Color Group ASA
Annual Report 2001

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Contents

The Group in brief

Through its wholly-owned subsidiary company, Color Line AS, Color Group ASA is Norway's largest, and one of Europe's leading cruise ferry companies, operating in the fields of transport of passengers and goods, hotel operation, restaurants, retailing, entertainment and organized tour production.

The shipowning business embraces five international ferry services operating between eight ports in Norway, Germany, Sweden and Denmark. These lines are served by seven cruise ferries, one high-speed ferry and a ro-pax ship. More than 4.1 million passengers, 738,000 passenger cars and 134,000 trailers were transported by the company's ships in 2001. In addition, Color Hotel Skagen AS in Denmark is included as an integrated part of the Color Line AS ferry business. The hotel is a wholly-owned subsidiary of Color Group ASA.

In total the companies in the Color Group recorded sales of approx. NOK 3.7 billion in 2001. Of the 2,925 full-time employees, almost 2,000 are engaged onboard the ships. Most of those working onboard the ships are Norwegian nationals. In addition to the full-time employees, the company employs approx. 1,000 part-time employees. The company's head office is in Oslo.

Color Hotel Skagen

The Color Line fleet comprises 9 ships.

Business operations include the transport of passengers and goods, hotel operation, restaurants, retailing, entertainment and organized tour production.

Milestones

- Color Scandi Line is integrated into the Group with effect from 1 January.
- Color Line is awarded the Oslo Port Authority Environmental Award on 19 April.
- Extension of Color Hotel Skagen completed on 1 May.
- Purchase of M/S Color Viking on 8 May.
- Joint group functions such as accounts and procurement move to Kristiansand and Sandefjord respectively in the autumn 2001.
- Start up of Color Line Transporter between Larvik and Frederikshavn on 22 August.
- The two line organizations in Larvik and Sandefjord are merged into a single line – the Vestfold line on 29 August.
- Trond Kleivdal appointed new President/COO of Color Line AS on 30 August.
- Enhanced brand building through i.e. sponsorship of Color Line Arena in Hamburg and "Spirit of Norway".
- In the National Budget for 2002, the Storting voted in favour of the principle of equal competitive conditions for the Nordic ferry companies.
- More than 600,000 passengers travel by the Oslo–Kiel service – a historical record.

This is Color Group

An efficient and modern player in travel and transport

It is our business concept that Color Group ASA, through the activities of its subsidiaries is to be a leading market-oriented and profitable service unit in the field of travel and transport. Based on a high level of quality, safety, service, enjoyment and reliability, products and services will be developed, adapted and made environmentally safe. This concept is implemented in cooperation with public authorities and customer groups in the private and corporate sectors and in the travel industry. Engagement is Color Line's core value, and is the positive keyword in our human relations policy.

COLOR LINE AS 2001:

- An average of 15 daily departures, up to 28 daily departures in the peak season
- A daily capacity of up to 44,000 passengers in the peak period
- The number of restaurants and retail outlets ranks the company as Norway's third largest restaurant chain and among the largest shopping centres in Norway
- One of Norway's major ro-ro operators handling up to 13.7 km daily freight capacity (lane meters) in the peak season, the equivalent of 1,100 trailers

GROUP STRUCTURE

In the Group organization, Color Group ASA is the active holding company for the wholly-owned subsidiaries Color Line AS and Color Hotel Skagen AS. All business in conjunction with ferry operations is carried out under the auspices of Color Line AS, and operation of the hotel in Denmark is included as an integrated part of ferry operations and the Group's destination development programme. The major part of all activities in Color Group ASA is therefore handled by Color Line AS. In most cases therefore, descriptions of business in Color Group ASA will coincide with activities managed by Color Line AS, and in the following we will therefore only refer to Color Group ASA and Color Hotel Skagen AS when there is a requirement to emphasize these as separate commercial units.

THE ORGANIZATION

Following a comprehensive internal process designed to simplify and improve the organization, all the company's five services are now operated by three efficient line organizations in Oslo, Sandefjord and Kristiansand, with divisional offices in Larvik, Hirtshals, Frederikshavn, Kiel and Strømstad. In addition, the Group has joint group functions located in Oslo, Sandefjord, Kristiansand and Hirtshals.

SAFETY AND THE ENVIRONMENT

For Color Line it is of major importance to be at the forefront internationally in the fields of safety and the environment. The company works continuously on the updating of its Safety Management Code for the operation of passenger vessels and is represented in the major international bodies engaged in safety and the environment. Color Line was awarded the Oslo Port Authority Environmental Award for 2001 for spearheading environmental engagement including the use of more environmentally friendly fuel, sorting of waste at source and the implementation of projects aimed at reducing the discharge of greenhouse gasses. From the year 2002, an environmental audit system will be introduced onboard all vessels in the fleet. The company's environmental engagement will be certified through the ISO 14001 standard.

