COLOR GROUP ASA

ANNUAL REPORT 2006

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Color Group

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COLOR GROUP ASA

Color Group ASA is owned by O.N. Sunde AS and is engaged in the 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 2006, the company operated six international services between ten ports in Norway, Germany, Denmark and Sweden.
  - An average of 23 daily departures, 30 in the peak seasons.
  - Daily capacity up to 49 000 passengers in the peak seasons.
  - One of Norway's major ro-ro operators, providing up to 17.4 km daily freight capacity (17 362 lane metres) in the peak seasons, the equivalent of 1 447 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 9 ships*
  - Guest capacity 15 721 persons
  - Capacity for 4 189 passenger cars
  - Freight capacity (lane metres) 6.6 km
  - 71 restaurants
  - 10 126 berths in 3 325 cabins (6 ships)
  - 60 conference rooms (8 ships)
- Color Line's service network is operated by 2 operative divisions, the Cruise division and the Transport division.**
- 3 821 employees, including part-time employees, of which 2 704 work onboard the ships and 1 117 are shore-based.
- Norway's largest marine training company. Approx. 50 trainees work onboard the company's ships at all times.

** M/S Color Traveller was returned following the expiry of the charter period on 29.12.06 to Rederi AB Gotland. The company operated 10 ships in 2006.*

*** Up to 14 February 2007, the Company operated 3 line organizations in Oslo, Sandefjord and Kristiansand.*

Efficient and modern logistic solutions will result in a turnaround time of only one hour for the SuperSpeed vessels. Here is an illustration from the new terminal in Larvik.

FUTURE ORIENTED ADAPTION

In 2007 the traditional ferry traffic between Norway and Denmark will sail into a new era. The introduction of the first SuperSpeed vessel in December 2007 will mark the start of a new and much more cost- and time efficient transport solution, reducing travelling time and providing increased transport capacity.

In a period of major challenges and changes in the European ferry industry, Color Line's strategy is to concentrate efforts on innovation and custom-build ships. It is Color Line's vision and ambition to be the best shipowning company in the fields of cruise and transport in Europe. From 2004 to 2008, the company will have invested approx. NOK 7.5 billion in four new ships.

Color Line's operations will be adapted to meet the future transport and cruise requirements in the North Sea and the Skagerrak. This development commenced with the introduction of M/S Color Fantasy on 10 December 2004 – the world's largest cruise ship with a car deck, operating between Oslo and Kiel. The strategy continues in 2007. On 15 September the naming ceremony for the sister ship, M/S Color Magic will take place in Kiel. In December the first SuperSpeed vessel will be introduced and in April 2008, SuperSpeed 2 will also be put into operation. SuperSpeed is a completely new concept which will serve to bring the Continent closer to Norway.

With the SuperSpeed vessels, the services from Kristiansand and Larvik to Hirtshals in Denmark will take only 3 hours and 15 minutes and 3 hours and 45 minutes respectively. New logistic solutions in the ports will result in appreciable environmental and time-related advantages. Turnaround time will be approx. 1 hour.

Holiday and leisure habits are changing. The German economy is in a period of positive development. Low price air travel is on the increase. This development has resulted in new concepts for sea travel. It is a declared political aim to increase the number of foreign visitors to Norway by 250 000 each year up to 2010. In order to achieve this aim, there will be requirements for increased capacity as well as faster and more comfortable transport from the European continent.

In addition to bringing several million tourists to the land-based tourist industry in Norway and Denmark, Color Line is also a major carrier of freight between Norway and the Continent. In 2006, the company's transport of heavy goods vehicles was approx. 10 percent higher than in 2005. A future oriented fleet which will satisfy demands with regard to comfort, speed, environmentally efficient transport and appreciably higher capacity – in addition to new loading and discharging systems – will serve to strengthen Color Line's ability to satisfy customer's increasing demands with regard to efficiency and predictability.

Color Line is ready for the future. The future starts now.

The bridge on M/S Color Fantasy.

THIS IS COLOR GROUP

Color Group ASA is engaged in the transport of passengers and goods, hotel operation, restaurants, retailing, entertainment and organized tour production through two wholly-owned subsidiary companies, Color Line AS and Color Hotel Skagen AS. Color Line AS represents the largest part of the activities in Color Group. In this report we will therefore only refer to Color Group and Color Hotel Skagen when there is a requirement to emphasise these as separate commercial units.

LOOKING AFTER THE COMPANY'S INHERITANCE

Color Line AS is Norway's largest, and one of Europe's leading cruise ferry companies. Color Line AS represents more than a century of continuous regular service between Norway and the Continent. The company was established in 1990 and stem's 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 recent years Color Line has further strengthened its position on the market through the introduction of M/S Color Fantasy in 2004, an innovative ship concept combining the high standard of a cruise ship with conference facilities and the carriage of passengers and goods.

In 2007, Color Line will take a further step into the future. In September the company will take delivery of the sister ship to M/S Color Fantasy – M/S Color Magic. In parallel with this, the new SuperSpeed concept will be launched in December. Color Line is taking care of its inheritance following a century of continuous regular service between Norway and the Continent and is harmonising its operations to meet the future requirements of traffic in the Skagerrak.

THE MARITIME BUSINESS

Operation and maintenance, development and management of all Color Line ships lie 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 for the most part by Norwegian crews.

In 2006, approx. 4.3 million passengers travelled by Color Line. This is a reduction of approx. 3.5 percent compared with the figure for 2005. This is mainly due to increased competition from low price air travel, other ferry companies and international cruise companies in addition to changes in holiday and leisure patterns. There were as many as 218 fewer departures in 2006 due to inclement weather and for operational reasons on the two short services to Denmark. 125 of these cancellations were registered on the Kristiansand-Hirtshals service resulting in 107 000 fewer passengers. This represents 70 percent of the total reduction in the number of passengers.

In December 2004 Color Line introduced M/S Color Fantasy on the Oslo-Kiel service. The company also started up its new cruise ferry service between Bergen/Stavanger-Hirtshals in 2005. The West Norway service registered 278 000 passengers in its first full year of operation compared with 184 000 passengers during eight months in 2005.

Freight showed stable growth. In total, Color Line's ships carried 192 412 trailers in 2006, an increase of approx. 10 percent compared with 2005.

In 2006, Color Group recorded total sales of NOK 4 585 million. Color Group is owned by O.N. Sunde AS.

Norway in winter has a major unutilized potentional internationally. Together with the tourist industry Color Line will promote Norway as a summer and winter destination on international markets.

TOURISM - COLOR LINE'S STRATEGY

COLOR LINE – A LEADING OPERATOR IN THE TOURIST INDUSTRY IN FOUR COUNTRIES

Color Line is one of Norway's largest and most important tourist operators with regard to both number of guests, innovation and participation in the international marketing of Norway. Annually, Color Line is responsible for a large number of overnight stays in Norway, Denmark, Sweden and Germany, either through the company's own tour offers, on the overnight cruises or through transport of passengers. The major part of the business is conducted in Norway.

The world's largest cruise ship with a car deck, M/S Color Fantasy operating between Oslo and Kiel, has contributed towards opening up Color Line and Norway for new customer groups particularly in Germany and the Netherlands. M/S Color Magic will continue this development when it is put into service on 15 September.

The new SuperSpeed concept which is due to be launched in December represents a major potential for the land-based tourist industry, particularly in Denmark and Norway as a result of increased capacity and also because these ships will cut down on travelling time between Norway and Jutland, Denmark due to the high speed and short turnover in the ports. SuperSpeed will enhance the opportunities for short breaks, skiing holidays and round trip tourism during the summer season.

The tourist industry is becoming a prime mover in the development of the experience economy. The experience economy is a strong driving force for economic growth in developed countries. In order to strengthen competence in the experience economy, Color Line has invested in a long term cooperation agreement with the Centre for Experience Economy at BI - Norwegian School of Management.

In its policy declaration after the last election, the present government highlighted tourism as one of the five areas of engagement where Norway has a natural advantage with regard to international tourism. Norway should aim to be a world leader in the utilization of the opportunities provided by experience economy. The government and the tourist industry have agreed that this should take place in partnership between the industry and the authorities.

The Norwegian authorities work on the assumption that strong business clusters are important for the economic development of a country. One of the strongest and most complete business clusters in Norway is the maritime cluster. Color Line contributes its experience from the maritime cluster in the work of strengthening the land based tourist segment.

Few industries have such a high degree of mutual dependency as the companies engaged in the tourist industry. Color Line must be a leading force in the development of this cooperation, primarily by beeing a demanding customer, and by applying its international cutting-edge competence and major investments in new ships and concepts to develop, market and sell products with international potential. The aim is to increase the attractiveness, and strengthen marketing activities in order to increase traffic by Color Line to benefit the tourist industries in Norway, Sweden, Denmark and Germany. Color Line cooperates with and is engaged in organizations and businesses that contribute towards realizing Norway's potential as a destination for foreign tourists and the attractions of Jutland, Denmark as a holiday destination for Norwegians.

M/S Color Fantasy approaching Kiel.

INCREASED ENGAGEMENT IN GERMANY

The naming ceremony for M/S Color Magic, the sister ship of M/S Color Fantasy is due to be held in Kiel on 15 September 2007. This ceremony will be used to profile Color Line and Norway on the important German market.

