

COLOR GROUP ASA
ANNUAL REPORT 2005



Annual Report 2005 - Color Group ASA

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COLOR GROUP ASA

Color Group ASA is owned by O.N. Sunde AS and operates in the fields of transport of passengers and goods, hotel operations, restaurants, retailing, entertainment and organized tour production. The Group has two wholly-owned subsidiary companies, Color Line AS and Color Hotel Skagen AS.

COLOR LINE AS

- Norway's largest and one of Europe's leading cruise ferry companies.
- As at 31 December 2005, the company operated six international services between ten ports in Norway, Germany, Denmark and Sweden.
 - An average of 24 daily departures, 34 in the peak seasons.
 - Daily capacity up to 54 166 passengers in the peak seasons.
 - One of Norway's major ro-ro operators, providing up to 18.2 km daily freight capacity (18 162 lane metres) in the peak seasons, the equivalent of 1 514 trailers.
 - One of Norway's leading restaurant chains and one of the largest shopping centres in the country based on serving capacity and retail outlets.
- The fleet comprises 10 ships
 - Guest capacity 16 815 persons
 - Capacity for 4 747 passenger cars
 - Freight capacity (lane metres) 7.5 km
 - 74 restaurants
 - 10 745 berths in 3 459 cabins (on 7 ships)
 - 58 conference rooms (on 8 ships)
- Color Line's service network is operated by 3 line organizations in Oslo, Sandefjord and Kristiansand.
- 3 827 employees, including part-time employees, of which 2 716 work onboard the ships and 1 111 are shore-based.
- Norway's largest marine training company. Approx. 50 trainees work onboard the company's ships at all times.

SAILING INTO THE FUTURE



The European travel and transport industry is going through a period of major change. By concentrating on the high quality cruise market on the longest routes and on efficient transport solutions on the short routes, Color Line continues to sail confidently into the future.

The introduction of M/S Color Fantasy on 10 December 2004 marked the start-up of a new era for Color Line and for seaborne traffic between Norway and the Continent. Offering cruise quality of international top class and a marked increase in freight capacity, Color Fantasy has been a success, opening up new and attractive tourist markets in Europe.

Major changes are taking place in the European ferry industry. These are partly due to the changes in holiday and leisure patterns, the increase in offers of low price air travel and the steadily increasing cost of fuel. These changes have necessitated new concepts in sea transport. By concentrating on the high quality cruise market on the longest routes and on efficient transport solutions on the short routes, Color Line is confident that in adopting this forward-looking policy, the company will be in a position to meet the challenges of the future.

The introduction of Color Fantasy marked the start-up of an essential renewal of the Color Line fleet. From 2004 to 2008 the company will be investing approx. NOK 7.5 billion in four new ships. A contributing factor to this engagement, from a Norwegian viewpoint, is the Government decision to bring framework conditions for ferry operators more in line with those our competitors in the EU through the net wage system for seamen.

The engagement in the cruise market that started with the introduction of Color Fantasy will be further strengthened in September 2007 by the introduction of the sister ship M/S Color Magic. In December 2007 and April 2008 the new ships in the Color Line SuperSpeed class will be put into operation between Norway and Denmark. Reduced travelling time, new loading and discharge systems and easy booking on the Internet will mean that SuperSpeed will be a much more efficient transport system compared with present-day services. Journeys will be faster, more efficient and flexible. The new ships will have appreciably higher capacity, accommodating approx. 1 900 passengers and offering three main alternatives for the carriage of passenger cars and trailers, depending on season and demand.

Norway has a large, unutilized potential as a destination for demanding European tourists looking for clean, unspoilt nature, active holidays and recreation. Annually, Color Line generates many millions of guest days for Danish, Swedish, German and Norwegian hotels and other types of accommodation. On the basis of our new concepts, it is expected that this figure will increase in the time ahead. Color Line is therefore cooperating with the land-based tourist industries to satisfy the demands of customer groups for holidays and leisure breaks.

THIS IS COLOR GROUP



Color Group ASA is engaged in the transport of passengers and goods, hotel operations, restaurants, retailing, entertainment and organized tour production through two wholly-owned subsidiary companies, Color Line AS and Color Hotel Skagen AS.

Color Line AS has its head office in Oslo, while joint corporate functions take place in Sandefjord, Kristiansand and Hirtshals. The company has branch offices in Larvik, Stavanger, Bergen, Hirtshals, Frederikshavn, Kiel and Strömstad.

Color Line AS handles all activities connected with ferry operations, which is the major part of the Group's activities, while Color Hotel Skagen in Denmark is part of the company's destination development programme and is integrated in Color Line's operations. In this report we will therefore only refer to Color Group and Color Hotel Skagen when there is a requirement to emphasize these as separate commercial units.

In 2005, the Color Group recorded total revenues of NOK 4 682 million. Color Group is owned by O.N. Sunde AS.

HIGH QUALITY IN TRANSPORT AND TRAVEL

Color Line operates in the fields of tourism and shipping, offering market-oriented and profitable tourist and transport services. The company's products and services must maintain a high level of quality, safety, service, environmental efficiency, adventure and dependability.

A CENTURY OF REGULAR OPERATION

Color Line AS represents more than a century of continuous regular service between Norway and the Continent. The company was established in 1990, and stems from the two Kosmos companies Jahre Line and Norway Line. In the same year, the company acquired the Fred. Olsen Lines ferry operations, thereby strengthening the company's strategic position and expanding operations appreciably.

Later in the 1990s, the Group contributed towards further consolidation of the Norwegian cruise ferry market through the acquisition of the operations in Larvik Line (1996) and Scandi Line (1998). In September 1998, Color Line AS also acquired Color Hotel Skagen AS.

In recent years Color Line has further strengthened its position in the market through the launching of M/S Color Fantasy, an innovative ship concept combining the high standard of a cruise ship with conference facilities and the carriage of passenger cars and cargo.

THE MARITIME BUSINESS

Color Line's business comprises cruise operations, transport, freight and forwarding, hotel operations and retailing. In addition, the company handles the operation and maintenance, development and management of the company's own tonnage. Operational responsibility for all Color Line ships lies with Color Line Marine AS in Sandefjord. All the Color Line ships in all-year operation are registered in the Norwegian Ordinary Ship Register (NOR), and are manned primarily by Norwegian crews.

In 2005, approx. 4.4 million passengers travelled by Color Line. This is an increase of approx. 5 percent compared with 2004. The increase was registered on the Oslo-Kiel service and the Bergen/Stavanger-Hirtshals service. The other services registered a drop in passenger figures of between 2.7 percent and 12.9 percent. Freight volume increased by 12 percent from 2004 to 2005.

The company's new ship, M/S Color Fantasy, has been a success in its first full year of operation. The approx. 577 000 passengers travelling by Color Fantasy in 2005 represent an increase of about 80 percent compared with the number of passengers travelling by M/S Prinsesse Ragnhild on the same service in the preceding year. With an average of 1 600 guests on every voyage, the new ship was in practice fully booked throughout the year. The ship also won several awards during the year, and was elected the safest ferry in Europe by the German motoring organization ADAC.

On 27 April 2005, Color Line launched a new cruise ferry service, offering a direct line between South West Norway and Denmark - between Bergen/Stavanger and Hirtshals. The counties of Hordaland and Rogaland have several thriving industries and a total population equal to that of Oslo and Akershus, and did not previously have a daily ferry service to Denmark and the Continent. The new West Coast service, served by M/S Prinsesse Ragnhild, recorded a passenger figure of approx. 184 000 during the first eight months of operation.



TOURISM - A GROWTH INDUSTRY

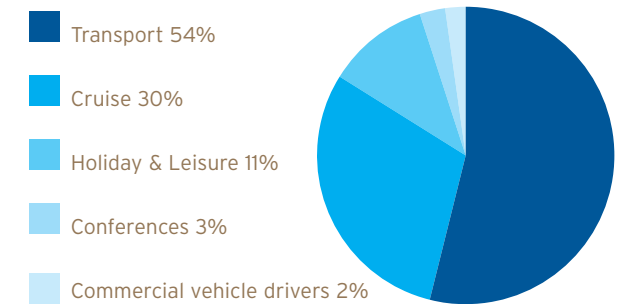
If Norway is to reach the Government's declared objective of a million new tourists to Norway by 2010, growth must take place in the nearby foreign markets. Color Line is therefore cooperating with the authorities and the land-based tourist industry in Norway in a programme aimed at increasing market shares in neighbouring countries. Market surveys have shown that it is first and foremost the Norwegian fjords that foreign tourists regard as unique and which is why they choose Norway instead of other destinations. Moreover, Oslo is Norway's major tourist destination, paving the way for attractive travel offers between East and West Norway.

Surveys show that the German and European markets prefer the more organized types of outdoor holidays than Norwegian tourist destinations have traditionally been able to offer. Color Line is therefore cooperating with Innovation Norway, the Forum for Tourism, NHO Tourism and numerous destinations on measures aimed at further developing Norway's potential as a holiday destination for foreign tourists.

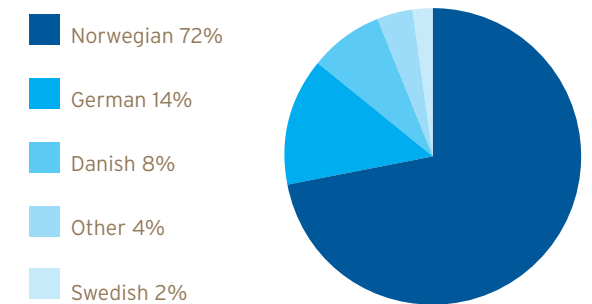
M/S Color Fantasy has given Color Line access to new market segments in the demanding German market for tourist travel. 231 000 of the guests travelling by Color Fantasy in 2005 (41 percent) were German nationals, and six out of ten of these guests had never travelled by Color Line previously. The number of German guests travelling on the Oslo-Kiel service increased from approx. 226 000 in 2004 to approx. 339 000 in 2005, an increase of approx. 50 percent. Color Line's decision to concentrate its efforts on a more dedicated cruise product has proved to be correct. When the sister ship, M/S Color Magic is launched in September 2007, Color Line expects to utilize an even larger part of the potential generated by Color Fantasy during its first year of operation.

The new West Coast service got off to a good start. The company considers the booking situation for 2006 to be satisfactory and increasing compared with 2005. Color Line considers that Norway's west coast has great potential as a destination for foreign tourists. In the time ahead, the company will cooperate with the tourist industry in order to attract more foreign tourists to this part of the country.