BACKGROUND

Color Group ASA (previously Color Line ASA) was established in 1990 through the merging of the two Kosmos companies Jahre Line and Norway Line. In the same year the company expanded its business appreciably when it took over the Fred. Olsen ferry operations, thereby strengthening its strategic position. The Group contributed towards further consolidation of the cruise ferry market in Norway when it took over the operations of Larvik Line in October 1996 and Scandi Line in September 1998. Color Hotel Skagen AS was acquired in September 1998.

THE COLOR LINE SHIPS

Color Line AS owns and operates seven modern cruise ferries and a ro-pax ship. In addition, the company charters a high-speed ferry for the transport of passengers and cars between Kristiansand and Hirtshals during the period March to September.

COLOR HOTEL SKAGEN AS

Color Hotel Skagen AS is the largest hotel in Skagen and represents an important part of the company's destination development programme. This hotel is centrally located in one of the most attractive holiday areas in Denmark. The hotel employs 25 full time employees on an annual basis. Guests are primarily from the Scandinavian countries. Of the 45,000 guests staying overnight at the hotel, 36 percent are from Norway, 36 percent from Denmark, 24 percent from Sweden and approx. 4 percent from other countries.

THE COLOR LINE SHIPS

- 9 ships with a total guest capacity of 14,594
- 6 ships with a total of 2,552 cabins
- 6 ships offering 8,009 beds
- 9 ships with a total capacity of 3,970 vehicles
- 4 ships offering 44 conference rooms
- 9 ships with a total of 5.5 km freight capacity (lane meters)
- 53 restaurants

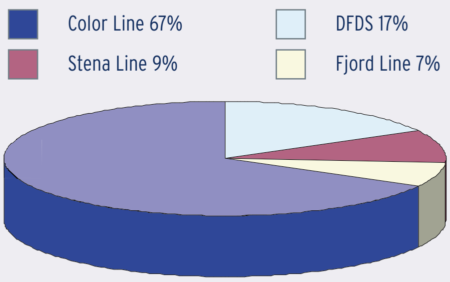
COLOR HOTEL SKAGEN

- 105 double rooms and 48 apartments, with a total of 400 beds
- Conference and banqueting facilities accommodating 200 persons
- Fitness and wellness centre
- 2 restaurants

A vital commercial link between Norway and Europe

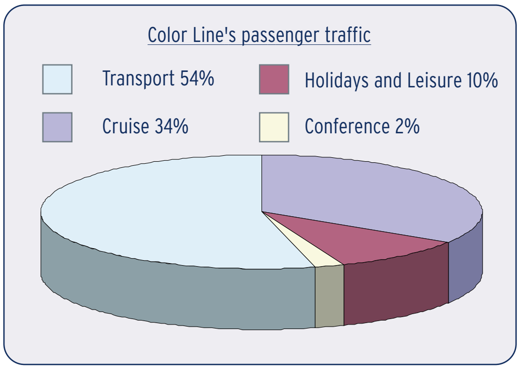
On average, Color Line has 15 departures daily to foreign destinations all year round and up to 28 departures daily in the peak season. Color Line is the main highway between Norway and Europe with a market share of almost 70 percent. At the same time Color Line is the largest individual contributor in the marketing of Norway abroad. Each year Color Line AS brings in 4.9 million guest days to Norwegian hotels and other facilities, and is thus a major contributor to the tourist industry in the regions. With more than four million guests annually, Color Line AS is by far the largest cruise ferry company in Norway and is also one of the largest and leading companies by European standards. The company's business is geographically concentrated around the Skagerrak, and comprises 5 services between Kristiansand and Hirtshals, Larvik and Frederikshavn, Sandefjord and Strömstad, Oslo and Hirtshals, and Oslo and Kiel.

Market share in Norway, passengers 2001



THE CRUISE EXPERIENCE

Color Line offers a varied transport and travel product all year round. The company's core value is engagement, and we focus on providing our guests with an enjoyable break from everyday life – a break that gives them a real cruise feeling. During the busy summer months the ferries operate at full capacity, a large proportion of the passengers having a transport requirement from one port to another. During the remainder of the year, the company offers shopping cruises and mini- and weekend cruises featuring different types of entertainment and attractions. In addition, the company offers course and conference facilities and incentive travel. There is more potential for improved utilization of capacity during the winter, spring and autumn months, and we are working actively on the development of new offers and attractions onboard – and on shore through a dedicated destination development programme.