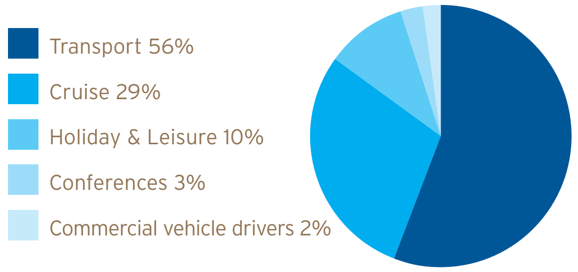
Color Fantasy, the world's largest cruise ship with a car deck was introduced in December 2004. Already by 2005, the number of passengers travelling between Oslo and Kiel had increased by 50 percent. The naming ceremony of Color Magic in September will mark a further development in German – Norwegian cooperation.

Improvements in household economies and higher demands with regard to how leisure time is spent means that passengers travelling by ship require well-being and comfort. With two cruise ships operating between Oslo and Kiel, passengers will have the opportunity of combining shopping in the 160 metre long shopping mall onboard with restaurant meals, family activities and relaxation in spectacular surroundings.

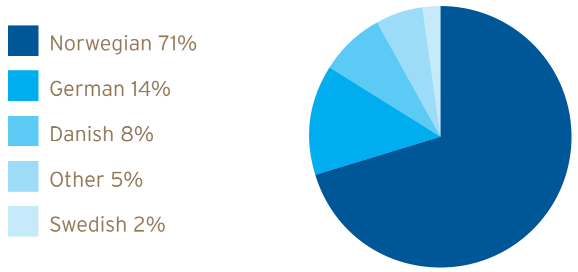
In cooperation with Innovation Norway, Color Line will be starting up a new project in 2007 called Optima Germany Pilot. It is intended that this project will encompass all major Norwegian – German events leading up to the World Skiing Championships in Oslo in 2011. Germany is one of the world's largest tourist markets and the largest individual market for Norway.

German economy is the largest in Europe and Germany is one of Norway's most important economic and cultural cooperating partners. Growth in gross national product (GNP) was 2.5 percent in 2006. Unemployment figures are falling and growth in consumption increased by 2 percent. The improvement in the German economy has created optimism and a wish to travel and has contributed positively to Color Line and the land-based tourist industry in Norway. It is the aim of the Norwegian authorities and the Norwegian tourist industry to increase Norway's market share in Germany by giving priority to the German market.

MARKET SEGMENTS

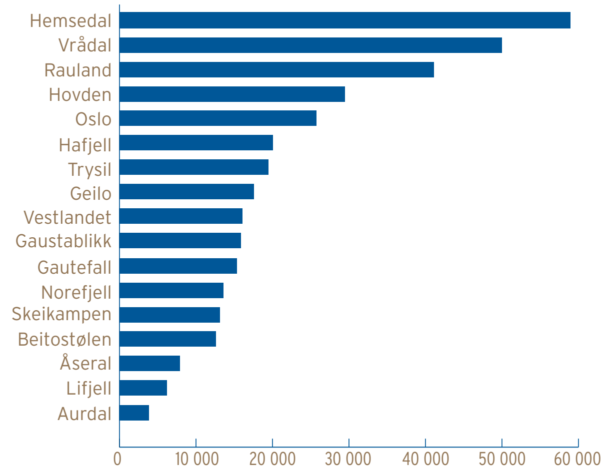


PASSENGER NATIONALITY



FOREIGN GUEST DAYS 2006

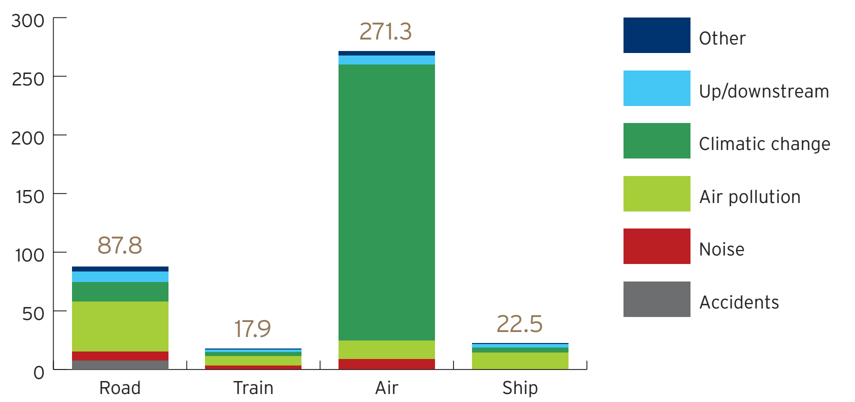
Annual sales of foreign guest days in Norwegian hotels through Color Line's tour operations are estimated to total 400 000.



The SuperSpeed vessels and the ports have been specially adapted and represent a forward looking transport system between Norway and the Continent, offering high volume, high speed and fast turnaround in port.

EXTERNAL COST OF GOODS TRANSPORT IN THE EU

(Euro per 1000 tons km)



Upstream / downstream refers to costs linked to the climatic burden in production, maintenance and disposal of means of transport and infrastructure. Also included are costs linked to climate burdens in the production of fuel for transport.

The UN Climate Panel estimates that in air travel the actual greenhouse effect is 2 to 3 times higher than indicated by the carbon footprint.

Source: External costs of transport, Infras/IWW 2004

SAFETY AND THE ENVIRONMENT

The Norwegian authorities and European Commission operate on the basis of an overall strategy which states that European transport of goods and passengers must be sustainable. An important part of this strategy includes transferring the transport of goods from the roads to seaborne transport of goods by ship. This does not require the building and maintenance of a road network. The sea is at our service - without property conflicts, queues, snow clearing and maintenance.

Shipping is an environmentally friendly form of transport. 90 percent of world trade is transported by ship while shipping represents less than 2 percent of the global emission of greenhouse gases (the Stern report 2006).

The shipping industry is working purposefully on several levels globally, regionally in Europe and nationally in Norway in order to find future-oriented and sustainable transport solutions. This work is reflected in a number of EU projects focusing on measures to promote maritime transport. Part of the Commission's work includes simplification of management procedures for the "Short Sea Shipping" industry in Europe, of which Color Line is a part. The EU has extended the support programme "Marco Polo" for the period 2007 to 2013. The aim of this programme is to stimulate new transport solutions by ship. "Motorways of the Seas" is another important area on the part of the EU aimed at increasing the transport of goods by sea in Europe.

In its environmental policy, the Norwegian Shipowners Association has resolved that Norwegian shipping and the marine oil and gas industry shall have no environmentally harmful discharge to sea or air. This zero vision sets a goal for the environmental work in the Norwegian Shipowners Association and by Norwegian shipowners. Norwegian shipowners shall be driving forces behind high international environmental standards and shall be innovative in developing environmentally efficient solutions. Such solutions must be regulated by common international rules to ensure that competition is on an equal footing.

It is Color Line's declared objective to be at the forefront on environmental issues. In company with other national and international companies, Color Line participates in an R&D project for the use of LNG in large passenger ships and in freight transport.

Annex VI in MARPOL, the international convention against pollution from ships regulates the sulphur content in fuel oil. This regulation came into force on 19 May 2005. Maximum 1.5 percent of sulphur content applies to shipping in the Baltic Sea from the Spring of 2006 and in the North Sea from in the Autumn of 2007. Long before these regulations came into force, Color Line has used fuel oil with an even lower sulphur content than specified in the requirements for 2007.

A condition for transferring transport of goods from road to sea is the development of intermodal transport solutions, whereby railways and efficient road systems are planned in the connection with port development. The introduction of the SuperSpeed concept will provide Color Line with two environmentally efficient vessels with large freight capacities and short turnaround times in the ports. Both the ships and the ports have been developed hand-in-hand and represent a forward looking transport system between Norway and the Continent offering high volume, high speed and short turnaround times.

Color Line works actively to reduce the negative environmental effects of its activities and to increase energy efficiency. The company aims to reduce the volume of refuse from the ships by means of refuse sorting at source, increased recycling and a programme of continuous improvement in resource management.

Color Line plays an active role in town and regional planning through its engagement in new terminals and ports in Oslo, Larvik, Kristiansand, Hirtshals and Kiel. The company is investing approx. NOK 270 million in the new terminal at Larvik.