MARKET SEGMENTS

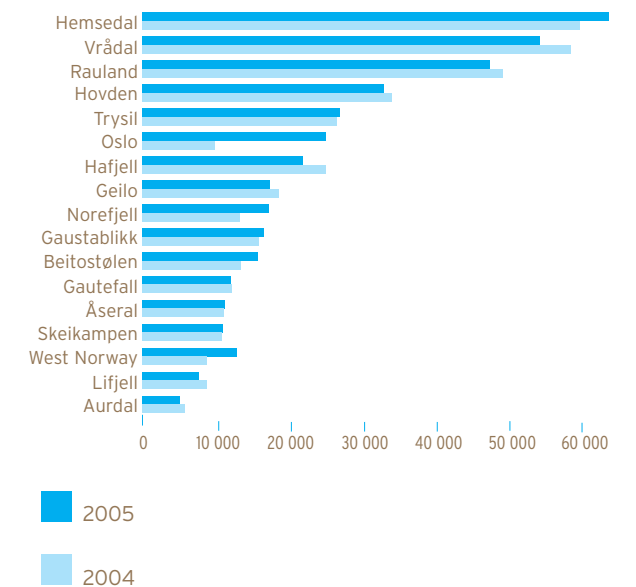


PASSENGER NATIONALITY



FOREIGN GUEST DAYS

Annual sales of foreign guest days in Norwegian hotels through Color Line's tour operations are estimated to total 450 000.



HIGHLIGHTS 2005

A historical record. More than 4.4 million passengers travelled by Color Line ships in 2005. This is 5 percent more than the preceding year and represents a historical record.

Growth in German guests. The total number of German guests travelling by all Color Line services was 610 000 - an increase of 24 percent from 2004 to 2005.

M/S Color Fantasy - a success. M/S Color Fantasy has been a success and approx. 577 000 passengers travelled by this ship during the first full year of operation. This represents a growth of approx. 80 percent compared with M/S Prinsesse Ragnhild in 2004.

The West Coast Service. The new West Coast service operated by M/S Prinsesse Ragnhild opened on 27 April. The ship carried approx. 184 000 passengers between Bergen/Stavanger and Hirtshals, and operated at a profit during its first year of operation (8 months).

Growth in freight. The total freight figure increased by approx. 12 percent from 2004 to 2005, and Color Line transported 177 195 trailers (12 metres) - more than ever before.

The Government budget for 2006. Although the net wage system is limited to safety personnel onboard Norwegian ferries calling at foreign ports (due to come into effect on 1 July 2006) and does not place us on an equal footing with competitors in Europe, it nevertheless represents a much needed predictable framework condition.

Fleet renewal. The company took a major and decisive step into the future in its ambitious and comprehensive fleet renewal programme, representing a total value over four years of approx. NOK 7.5 billion.

- On 27 May, Color Line concluded a contract with Aker Finnyards for the building of M/S Color Magic, a new cruise ship in the Color Fantasy class.
- On 15 December, Color Line concluded a contract with Aker Finnyards for the building of two new ships in the Color Line SuperSpeed class for delivery in 2007 and 2008.

DESTINATION JUTLAND

Color Line is working actively to further develop Jutland, Denmark as a destination for Norwegian tourists. Color Line transports almost 2.4 million passengers to and from Jutland each year. An important target in the year ahead will be to contribute towards increasing the attractiveness of Jutland as a holiday destination. Color Hotel Skagen, which is situated in one of Denmark's most popular holiday areas, will play an important part in this programme. Color Hotel Skagen is the largest hotel in Skagen with 152 rooms and 400 guest beds in hotel rooms and apartments. The hotel is a wholly-owned subsidiary of Color Group ASA and is operated as an integral part of the Color Line business.

GROWTH IN FREIGHT

Transport of freight is a growth area for Color Line. The company serves a comprehensive network of ports for shipment and discharge. The introduction of M/S Color Fantasy on the Oslo-Kiel service and M/S Prinsesse Ragnhild on the new West Coast service has increased Color Line's freight capacity during 2005.

The number of freight units (12 m) transported by Color Line ships increased by approx. 12 percent from 2004 to 2005, up to 177 195 units. In addition, 12 495 passenger cars were imported on the Oslo-Kiel service - an increase of approx. 5 percent in this segment.

The highest increases in freight volume were registered on the Oslo-Kiel service and the Larvik-Hirtshals service. The new West Coast service, which started up at the end of April, is also developing well in the freight segment.

It is Color Line's objective to increase the total freight volume in line with the increase in the transport market. The new SuperSpeed concept on the shortest routes between Norway and Denmark, operative from 2007, will provide the company's freight customers with an even more future-oriented, flexible and efficient freight service with considerably higher capacity.

SAFETY AND THE ENVIRONMENT

Color Line gives high priority to safety and protection of the environment and makes every effort to prevent hazardous situations, which could result in injury or damage to the environment. The company works continuously on improving its safety management system and on establishing a safety and environmental culture in the entire workforce, both at sea and ashore. Color Line is represented in international and national projects and bodies engaged in safety and the environment.

Color Line's engagement in environmental protection continues in line with guidelines based on the international MARPOL convention for prevention of pollution of the marine environment and ISO 14001. Statutory requirements with regard to the safety and operation of passenger ships are covered by the company's quality assurance system in accordance with the ISM Code. The ISM system is continuously improved and updated on the basis of risk evaluation, experience and amendments to national and international regulations.

The company attaches importance to reducing the volume of refuse from the ships and increasing recycling by means of refuse sorting at source. All refuse from Color Line's ships is taken ashore for processing by approved companies in cooperation with the respective port authorities.

MARPOL Annex VI, which regulates the sulphur content in fuel oil, came into force on 19 May 2005. Maximum 1.5 percent sulphur content will apply to the Baltic Sea in 2006, and to the North Sea in 2007. Color Line uses fuel oil with a sulphur content of less than 1 percent in order to reduce emissions to air.

The Norwegian Storting has ratified a decision, allowing increased domestic use of natural gas in Norway. In the time ahead, there will be growth in the demand for gas-driven vessels, both nationally and internationally. Gas-driven propulsion has advantages with regard to fulfilment of environmental demands, and it is expected that the required technology will be available in the near future. Color Line participates in the R&D project "Concepts for the use of LNG in large passenger ships and in freight transport" together with other national and international companies.

There were no major accidents in 2005 involving serious injury or pollution.

HIGHLIGHTS 2005

Bond loans. In 2005, Color Group ASA issued three bond loans of NOK 460 million with a duration of 5 years, NOK 300 million with a duration of 7 years, and NOK 152 million with a duration of 7 years.

Hirtshals port. On 5 October, an agreement was concluded on right of use for an area of approx. 10 000 sq.metres in the port of Hirtshals. A new cooperation agreement was concluded to ensure optimum operating conditions when the new SuperSpeed concept is introduced in December 2007.

M/S Skagen sold. On 19 April, Color Line sold M/S Skagen to an Egyptian shipowner for USD 3.4 million. M/S Skagen was built in 1975 and recently operated as a freight and transport ferry between Norway and Denmark.

F/F Silvia Ana purchased. Color Line purchased the high-speed ferry F/F Sylvia Ana, which has been on charter on the Kristiansand-Hirtshals service since 1997. This high-speed ferry was taken over from Boeing Capital Leasing Company and delivered to Color Line for USD 11.75 million in June.





EFFICIENCY AND SERVICE IN PORTS

The fleet renewal programme places new demands on efficiency, service and flexibility in ports. The background for this is the increased requirement for fast and efficient transport solutions between Norway and the Continent. The new concepts provide the opportunity of combining sailing schedules depending on season and transport requirements, and guests will to an increasing extent place demands with regard to design, comfort and efficiency, without unnecessary queues and pointless waiting. In cooperation with port authorities the company is investing in long-term solutions in order to meet future challenges.

Hirtshals is a key port for Color Line and an efficient link-up with the European motorway network. A four-lane motorway to this port was opened in 2004. Both Norway and the EU have clearly stated that Europe's transport problems must be addressed by further developing the sea transport and railway networks and by transferring freight from road transport to seaborne and rail transport. In recent years, the freight volume transported by Color Line's ships has increased by approx. 10 percent.

With the start-up of the new West Coast service in 2005 and a new freight service to Larvik in 2004, Color Line's traffic through the port of Hirtshals has increased appreciably. Color Line's engagement in Hirtshals takes place in close cooperation with Hirtshals port and the Danish authorities. In order to facilitate handling of the increased traffic through the port, the company secured a new parking area for cars and trailers in December 2005.

With the new Color Line SuperSpeed concept imminent, the turn has now come to the ports of Kristiansand and Larvik. The concept involves more efficient systems for loading and discharging on several levels simultaneously, and this requires rebuilding of the infrastructure of the ports.



M/S COLOR FANTASY
Oslo - Kiel
Year built: 2004
Register: NOR
Tonnage: 75 027 BRT
Length: 223,7 metres
Max. speed: 21 knots
Passenger capacity: 2 750
Cabins: 966
Berths: 2 799
Freight capacity (lane metres): 1 270
Vehicles: 750



M/S KRONPRINS HARALD
Oslo - Kiel
Year built: 1987
Register: NOR
Tonnage: 31 914 BRT
Length: 166,3 metres
Max. speed: 21 knots
Passenger capacity: 1 458
Cabins: 480
Berths: 1 458
Freight capacity (lane metres): 1 000
Vehicles: 750



M/S COLOR FESTIVAL
Oslo - Frederikshavn
Year built: 1985
Register: NOR
Tonnage: 34 694 BRT
Length: 171,5 metres
Max. speed: 21 knots
Passenger capacity: 2 000
Cabins: 568
Berths: 1 909
Freight capacity (lane metres): 800
Vehicles: 330



M/S PRINSESSE RAGNHILD
Bergen/Stavanger-H.hals
Year built: 1981/1992
Register: NOR
Tonnage: 35 855 BRT
Length: 205,3 metres
Max. speed: 21 knots
Passenger capacity: 1 515
Cabins: 566
Berths: 1 766
Freight capacity (lane metres): 900
Vehicles: 650



M/S CHRISTIAN IV
Kristiansand - Hirtshals
Year built: 1982
Register: NOR
Tonnage: 22 161 BRT
Length: 154,5 metres
Max. speed: 18 knots
Passenger capacity: 1 860
Cabins: 286
Berths: 723
Freight capacity (lane metres): 680
Vehicles: 480



F/F SILVIA ANA
Kristiansand - Hirtshals
Year built: 1996
Register: Bahamas
Tonnage: 7 895 BRT
Length: 125 metres
Max. speed: 41 knots
Passenger capacity: 1 109
Cabins: 0
Berths: 0
Freight capacity (lane metres): 0
Vehicles: 195 and 4 buses