BRAND BUILDING

Color Line enjoys 81 percent unprompted brand recognition on its main market and 64 percent on a national basis. 73 percent of Norway's population say that they have travelled by Color Line. Germany is Europe's largest travel market, but only 0.6 percent of German tourists chose to travel to Norway in 2001. Annually, Color Line transports approx. 500,000 German tourists to and from Norway, a figure that should have been much higher. The population of North Germany alone is approx. 15 million. There is clearly a large growth potential for Color Line and the travel industry in Norway in this region. In order to utilize this potential, a long term programme started up 2001 aimed at strengthening Color Line and Norway as brand names in Germany. The Color Line sponsorship of Color Line Arena in Hamburg plays a leading part in this connection.

COLOR LINE ARENA

When it opens on 8 November 2002, Color Line Arena will be one of Europe's largest and most modern combined sports arenas. This will be Hamburg's new sports and entertainment centre offering 15,000 seats and restaurants accommodating 6,000 people – the largest restaurant complex in Europe. There will be concerts featuring world class artists in addition to important indoor sports events. At the same time Color Line will use the arena as a showcase for Norway – including a large Norwegian travel centre. Color Line will be the name sponsor for Color Line Arena for the next 12 years involving a direct investment in the region of NOK 80 million. The purpose of this engagement is to contribute towards increasing tourism from Germany to Norway, in addition to offering Norwegians world class culture and entertainment.

TRANSPORT OF PASSENGERS 2001:

- 4.1 million guests: 73% Norwegian, 12% German, 12% other Nordic and 3% from other countries
- 4.9 million guest days for Norwegian hotels

Cost-efficient transport of goods, a bridgehead for Norwegian exports

Norwegian export companies are dependent on efficient transport to the central markets in Europe. The same applies to the European industry's exports to Norway. A large proportion of the ro-ro traffic to and from Norway is by Color Line vessels. Both the EU and the Norwegian authorities have stated that a shift from road transport to sea transport is desirable as ships provide more cost-efficient transport with lower environmental costs compared with road transport.

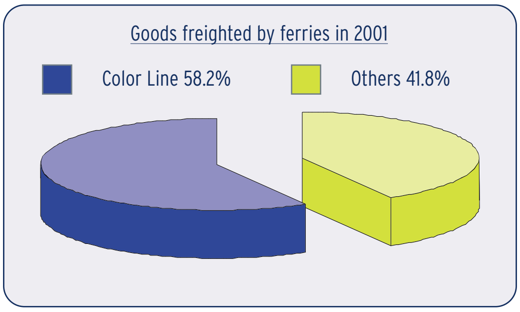
Due to Norway's peripheral location in relation to the country's most important export markets, fast, regular and cost-efficient communication lines are essential. A large number of Norwegian export-oriented companies – many of them in outlying regions – are therefore dependent on Color Line's freight services in order to compete in the EU area. The lines offer a comprehensive choice of ports of departure and destinations. The 134,000 trailers freighted by Color Line each year represent more than a third of the volume of commercial traffic that crosses the Norwegian/Swedish border at Svinesund.

TRANSPORT 2001:

- 738,000 passenger cars – the equivalent of 40% of all passenger cars in Norway
- 134,000 trailers (12-meters) – the equivalent of more than a third of the commercial traffic over Svinesund
- If all these 134,000 trailers had been placed nose to tail, they would have stretched from Oslo to Tromsø

COORDINATION AND CUSTOMER ADAPTATION

The transport of goods on all Color Line's services is managed and coordinated by Color Line Cargo. In this way the Group is able to provide customers with the best possible offers based on the frequency and flexibility of the services. The object is to increase the total freight volume in line with the volume increase on the transport market. Our freight services were strengthened in 2001 through the introduction of Color Line Transporter on the Larvik-Frederikshavn service with a late evening departure from Denmark to Norway. This new service is provided by M/S Skagen, and the good reception it has received shows that the initiative has filled a requirement in the ro-ro market.



In 2001 Color Line carried 1.4 million tonns of goods to and from Norway, representing an increase of 8.3% compared with the preceding year. Our market share in ferry freight is 58.2%.