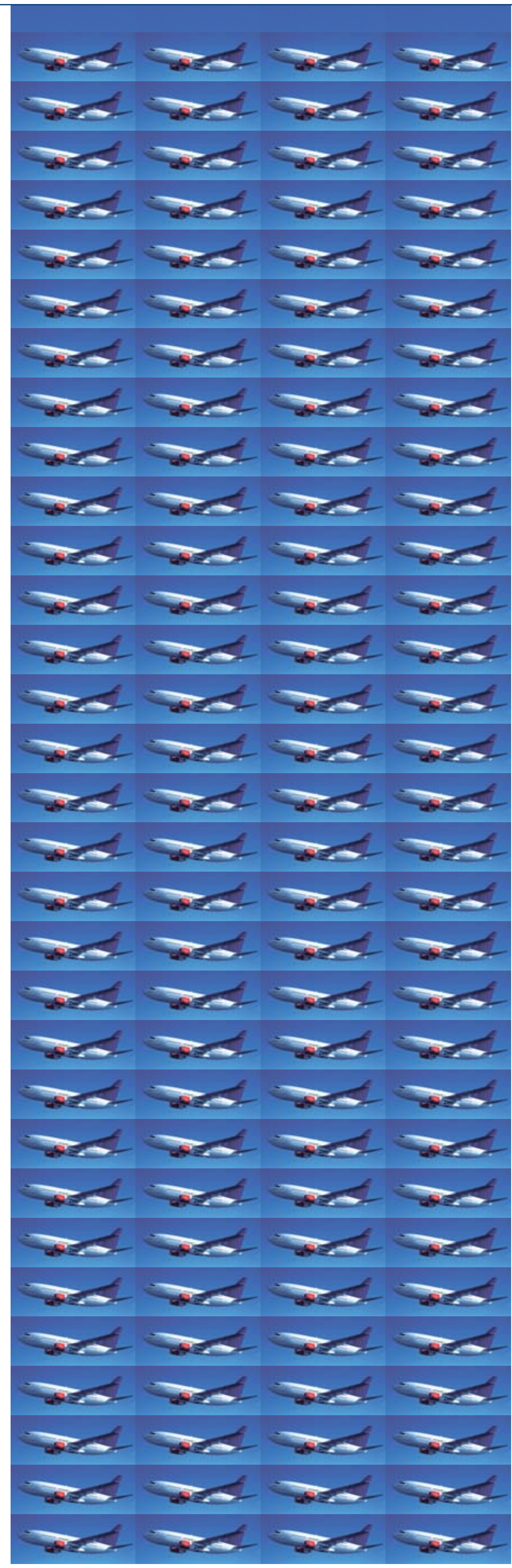
A JUNCTION FOR THE FUTURE

It is a declared political objective both in the EU and in Norway to transfer the transport of goods from the roads to sea and rail. This is considered to be the most efficient course of action from the point of view of the organization of traffic, the environment and safety. The development of efficient and well-run ports is a condition for this development, as pointed out in the National Transport Plan 2006–2015.

The authorities underscore the fact that many ports are vital for value creation in the local societies. Color Line plays an active role in this connection and contributes to town and regional development, both in the form of investment in the local societies and also as a guarantor for secure and reliable transport of goods and passengers between Norway and the Continent.

Color Line's civic role as a port developer is much in evidence in all the 10 ports of call in 4 countries. In Kristiansand Color Line is cooperating in the extension of the port prior to the introduction of SuperSpeed 1 on the service between Kristiansand and Hirtshals in December 2007. By the spring of 2008, Color Line will have invested approx. NOK 270 million in the building of one of Europe's most efficient ferry terminals at Revet outside Larvik. It is from this terminal that SuperSpeed 2 will operate daily between Larvik and Hirtshals.

Hirtshals is a key port for Color Line and is an important link-up between the Continent and Norway. The port is served by a four-lane motorway and rail connection leading right into the port. The role of Hirtshals harbour can be compared with a major international airport. About 2 million Color Line passengers embark or disembark through this port every year. In 2008, Hirtshals port will be able to handle a total of almost 23 500 passengers – which in terms of capacity is the equivalent of almost 157 full Boeing 737 aircrafts.



Hirtshals port. Daily capacity 23 500 passengers, the equivalent of 157 Boeing 737 aircrafts.

SuperSpeed represents a completely new concept, shortening the travelling time between Norway and the Continent.

Color Line transported 192 412 trailers in 2006. This number is the equivalent of 23 percent on all heavy goods traffic across the Svinesund bridge (to Sweden), contributing positively to the declared objective of transferring goods transport from road to sea.

AN ENVIRONMENTALLY EFFICIENT MOTORWAY

The transport of goods and passengers in Europe is increasing and the capacity of the road networks is practically at its limit. In 2001 the EU estimated that if nothing further was done by 2010, transport by heavy goods vehicles in Europe would increase by 50 percent, compared with the level in 1998. This growth in traffic would not just have consequences for the environment. An inefficient transport system would also have financial consequences for all those who depend on efficient and predictable delivery of goods.

When the EU established the short sea shipping programme in 2004 in collaboration with shipping nations, including Norway, the vision was clear: sea transport is to be the preferred method of transport in Europe. In order to achieve this aim, bottle necks must be identified, ports must be improved and loading and discharging systems simplified.

The new SuperSpeed ships will play an important part in this process. On the services between Kristiansand / Larvik and Hirtshals, each of these modern ferries will have a capacity of 1 900 passengers, 2 kilometres of trailers, or 3.8 kilometres of private cars. Comfortable and fast voyages combined with high capacity and short turnaround in the ports will make SuperSpeed an extension of the motorway on both sides of the Skagerrak – in line with the EU requirement to move transport from road to sea.

In 2006, Color Line transported more than 192 000 trailers between Norway and the Continent, an increase of approx. 10 percent compared with the preceding year. Measured in number of heavy goods vehicles, this represents 23 percent of all heavy goods traffic across the border at Svinesund (to Sweden) in 2006. Color Line's new and modern ships will offer increased capacity for both passengers and cargo. The company is building a new ferry terminal outside Larvik and developing the ports of Kristiansand and Hirtshals into efficient traffic junctions.

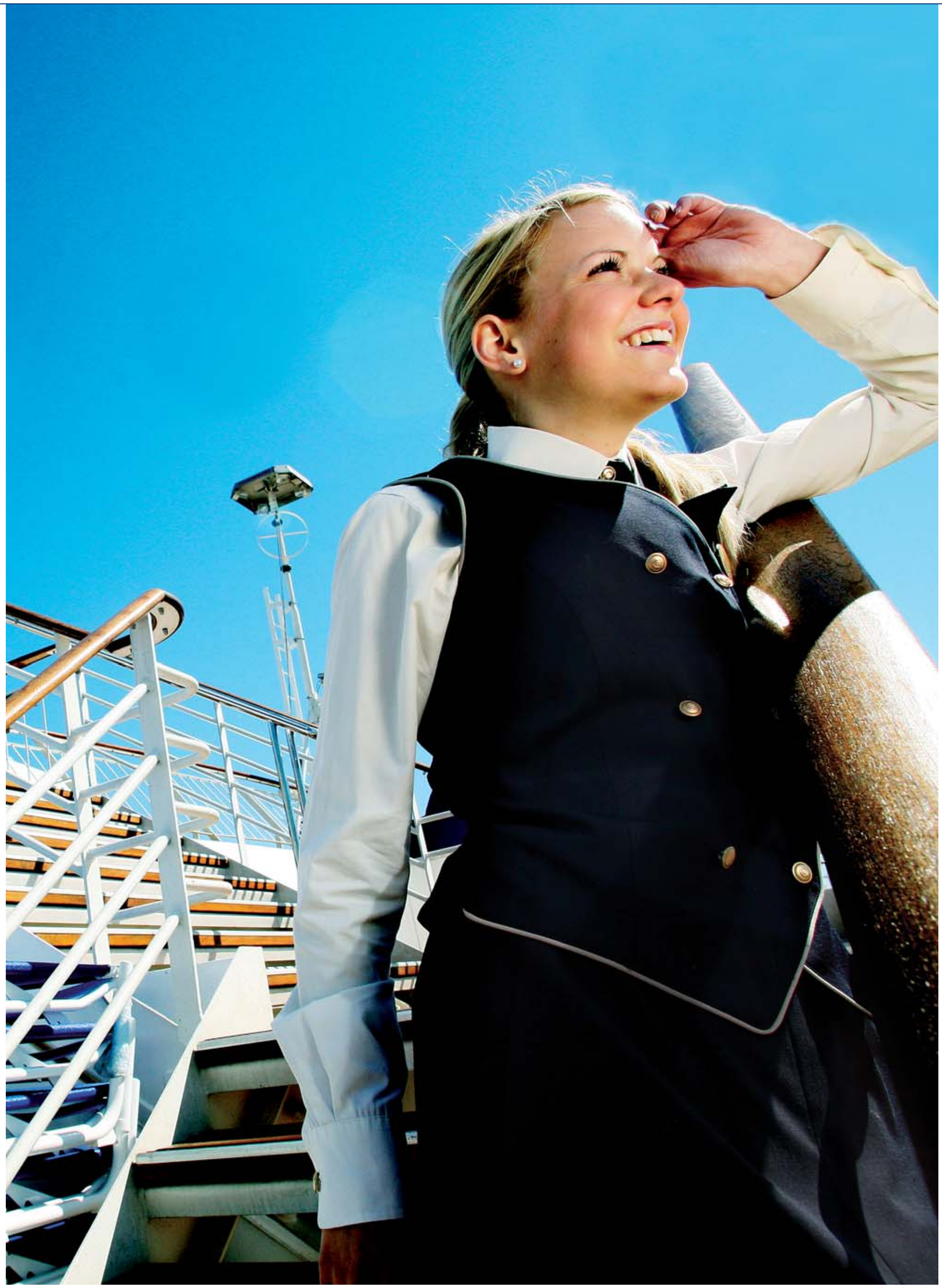
FACTS ABOUT SUPERSPEED

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
- 2 030 lane metres for trailers or 764 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



The requirement for qualified personnel for the ships is increasing. There are approx. 50 trainees on board Color Line's ships at all times.