M/S PETER WESSEL
Larvik - Hirtshals
Year built: 1981/1988
Register: NOR
Tonnage: 30 317 BRT
Length: 168,5 metres
Max. speed: 19 knots
Passenger capacity: 2 138
Cabins: 513
Berths: 1 806
Freight capacity (lane metres): 750
Vehicles: 562



M/S COLOR TRAVELLER
Larvik - Hirtshals
Year built: 1981
Register: NOR
Tonnage: 17 098 BRT
Length: 140,8 metres
Max. speed: 17 knots
Passenger capacity: 1 100
Cabins: 80
Berths: 284
Freight capacity (lane metres): 1 150
Vehicles: 420



M/S COLOR VIKING
Sandefjord - Strömstad
Year built: 1985
Register: NOR
Tonnage: 19 763 BRT
Length: 137 metres
Max. speed: 18 knots
Passenger capacity: 1 720
Cabins: 0
Berths: 0
Freight capacity (lane metres): 490
Vehicles: 370



M/S BOHUS
Sandefjord - Strömstad
Year built: 1971
Register: NOR
Tonnage: 9 149 BRT
Length: 123,4 metres
Max. speed: 19 knots
Passenger capacity: 1 165
Cabins: 0
Berths: 0
Freight capacity (lane metres): 462
Vehicles: 240



TRANSPORT AND THE ENVIRONMENT

Transport of goods by sea is an environmentally friendly alternative for the transport of passengers, vehicles and goods. In recent years, road traffic in Europe has increased considerably, and for this reason both the Norwegian authorities and the EU authorities see it as an increasingly important political objective to transfer a larger part of the transport of passengers and freight from road transport to rail and sea. More efficient sea transport systems with high capacity as represented by the new ships in the Color Line SuperSpeed class and in the Color Fantasy class are therefore in line with leading environment policy objectives.

Color Line has an ongoing dialogue with the authorities on the question of sea transport, both as a partner in discussions and as a party for consultation.

PLAYING A KEY ROLE

Color Line considers that it is important to maintain a good dialogue with central and local authorities, organizations, customers and cooperating partners, and takes an active part in cooperating on the development of the community and of industry in Norway and in the other countries in which the company is engaged. Examples include the initiatives taken by Color Line to strengthen the development of attractive Norwegian tourist destinations and coordination of the marketing of Norway abroad, as well as Color Line's contribution to develop the Norwegian maritime cluster through research and innovative shipbuilding projects. The company generates approx. 5 million guest days annually in Norway. Color Line also contributes extensively to local value-creation and business development in its ports of call.

Color Line has included responsibility to the community in its corporate operations.

RATIONAL BOOKING SYSTEM

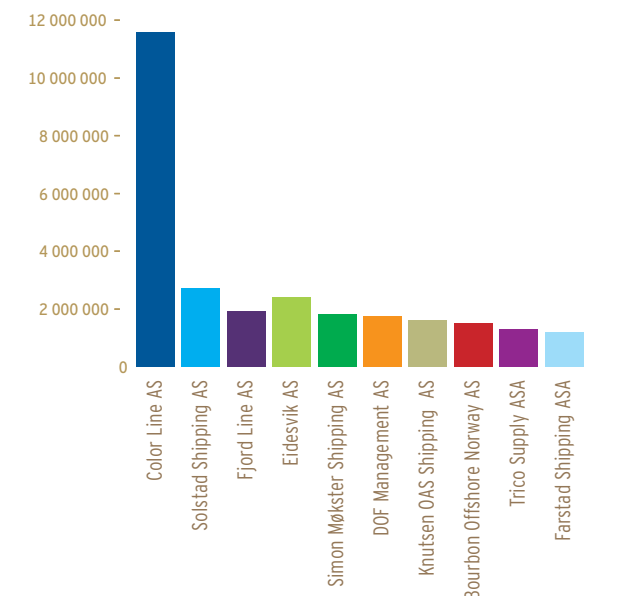
The appreciable increase in capacity planned by Color Line in the next few years will mean that systems and processes must be as rational as possible at every stage. The company is in the process of implementing a comprehensive programme of efficiency improvement measures, which will be completed early in 2007.

The aim of the programme is that guests shall experience all stages of their journey as efficient. During the course of the next two years, Color Line will take completely new technology into use in order to meet our customers' expectations in a cost-efficient manner. The company is now investing major resources in developing and implementing a forward-looking Internet solution where customers more extensively can make reservations on-line. This is in line with the developments in, for example, low-price air travel, a main competitor for Color Line.

"New Color Line" comprises a new booking system, new Internet solution, self-service check-in and boarding, new price structure and dynamic self-packaging. Both passenger traffic and freight services will be included in the new system, which will provide more rational planning and booking. It is planned that all projects in the efficiency improvement programme will be under way towards the end of 2006 and will be operative from 2007.

THE 10 MAJOR CONTRIBUTORS

- to the Foundation Norwegian Maritime Competence in 2005





DEVELOPING OUR CORE VALUE

Color Line's core value is engagement, and the relationship between employees, as well as their relations with customers and cooperating partners shall be imbued with engagement.

In the time ahead, cost-efficiency and optimization of operations will be increasingly important. To achieve this, we shall further develop the core value in order to meet the challenges in the cruise ferry industry.

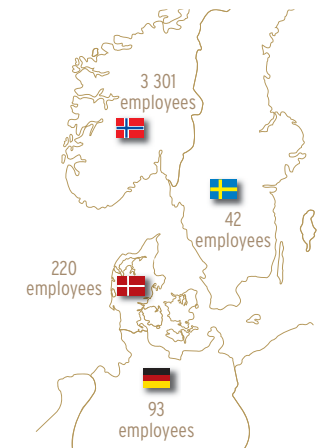
For some time, the traditional short services between Norway and Denmark have shown a stagnating tendency and a decline in passengers. Part of the reason for this is competition from low price air travel, gradual price harmonization in Europe, and the demand in the market for efficient transport solutions. The cruise ferry industry therefore faces structural changes, and the voyage into the future starts now.

Color Line has taken a quantum step into the future through the company's fleet renewal programme up to 2008, representing an investment of approx. NOK 7.5 billion. The framework is in place through the fleet renewal programme and the company's tourism strategy. Extensive use of new technology will be applied in the upgrading and automatization of internal manual processes. Check-in and boarding machines will be introduced, and the largest part of bookings by customers will take place over the Internet. This will reduce the requirement for the manning of call centres and customer centres.

A special programme has been introduced to identify areas where efficiency can be improved and costs reduced. The aim is to maintain Color Line's position as a leading European shipowning company and to secure the company's large-scale investments.

Future developments will place new demands on the organization and on the employees, and the next two years will be demanding at all levels in the company. A plan has therefore been prepared, which will contribute towards providing information on the structural changes that are taking place in the industry and an understanding of the requirement for further developing Color Line. Through loyalty, service-mindedness and the will and ability to change, engagement will be created, which will secure the company's forward-looking investments and obligations.

EMPLOYEES IN COLOR LINE



GEOGRAPHIC DISTRIBUTION OF EMPLOYEES

	Maritime	Shore-based
Finnmark	5	0
Troms	12	1
Nordland	8	1
Nord-Trøndelag	6	0
Sør-Trøndelag	15	0
Møre og Romsdal	32	5
Sogn og Fjordane	24	2
Hordaland	143	17
Rogaland	46	13
Vest-Agder	345	199
Aust-Agder	226	9
Telemark	137	5
Vestfold	956	238
Buskerud	56	20
Oppland	32	4
Hedmark	45	2
Oslo	187	144
Akershus	89	87
Østfold	181	9
TOTAL NORWAY	2 545	756
Norwegian crew members		2 545
Foreign crew members		171
Color Line Norway		756
Color Line Denmark		220
Color Line Sweden		42
Color Line Germany		93
TOTAL including part-time employees		3 827
Number of trainees onboard		56



SPONSORSHIPS

Color Line has established cooperation with organizations and supports events in Norway and Germany. This serves to increase awareness of the Color Line name in Germany and contributes towards strengthening the bilateral connections between Norway and Germany.

The Independence Centenary

Color Line is one of the main sponsors of an exhibition entitled "Not just salmon and sausages", depicting a century of Norwegian-German connections. The exhibition opened in October 2005 and will visit several Norwegian and German cities in 2006.

The Norwegian Opera

As one of the main sponsors of the Norwegian Opera, Color Line wishes to contribute in promoting interest in opera and ballet to new target groups. This cooperation is part of Color Line's engagement in promoting Oslo as an international city for culture and entertainment.

Color Line Arena

Color Line is the name sponsor for the Color Line Arena in Hamburg, one of Europe's largest and most modern multi-purpose halls for cultural and sporting events. Color Line utilizes this sponsorship to promote Color Line and Norway as a tourist destination.

Color Line Stadium Ålesund

The Color Line Stadium in Ålesund is Aalesund Fotballklubb's home ground. An ultramodern sports facility for use all year round with a capacity of 11 000 spectators.

AWARDS

ShipPax Award. Color Line was presented with the ShipPax Award for M/S Color Fantasy as the world's most innovative cruise ship/ferry.

M/S Color Fantasy was proclaimed the safest ferry in Europe in a survey carried out by the German motoring organization ADAC.

The international HSMIAI prize (Hospitality Sales and Marketing Association International) for the best TV commercial. Color Line's commercial film "Neighbours" won in competition with more than 1 300 entries from 45 countries.

The Bronze Lion in Cannes. Color Line's commercials "Homecoming 1" and "Homecoming 2" were awarded the Bronze Lion at the commercial film festival in Cannes. Color Line's entry was the only Norwegian award winner.

Sølvfisken (Television Award). "Homecoming 1" also won the Sølvfisken Award for July. Sølvfisken is awarded to the month's best commercial.

The website www.colorfantasy.no has won numerous awards:

- The Good Design Award from the Norwegian Design Council
- The "Gulltaggen" award for best network service
- Visual competition, silver medal in the class "screen-based visual communication"
- The HSMIAI award for best website
- The Rosing award for best network service

5 wild boars awarded by the Culinary Corps. The restaurant Crystal Room onboard M/S Prinsesse Ragnhild was awarded the highest distinction, 5 wild boars, by the Culinary Corps, which originates from the old Danish guild "Christian IV Guild".

The Best Ferry Operator. In January 2006, the employees in Norwegian travel agencies proclaimed Color Line as Norway's best ferry operator for the eleventh year running.

COLOR LINE SUPERSPEED



Illustrasjon

SAILING INTO THE FUTURE

The SuperSpeed concept is designed to meet the challenges of a changing transport market. This is a dedicated transport concept and is a complement to Color Line's engagement in the short cruise market.