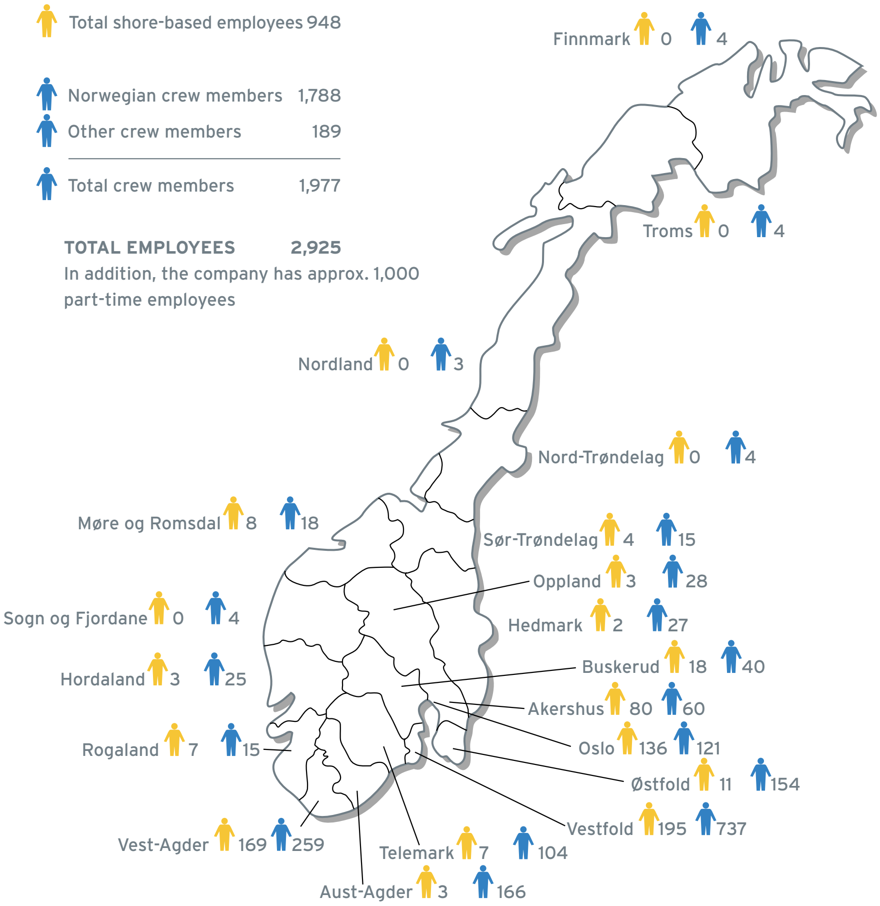
A NORWEGIAN COMPANY – AN INTERNATIONAL PLAYER

Color Line runs a large scale international business and plays an important role as an employer – with employees from every region in Norway. Our operations are also of importance for the North Jutland area of Denmark, Strömstad in Sweden and Kiel in North Germany. Color Line has its head office in Norway, and wishes to continue to sail under the Norwegian flag in the future.

Employees per municipality 31 December 2001

Norwegian shore-based	646
Color Line Danmark AS	210
Color Line Deutschland GmbH	70
Color Line Sweden	22
Total shore-based employees	948
Norwegian crew members	1,788
Other crew members	189
Total crew members	1,977
TOTAL EMPLOYEES	**2,925**

In addition, the company has approx. 1,000 part-time employees



MARITIME RECRUITMENT:

- Color Line is Norway's largest maritime training organization
- As at 31 December 2001 there were 39 active apprentices onboard our ships

Stable framework conditions – competition on equal terms

For the most part, Color Line AS competes on an international market characterized by keen competition and a requirement for ongoing readjustment. Color Line is therefore dependent on stable framework conditions in line with its Nordic competitors.

NET WAGE SCHEME FOR SEAMEN

In conjunction with the National Budget, the Storting approved the introduction of a net wage scheme for Norwegian ferry companies sailing to foreign ports with effect from 1 July 2002. This involves a separate budget item for 2002 in the amount of NOK 120 million, rising to an anticipated NOK 240 million in 2003. For Color Line, this means the end of a biased competition situation which placed the company at a disadvantage compared with Swedish and Danish competitors in the amount of approx. NOK 200 million per year.

FUTURE EARNINGS

The sale of duty-free quotas is an important source of income for Color Line AS. A gradual price harmonization is taking place between Norway and the EU, and the Group is meeting this development by focusing attention on other sources of income. These include a more varied selection of goods, more attractions onboard and a programme of development at our destinations. Our engagement in Color Line Arena in Hamburg and the development of Color Hotel Skagen AS are two examples of this policy.

FRAMEWORK CONDITIONS AND THE SITUATION IN THE PORTS

For Color Line, the conditions we meet in the different ports are of vital importance. To enable us to develop our operations and to carry out the necessary investments we must have a continued central location, efficient terminals and predictability with regard to cost levels.

In several locations we have registered increasing pressure to force the pace of development in city ports. In Oslo, for example, exciting development plans are being drawn up for the seafront area under the City Council's Fjord City Plan. The plan embraces ferry operations and Color Line AS is actively and constructively engaged in this development plan and in the development of Oslo as a destination.