THE EU MARITIME POLICY

On 7 June 2006, the EU Commission sent out a Green Paper for consultation concerning a uniform maritime policy in Europe. Port operation, cruise, coastal tourism, shipyards and aquaculture were all underscored as areas of special interest. The Commission emphasises the importance of further developing the quality of European shipping. This applies to ships, crew and shipowners. European shipping must also find solutions to climatic and environmental challenges.

Color Line is competing on more or less equal terms with its competitors in Europe. The long term framework conditions have given the company the opportunity of introducing innovative and future oriented measures in recent years.

RECRUITMENT

Norwegian shipowners will require between 3 000 and 4 000 new seamen during the next 3 years. Early in 2007, Norwegian shipowners had more than 300 ships on order. The strong political interest in shipping both in the EU and Norway underlines the importance of the industry in the time ahead.

Competition on the labour market is keen. Color Line is already looking for the most competent personnel who can take on the different functions onboard the company ships. The company has strengthened its human resources division and is preparing long term recruiting measures and career plans for the employees as well as arranging competence development measures.

According to new international regulations which came into force in 2006, all employees of any nationality must have proper working conditions. These regulations serve to strengthen Norwegian shipowners.

Recruiting campaign. *Maritime Forum and the Norwegian Shipowners Association started up an information and recruiting campaign in January aimed at school pupils all over the country. Color Line contributes towards this campaign.*

COLOR LINE EMPLOYEES

Norwegian crew members	2 519
Foreign crew members	185
Color Line Norway	713
Color Line Denmark	263
Color Line Sweden	45
Color Line Germany	96
TOTAL including part-time employees	3 821
Active trainees on board	53

Color Line Stadium, Ålesund.

Color Line Arena, Hamburg.

The Indenpendence Centenary.

The Centre for Experience Economy, BI – Norwegian School of Management, Oslo.

SPONSORSHIPS AND RESPONSIBILITY FOR THE COMMUNITY

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

Color Line Stadium Ålesund

The Color Line Stadium in Ålesund is Ålesund Football Club's home ground. An ultra-modern sports facility for use all year round with a capacity of 11 000 spectators.

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 for the German public.

The Independence Centenary

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

The Centre for Experience Economy. BI – Norwegian School of Management

Color Line sponsors the new BI centre for Experience Economy in the amount of NOK 6 million over the next 5 years. The company requires new attractive tourist products and wishes to contribute towards strengthening competence in this important industry.

M/S COLOR FANTASY

The world's largest cruise ship with a car deck has enjoyed great success since its introduction in December 2004. In September, after only 21 months in operation, Color Fantasy's guest number 1 million departed from Kiel.

BOND LOAN

In 2006, Color Group ASA increased its bond loan COLG05 (maturity 2012) by NOK 225 million.

M/S COLOR MAGIC

Color Line's new flag ship was launched on 20 December at Aker Finnyards in Rauma, Finland. The ship will be completed for delivery in September 2007.

M/S COLOR TRAVELLER

M/S Color Traveller was returned to Rederi AB Gotland on 29 December 2006 after the expiry of the charter period.

NEW PORT AND TERMINAL IN LARVIK

In January 2007, Color Line and Larvik port concluded a long term lease agreement of 30 years with an option for another 20 years. A new and modern ferry terminal will be completed during the course of the first 6 months of 2008. The Group will be investing approx. NOK 270 million in the new terminal facility.

M/S KRONPRINS HARALD

Color Line AS concluded an agreement on the sale of this ship to the Irish Continental Group (Irish Ferries) for delivery January/February 2007. The sales amount was EUR 43.6 million. Under the terms of the contract, Color Line will hire the ship on a bare-boat charter on market terms up to September/October 2007, when M/S Color Magic will be delivered.

SUPERSPEED 1

Keel laying and the placing of a "lucky coin" took place on 28 February 2007. SuperSpeed 1 will sail on its maiden voyage from Kristiansand to Hirtshals in December 2007.

SUPERSPEED 2

Start of production 28 February 2007. SuperSpeed 2 will be put into operation between Larvik and Hirtshals in April 2008.

M/S COLOR FANTASY
Oslo - Kiel
Year built: 2004
Register: NOR
Tonnage: 75 027 GRT
Length: 223,7 metres
Max. speed: 22,3 knots
Passenger capacity: 2 750
Cabins: 927
Berths: 2 667
Freight capacity (lane metres): 1 270
Vehicles: 750

M/S KRONPRINS HARALD
Oslo - Kiel
Year built: 1987
Register: NOR
Tonnage: 31 914 GRT
Length: 166,3 metres
Max. speed: 23,5 knots
Passenger capacity: 1 458
Cabins: 464
Berths: 1 392
Freight capacity (lane metres): 1 160
Vehicles: 730

M/S COLOR FESTIVAL
Oslo - Frederikshavn
Year built: 1985
Register: NOR
Tonnage: 34 694 GRT
Length: 171,5 metres
Max. speed: 22 knots
Passenger capacity: 2 000
Cabins: 561
Berths: 1 867
Freight capacity (lane metres): 850
Vehicles: 330

M/S PRINSESSE RAGNHILD
Bergen/Stavanger-H.hals
Year built: 1981/1992
Register: NOR
Tonnage: 35 855 GRT
Length: 205,3 metres
Max. speed: 22 knots
Passenger capacity: 1 515
Cabins: 566
Berths: 1 668
Freight capacity (lane metres): 900
Vehicles: 600

M/S CHRISTIAN IV
Kristiansand - Hirtshals
Year built: 1982
Register: NOR
Tonnage: 22 161 GRT
Length: 154,5 metres
Max. speed: 20 knots
Passenger capacity: 1 860
Cabins: 289
Berths: 728
Freight capacity (lane metres): 680
Vehicles: 430

F/F SILVIA ANA
Kristiansand - Hirtshals
Year built: 1996
Register: Bahamas
Tonnage: 7 895 GRT
Length: 125 metres
Max. speed: 41 knots
Passenger capacity: 1 115
Cabins: 0
Berths: 0
Freight capacity (lane metres): 0
Vehicles: 207

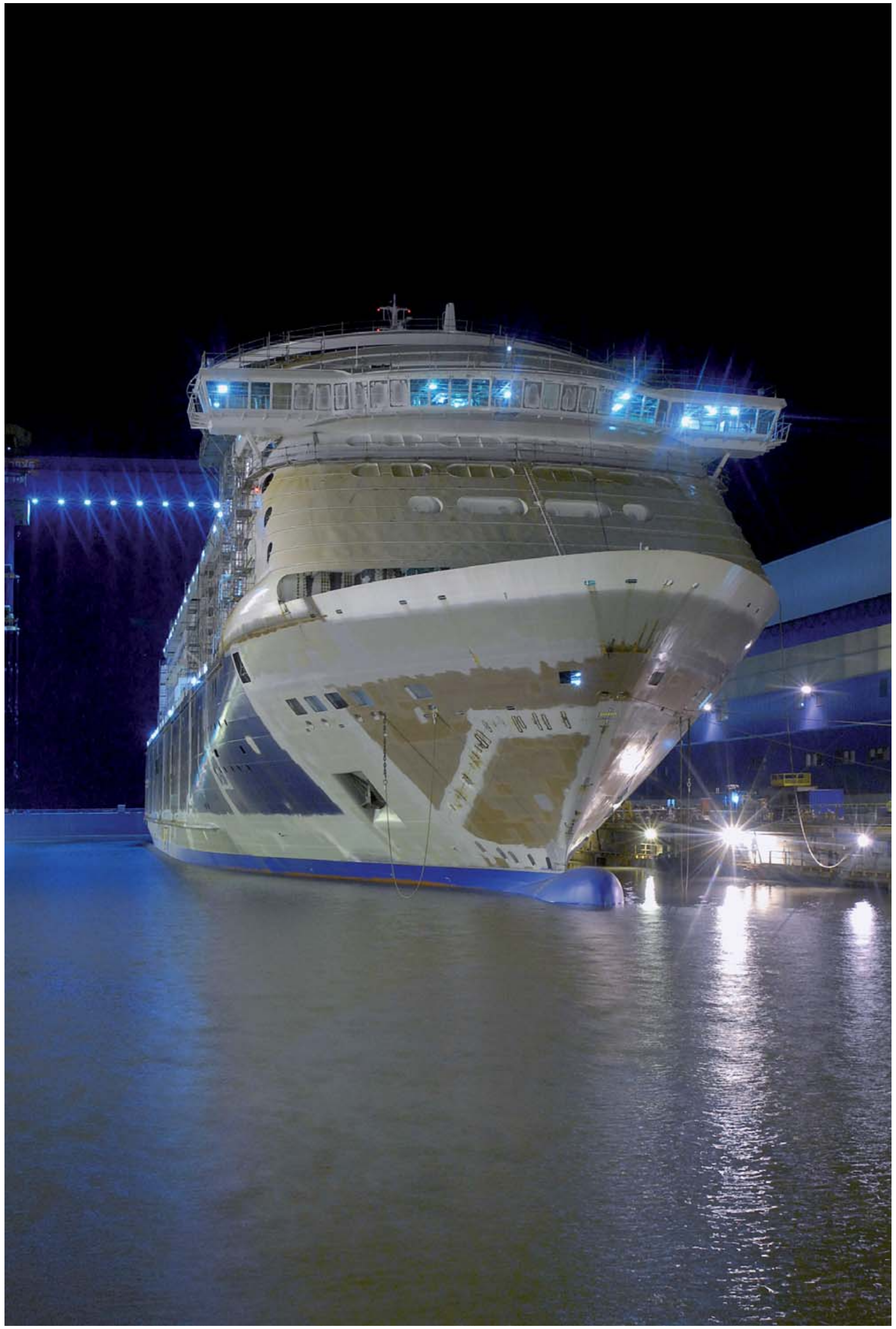
M/S PETER WESSEL
Larvik - Hirtshals
Year built: 1981/1988
Register: NOR
Tonnage: 30 317 GRT
Length: 168,5 metres
Max. speed: 19 knots
Passenger capacity: 2 138
Cabins: 518
Berths: 1 804
Freight capacity (lane metres): 750
Vehicles: 562