With the Color Line SuperSpeed concept, Color Line enters a new era in the traditional seaborne traffic between Norway and Denmark. SuperSpeed represents efficient transport solutions for a large number of passengers, cars and cargo, quickly and efficiently to and from the Continent. The new ships will increase capacity between Norway and Denmark.

The SuperSpeed ship has a length of 211 metres and a capacity of approx. 1 900 passengers. There will be three main alternatives for car deck transport, depending on season and requirements. Either 89 trailers and 248 passenger cars, 525 cars and 60 trailers or 121 trailers. The vehicle lanes cover a distance of 2 km. The ship will have 54 cabins for commercial vehicle drivers.

The new ships represent an essential and future-oriented renewal of the fleet. The SuperSpeed ships will be put into operation on the Kristiansand-Hirtshals service and the Larvik-Hirtshals service from December 2007 and April 2008 respectively.

A NEW TRAVEL EXPERIENCE

The new SuperSpeed ships will provide faster and more efficient transport in addition to greater flexibility for the transport of passengers and freight. The planned Internet-based booking system will enable customers to make travel arrangements or book in freight in a single operation. During embarkation, efficient loading and discharge systems at the bow and stern of the ship will ensure that cars and cargo are rapidly stowed on several levels simultaneously. Passengers perform simple check-in and boarding routines in self-service check-in booths.

The short transport time means that there is no longer a requirement for passenger cabins onboard. During the few hours onboard, passengers can enjoy a good meal, go shopping or make use of the other facilities onboard.

FACTS ABOUT SUPERSPEED

Measurements

- 33 500 tonnes (GRT)
- Length 211.3 metres, beam 25.8 metres, draft (design) 6.55 metres, height 42.7 metres
- 11 decks

Capacity

- 1 928 passengers
- Freight: 2 034 lane metres for trailers and 3 890 lane metres for passenger cars
- 54 cabins for commercial drivers
- Max. speed 27 knots

Duration of voyage

- Kristiansand-Hirtshals 3 hours 15 minutes
- Larvik-Hirtshals 3 hours 45 minutes

Built at

- Aker Finnyards in Rauma, Finland
- Contract value: approx. NOK 2 billion. In addition, Color Line will contribute towards adapting the ports for the new ship concept
- Delivery: December 2007 and April 2008





PRINCIPAL FIGURES AND KEY FIGURES

CONSOLIDATED	2005	2004	2003	2002	2001	2005	
DEVELOPMENT OF TRAFFIC							
Passengers	4 433 072	4 211 284	4 241 870	4 243 684	4 080 211		
Cars	809 188	823 029	818 467	797 574	738 143		
Freight units (12m-equivalents)	177 195	158 357	142 223	139 001	134 000		
PROFIT/LOSS (in NOK million)							
	1)					(in EUR mill.)	
Revenues	4 682	3 944	3 816	3 796	3 698	586	
Operating expenses	-3 740	-3 151	-2 963	-2 901	-2 948	-468	
EBITDA	942	793	853	895	749	118	
Depreciation	-495	-367	-367	-390	-389	-62	
Charter expenses	-77	-74	-37	-37	-53	-10	
Operating income before write-down/loss/gain	369	352	449	467	306	46	
Gain and loss on sales, write-downs	9	1	8	-150	-4	1	
EBIT	378	353	457	317	302	47	
Net financial items	-122	-89	-107	12	-134	-15	
Income before taxes	256	263	349	329	168	32	
Taxes	-87	-94	-108	-106	-60	-11	
Net income	169	169	241	222	108	21	
BALANCE SHEET (in NOK million)							
Current assets	615	769	549	880	619	77	
Fixed assets	5 699	5 521	3 374	3 406	3 604	713	
Total assets	6 314	6 290	3 923	4 285	4 223	790	
Current liabilities	566	595	407	814	434	71	
Long-term debt	3 216	3 270	1 361	1 478	1 784	403	
Deferred taxes	557	512	432	471	516	70	
Shareholders' equity	1 973	1 912	1 720	1 519	1 487	247	
Total liabilities and shareholders' equity	6 314	6 290	3 923	4 285	4 223	790	
LIQUIDITY (in NOK million) / SOLIDITY (%)							
Cash and cash equivalents as at 31 Dec.	3)	1 508	1 465	631	430	412	189
Cash flow	4)	865	714	816	858	696	108
Equity ratio %		31	31	44	35	35	
Net interest-bearing debt		3 082	3 017	1 130	1 160	1 426	402
EBITDA Color Line		936	788	846	889	743	117
EBITDA Color Hotels		6	5	7	6	6	1
EMPLOYEES / SUNDRY EXPENSES							
Number of employees	5)	3 827	3 268	3 065	2 812	2 925	
Cost of wages		1 303	1 102	1 053	1 079	1 141	163
Port fees		138	121	114	92	78	17

Definitions:

- 1) Translated to Euro, exchange rate as at 31 Dec. 05
- 2) Operating profit/loss before ordinary depreciation and charter expenses
- 3) Including non-utilized credit facilities
- 4) EBITDA less charter expenses
- 5) including part-time employees in 2005

DIRECTORS' REPORT

PROFIT AND LOSS ACCOUNT

The financial results for Color Group ASA in 2005 were in line with the preceding year. Revenues increased to NOK 4 682 million in 2005 compared with NOK 3 944 million in 2004. This increase is primarily the result of the introduction of M/S Color Fantasy and the newly started service from West Norway to Denmark, operated by M/S Prinsesse Ragnhild. In 2005 the Group recorded an operating result before ordinary depreciation, gain/loss on sales, write-downs and charter expenses (EBITDA) of NOK 942 million compared with NOK 793 million in 2004. Operating profit in 2005 totalled 378 million compared with NOK 352 million in 2004.

The Group's net financial items showed a deficit of NOK 122 million in 2005 compared with a deficit of NOK 89 million in 2004.

The accounts were closed with a pre-tax profit of NOK 256 million and profit after tax of NOK 169 million. The equivalent figures for 2004 were NOK 263 million and NOK 169 million.

The consolidated accounts are presented on the assumption of continued operation as a going concern.

Color Group ASA is engaged in the transport of passengers and goods, hotel operations, restaurants, the retail trade, entertainment and organized tour production. Color Group's head office is in Oslo. Color Group ASA is the active holding company for the wholly owned subsidiary companies Color Line AS and Color Hotel Skagen AS. Color Line has its head office at Hjortneskaaien in Oslo and is responsible for all maritime-related operations. Color Hotel Skagen in Denmark is an integral part of Color Line and forms part of the Group's destination development programme.

The number of guests travelling by Color Line's cruise ferries in 2005 showed an increase of approx. 5 percent up to approx. 4.4 million. This is due to an almost 40 percent increase in the number of passengers travelling between Oslo and Kiel, resulting from the introduction of M/S Color Fantasy, and the newly started service from Bergen/Stavanger to Hirtshals. Freight increased by 12 percent up to 177 195 freight units (12m equivalents).

The parent company Color Group ASA recorded a pre-tax profit of NOK 138 million compared with NOK 38 million in 2004. Profit after tax totalled NOK 99 million in 2005 compared with NOK 21 million in 2004. The Directors propose that the profit be allocated to other equity.

The Directors are of the opinion that the Annual Financial Statement provides a true presentation of Color Group ASA's assets and liabilities, financial position and result for the year.

FINANCIAL MATTERS

The Group focuses on long term financial flexibility of action. In 2005 Color Group ASA took up three bond loans - NOK 460 million maturity 5 years, NOK 300 million maturity 7 years and NOK 152 million maturity 7 years. The bond loans are registered on the Oslo Stock Exchange. As at 31 December 2005, the outstanding amount in bond loans totalled NOK 1 180 million. In 2005, Color Line AS concluded the final agreement with Aker Finnyards Inc. for the building of a new ship in the same class as M/S Color Fantasy. The contract sum is approx. EUR 325 million and it is estimated that delivery of the newbuilding will take place during the last quarter of 2007. The company has received a loan commitment and has accepted financing of approx. 80 percent of the contract sum at a maturity of 12 years from date of delivery. Color Group ASA guarantees Color Line AS' commitment during the building period. In 2005 Color Line AS has also concluded a final agreement with Aker Finnyards Inc. on the building of two new Ro/Pax SuperSpeed ships. The contract sum is approx. EUR 126.7 million per ship and it is expected that these newbuildings will be ready for delivery at the end of 2007 and early in 2008 respectively. The ships will be financed for approx. 80 percent of the purchase sum, maturing 12 years from date of delivery.

In its loan agreements, the Group has commitments linked to liquidity, equity and debt servicing ratio. All commitments were fulfilled as at 31 December 2005.

In 2005, the Group's cash flow from operations (EBITDA) totalled NOK 942 million. Net cash flow from investments and financing activities was -NOK 704 million. The Group's balance sheet as at 31 December 2005 totalled NOK 6 314 million. The Group's total liquidity reserves, including granted drawing rights and liquid securities amounted to NOK 1 508 million as at 31 December 2005. Interest bearing debt totalled NOK 3 216 million as at 31 December 2005 and shareholders equity amounted to 1 973 million which is approx. 31 percent of the consolidated balance sheet. Group distributable equity as at 31 December 2005 totalled NOK 792 million.

The Group is exposed to foreign exchange risk due to fluctuations in NOK against other currency, particularly USD, EUR and DKK. The Group is also exposed to interest risk and fluctuations in the price of bunker products. Color

Group practises an active financial risk management strategy. This strategy is entrenched in the board-approved annual budgets. 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. 25 percent of the Group's interest bearing debt was secured through fixed interest agreements. The Group's credit risk is monitored systematically. The Group has a limited market risk as its business relates to a large number of customers.

WORKING ENVIRONMENT AND PERSONNEL

As at 31 December 2005, the Group employed a workforce of 3 827 persons including those in temporary positions. 2 716 persons worked on board the ships. In 2005 average absence due to illness in the Group was approx. 5.4 percent for shore-based employees and approx. 9 percent for off-shore employees.

High importance is attached to annual job assessments - which show a positive development. Annual assessments include fixed routines for the preparations of plans for improvement which are subsequently carefully followed up. The Directors consider that the working environment is good and will continue to focus a high level of attention on the environment and on absence due to illness in respect of both onshore and offshore employees.

EQUAL OPPORTUNITIES

It is Color Group ASA's objective that there shall be full equality between women and men employees. The Group has taken steps to ensure that no discrimination takes place in this area.

Of the 2 716 employees on board the ships, 1 169 are women. There are 202 leading positions of which 32 are held by women. The percentage of women in leading positions onboard the ships is relatively low as technical/marine jobs have traditionally been male dominated and so far few women hold the necessary certificates.

