relation to competition law, with regard to the company's port agreements in connection with the Sandefjord-Strømstad service. Color Line's competitors brought the case before the Norwegian Competition Authority in 2006. As the case also includes Sweden, it was transferred to ESA. It is the company's considered opinion that Color Line has at all times acted in accordance with ruling competition law.

Other

At an extraordinary general meeting after balance sheet day, the company was converted from Color Group ASA to Color Group AS.

Color Group

Declaration by Management

We hereby declare that to the best of our knowledge, the consolidated accounts for 2009 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 2009 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 risks and uncertainty factors facing the Company.

Oslo, 26 April 2010

Morten Garman	Olav Nils Sunde	Alexander Sunde	Bjørn Paulsen
Chairman of the Board	Director / Group President	Director	Director

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Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Color Group AS

AUDITOR'S REPORT FOR 2009

We have audited the annual financial statements of Color Group AS as of 31 December 2009, showing a profit of NOK 290.109.000 for the parent company and a profit of NOK 641.778.000 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 allocation of the profit. 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.

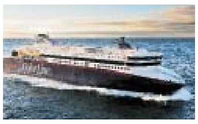
We have conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and generally accepted auditing practice in Norway, including standards on auditing adopted by Den norske Revisorforening. These auditing standards require that we plan and perform the audit to obtain reasonable 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 2009, 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 31 December 2009, 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 allocation of the profit, is consistent with the financial statements and complies with law and regulations.

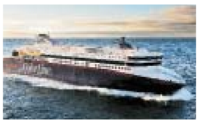
Oslo, 26 April 2010
Deloitte AS

Bernhard Lyngstad
State Authorised Public Accountant (Norway)



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 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


SANDEFJORD – STRØMSTAD

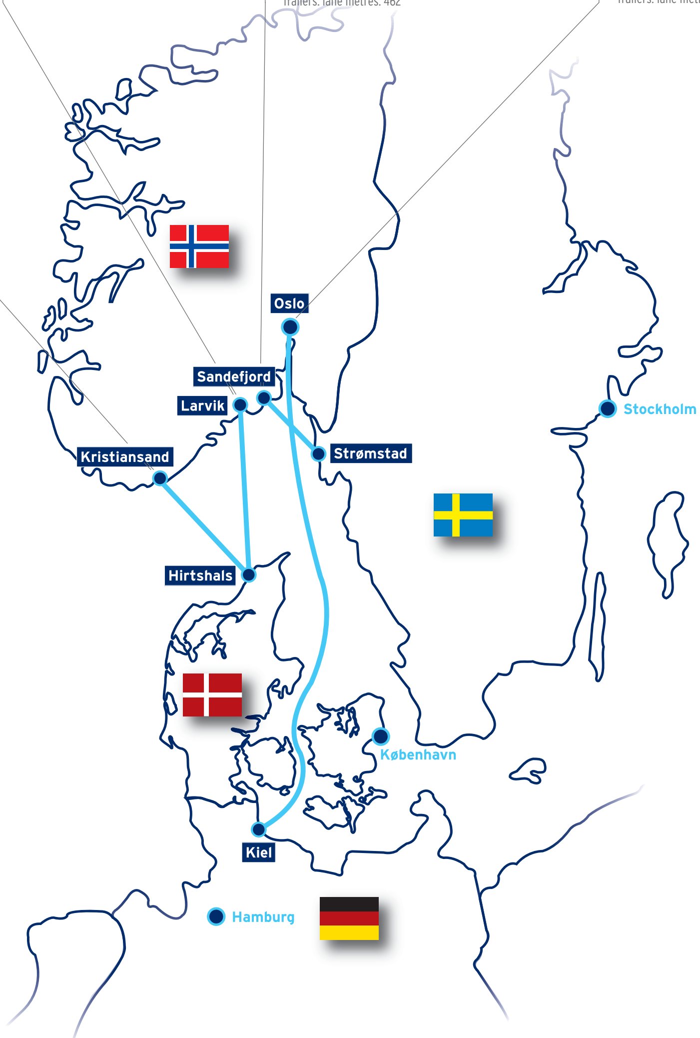
M/S Color Viking
Year built 1985, Nakskov, Denmark
Home port: Sandefjord
Tonnage: 19 763 GRT
Length: 137 metres
Beam: 24 metres
Draft: 5.64 metres
Class: Det Norske Veritas
Max. capacity: 1 720 persons
Passenger cars: 350
Trailers: lane metres: 490

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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Color Group

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Ansvarlig utgiver: Color Line **Grafisk form:** CL Inhouse CG-CA10-01 **Foto:** Color Line – Dag G. Nordsveen/nordsveen.net **Trykk:** BK Grafisk