PREDICTABLE FRAMEWORK CONDITIONS:

- A clear majority in the Storting supported the principle of competition on equal terms between ferry companies in Norway and the other Scandinavian countries
- A net wage scheme involving NOK 120 million for 2002 and an anticipated NOK 240 million in 2003 is included in the National Budget with effect from 1 July
- This scheme should be made into law to avoid uncertainty when new National Budgets are to be adopted
- When predictable framework conditions are guaranteed, Color Line can concentrate its efforts on further development as a Norwegian company, ensuring stable recruitment of new crew members, planning new tonnage and contributing towards more environmentally efficient transport

Principal Figures and Key Figures

CONSOLIDATED		2001	2000	1999	1998	1997
DEVELOPMENT OF TRAFFIC						
Passengers, ferries		4 080 211	4 324 978	4 276 925	3 671 602	3 358 534
Passengers, airline				304 992	116 176	
Cars		738 143	717 747	724 349	611 441	573 447
Freight units (12 m-equivalents)		134 000	140 604	140 010	148 410	134 334
PROFIT/LOSS (NOK mill.)						
Operating income		3 698	3 809	3 814	3 425	2 952
Operating expenses		2 948	2 992	3 245	2 855	2 420
EBITDA	1)	749	817	569	570	532
Ordinary depreciations		389	388	383	332	297
Charter expenses		53	59	84	186	122
Operating profit/loss after depreciation and charter expenses		306	370	186	238	235
Write-downs, gain/losses on sales of fixed assets		-4	-72	-158	86	-50
EBIT		302	298	32	324	186
Net financial items		-134	-108	-127	-112	-108
Pre-tax profit/loss		168	190	-99	212	77
Tax costs		-60	-68	-2	-70	-26
Profit/loss for the year		108	122	-97	142	52
BALANCE SHEET (NOK mill.)						
Current assets		619	589	508	469	310
Fixed assets		3 604	3 696	3 987	4 378	3 271
Total assets		4 223	4 284	4 495	4 847	3 581
Current liabilities		434	380	386	477	438
Long-term liabilities		1 784	1 874	1 901	2 133	1 209
Convertible bond		-	-	250	250	250
Deferred tax		516	489	499	510	288
Equity		1 487	1 541	1 459	1 478	1 396
Total liabilities and equity		4 223	4 284	4 495	4 847	3 581
LIQUIDITY/SOLIDITY (in NOK mill. or %)						
Cash and cash equivalents as at 31 Dec.	2)	412	569	365	530	439
Cash flow	3)	562	650	442	458	424
Equity ratio, %		35	36	32	31	39
Net debt	4)	1 456	1 562	1 909	2 219	1 365
EBITDA Color Line		743	811	810	654	
EBITDA Color Hotels		6	6	6	-	
EBITDA Color Air		-	-	-247	-84	
EMPLOYEES/GOVERNMENT REFUND/SUNDRY EXPENSES						
Number of employees		2 925	2 897	3 090	3 089	3 047
Cost of wages		1 141	1 134	1 130	971	831
Refund crew wages		18	18	21	38	77
Port fees		78	64	65	76	71
Fees/taxes on passengers flights		-	-	101	45	

Definitions:
1) Operating profit/loss before ordinary depreciation and charter expenses.
2) Including non-utilized credit facilities and short-term shareholdings.
3) Pre-tax profit/loss plus ordinary depreciations and write-downs less gain on sales of fixed assets and tax paid.
4) Long term debt less bank deposits, cash and short term share investments.

Directors' Report

THE INCOME STATEMENT

The financial results for Color Group ASA for 2001 were somewhat poorer than anticipated. Total sales showed a slight fall-off from NOK 3,809 in 2000 to NOK 3,698 in 2001. The reason for this lies in the general downturn in the market and a requirement for improved utilisation of capacity resulting in 502 fewer sailings in 2001 compared with the preceding year. Moreover, the company suffered from the ban on imports in conjunction with foot and mouth disease in North Europe. For 2001 the Group recorded an operating profit before ordinary depreciation and charter expenses of NOK 749 million compared with NOK 817 million in 2000 and an operating profit before write-downs of NOK 306 million compared with NOK 370 million in 2000.

The Group's net financial items showed an increase from –NOK 107 million in 2000 to –NOK 134 million in 2001, primarily due to unrealised loss on share items combined with a higher interest rate than in the preceding year. Accounts were closed with a pre-tax profit of NOK 168 million and a profit after tax of NOK 108 million. The equivalent figures for 2000 were NOK 190 million and NOK 122 million.

The parent company Color Group ASA recorded a pre-tax profit of 214 million compared with NOK 420 million in 2000. Profit after tax totals NOK 154 million in 2001 compared with NOK 302 million in 2000. The Directors propose that the profit be allocated to other equity.

THE FINANCIAL SITUATION

In order to secure long term financial freedom of action, Color Group ASA has implemented a number of financial transactions. During the course of 2001 the Group took up loan and credit facilities in the amount of NOK 146 million, and at the same time other loan facilities were extended. Repayment instalments totalled NOK 235 million.

In 2001, cash flow from operations (EBITDA) for Color Group ASA was NOK 749 million. Net cash flow from investments and financing activities totalled –NOK 587 million, while the Group's total balance sheet as at 31 December 2001 totalled NOK 4,223 million. The Group's total liquidity reserve including drawing rights and short term shareholdings totalled NOK 412 million as at 31 December 2001.