M/S COLOR VIKING
Sandefjord - Strömstad
Year built: 1985
Register: NOR
Tonnage: 19 763 GRT
Length: 137 metres
Max. speed: 18 knots
Passenger capacity: 1 720
Cabins: 0
Berths: 0
Freight capacity (lane metres): 490
Vehicles: 350

M/S BOHUS
Sandefjord - Strömstad
Year built: 1971
Register: NOR
Tonnage: 9 149 GRT
Length: 123,4 metres
Max. speed: 21 knots
Passenger capacity: 1 165
Cabins: 0
Berths: 0
Freight capacity (lane metres): 462
Vehicles: 230

M/S COLOR TRAVELLER*
Larvik - Hirtshals
Year built: 1981
Register: NOR
Tonnage: 17 098 GRT
Length: 140,8 metres
Max. speed: 19 knots
Passenger capacity: 1 100
Cabins: 80
Berths: 282
Freight capacity (lane metres): 1 150
Vehicles: 450

** Returned to Rederi AB Gotland on 29 December 2006 after the expiry of the charter period.*



M/S Color Magic was launched on 20 December 2006. The ship will be ready for delivery in September 2007.

PRINCIPAL FIGURES AND KEY FIGURES

CONSOLIDATED		2006	2005	2004	2003	2002	2006
DEVELOPMENT OF TRAFFIC							
Passengers		4 279 868	4 433 072	4 211 284	4 241 870	4 243 684	
Cars		828 284	809 188	823 029	818 467	797 574	
Freight units (12m-equivalents)		192 412	177 195	158 357	142 223	139 001	
PROFIT/LOSS (in NOK million)	1)						(in EUR mill.)
Revenues		4 585	4 682	3 944	3 816	3 796	555
Operating expenses		-3 738	-3 740	-3 151	-2 963	-2 901	-453
EBITDA	2)	847	942	793	853	895	103
Depreciation		-483	-495	-367	-367	-390	-58
Charter expenses		-66	-77	-74	-37	-37	-8
Operating income before write-down/loss/gain		298	369	352	449	467	36
Gain and loss on sales, write-downs			9	1	8	-150	
EBIT		298	378	353	457	317	36
Net financial items		-128	-122	-89	-107	12	-15
Income before taxes		170	256	263	349	329	21
Taxes		-63	-87	-94	-108	-106	-8
Net income		107	169	169	241	222	13
BALANCE SHEET (in NOK million)							
Current assets		677	615	769	549	880	82
Fixed assets		5 516	5 699	5 521	3 374	3 406	668
Total assets		6 193	6 314	6 290	3 923	4 285	750
Current liabilities		539	566	595	407	814	65
Long-term debt		3 214	3 216	3 270	1 361	1 478	389
Deferred taxes		546	557	512	432	471	66
Shareholders' equity		1 889	1 973	1 912	1 720	1 519	229
Total liabilities and shareholders' equity		6 193	6 314	6 290	3 923	4 285	750
LIQUIDITY (in NOK million) / SOLIDITY (%)							
Cash and cash equivalents as at 31 Dec.	3)	1 463	1 508	1 465	631	430	177
Cash flow	4)	781	865	714	816	858	95
Equity ratio %		31	31	31	44	35	
Net interest-bearing debt		2 950	3 082	3 017	1 130	1 160	357
EBITDA Color Line		843	936	788	846	889	102
EBITDA Color Hotels		4	6	5	7	6	1
EMPLOYEES / SUNDRY EXPENSES							
Number of employees	5)	3 821	3 827	3 268	3 065	2 812	
Cost of wages		1 308	1 303	1 102	1 053	1 079	158
Port fees		143	138	121	114	92	17

Definitions:
1) Translated to Euro, exchange rate as at 31 Dec. 06
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 2006 og 2005

DIRECTORS' REPORT

PROFIT AND LOSS ACCOUNT

The financial results for Color Group ASA in 2006 were somewhat weaker than in the preceding year. The reduction is primarily the result of fewer sailings due to inclement weather and other operational difficulties in 2006 in addition to the continued reduction on the traditional short services between Norway and Denmark. This is due to increased competition from low price air travel, other ferry companies and cruise companies sailing under international flags and changes in the holiday and leisure patterns of the general public. The cost of bunkers was also higher in 2006 than in the preceding year.

Revenues totalled NOK 4 585 million in 2006 compared with NOK 4 682 million in 2005. In 2006, the Group recorded an EBITDA figure of NOK 847 million compared with NOK 942 million in 2005. Operating profit in 2006 totalled NOK 298 million compared with NOK 378 million in 2005.

The Group's net financial items showed a deficit of NOK 128 million in 2006 compared with a deficit of NOK 122 million in 2005.

The accounts were closed with a pre-tax profit of NOK 170 million and profit after tax of NOK 107 million. The equivalent figures for 2005 were NOK 256 million and NOK 169 million.

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

ABOUT THE GROUP

Color Group ASA is engaged in the transport of passengers and goods, hotel operation, restaurants, retail trade, entertainment and organized tour production. Color Group's head office is in Oslo. Color Group ASA is the acting holding company for the wholly owned subsidiary companies Color Line AS and Color Hotel Skagen AS. Color Line has its head office at Hjortneskaien 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 2006 showed a reduction of approx. 3.5 percent down to approx. 4.3 million compared with 2005. The largest reduction was recorded on the traditional short services between Norway and Denmark, while traffic development on the new services is satisfactory. Freight increased by approx. 10 percent to approx. 192 000 freight units (12m equivalents), which in number represents more than 20 percent of the heavy goods traffic across the Swedish/Norwegian border at Svinesund.

The parent company Color Group ASA recorded a pre-tax profit of NOK 240 million compared with NOK 138 million in 2005. Profit after tax totalled NOK 173 million in 2006 compared with NOK 99 million in 2005. 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 2006 Color Group ASA extended its bond loan COLGO5 (maturity 2012) in the amount of NOK 225 million. The Group's bond loans are registered on the Oslo Stock Exchange. As at 31 December 2006, the outstanding amount in bond loans totalled NOK 1 394 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 third quarter of 2007. Approx. 80 percent of the contract sum will be financed by loan maturing 12 years from date of delivery. Color Group ASA guarantees Color Line AS' commitment during the building period.

In 2005 Color Line AS also concluded an agreement with Aker Finnyards Inc. for the building of two new Ro/Pax SuperSpeed ships. The delivery time for the new buildings will be fourth quarter 2007 and second quarter 2008 respectively. The ships will be financed for approx. 80 percent of the contract 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 2006.

In 2006, the Group's cash flow from operations (EBITDA) totalled NOK 847 million. Net cash flow from investments and financing activities was –NOK 325 million. The Group's balance sheet as at 31 December 2006 totalled NOK 6 193 million. The Group's total liquidity reserves, including granted drawing rights and liquid securities amounted to NOK 1 463 million as at 31 December 2006. Interest bearing debt totalled NOK 3 214 million as at 31 December 2006 and shareholders' equity amounted to NOK 1 889 million which is approx. 31 percent of the consolidated balance sheet. Group distributable equity as at 31 December 2006 totalled NOK 267 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. 36 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 2006, the Group employed a workforce of 3 821 persons including those in temporary positions. 2 704 persons worked on board the ships. In 2006 average absence due to illness in the Group was approx. 7 percent for shore based employees (5 percent in 2005) and 11 percent for offshore employees (9 percent in 2005). A great deal of work has gone into charting the causes of these increases and the implementation of measures to correct this negative development. The most important measure is an annual customer and employee review. Plans have been prepared for measures that will contribute towards improving the working environment, reducing absence due to sickness and increasing customer satisfaction.

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 onshore and offshore employees, in line with the company's policy and trends in society.

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 2 704 employees on board the ships, 1 191 are women. There are 190 leading positions of which 29 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 1 117 shore based personnel, 521 are women. There is one woman in the Color Line AS Group Management. The percentage of women in shore-based management positions is approx. 38 percent.

SAFETY AND THE ENVIRONMENT

In line with its environmental policy, the Board of the Norwegian Shipowners Association has resolved that Norwegian shipping and the marine oil and gas industry shall not have environmentally harmful discharges to sea or air.

This vision sets a goal for the environmental work of the Norwegian Shipowners Association and Norwegian shipowners, which must be regulated by common international rules.

Color Group ASA's subsidiary, Color Line subscribes to this vision. The security and safety of passengers, employees and the environment has high priority. An important part of safety and environmental work is to contribute towards specific measures which must be subject to regulation by common international rules.