Of the 1 111 shore-based personnel, 682 are women. There is one woman in the Color Line AS group management. The percentage of women in shore-based management positions is approx. 35 percent.

SAFETY AND THE ENVIRONMENT

Color Line gives high priority to security and the environment and makes every effort to prevent the occurrence of hazardous situations that could result in injury or damage to the environment.

The company works continuously to improve its Safety Management Code and has introduced measures to stimulate a positive attitude towards safety and environmental issues in all the company's employees, both at sea and on land. Color Line is represented in international and national projects and bodies working in the field of safety and the environment.

The company's engagement in environmental issues continues in accordance with the guidelines based on ISO 14001, which is the international standard for environmental management.

The official requirements with regard to the safety and operation of passenger vessels are complied with through the ISM code. The company works continuously to improve the ISM system as well as the system for the reporting and processing of unintentional mishaps and the environmental accounts.

The company gives high priority to reducing the volume of refuse from the ships and to encourage recycling through the sorting of refuse at source. All refuse from Color Line ships is taken ashore and processed by approved refuse collection companies in cooperation with the respective port authorities.

MARPOL Annex VI, which regulates the sulphur content in fuel oil came into force on 19 May 2005. A limit of maximum 1.5 percent sulphur content in fuel oil will apply to Baltic sea traffic in 2006 and to the North Sea in 2007. The fuel oil used by Color Line has a sulphur content of less than 1 percent in order to reduce emissions to air.

The Norwegian Storting has approved an increase in the use of natural gas in Norway. In the time ahead there will be a growing market for gas-fuelled vessels, both nationally and internationally due to the advantages linked to fulfilling of the environmental requirements and due to the fact that the required technology will reach the necessary development stage in the near future.

Color Line participates in the R&D project "Concept for the use of LNG in large passenger ships and in the transport of goods" in co-operation with other national and international companies.

There were no serious accidents in 2005 involving injury or pollution.

THE BOARD OF DIRECTORS AND SHAREHOLDERS

O.N. Sunde AS owns 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

The cruise and ferry industry is characterized by a high level of investment resulting from an ongoing requirement for the development of existing tonnage and investment in new tonnage. This places demands on earning potential.

The international market for sea transport is going through a period of major changes. In Europe, the explosive development in low-price air travel and the considerable increase in the price of fuel has contributed towards a fall-off in the number of passengers, while freight figures have increased. Developments in 2005 have shown that the European ferry industry is facing structural changes, where on the one side several services have been discontinued and several traditional companies are up for sale, while on the other hand there is optimism in the form of newbuilding contracts and innovation.

The general decline in passengers in the ferry traffic in Europe in recent years has also been reflected in the traditional short Color Line routes between Norway and Denmark which have shown a stagnating tendency. Color Line anticipates future growth and segmentation in the two market sectors, cruise and transport in which the cruise concept covers a wide scope of leisure activities and entertainment onboard, making the ship a destination in itself and where transport represents cost efficient and fast transport of freight.

As a consequence, Color Group ASA will be investing approx. NOK 7.5 billion from 2004 to 2008 in new ships and concepts adapted to meet the passenger and freight markets of the future. At the same time the company is co-operating with Norwegian tourist destinations on the development of attractive destinations, accommodation and active holiday offers. Color Group ASA's investments are based on the fact that Norway has a large potential as a holiday destination for European tourists. The company is also engaged in strengthening and developing the tourist industry on Jutland in Denmark.

In December 2004, Color Line introduced M/S Color Fantasy, the world's largest cruise ship with a car deck, operating on the Oslo-Kiel service. M/S Color Fantasy has been built specially for short cruise operation and has been well received in the market. This ship has contributed towards an increase in the number of passengers travelling between Oslo and Kiel of 40 percent from 2004 to 2005. Almost 250 000 more passengers have enjoyed the ship's facilities and almost half of these were German subjects. Approx. 60 percent of the new German guests had not previously travelled by Color Line. Color Line has thereby

managed to attract new customer groups from the German tourist market. The increase in volume from Germany has had positive spin-off effects for the Norwegian land-based tourist industry. Building work has already commenced on M/S Color Fantasy's sister ship, M/S Color Magic. The new ship is due to be completed and put into operation in September 2007.

2007 will also see the launching of Color Line's SuperSpeed project, the company's new engagement on the short transport routes between Norway and Denmark. SuperSpeed is not only a new ship, it is a new and much more cost and time efficient transport solution which will reduce travelling time and increase transport capacity appreciably on the short transport services between Norway and Denmark. At the same time, the new SuperSpeed concept represents a reduction in operating expenses per passenger. The two SuperSpeed ships will be put into operation on the Kristiansand-Hirtshals and Larvik-Hirtshals services from December 2007 and April 2008 respectively.

With the SuperSpeed concept, Color Line will be in a position to meet the challenges of the changing passenger and freight markets. SuperSpeed is a dedicated transport concept for passengers and freight. This concept will complement Color Line's engagement in short holiday cruises by M/S Color Fantasy and M/S Color Magic.

The new West Coast service got off to a good start. The company considers the booking situation for 2006 to be satisfactory and bookings are increasing compared with 2005. Color Line considers that the West Coast of Norway offers great opportunities as a holiday destination for foreign tourists. In the time ahead the company will co-operate with the tourist industry in attracting more foreign tourists to this area of Norway.

Color Line operates in a demanding competition situation on both the passenger side and on the freight market. The company faces competition partly from other ferry companies and partly from alternative forms of transport. The market is international and Color Line is dependant on stable framework conditions which are in line with the conditions for foreign competitors in the EU in order to further develop as a Norwegian corporation.

Color Line works actively to establish terms for Norwegian maritime personnel that are equal to those of the company's competitors in the other Nordic countries and in the EU. This initiative takes place in co-operation with Color Line maritime personnel and their unions, The

Norwegian Shipowners' Association, The Maritime Forum and the Norwegian authorities.

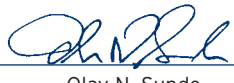
The declaration by the newly elected Government in 2005 finally provided the long-awaited long term predictable framework conditions for Color Line in Norway, involving the adoption and introduction of net wages for vital crew members onboard Norwegian ferries serving foreign destinations, representing approx. 75 percent of the scheme in 2005. Although the new arrangement does not provide full equality with competitors in Europe, it represents both

predictability and stability. Color Line perceives the Government declaration as a long term commitment, on an equal footing with that of competing shipowners in the EU and the other Nordic countries, provisionally in force up to 2011. Long term and predictable conditions are important for Color Line's further development in Norway and for the Norwegian land-based tourist industry.

For 2006 the Group anticipates that profit after tax will be in line with 2005. The Directors are of the opinion that the company is well equipped to meet the challenges of 2006.


Oslo, 14 March 2006


Morten Garman
Chairman of the Board


Olav N. Sunde
Group President


Bjørn Paulsen


Leif Klevan


Lars V. Petersen


Tommy Wedel

INCOME STATEMENT


PARENT COMPANY				GROUP			
Amounts in TNOK							
2005	2004	2003	Note	2005	2004	2003	
139 964	118 440	228 529	15	4 682 065	3 943 941	3 816 026	Revenues
0	0	0		-1 540 505	-1 272 539	-1 174 266	Cost of goods sold
-7 525	-6 575	-5 899	8,10	-1 302 612	-1 101 771	-1 053 226	Cost of wages
-18 471	-15 825	-20 771	9	-896 725	-775 858	-733 611	Other operating expenses
0	0	0		-175	-454	-2 650	Bad debts
-25 996	-22 400	-26 670		-3 740 017	-3 150 622	-2 963 753	Total operating expenses
113 968	96 040	201 859		942 048	793 319	852 273	Operating income before depreciation and charter expenses (EBITDA)
-22 210	-22 289	-22 297	7	-495 339	-367 010	-367 108	Depreciation
0	0	0	9	-77 301	-73 878	-36 463	Charter expenses
91 758	73 751	179 562		369 408	352 431	448 702	Operating income after depreciation and charter expenses
39	0	0	7	8 926	268	7 799	Profit/loss on sales, write-downs
91 797	73 751	179 562		378 334	352 699	456 501	OPERATING INCOME (EBIT)
119 596	52 854	78 634		0	0	0	Interest from companies in the same Group
1 242	316	20 340		14 223	7 481	27 323	Other interest income
0	0	-16 475		0	0	-16 475	Changes in fair value of short-term shareholdings
84 918	1 597	4 788		34 853	952	3 628	Other financial income/expense
0	0	-9 527		0	0	0	Interest costs to companies in the same Group
-159 796	-90 233	-112 123		-171 360	-97 918	-121 956	Other interest expenses
45 960	-35 466	-34 363		-122 284	-89 485	-107 480	NET FINANCIAL ITEMS
137 757	38 285	145 199		256 050	263 214	349 021	INCOME BEFORE TAXES
-38 862	-17 719	-39 132	13	-87 020	-94 247	-107 917	Taxes
98 895	20 566	106 067		169 030	168 967	241 104	NET INCOME
0	0	152 500					Paid dividend
108 593	76 793	252 314					Group contribution