Net debt at 31 December 2001 was NOK 1,456 million, and Group equity was NOK 1,487 million. This represents 35 percent of the consolidated balance sheet.

Due to fluctuations in the rate for Norwegian Kroner against other currencies, Color Group ASA is exposed to a foreign exchange risk, particularly against the US Dollar, Euro and the Danish Krone. In addition, the Group is exposed to interest risk and fluctuations in the price of oil (bunkers). Color Group makes use of financial derivates that are mainly used to reduce the risk of fluctuations in cash flow linked to repayment of debt, certain accounts receivable and other exposures in addition to liquidity requirements in certain currencies and the price of bunkers.

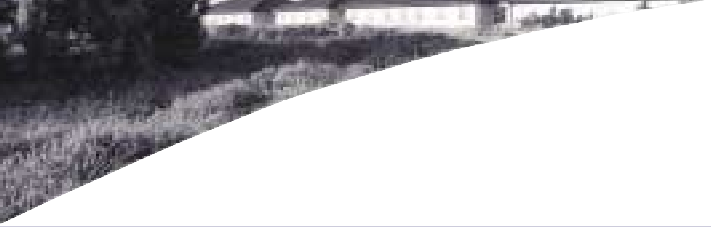
We confirm that the annual financial statement has been prepared on the basis of continued operation as a going concern.

Comments to the business areas

PASSENGER FERRIES

Operating profit before depreciation and charter hire of ships in this business area totalled NOK 743 million in 2001 compared with NOK 811 million in 2000. Total operating income for the same period was NOK 3,675 million and NOK 3,789 million respectively. Operation is carried out by Color Line AS.

In 2001, the number of guests showed a reduction of 6 percent down to 4.1 million while freight showed a



reduction of 4 percent down to 134,000 for freight units (12 m equivalents). On the other hand, freight units per voyage were significantly higher in 2001 than in the preceding year.

M/S Skagen serviced the new freight concept, Color Line Transporter operating between Larvik and Frederikshavn. This initiative is the result of a requirement to strengthen Larvik as a junction between the central area of East Norway and Denmark and to meet the steadily increasing transport requirement between Norway and the Continent.

In 2001, Color Line AS merged the two line organizations Larvik-Frederikshavn / Sandefjord-Strömstad and established the Vestfold line. The intention behind this reorganization was to be better equipped to meet the competition situation in the future and to improve efficiency in the operation of services from Vestfold to the Continent.

On 30 August 2001, Trond Kleivdal took up the position of President/COO in Color Line AS. Trond Kleivdal has been employed in the Group since 1996. Trygve Sigerset resigned after 14 years with the Group.

HOTEL BUSINESS

Operating profit before depreciation in 2001 totalled NOK 6 million, the same as in 2000, while total operating income was NOK 23 million and NOK 20 million respectively. The hotel continues to develop positively and we expect this development to continue.

WORKING ENVIRONMENT AND PERSONNEL

In December 2001 there were 2,925 employees in the Group. 1,977 of these are employed on board the ships. The Group gives priority to the development of a good and inspiring working environment. In 2001 average absence due to illness in the Group was 3.6 percent for shore-based employees and 11.2 percent for those on board the ships. The Directors consider the working environment in the Group to be good, but will focus attention on absence due to illness on board the ships.

SAFETY AND THE ENVIRONMENT

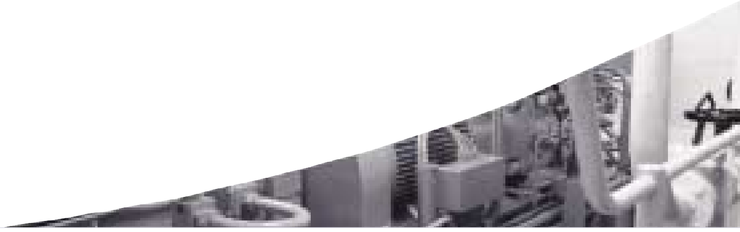
Throughout 2001, Color Line continued the work of implementing new safety and environmental requirements. In addition to the introduction of the safety requirements required by the authorities and the class institution, Color Line has also implemented a number of safety features conforming to the company's own safety policy. Work is progressing on the introduction of a total safety analysis programme, TSA on board all ships.

The human factor is of vital importance in conjunction with a high safety profile. Color Line therefore works in close cooperation with Norwegian and Danish institutes that hold training courses covering emergency situations, using bridge and engine room simulators. It can be mentioned in this connection that the ship's officers go through simulator training programmes for the individual ships.

There were no serious accidents on board the ships in 2001. The company is working purposefully to improve its reporting system relating to near misses. This is important in order to learn from the experiences of the individual and it forms an important part of the safety system ISM.