In 2006, Color Line continued to implement new safety and environmental requirements. This work follows the guidelines laid down in national and international environmental legislation. The company's evaluation of environmental risk is an ongoing process.

It is Color Line's declared objective to be at the forefront in safety and environmental issues and to participate actively in national and international professional bodies. The company works continuously on improving and simplifying the environmental accounts for the ships.

As a major player in the transport of passengers and freight, the company works actively to reduce the environmental effects of its operations and to increase energy efficiency. The object is to reduce the volume of refuse from the ships by means of increased recycling, sorting at source and a program of continuous improvement of resource management.

Annex VI in MARPOL regulates the sulphur content in fuel oil and came into force on 19 May 2005. Maximum 1.5 percent sulphur content in fuel oil was introduced for shipping in the Baltic Sea in the spring of 2006 and will be introduced in the North Sea in the autumn of 2007. Color Line uses fuel oil with an even lower sulphur content in order to reduce harmful discharge to the air.

In cooperation with other national and international companies, Color Line participates in a research and development project concerning the use of LNG in large passenger and freight vessels.

The requirements of the authorities with regard to the safety and operation of passenger ships are complied with through the company's quality assurance system in accordance with the ISM code. The company works continuously to simplify and improve this system. All accidents, near accidents and unintentional occurrences are reported and analyzed and measures are implemented to prevent reoccurrence.

There were no serious accidents in 2006 resulting in environmental pollution of the environment. Unfortunately there was one tragic accident in 2006 involving loss of life.

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/OCCURRENCES AFTER BALANCE SHEET DATE

The cruise and ferry industry is characterised 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 change. In Europe, the increase in low price air travel and the considerable increase in the price of fuel have contributed towards a fall-off in the number of passengers, and an increase in operating expenses. At the same time, development in the transport of goods has been positive.

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 (Kristiansand/Hirtshals and Larvik/Hirtshals) which have shown a stagnating tendency. At the same time, the lines have experienced increased competition from low-price air travel, other ferry companies and cruise companies sailing under international flags. Color Line anticipates future growth and further segmentation in the two market sectors, cruise and transport. The cruise concept covers a wide scope of leisure activities and entertainment onboard, making the ship a destination in itself. Transport represents cost efficient and fast transport of goods and passengers.

Future oriented ships and concepts

As a consequence of this development, Color Line AS 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 cooperating with Norwegian tourist destinations on the development of attractive destinations, accommodation and active holiday offers. Color Line's investments are based on the fact that Norway has a large unutilized potential as a holiday destination for European tourists. In the reduction of 3.5 percent in the number of passengers compared with 2005, foreign passengers to Norway represent 1 percent and show that further focus is required on the international marketing of Norway. In cooperation with other players and with Innovation Norway, Color Line has implemented a long term market project in Germany called Optima Germany. The company also cooperates with the Danish tourist industry with the aim of strengthening and developing the tourist industry on Jutland in Denmark.

M/S Color Magic, the sister ship of M/S Color Fantasy will be put into service in the third quarter of 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 type of 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.

The SuperSpeed concept will reduce operating expenses as well as the carbon footprint per passenger in view of the considerable increase in capacity and the short turnover time in the port. SuperSpeed 1 will be put into the service between Kristiansand and Hirtshals during the fourth quarter 2007 and SuperSpeed 2 between Larvik and Hirtshals during the second quarter 2008.

In conjunction with the new ships, the company has also invested in new custom built solutions in the ports and terminals.

The SuperSpeed concept will meet the challenges in a passenger and transport market which is going through a period of change. SuperSpeed is a future oriented transport concept for passengers and goods. The concept will complement Color Line's engagement in short holiday cruises by M/S Color Fantasy and M/S Color Magic.

Phasing out older tonnage

In February 2007 M/S Kronprins Harald was sold to Irish Continental Line Ltd (Irish Ferries). The sales sum was EUR 43.6 million which represents a gain in relation to book value. In this agreement, Color Line will hire the ship on a bareboat charter on market terms up to September/October 2007 when M/S Color Magic is to be delivered.

In December 2006, M/S Color Traveller was returned to Rederi AB Gotland following the termination of the charter period.

New ports and terminals

In 2006, Larvik municipal council adopted the development plan for Revet, the new port area for Larvik. Under the terms of an agreement between Color Line and Larvik Port concluded in January 2007, Color Line will move from the inner port and establish a new ferry terminal at Revet. A new and modern ferry terminal will be completed during the course of the first 6 months of 2008. The new facility will take over the present ferry operations in the inner port which will then be freed for town development. The Group will invest approx. NOK 270 million in the new terminal.

New Group Organization

A process has been under way for some time concerning the future organization of Color Line. The background for this is the company's decision with regard to the contracting of four new ships involving an infrastructure in two fields – cruise and transport. The new organization will be based on two central operating divisions.

The cruise division will be responsible for the Oslo-Kiel, Oslo-Frederikshavn, Bergen/Stavanger-Hirtshals services in addition to Color Line Germany and will have its operative management in Oslo.

The transport division will be responsible for the Kristiansand-Hirtshals, Larvik-Hirtshals, Sandefjord-Strömstad services in addition to Color Line Denmark, Color Line Cargo and Color Hotel Skagen. The transport division will also be responsible for SuperSpeed between Larvik and Hirtshals and Kristiansand and Hirtshals, with operative management in Kristiansand.

Equal competition

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 that 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.

For 2007, the Group anticipates a result after tax which will be weaker than in 2006, primarily due to non-recurring start-up costs in connection with the delivery of new ships, in addition to reorganization expenses. The Directors are of the opinion that the company is well equipped to meet the challenges of 2007.

Oslo, 13 March 2007

Morten Garman
Chairman of the Board

Olav N. Sunde
Group President

Leif Klevan

Bjørn Paulsen

INCOME STATEMENT

PARENT COMPANY					GROUP		
Amounts in TNOK							
2006	2005	2004		Note	2006	2005	2004
128 251	139 964	118 440	Revenues	15	4 584 922	4 682 065	3 943 941
0	0	0	Cost of goods sold		−1 579 060	−1 540 505	−1 272 539
−8 244	−7 525	−6 575	Cost of wages	8,10	− 1 308 394	−1 302 612	−1 101 771
−17 393	−18 471	−15 825	Other operating expenses	9	−849 861	−896 725	−775 858
0	0	0	Bad debts		−507	−175	−454
−25 637	−25 996	−22 400	Total operating expenses		−3 737 822	−3 740 017	−3 150 622
102 614	113 968	96 040	Operating income before depreciation and charter expenses (EBITDA)		847 100	942 048	793 319
−22 212	−22 210	−22 289	Depreciation	7	−482 510	−495 339	−367 010
0	0	0	Charter expenses	9	−66 350	−77 301	−73 878
80 402	91 758	73 751	Operating income after depreciation and charter expenses		298 240	369 408	352 431
0	39	0	Profit/loss on sales, write-downs	7	0	8 926	268
80 402	91 797	73 751	OPERATING INCOME (EBIT)		298 240	378 334	352 699
146 072	119 596	52 854	Interest from companies in the same Group		0	0	0
0	1 242	316	Other interest income		17 577	14 223	7 481
188 480	84 918	1 597	Other financial income/expense		34 087	34 853	952
−174 883	−159 796	−90 233	Other interest expenses		−179 782	−171 360	−97 918
159 669	45 960	−35 466	NET FINANCIAL ITEMS		−128 118	−122 284	−89 485
240 071	137 757	38 285	INCOME BEFORE TAXES		170 122	256 050	263 214
−67 237	−38 862	−17 719	Taxes	13	−62 708	−87 020	−94 247
172 834	98 895	20 566	NET INCOME		107 414	169 030	168 967
191 162	108 593	76 793	Group contribution				