BALANCE SHEET

PARENT COMPANY				GROUP			
Amounts in TNOK							
2005	2004	2003	Note	2005	2004	2003	
							ASSETS
							Fixed assets
							Intangible assets
240 931	258 964	280 998	7	671 301	738 030	808 760	Goodwill
240 931	258 964	280 998		671 301	738 030	808 760	Total intangible assets
							Property and equipment
0	0	0		12 655	0	0	Plants under construction
0	0	0	7	326 531	317 205	269 778	Land, buildings and other real estate
773	358	712	7	60 166	45 320	50 361	Machines, furniture, fixtures and equipment
0	0	0	7	4 105 638	4 273 028	1 876 040	Ships
773	358	712		4 504 990	4 635 553	2 196 179	Total property and equipment
							Financial assets
2 500 929	1 999 429	1 979 468	2	0	0	0	Investments in subsidiaries
25 429	22 096	0	14	25 429	22 096	0	Shares and other participations
0	0	0	3,8,17	496 891	125 295	369 046	Other receivables
2 721 168	3 289 113	1 359 003	3	0	0	0	Intercompany loans
5 247 526	5 310 638	3 338 471		522 320	147 391	369 046	Total financial assets
5 489 230	5 569 960	3 620 181		5 698 611	5 520 974	3 373 985	Total fixed assets
							Current assets
0	0	0	5	163 870	133 429	120 909	Inventories
0	0	0	5	92 785	77 879	81 219	Accounts receivable
25	30 027	25 064	3	224 109	304 668	141 019	Prepaid other current assets
0	0	4 487		0	0	4 487	Short-term shareholdings
101 169	57 361	101 124		134 238	252 556	201 587	Bank deposits and cash
101 194	87 388	130 675		615 002	768 532	549 221	Total current assets
5 590 424	5 657 348	3 750 856		6 313 613	6 289 506	3 923 206	TOTAL ASSETS
							LIABILITIES AND SHAREHOLDERS' EQUITY
							Contributed capital:
143 600	143 600	141 200	11	143 600	143 600	141 200	Share capital (71 800 000 shares, NOK 2.- per share)
1 478 436	1 478 436	1 420 836		1 478 436	1 478 467	1 420 837	Premium fund
1 622 036	1 622 036	1 562 036		1 622 036	1 622 067	1 562 037	Total contributed capital
792 395	802 093	816 857		350 484	289 795	157 508	Other shareholders' equity
2 414 431	2 424 129	2 378 893	12	1 972 520	1 911 862	1 719 545	Total shareholders' equity
							Liabilities
							Provisions:
69 057	72 425	77 370	13	557 425	512 085	432 023	Deferred taxes
831	544	638	8	1 880	0	3 403	Other provisions
69 888	72 969	78 008		559 305	512 085	435 426	Total provisions
							Long-term debt
1 901 234	2 468 203	1 201 320	6	2 035 568	2 617 290	1 361 282	Debt to credit institutions
1 180 000	653 000		6	1 180 000	653 000		Bond loans
3 081 234	3 121 203	1 201 320		3 215 568	3 270 290	1 361 282	Total long-term debt
							Current liabilities
0	0	0		196 515	215 271	153 374	Trade creditors
0	0	0		42 919	42 059	0	Debt to credit institutions
24 871	39 047	92 635	4	326 786	337 939	253 579	Other current liabilities
24 871	39 047	92 635		566 220	595 269	406 953	Total current liabilities
5 590 424	5 657 348	3 750 856		6 313 613	6 289 506	3 923 206	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY

Oslo, 14 March 2006


Morten Garman
Chairman of the Board


Olav N. Sunde
Group President


Bjørn Paulsen


Leif Klevan


Lars V. Petersen


Tommy Wedel

CASH FLOW STATEMENT

PARENT COMPANY			GROUP			
Amounts in TNOK						
2005	2004	2003		2005	2004	2003
137 757	38 285	145 199	Income (loss) before taxes	256 050	263 214	349 021
			Taxes	0	0	-4 102
-39	-126	0	Loss/gain on sale of fixed assets	-8 926	-268	-7 799
22 210	22 289	22 297	Depreciation	495 339	367 010	367 108
287	-82	-308	Pension costs without cash flow effect	-13 705	511	-377
0	14 745	4 788	Effect of currency fluctuations	0	15 390	465
0	0	0	Changes in inventories	-30 441	-12 520	-1 986
0	0	0	Changes in accounts receivable	-14 906	3 340	-6 594
0	0	0	Changes in accounts payable	-18 756	61 897	5 121
-135 671	-112 058	-303 908	Changes in other accruals	-78 580	-83 578	30 544
24 544	-36 947	-131 932	Net cash flow provided by operations	586 075	614 996	731 401
294	225	0	Proceeds from sale of property and equipment	25 042	268	25 156
-4 847	0	0	Purchases of property and equipment	-314 163	-2 735 654	-212 494
667	0	0	Proceeds from sale of other investments	667	0	0
0	-42 057	0	Purchases of other investments	0	-22 096	0
-3 886	-41 832	0	Net cash flow used in investing activities	-288 454	-2 757 482	-187 338
1 018 500	2 686 446	200 480	Proceeds from taking up of long-term debt	1 018 500	2 686 446	240 600
-1 058 469	-781 320	-308 229	Repayments of long-term debt	-1 073 222	-796 231	-307 244
0	0	97 398	Collection of long-term receivables	0	243 240	-139 812
-4 000	0	0	Payment long term receivables	-361 217	0	0
568 619	-1 930 110	395 907	Intercompany credits	0	0	0
-501 500	0	-152 500	Payments of dividends/share capital	0	0	-152 500
0	60 000	0	Payment shareholders' equity	0	60 000	0
23 150	35 016	233 056	Net cash flow from financing activities	-415 939	2 193 455	-358 956
43 808	-43 763	101 124	Net change in liquid resources	-118 318	50 969	185 107
57 361	101 124	0	Opening balance liquid resources as at 1 Jan.	252 556	201 587	16 480
101 169	57 361	101 124	Closing balance liquid resources as at 31 Dec.	134 238	252 556	201 587

NOTES TO THE ACCOUNTS

NOTE 1. ACCOUNTING PRINCIPLES

The annual financial statement has been prepared in accordance with the Accounting Act (Norway) of 1998 and generally accepted accounting principles in Norway. The company is wholly-owned, directly and indirectly by O.N. Sunde AS.

Principles of consolidation

The consolidated financial statements comprise Color Group ASA and subsidiaries in which the Group has directly or indirectly more than a 50 percent stake and has voting control. Shares in subsidiaries are eliminated according to the purchase method. Remuneration at time of acquisition in excess of book equity is allocated to identifiable assets. Amounts that cannot directly be attributed to identifiable assets are capitalized as goodwill.

The financial statements have been prepared on the basis of uniform accounting principles for the entire Group. Intercompany transactions and balances are eliminated in consolidation.

With regard to consolidated accounts in foreign currency, the income statement is translated using the average exchange rate for the financial year. Foreign businesses that can be defined as an extension of the Group's own business are translated according to the temporal method. For these businesses, historical exchange rates are applied in respect of fixed assets. Changes in exchange rates are recorded in the income statement. For independent businesses, the exchange rate on balance sheet date is applied for the translation of fixed assets. Translation differences are recorded directly to equity.

Revenue recognition

The Group generates revenues from three principle business areas. Travel: primarily comprising ticket sales for passengers and vehicles, package tours etc. Sales on board: primarily comprising retail sales, restaurants etc. Freight: primarily comprising transport of goods by trailer, truck etc. Travel and freight revenues are registered when the service is implemented. Sales on board are registered at time of sale.

In connection with the reorganization of Color Group, the ferry business in Color Group ASA was transferred to Color Line AS with effect from October 1998. Rights to the use of the name and brands as well as use of developed lines, quay rights, etc. were not subject to transfer. Royalty agreements have been concluded between the companies in order to regulate Color Line's right to the use of the rights linked with the ferry business and remuneration for such use. Operating income in Color Group ASA is for the most part related to royalty agreements.

Operating expenses

Expenses are charged during the same period as the appurtenant income.

In 2005, the Group has taken to income refund of income tax, national insurance contributions and employer's tax for seamen in the amount TNOK 269 723 (TNOK 220 245 in 2004), entered as reduction in wages in the consolidated accounts. From this amount the Group has contributed TNOK 11 574 to the Foundation Norwegian Maritime Competence in accordance with the regulations ratified by the Storting.

Main principle for evaluation and classification of assets and liabilities

Assets that are long-term in nature are classified as fixed assets. Other assets are classified as current assets. Receivables scheduled for repayment within one year are classified as current assets. Equivalent criteria are taken as a basis in the classification of current and long-term debt. Property and equipment are recorded at procurement cost and written down to actual value when the decrease in value is not expected to be of a temporary nature. Property and equipment having a limited economic life are subject to planned depreciation. Long term loan is recorded in the balance sheet at nominal amount received at time of establishment. Current assets are recorded at cost or actual value, whichever is the lowest. Short-term shareholdings are recorded in the balance sheet at actual value. Changes in value are recognized in earnings. Current liabilities are recorded in the balance sheet at the nominal amount received on date of transaction. Certain items are recorded according to other principles as explained below.

Foreign exchange

Items in foreign exchange are translated at the exchange rate on balance sheet date. Items in foreign exchange in the income statement are translated at the exchange rate on date of transaction.

Receivables

Receivables are recorded at face value with a deduction for anticipated loss.

Inventories

Inventories comprising trade goods and bunkers are recorded at cost (on FIFO-basis) or market value with a deduction for selling costs, whichever is the lowest.

Leased property and equipment

The Group has operational leases only. Charges associated with such leases are expensed as incurred.

Principles of depreciation

Ordinary depreciation is computed on a straight-line basis. Depreciable assets are capitalized at cost. The cost basis of the asset less a deduction for any anticipated residual value at the end of the economic life of the asset is depreciated over the estimated useful life of the asset. Replacements and renewals that materially increase the capacity or economic life of property and equipment are capitalized. Terminal buildings owned by the company on leased ground are depreciated over the remaining life of the lease. Investments in leased buildings are accrued over the remaining period of the lease. Writing-down takes place if actual value is lower than book value and a decline in value is not considered to be of a temporary nature.

Classification expenses, maintenance

The ships are subject to regular classification and maintenance programmes. This involves annual docking, inspection and classification of all ships. Maintenance expenses for classification are expensed as incurred.

Pension commitments and pension costs

Group pension schemes provide employees with the right to agreed future pension benefits. Benefits are based on the number of earning years and the salary level of the individual employee. Pension schemes are mainly managed by an insurance company. Additionally, the Group has certain direct pension commitments that are included in the balance sheet under calculated net pension funds. Net pension costs are classified under wage costs in the income statement and comprise pension earnings during the period, including calculated future growth in wages and interest costs with the deduction of estimated yield on pension funds. In the balance sheet, net pension funds are presented as long-term receivables or other provisions for liabilities and charges. The figure also includes employer's tax which will be charged at ruling rates. The effect of changes in estimates and non-conformance between estimate and actual yield is taken to income over the average remaining earning period when the accumulated effect exceeds 10 percent of pension funds or pension commitments, whichever is the higher.

Goodwill

Goodwill is related to the Group's ferry services. Goodwill is depreciated over estimated lifetime. The depreciation period on goodwill related to overnight ferry services is 20 years, 15 years on goodwill related to daytime ferry services.

Taxes

Tax costs for the year in the income statement comprise changes in deferred taxes and current taxes payable. Changes in deferred tax express future payable taxes based on business during the year. Deferred tax is the tax payable in future periods based on the accumulated result.

Deferred tax is calculated on the basis of net temporary differences between financial reporting amounts and tax-related values after deduction of carry-forward loss. The ruling tax rate at year-end is applied in the calculation (see Note 13). Deferred tax and deferred tax benefit are presented as net amounts in the balance sheet. Taxes associated with capital transactions (e.g. group contributions) are recorded directly to shareholders' equity.