Color Line participates actively in the research projects headed by the Norwegian Shipowners' Association. These include the implementation of numerous environmental improvement projects with regard to discharge to air and water. The company is in the process of introducing environment accounts on board all ships, recording any discharge to sea, air or land.

Tin-free antifouling will soon be mandatory and the



company has therefore started to use this type of antifouling on a number of ships in cooperation with a leading paint supplier in order to gain experience in its use. It is planned that all ships will use tin-free antifouling within a short period of time.

THE BOARD OF DIRECTORS AND SHAREHOLDINGS

The following Directors and the Group President hold shares directly or indirectly in Color Group ASA:

Morten Garman, Chairman	250,000
Bjørn Paulsen, Director	250,000
Olav Nils Sunde, Group President and Director	53,900,000

PROSPECTS

The ongoing price harmonization between the EU and Norway and the increased competition on certain routes will place increased demands on the organization for the implementation of cost-reducing measures, product adaptation, more efficient utilisation of the fleet, as well as improving earnings on the basis of our present-day overall offers.

The Group has adopted a more assertive marketing strategy in order to entrench its position on the German travel market. Germany is Europe's largest travel market and in 2001 Color Line took a major initiative when the company was engaged as the main cooperating partner in one of Europe's largest and most modern multi-purpose arenas, the Color Line Arena in Hamburg. The purpose of this engagement is to contribute towards increasing tourism from Germany to Norway, at the same time offering Norwegians culture and entertainment of international class.

A process has been initiated with regard to renewal of tonnage, and it is expected that this will be clarified in 2002.

In the autumn of 2001, the introduction of a net wage scheme for NOR-registered ferry companies sailing to foreign ports was approved by a large majority in the Storting. The intention is to ensure equal competition on the joint Nordic and North European ferry market. The scheme is due to come into force on 1 July 2002 and this means that Color Line will receive a refund of income tax, national insurance contributions and employer's tax relating to employees on board the ships.

Color Line must be able to operate on equivalent framework conditions as its competitors in order to survive as a Norwegian company in the long term.

The Group expects that the result for 2002 will show a slight improvement compared with 2001 and the Directors are of the opinion that the company is well equipped to meet the challenges of the coming year.

Oslo, 17 April 2002

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	
(TNOK 1,000)					
2001	2000		Note	2 001	2000
276 908	309 992	Operating income	16)	3 698 213	3 809 460
0	0	Cost of goods		-1 118 142	-1 122 955
-6 896	-5 902	Cost of wages	9,11,12)	-1 141 515	-1 134 075
-5 616	-4 182	Other operating expenses		-686 426	-732 318
0	0	Bad debts		-2 488	-3 014
-12 512	-10 084	Total operating expenses		-2 948 571	-2 992 362
264 396	299 908	Operating profit/loss before depreciation and charter expenses		749 642	817 098
-22 248	-22 157	Ordinary depreciation	8)	-389 458	-388 187
0	0	Charter expenses	10)	-53 454	-58 800
242 148	277 751	Operating profit/loss after depreciation and charter expenses		306 730	370 111
0	8 039	Gain/loss on sales, write-downs	1,8)	-4 243	-72 048
242 148	285 790	OPERATING PROFIT/LOSS		302 487	298 062
136 947	235 538	Interest from companies in the same group		0	0
0	2 082	Other interest earned		14 923	4 569
-13 561	15 078	Changes in market value of financial current assets		-13 561	15 078
-14 444	20 459	Other financial income		11 217	23 969
0	-334	Interest costs to companies in the same group		0	0
-136 922	-137 870	Other interest costs		-146 648	-151 282
-27 980	134 954	NET FINANCIAL ITEMS		-134 069	-107 666
214 168	420 744	PRE-TAX PROFIT/LOSS		168 418	190 397
-60 246	-118 608	Tax costs	15)	-60 161	-68 484
153 922	302 136	PROFIT/LOSS FOR THE YEAR		108 257	121 913
80 850	82 500	Paid dividend			
266 271	176 956	Intercompany contribution			