BALANCE SHEET

PARENT COMPANY					GROUP		
Amounts in TNOK							
2006	2005	2004		Note	2006	2005	2004
			ASSETS				
			Fixed assets				
			Intangible assets				
218 897	240 931	258 964	Goodwill/rights	7	600 571	671 301	738 030
218 897	240 931	258 964	Total intangible assets		600 571	671 301	738 030
			Property and equipment				
0	0	0	Plants under construction		43 963	12 655	0
0	0	0	Land, buildings and other real estate	7	337 349	326 531	317 205
594	773	358	Machines, furniture, fixtures and equipment	7	63 479	60 166	45 320
0	0	0	Ships	7	3 789 278	4 105 638	4 273 028
594	773	358	Total property and equipment		4 234 069	4 504 990	4 635 553
			Financial assets				
2 500 929	2 500 929	1 999 429	Investments in subsidiaries	2	0	0	0
25 429	25 429	22 096	Shares and other participations	14	25 429	25 429	22 096
0	0	0	Other receivables	3,8,16	655 469	496 891	125 295
2 602 303	2 721 168	3 289 113	Intercompany loans	3	0	0	0
5 128 661	5 247 526	5 310 638	Total financial assets		680 898	522 320	147 391
5 348 152	5 489 230	5 569 960	Total fixed assets		5 515 538	5 698 611	5 520 974
			Current assets				
0	0	0	Inventories	5	168 611	163 870	133 429
0	0	0	Accounts receivable	5	93 975	92 785	77 879
22	25	30 027	Other current assets	3	150 159	224 109	304 668
226 244	101 169	57 361	Bank deposits and cash		264 299	134 238	252 556
226 266	101 194	87 388	Total current assets		677 044	615 002	768 532
5 574 418	5 590 424	5 657 348	TOTAL ASSETS		6 192 582	6 313 613	6 289 506
			LIABILITIES AND SHAREHOLDERS' EQUITY				
			Contributed capital:				
143 600	143 600	143 600	Share capital (71 800 000 shares, NOK 2.- per share)	11	143 600	143 600	143 600
1 478 436	1 478 436	1 478 436	Premium fund		1 478 436	1 478 436	1 478 467
1 622 036	1 622 036	1 622 036	Total contributed capital		1 622 036	1 622 036	1 622 067
774 065	792 395	802 093	Other shareholders' equity		266 717	350 484	289 795
2 396 101	2 414 431	2 424 129	Total shareholders' equity	12	1 888 753	1 972 520	1 911 862
			Liabilities				
			Provisions:				
61 953	69 057	72 425	Deferred taxes	13	545 693	557 425	512 085
2 309	831	544	Other provisions	8	4 825	1 880	0
64 262	69 888	72 969	Total provisions		550 518	559 305	512 085
			Long-term debt				
1 694 672	1 901 234	2 468 203	Debt to credit institutions	6	1 820 228	2 035 568	2 617 290
1 394 000	1 180 000	653 000	Bond loans	6	1 394 000	1 180 000	653 000
3 088 672	3 081 234	3 121 203	Total long-term debt		3 214 228	3 215 568	3 270 290
			Current liabilities				
0	0	0	Trade creditors		181 371	196 515	215 271
0	0	0	Debt to credit institutions		38 176	42 919	42 059
25 383	24 871	39 047	Other current liabilities	4	319 536	326 786	337 939
25 383	24 871	39 047	Total current liabilities		539 083	566 220	595 269
5 574 418	5 590 424	5 657 348	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6 192 582	6 313 613	6 289 506

Oslo, 13 March 2007

Morten Garman
Chairman of the Board

Olav N. Sunde
Group President

Leif Klevan

Bjørn Paulsen

CASH FLOW STATEMENT

PARENT COMPANY				GROUP		
Amounts in TNOK						
2006	2005	2004		2006	2005	2004
240 071	137 757	38 285	Income (loss) before taxes	170 122	256 050	263 214
0	−39	−126	Loss/gain on sale of fixed assets	0	−8 926	−268
22 212	22 210	22 289	Depreciation	482 510	495 339	367 010
1 478	287	−82	Pension costs without cash flow effect	24 492	−13 705	511
0	0	14 745	Effect of currency fluctuations	0	0	15 390
0	0	0	Changes in inventories	−4 741	−30 441	−12 520
0	0	0	Changes in accounts receivable	−1 190	−14 906	3 340
0	0	0	Changes in accounts payable	−15 144	−18 756	61 897
−264 989	−135 671	−112 058	Changes in other accruals	−200 719	−78 580	−83 578
−1 228	24 544	−36 947	Net cash flow provided by operations	455 330	586 075	614 996
0	294	225	Proceeds from sale of property and equipment	0	25 042	268
0	−4 847	0	Purchases of property and equipment	−140 859	−314 163	−2 735 654
0	667	0	Proceeds from sale of other investments	0	667	0
0	0	−42 057	Purchases of other investments	0	0	−22 096
0	−3 886	−41 832	Net cash flow used in investing activities	−140 859	−288 454	−2 757 482
845 000	1 018 500	2 686 446	Proceeds from taking up of long−term debt	845 000	1 018 500	2 686 446
−837 562	−1 058 469	−781 320	Repayments of long−term debt	−846 340	−1 073 222	−796 231
0	0	0	Collection of long−term receivables	0	0	243 240
0	−4 000	0	Payment long term receivables	−183 070	−361 217	0
118 865	568 619	−1 930 110	Intercompany credits	0	0	0
0	−501 500	0	Payments of dividends/share capital	0	0	0
0	0	60 000	Payment shareholders equity	0	0	60 000
126 303	23 150	35 016	Net cash flow from financing activities	−184 410	−415 939	2 193 455
125 075	43 808	−43 763	Net change in liquid resources	130 061	−118 318	50 969
101 169	57 361	101 124	Opening balance liquid resources as at 1 Jan.	134 238	252 556	201 587
226 244	101 169	57 361	Closing balance liquid resources as at 31 Dec.	264 299	134 238	252 556

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 2006, the Group has taken to income refund of income tax, national insurance contributions and employer's tax for seamen in the amount TNOK 278 461 (TNOK 269 723 in 2005), entered as reduction in wages in the consolidated accounts. From this amount the Group has contributed TNOK 12 803 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. 2006	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	5 700 (DKK)	100	
Terminalbygget AS	Oslo	100	100	
Color Line GmbH	Kiel	26 (EUR)	100	
Color Line Marine AS	Sandefjord	7 250	100	
Color Marine Verksted AS	Sandefjord	4 000	100	
M/V Color Ragnhild AS	Oslo	1 500	100	
M/V Color Harald AS	Oslo	1 500	100	
M/V Color Festival AS	Oslo	1 500	100	
M/V Color Viking AS	Oslo	1 500	100	
M/V Color Bohus AS	Oslo	1 000	100	
M/V Color Skagen AS	Oslo	1 000	100	
M/V Color Wessel AS	Oslo	1 500	100	
M/V Color Christian AS	Oslo	1 000	100	
Bergen Line AS	Oslo	100	100	
Norway Line AS	Oslo	100	100	
Color Line Service Partner AS	Oslo	100	100	
Color Scandi Line AS	Oslo	100	100	
Larvikterminalen AS	Oslo	100	100	
Color Line Danmark AS	Hirtshals	5 000 (DKK)	100	
Hirtshals Skipsproviantering AS	Hirtshals	500 (DKK)	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 2006, the Group's interest-bearing receivable against O.N. Sunde Group was TNOK 113 935 (a debt of TNOK 206 435 as at 31 December 2005).

NOTE 4. CURRENT LIABILITIES

Amounts in TNOK	PARENT COMPANY		GROUP	
	2006	2005	2006	2005
Public sector charges	533	629	81 509	77 178
Debt credit institutions			38 176	42 919
Other current liabilities	24 850	24 242	238 027	249 608
Total	25 383	24 871	357 712	369 705

NOTE 5. ACCOUNTS RECEIVABLE, INVENTORIES

The Group has allocated TNOK 3 876 for possible bad debts. The equivalent figure for 2005 was TNOK 4 096. The Group's inventories comprise trade goods for TNOK 160 926 and bunkers for TNOK 7 121. Equivalent figures as at 31 December 2005 were TNOK 154 591 and TNOK 8 912.

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

Long-term interest-bearing debt is as follows:

Amounts in TNOK	PARENT COMPANY		GROUP	
	2006	2005	2006	2005
Debt to credit institutions	1 694 672	1 901 234	1 820 228	2 035 568
Bond loans	1 394 000	1 180 000	1 394 000	1 180 000

List of bond loans (in NOK million):

BOND LOAN	MATURITY/INTEREST	AMOUNT	NET OUTSTANDING AS AT 31.12.06
COLG01	05.04. 2004 – 05.10. 2007 / NIBOR + 1,70%	360	112
COLG02	21.09. 2004 – 21.09. 2009 / NIBOR + 1,75%	327	277
COLG03	28.04. 2005 – 28.04. 2010 / NIBOR + 1,25%	460	334
COLG04	17.10. 2005 – 17.10. 2012 / NIBOR + 1,33%	300	298
COLG05	14.11. 2005 – 14.11. 2012 / NIBOR + 1,30%	377	373
Total		1 824	1 394

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
2007	163	174
2008	163	174
2009	163	174
2010	163	174
2011	163	174
Etter 2011	880	950
Total	1 695	1 820

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 third 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 fourth quarter 2007 and second quarter 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 2006 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 2006, the Group had concluded fixed interest contracts for NOK 950 million. Fixed interest contracts have an average duration of 1.5 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 31.12.2006 was -NOK 17 million. Average interest rate for the entire loan portfolio (including bond loans and debt to credit institutions) for 2006 was approx. 6 percent (including fixed interest agreements). Average interest rate for debt to credit institutions (without fixed interest contracts) was approx. 4 percent.

In connection with the contracting of newbuildings in Finland, Color Group has received and accepted an offer for an option on 12 years CIRR (Commercial Interest Reference Rate) fixed interest from FEC (Finnish Export Credit) for up to 80 percent of the contract sum:

M/S Color Magic	(EUR 260 million):	EUR: 4.49%
		NOK: 4.56%
		USD: 5.17%
SuperSpeed 1 and 2	(EUR 206 million):	EUR: 3.85%
		NOK: 4.21%

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 2007. Moreover, the Group has concluded extendable bunkers hedging contracts for the first, second and third quarters of 2007 covering parts of the total consumption.