Shares in subsidiaries

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

Financial risk

The company utilizes financial instruments in order to control the risk of fluctuations in Group cash flow. The interest hedging contracts at fixed interest rates and the fixing of interest on underlying loans, satisfy the criteria for hedge accounting. Unrealized loss/gain is not entered, but is accrued together with the floating interest rate on the loan. Income/expenses connected with bunkers hedging contracts are entered currently in line with bunkers consumption.

The company applies financial instruments to control foreign currency risk in line with its financial policy. Items are hedged when the financial effect on fluctuations in the foreign currency in question is for the most part eliminated. Hedging applies to budgeted receipts and payments, not to contractual cash flows. Hedging contracts are not therefore entered as hedging. Unrealized loss/gain on such instruments is entered under financial items.

Changes in accounting principles

There are no changes in accounting principles.

Changes in figures for comparison

There are no changes in figures for comparison.

Use of estimates

In the preparation of the annual accounts and in accordance with good accounting principles, estimates and assumptions are applied which have an effect on the income statement and the valuation of assets and liabilities. Information on uncertain assets and commitments on balance sheet date is also specified. Conditional loss which is presumptive and quantifiable is expensed currently.

Cash flow statement

The cash flow statement is prepared according to the indirect method. Cash and cash equivalents comprise cash, bank deposits and other current placements.

NOTE 2. SUBSIDIARIES

The Group comprises the parent company Color Group ASA and the following directly or indirectly owned subsidiaries:

Amounts in TNOK				
Name of subsidiary	Location of head office	Share capital	Holding as at 31 Dec. 2005	Book value in balance sheet
COMPANIES OWNED DIRECTLY:				
Color Hotels AS	Oslo	100	100	100
Color Line AS	Oslo	885 000	100	2 500 829
Total companies owned directly				2 500 929
COMPANIES OWNED INDIRECTLY:				
Color Hotel Skagen AS	Skagen	DKK 5 700	100	
Terminalbygget AS	Oslo	100	100	
Color Line GmbH	Kiel	EUR 26	100	
Color Line Marine AS	Sandefjord	7 250	100	
Color Marine Verksted AS	Sandefjord	4 000	100	
M/V Color Ragnhild AS	Oslo	1500	100	
M/V Color Harald AS	Oslo	1500	100	
M/V Color Festival AS	Oslo	1500	100	
M/V Color Viking AS	Oslo	1500	100	
M/V Color Bohus AS	Oslo	1000	100	
M/V Color Skagen AS	Oslo	1000	100	
M/V Color Wessel AS	Oslo	1500	100	
M/V Color Christian AS	Oslo	1000	100	
Color Line Danmark AS	Hirtshals	DKK 5 000	100	
Hirtshals Skipsprovantering AS	Hirtshals	DKK 500	100	
I/S Jahre Line	Oslo		100	

NOTE 3. RELATED PARTIES

All the shares in Color Group ASA are owned directly and indirectly by O.N. Sunde AS, a company wholly-owned by Olav Nils Sunde and his family. As at 31 December 2005, the Group's interest-bearing receivable against O.N. Sunde Group was TNOK 206 435 (a debt of TNOK 255 753 as at 31 December 2004).

NOTE 4. CURRENT LIABILITIES

Amounts in TNOK	PARENT COMPANY		GROUP	
	2005	2004	2005	2004
Public sector charges	629	848	77 178	74 627
Debt credit institutions			42 919	42 059
Other current liabilities	24 242	38 199	249 608	263 312
Total	24 871	39 047	369 705	379 998

NOTE 5. ACCOUNTS RECEIVABLE, INVENTORIES

The Group has allocated TNOK 4 096 for possible bad debts. The equivalent figure for 2004 was TNOK 4 934. The Group's inventories comprise trade goods for TNOK 154 591 and bunkers for TNOK 8 912. Equivalent figures as at 31 December 2004 were TNOK 125 628 and TNOK 7 454.

NOTE 6. LONG-TERM DEBT, MORTGAGES, GUARANTEES AND FINANCIAL RISK

Long-term interest-bearing debt is as follows:

Amounts in TNOK	PARENT COMPANY		GROUP	
	2005	2004	2005	2004
Debt to credit institutions	1 901 234	2 468 203	2 035 568	2 617 290
Bond loans	1 180 000	653 000	1 180 000	653 000

List of bond loans (in NOK million):

BOND LOAN	MATURITY/INTEREST	AMOUNT	NET OUTSTANDING AS AT 31.12.05
COLG01	05.04.2004 - 05.10.2007 / NIBOR + 1,70%	360	107
COLG02	21.09.2004 - 21.09.2009 / NIBOR + 1,75%	327	281,5
COLG03	28.04.2005 - 28.04.2010 / NIBOR + 1,25%	460	339,5
COLG04	17.10.2005 - 17.10.2012 / NIBOR + 1,33%	300	300
COLG05	14.11.2005 - 14.11.2012 / NIBOR + 1,30%	152	152
Total		1 599	1 180

The bond loans are listed on the Oslo Stock Exchange.

Scheduled repayments of long-term interest-bearing debt to credit institutions are as follows (contractual):

Amounts in NOK million		
Year	PARENT COMPANY	GROUP
2006	163	174
2007	163	174
2008	163	174
2009	163	174
2010	163	174
After 2010	1 086	1 166
Total	1 901	2 036

Contract commitments

In 2005, Color Line AS concluded a final contract with Aker Finnyards Inc. for the building of a new ship in the same class as M/S Color Fantasy. The contract amount is approx. EUR 325 million, and delivery of the newbuilding is estimated to take place during the last quarter of 2007. The company has received a loan commitment, and has accepted financing of approx. 80 percent of the contract amount maturing 12 years from date of delivery. Color Group ASA guarantees Color Line AS' obligation during the building period. In 2005, Color Line AS has also concluded a final contract with Aker Finnyards Inc. for the building of two new Ro/Pax SuperSpeed ships. The contract amount is approx. EUR 126.7 million per ship, and delivery time for these newbuildings is end 2007 and early 2008 respectively. The ships will be financed for approx. 80 percent of the contract amount, maturity 12 years from date of delivery.

In its loan agreements, the company has commitments linked to liquidity, shareholders' equity and debt service ratio. As at 31 December 2005 all commitments have been fulfilled.

Financial risk

Color Group ASA has concluded fixed interest contracts in order to reduce the company's exposure to fluctuations in the interest rate. As at 31 December 2005, the Group had concluded fixed interest contracts for NOK 950 million. Fixed interest contracts have an average duration of 2.7 years, an average interest rate of 5.5 percent, and are linked to NIBOR. The Group has concluded a floor Swap contract for NOK 200 million, maturing in August 2007, floor 6.05 percent. The estimated market value of the fixed interest contracts as per 31.12.2005 was -NOK 50.5 million. Average interest rate for the entire loan portfolio (including bond loans and debt to credit institutions) for 2005 was approx. 5 percent (including fixed interest agreements). Average interest rate for debt to credit institutions (without fixed interest contracts) was approx. 3 percent.

The Group is exposed to currency risk due to fluctuations in the exchange rates in NOK against other currencies, particularly USD, EUR and DKK. The Group is also exposed to interest rate risk and bunker product fluctuations. Color Group employs an active financial risk management strategy, making use of financial derivatives that are used mainly to reduce the risk of fluctuations in cash flow, linked to repayment of debt, accounts receivable and other exposure, future contract commitments and current liquidity requirements in certain currencies as well as bunker products. The risk management strategy is based on board-approved annual budgets. In 2005, the Group concluded structured hedging contracts for EUR and USD in 2006. Moreover, the Group has concluded extendable bunkers hedging contracts for the first and second quarters of 2006.

Interest-bearing debt

Long-term interest-bearing debt in Norwegian and foreign currency:

Currency	PARENT COMPANY		GROUP	
	Currency 1 000	TNOK	Currency 1 000	TNOK
NOK	3 081 234	3 081 234	3 135 648	3 135 648
DKK			74 000	79 920
Total		3 081 234		3 215 568

Book debt secured by mortgage etc.:

Amounts in TNOK	PARENT COMPANY		GROUP	
	2005	2004	2005	2004
Debt to credit institutions	1 901 234	2 468 203	2 035 568	2 617 290

The above debt is secured by mortgages in ships and other assets. Book value of assets pledged as security for debt as at 31 December 2005 is NOK 4 504 million for the Group and NOK 0.8 million for the parent company. The equivalent figures as at 31 December 2004 were NOK 4 635 million and NOK 0.4 million. There are also mortgages in the leases relating to terminal areas and there are negative mortgages in all ships, which cannot therefore be subject to further pledging without the agreement of the bank. Color Group has concluded a framework agreement guaranteeing the Group's tax-withholdings of NOK 60 million and in addition the Group has placed a guarantee of approx. NOK 50 million in respect of travel guarantee funds. Color Group guarantees Color Line's obligations during the building period of M/S Color Magic.

NOTE 7. PROPERTY AND EQUIPMENT / INTANGIBLE ASSETS

Amounts in TNOK	Ships	Machines FF&E	Quay facilities etc.	Goodwill/ Intangible assets	Total
GROUP					
Cost as at 1 Jan.	6 828 170	402 891	565 742	1 391 144	9 187 947
Additions	211 644	42 153	41 694	4 000	299 491
Disposals	12 452	11 956	0	0	24 408
Cost as at 31 Dec.	7 027 362	433 088	607 436	1 395 144	9 463 030
Accum. depreciation and write-downs 1 Jan.	2 555 142	357 571	248 536	653 114	3 814 363
Depreciation	368 040	24 201	32 369	70 729	495 339
Disposals	1 458	8 850	0	0	10 308
Accum. depreciation and write-downs 31 Dec.	2 921 724	372 922	280 905	723 843	4 299 394
Book value as at 31 Dec.	4 105 638	60 166	326 531	671 301	5 163 636
Depreciation rate	As described	10 - 25%	3 - 5%	5 - 20%	
PARENT COMPANY (Color Group)					
Cost as at 1 Jan.	0	859	0	440 677	441 536
Additions	0	891	0	4 000	4 891
Disposals	0	859	0	0	859
Cost as at 31 Dec.	0	891	0	444 677	445 568
Accum. depreciation and write-downs 31 Dec.	0	501	0	181 713	182 214
Depreciation	0	177	0	22 033	22 210
Disposals	0	560	0	0	560
Accum. depreciation and write-downs for the year	0	118	0	203 746	203 864
Book value as at 31 Dec.	0	773	0	240 931	241 704
Depreciation rate	0	20%	0	5%	

The depreciation rate for ships is calculated on the basis of a useful life of 30 years with a deduction for the estimated residual value. The depreciation period is reassessed in the case of major rebuilding work. Investments made in ships after delivery, which have a shorter lifetime than the ship, e.g. retail outlets, restaurants, safety equipment, etc., are depreciated over periods of 5 and 10 years. For 2005, this represents an average depreciation percent of 5.2 percent calculated on the basis of cost price and additional costs on all ships.