Interest bearing debt

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

	PARENT COMPANY		GROUP	
Currency	Currency 1 000	TNOK	Currency 1 000	TNOK
NOK	3 088 672	3 088 672	3 137 340	3 137 340
DKK		69 425		76 888
Total		3 088 672		3 214 228

Book debt secured by mortgage etc.:

Amounts in TNOK	PARENT COMPANY		GROUP	
	2006	2005	2006	2005
Debt to credit institutions	1 694 672	1 901 234	1 820 228	2 035 568

The above debt is secured by mortgages in ships and other assets. Book value of assets placed as security for debt as at 31 December 2006 is NOK 4 234 million for the Group and NOK 0.6 million for the parent company. The equivalent figures as at 31 December 2005 were NOK 4 504 million and NOK 0.8 million. There are also mortgages in the leases related to terminal areas and negative mortgages in ships. Color Group has concluded a framework agreement guaranteeing the Group's tax withholdings of NOK 60 million. In addition the Group has placed a guarantee of approx. 60 million in respect of travel guarantee funds and other guarantees for subsidiaries for approx. 25 million. Color Group guarantees for Color Line's obligations during the building period for 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.	7 027 362	433 088	607 436	1 395 144	9 463 030
Additions	39 258	27 337	42 956	0	109 551
Disposals	0	23 822	0	0	23 822
Cost as at 31 Dec.	7 066 620	436 603	650 392	1 395 144	9 548 759
Accum. depreciation and write-downs 1 Jan.	2 921 724	372 922	280 905	723 843	4 299 394
Depreciation	355 618	24 024	32 138	70 730	482 510
Disposals	0	23 822	0	0	23 822
Accum. depreciation and write-downs 31 Dec.	3 277 342	373 124	313 043	794 573	4 758 082
Book value as at 31 Dec.	3 789 278	63 479	337 349	600 571	4 790 677
Depreciation rate	As described	10 – 25%	3 – 5%	5 – 20%	
PARENT COMPANY (Color Group)					
Cost as at 1 Jan.	0	891	0	444 677	445 568
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Cost as at 31 Dec.	0	891	0	444 677	445 568
Accum. depreciation and write–downs 31 Des.	0	118	0	203 747	203 864
Depreciation	0	179		22 033	22 212
Disposals	0	0	0	0	0
Accum. depreciation and write–downs for the year	0	297	0	225 780	226 076
Book value as at 31 Dec.	0	594	0	218 897	219 492
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 2006, this represents an average depreciation percent of 5.0 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	
	2006	2005	2006	2005
Present value of pension earnings for the year	1 643	1 406	31 322	25 741
Interest costs on pension commitments	617	535	15 800	14 375
Expected yield on pension funds	−495	−461	−13 866	−13 164
Expensed employer's tax	244	243	4 393	4 641
Book estimate deviation	417	243	10 721	5 966
Net pension costs	2 426	1 965	48 370	37 559
Pension commitments and pension funds:				
Estimated commitments	19 640	13 805	494 107	356 427
Estimated value of pension funds	11 135	9 568	308 300	271 648
Estimated net pension commitments	8 505	4 237	185 807	84 779
Calculated employer's tax	1 199	597	26 199	11 954
Calculated pension commitment	9 704	4 835	212 006	96 733
Unrecognized change in estimate (corridor)	−7 396	−4 004	−219 205	−124 480
Calculated net pension assets in balance sheet	2 308	831	−7 199	−31 747

In the actuarial calculation, the following assumptions are taken as a basis:

	2006	2005
Discount rate	4,4%	4,5%
Expected return	5,4%	5,5%
Expected wage adjustment	4,5%	3,3%
Expected increase in pensions	1,6%	2,5%
Increase in inflation	4,3%	2,5%

As at 31 December 2006, there were 548 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 1 435 members. In addition, the Group pays the shipowner's part of pension benefits for seamen in the amount of NOK 29.1 million, NOK 29.1 million in 2005.

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 had hire commitments for one ship in 2006, M/S Color Traveller. The charter period was three years and expired at the end of 2006. The hire amount in 2006 totalled TNOK 34 883.

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 729, adjusted for inflation.

The Group has concluded an operational framework agreement for the leasing of IT equipment and other equipment. Total leasing cost for 2006 is TNOK 31 467.

NOTE 10. FEES, WAGES AND SALARIES

Payments to managers/directors' fees

Amounts in TNOK

	Salary	Fees	Bonus	Pension cost	Other remunerations	Total remunerations
Payments to management:						
Olav Nils Sunde	0	0	0	453	0	453
Trond Kleivdal [1]	2 107		750	488	234	3 579
Total	2 107	0	750	941	234	4 032

Directors' fees:	
Morten Garman [2]	160
Olav Nils Sunde	80
Leif Klevan	80
Bjørn Paulsen	80
Lars V. Petersen	80
Tommy Wedel	80
Total directors' fees	560

1) Trond Kleivdal is CEO in Color Line AS, the largest subsidiary.
2) Morten Garman is Chairman of the Board.

Wages and other remunerations

Amounts in TNOK	PARENT COMPANY		GROUP	
	2006	2005	2006	2005
Wage costs	5 827	4 628	873 618	883 338
National Insurance	900	1 106	173 633	172 587
Pension costs	1 478	1 757	86 035	67 210
Other benefits	39	34	175 108	179 477
Total	8 244	7 525	1 308 394	1 302 612

The average number of employees in 2006 was 6 in the parent company and 3 821 (including part-time employees) in the Group as at 31 December.

Auditor's fees – Deloitte

Amounts in TNOK

	PARENT COMPANY	GROUP
Statutory audit services	220	1 180
Fee for other certification services	11	197
Fee for tax advisory service etc.	31	386
Fee for other non–audit services	203	355
Total audit and advisory fees	465	2 118

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. SHAREHOLDER'S 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. 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 contributions			−191 164	−191 164
Net income			172 834	172 834
Shareholders' equity as at 31 Dec. 2006	143 600	1 478 436	774 065	2 396 101
GROUP				
Shareholders equity as 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 31 Dec. 2005	143 600	1 478 436	350 484	1 972 520
Group contributions			−191 164	−191 164
Translation adjustment			−17	−17
Net income			107 414	107 414
Shareholders equity as 31 Dec. 2006	143 600	1 478 436	266 717	1 888 753

NOTE 13. TAXES

Amounts in TNOK	PARENT COMPANY		GROUP	
	2006	2005	2006	2005
Taxes for the year are as follows:				
Tax payable	0	0	376	0
Tax element of Group contributions	74 341	42 230	74 341	42 230
Adjustment previous years' tax	−7 104	−3 368	−12 009	44 790
Changes in deferred taxes	−67 237	38 862	62 708	87 020
Reconciliation from statutory tax rate to effective tax rate:				
Income (loss) before taxes including extraordinary result	240 071	137 757	170 122	256 050
Income (loss) before taxes	240 071	137 757	170 122	256 050
Estimated income tax at statutory rate (28%)	67 220	38 572	47 634	71 714
Taxation effect on following items:				
Non−deductible expenses	17	358	15 180	15 095
Effect of changes in tax regulations			−106	
Correction temporary differences, previous years		−95		−118
Cost of taxes	67 237	38 862	62 708	87 020
Effective tax rate	28%	28%	37%	30%
Specification of gross tax effects of temporary differences and net operating carry−forward loss:				
Fixed assets	193 594	208 851	1 919 578	1 905 072
Profit and loss account	33 601	42 002	36 275	60 317
Current assets	−1 676	−831	−478	−4 913
Debt	−4 258	−3 389	−6 297	29 790
Net operating carry−forward loss	0	0	−360	
Total	221 261	246 633	1 948 718	1 990 266
Deferred tax liability in the balance sheet	61 953	69 057	545 693	557 425

The taxation rate in Norway and Denmark is 28%.

NOTE 14. SHARES AND OTHER PARTICIPATIONS

The company owns 39 percent 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 operations. The Group's operating income is divided between the business areas Cruise Ferries (NOK 4 558 million) and Hotel (NOK 27 million).

NOTE 16. 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 2006, the Group had paid in TNOK 540 994 of the contract sum.

NOTE 17. DEVELOPMENTS AFTER BALANCE SHEET DATE

In February 2007, M/S Kronprins Harald was sold to Irish Continental Group (Irish Ferries). The sales sum totalled EUR 43.6 million representing a gain in relation to book value. Color Line will hire the vessel on a bareboat charter on market terms up to September/October 2007 when M/S Color Magic is due for delivery.

In 2006, Larvik Municipal Council approved the development plan for Revet, a new port area in Larvik. In January 2007, Color Line and Larvik Port concluded a 30 year lease with an option of a further 20 years. Color Line will be moving its operations from the inner port and will establish a new ferry terminal at Revet. The new modern ferry terminal is due for completion during the first 6 months of 2008. The new facility will take over the present day ferry operations in the inner port which will then be freed for alternative development. The Group will invest approx. NOK 270 million in the new terminal.

For some time, the company has been engaged in a process linked to the future organization of Color Line. The background for this is the contracting of the four new ships with appurtenant infrastructure in two separate concepts – cruise and transport. The new organization will be based on two central operating divisions.

Deloitte.

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Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Color Group ASA

AUDITOR'S REPORT FOR 2006

We have audited the annual financial statements of the Color Group ASA as of 31 December 2006, showing a profit of NOK 172.834.000 for the parent company and a profit of NOK 107.414.000 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 31 December 2006, 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, 13 March 2007
Deloitte AS

Bernhard Lyngstad
State Authorised Public Accountant (Norway)

Audit. Tax & Legal. Consulting. Financial Advisory.

Member of
Deloitte Touche Tohmatsu

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