The depreciation rate for the quay facilities at Hjortnes/Oslo is based on a clause in the Lease, which states that the facility shall pass to Oslo Port Authority free of charge in the year 2021 at the earliest. Color Line has a conditional option for extension of the Lease until 2036.

NOTE 8. PENSIONS

Net Group pension costs for the year are as follows:

Amounts in TNOK	PARENT COMPANY		GROUP	
	2005	2004	2005	2004
Present value of pension earnings for the year	1 406	1 088	25 741	22 418
Interest costs on pension commitments	534	407	14 375	12 783
Expected yield on pension funds	-461	-415	-13 164	-12 406
Expensed employer's tax	243	173	4 641	4 060
Book estimate deviation	243	146	5 966	3 787
Net pension costs	1 965	1 399	37 559	30 642
Pension commitments and pension funds				
Estimated commitments	13 805	10 634	356 427	314 208
Estimated value of pension funds	9 568	7 963	271 648	228 476
Estimated net pension commitments	4 237	2 671	84 779	85 732
Calculated employer's tax	597	376	11 954	12 088
Calculated pension commitment	4 835	3 047	96 733	97 820
Unrecognized change in estimate (corridor)	-4 004	-2 503	-124 480	-117 374
Calculated net pension assets in balance sheet	831	544	-31 747	-19 554

In the actuarial calculation carried out by an independent specialist, the following assumptions are taken as a basis for 2005:

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

As at 31 December 2005, there were 489 members in the Group pension scheme for shore-based personnel in Norway, 5 of these members being employed in the parent company. The Group pension scheme for seamen comprises 1 398 members. In addition, the Group pays the shipowner's part of pension benefits for seamen in the amount of NOK 29.1 million, NOK 23.4 million in 2004.

In addition to pension commitments covered by the insurance scheme, the Group has unfunded pension commitments that are directly covered by the Group. These commitments apply to 19 members and are included in net pension commitments. Estimated values are applied in the valuation 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.

NOTE 9. LEASES, OPTIONS TO PURCHASE AND OTHER COMMITMENTS

The Group has current leases with the local port authorities in all the company's ports of call. These apply to buildings, outside areas and berthing quays. The Group pays both fixed lease amounts and variable fees, based on the number of calls, passengers and vehicles. The Group owns the terminal buildings in Oslo, Hirtshals and Strömstad.

The Group has hire commitments for M/S Color Traveller. The charter period is 3 years from December 2003. Annual hire amount is TEUR 4 320.

In 2001, the Group concluded an agreement providing the right to use the Color Line brand name on the new multi-purpose arena in Hamburg, Germany. The agreement has a duration of 11 years after completion in November 2002. Annual payment is TEUR 750, adjusted for inflation.

The Group has concluded an operational framework agreement for the leasing of IT equipment and other equipment. Total leasing cost for 2005 is TNOK 23 105.

NOTE 10. FEES, WAGES AND SALARIES

No remuneration was paid to the CEO in 2005. Directors' fees were charged in the amounts in TNOK 480.

Amounts in TNOK	PARENT COMPANY		GROUP	
	2005	2004	2005	2004
Wage costs	4 628	4 327	883 338	761 602
National Insurance	1 106	1 014	172 587	144 319
Pension costs	1 757	1 234	67 210	50 106
Other benefits	34		179 477	145 744
Total	7 525	6 575	1 302 612	1 101 771

The average number of employees in 2005 was 6 in the parent company and 3 827 (including part-time employees) in the Group as at 31 December.

Auditor's fees - Deloitte	PARENT COMPANY	GROUP
Amounts in TNOK		
Statutory audit services	200	1 121
Fee for other certification services	13	30
Fee for tax advisory service etc.	28	481
Fee for other non-audit services	308	308
Total audit and advisory fees	549	1 940

NOTE 11. INFORMATION ON SHAREHOLDERS

The share capital of the company comprises 71 800 000 shares of NOK 2.- each. All shares carry equal rights. Director and Group President Olav Nils Sunde and family own all shares directly or indirectly through O.N. Sunde AS.

NOTE 12. SHAREHOLDERS' EQUITY

Amounts in TNOK	Share Capital	Share Premium Fund	Other Share-holders' Equity	Total Share-holders' Equity
PARENT COMPANY				
Shareholders' equity as at 31 Dec. 2003	141 200	1 420 836	816 857	2 378 893
Group contributions			-35 330	-35 330
Contributed equity	2 400	57 600		60 000
Net income			20 566	20 566
Shareholders' equity as at 31 Dec. 2004	143 600	1 478 436	802 093	2 424 129
Group contributions			-108 593	-108 593
Net income			98 895	98 895
Shareholders' equity as at 31 Dec. 2005	143 600	1 478 436	792 395	2 414 431
GROUP				
Shareholders' equity as at 31 Dec. 2003	141 200	1 420 837	157 508	1 719 545
Group contributions			-35 330	-35 330
Contributed equity	2 400	57 600		60 000
Translation adjustment		30	-1 350	-1 320
Net income			168 967	168 967
Shareholders' equity as at 31 Dec. 2004	143 600	1 478 467	289 795	1 911 862
Group contributions			-108 593	-108 593
Translation adjustment		-31	252	221
Net income			169 030	169 030
Shareholders' equity as at 31 Dec. 2005	143 600	1 478 436	350 484	1 972 520

NOTE 13. TAXES

Amounts in TNOK	PARENT COMPANY		GROUP	
	2005	2004	2005	2004
Taxes for the year are as follows:				
Tax payable	0	0		30
Tax element of group contributions	42 230	21 502	42 230	13 739
Tax refund		1 162		1 162
Effect of changes in tax regulations		10 177		-743
Adjustment previous years' tax	-3 368	-15 122	44 790	80 062
Changes in deferred taxes	38 862	17 719	87 020	94 250
Reconciliation from statutory tax rate to effective tax rate:				
Income (loss) before taxes including extraordinary result	137 757	38 285	256 050	263 214
Income (loss) before taxes	137 757	38 285	256 050	263 214
Estimated income tax at statutory rate (28%)	38 572	10 720	71 714	73 677
Taxation effect on following items:				
Non-deductible expenses	385	258	15 424	15 095
Effect of changes in tax regulations		4 598		3 334
Correction temporary differences, previous years	-95	0	-118	0
Tax refund		1 162		1 162
Other items		981		979
Tax expense	38 862	17 719	87 020	94 247
Effective tax rate	28%	46%	30%	41%
Specification of gross tax effects of temporary differences and net operating carry-forward loss:				
Fixed assets	208 851	224 144	1 905 072	1 763 667
Profit and loss account	42 002	52 502	60 317	73 535
Current assets	-831	-11 133	-4 913	-16 000
Debt	-3 389	-6 851	29 790	9 781
Net operating carry-forward loss	0	0		-1 236
Total	246 633	258 662	1 990 266	1 542 939
Deferred tax liability in the balance sheet	69 057	72 425	557 425	512 085

Taxation rates are 28% in Norway and 30% in Denmark.

NOTE 14. SHARES AND OTHER PARTICIPATIONS

The company owns 39% of Aalesund Stadion AS and Aalesund Stadion KS. Color Group's share of committed capital in Aalesund Stadium KS is NOK 33.2 million, of which NOK 22.1 million has been paid. Paid up share capital totals NOK 3.3 million.

NOTE 15. BUSINESS AREAS

The main business area is Cruise Ferry operation. The Group's operating income is divided between the business areas Cruise Ferries (NOK 4 655 million) and Hotel (NOK 27 million).

NOTE 16. OTHER COMMITMENTS UNRECORDED IN THE BALANCE SHEET AND UNCERTAIN COMMITMENTS

The company has received a claim concerning tax on the sale of soft drinks. The claim amounts to TNOK 21 890 including interest. This claim has been appealed. It is expected that the outcome will be in favour of the company, and the claim has not therefore been entered in the accounts for 2005. The Group company, Color Line Danmark AS, has received a claim from the Danish fiscal authorities concerning an increase in taxable income in the years 1999 and 2000 of TDKK 10 946 and TDKK 12 704 respectively. The increase in income relates to administration income from the parent company in Norway. The claim has been appealed to the Danish National Tax Tribunal. It is expected that the result of the appeal will be in favour of the company, and the claim has not therefore been entered in the accounts.

NOTE 17. MAJOR INDIVIDUAL TRANSACTIONS

In 2005, Color Line AS concluded final contracts with Aker Finnyards Inc. for the building of three new ships. One ship in the same class as M/S Color Fantasy for a contract sum of approx. EUR 325 million, and two new Ro/Pax SuperSpeed ships for a total contract sum of EUR 253.4 million. Delivery is to take place in 2007 and 2008. At year-end 2005, the Group had paid in TNOK 360 151 of the contract sum.



Deloitte
Statsautoriserte Revisorer AS
Karenslyst allé 20
Postboks 347 Skøyen
0213 Oslo
Telefon: 23 27 90 00
Telefax: 23 27 90 01
www.deloitte.no

Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Color Group ASA

AUDITOR'S REPORT FOR 2005

We have audited the annual financial statements of the Color Group ASA as of 31 December 2005, showing a profit of NOK 98.895.000 for the parent company and a profit of NOK 169.030.000 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 group accounts comprise the balance sheet, the statements of income and cash flows, and the accompanying notes. The rules of the Norwegian accounting act and good accounting practice in Norway have been applied to produce the financial statements. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on the other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and good 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 good 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 financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Company and of the Group as of December 31, 2005, and the results of its operations and its cash flows for the year then ended, in accordance with good accounting practice in Norway
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information in accordance with the law and good bookkeeping practice in Norway
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit are consistent with the financial statements and comply with the law and regulations.

Oslo, March 14 2006
Deloitte

Bernhard Lyngstad
State Authorised Public Accountant (Norway)
Audit, Tax & Legal, Consulting, Financial Advisory.

Member of
Deloitte Touche Tohmatsu

Medlemmer av Den norske Revisorforening
Org.nr: 980 211 282



Color Group ASA, Bryggegata 3, N-0250 Oslo, Norway • Tel: +47 23 11 86 00 • Fax: +47 23 11 86 01
Color Line AS, Hjortnes, N-0250 Oslo, Norway • Tel: +47 23 11 80 00 • Fax: +47 23 11 80 01
Booking: +47 810 00 811 • www.colorline.no • E-mail: kundeservice@colorline.no