Balance Sheet

PARENT COMPANY				GROUP	
(TNOK 1,000)					
2001	2000		Note	2001	2000
		ASSETS			
		Fixed assets			
		Intangible assets			
325 066	347 100	Goodwill	8)	950 220	1 020 950
325 066	347 100	Total intangible assets		950 220	1 020 950
		Business equipment			
0	0	Land, buildings and other real estate	6,8)	289 777	272 493
609	369	Machines, FF&E	6,8)	87 550	94 307
0	0	Ships	6,8)	2 236 842	2 249 002
609	369	Total business equipment		2 614 169	2 615 802
		Financial assets			
1 765 418	702 260	Investments in subsidiaries	2,3)	0	0
31 666	37 322	Other receivables	4,7,9)	40 575	58 858
1 411 463	2 589 161	Intercompany loans	3)	0	0
3 208 547	3 328 743	Total financial assets		40 575	58 858
3 534 222	3 676 212	Total fixed assets		3 604 964	3 695 610
		Current assets			
0	0	Inventories	1)	112 589	104 791
0	0	Accounts receivable	5)	92 688	87 955
662	3 966	Other receivables		84 244	84 019
82 180	187 550	Short-term shareholdings	17)	82 180	187 550
77 174	0	Bank deposits, cash, etc.	4)	247 195	124 203
160 016	191 516	Total current assets		618 896	588 518
3 694 238	3 867 728	TOTAL ASSETS		4 223 860	4 284 128
		LIABILITIES AND EQUITY			
		Contributed capital			
110 000	110 000	Share capital (55 000 000 shares of NOK 2,- each)	13)	110 000	110 000
692 036	692 036	Premium fund		692 037	692 037
802 036	802 036	Total contributed equity		802 037	802 037
1 097 600	1 104 897	Other equity		685 558	738 820
1 899 636	1 906 933	Total equity	14)	1 487 595	1 540 857
		LIABILITIES			
		Allocation for commitments			
98 543	114 150	Deferred tax	15)	516 645	489 189
724	211	Other provisions for liabilities and charges	9)	724	211
99 267	114 361	Total provisions for liabilities and charges		517 369	489 400
		Long-term liabilities/convertible loan			
1 664 695	1 747 570	Debt to credit institutions	6)	1 784 390	1 873 880
1 664 695	1 747 570	Total long-term liabilities		1 784 390	1 873 880
		Current liabilities			
0	0	Trade creditors		136 773	111 092
2 897	0	Accounts payable	15)	3 012	0
27 743	98 863	Other non-interest bearing current liabilities	3,4)	294 721	268 899
30 640	98 863	Total current liabilities		434 506	379 991
3 694 238	3 867 727	TOTAL LIABILITIES AND EQUITY		4 223 860	4 284 128

Oslo, 17 April 2002

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	
(TNOK 1,000)				
2001	2000		2001	2000
214 168	420 743	Pre-tax profit/loss	168 416	190 397
0	0	Loss/gain on sale of fixed assets	2 691	2 131
22 248	22 157	Ordinary depreciation	389 638	388 187
0	0	Write-down fixed assets	4 243	80 087
0	0	Changes in inventories	-7 798	18
0	0	Changes in accounts receivable	-4 733	-5 083
0	0	Changes in accounts payable	25 681	5 494
38 699	99 324	Changes in other accruals	132 229	249
275 115	542 224	Net cash flow from operations	710 369	661 480
0	0	Proceeds, sale of business equipment	16 649	14 988
0	0	Purchase of business equipment	-340 858	-198 132
0	9 486	Proceeds from sale of other investments	0	0
-951 812	-172 472	Purchase other investments	0	-172 472
-951 812	-162 986	Net cash flow from investments	-324 209	-355 616
146 689	252 934	Proceeds, new long-term debt	146 689	266 163
-229 051	-538 208	Repayments, long-term debt	-235 666	-543 208
5 656	6 207	Proceeds, long-term receivables	18 283	3 865
1 177 698	63 085	Intercompany credits	0	-43 560
-80 850	-82 500	Payments, dividends/share capital	-80 850	-82 500
-266 271	-176 956	Intercompany contributions paid	-111 624	-25 200
753 871	-475 438	Net cash flow from financing business	-263 168	-424 440
77 174	-96 200	Net change liquidity	122 992	-118 576
0	96 200	Liquidity 1 Jan.	124 203	242 779
77 174	0	Liquidity 31 Dec.	247 195	124 203

Notes to the Accounts

NOTE 1. ACCOUNTING PRINCIPLES

The annual financial statement has been prepared in accordance with the Accounting Act (Norway) of 1998. The accounting principles are described below.

The main principles for evaluation and classification of assets and liabilities

Assets that are for permanent ownership or use are classified as fixed assets. Other assets are classified as current assets. Receivables for repayment within one year are classified as current assets. In the classification of current and long-term liabilities, analogous criteria are taken as a basis.

Fixed assets are evaluated at procurement cost, and are written down to real value when the drop in value is not expected to be of a temporary nature. Fixed assets having a limited financial life span are subject to planned depreciation. Long-term loans are entered in the balance sheet at the nominal amount received at time of establishment.

Current assets are evaluated at either purchase cost or real value whichever is the lowest. Current liabilities are entered in the balance sheet at the nominal amount at time of establishment. Current liabilities are not written up to real value as a result of changes in interest rates.

Certain items are evaluated according to other principles as explained below.

Principles of consolidation

The consolidated financial statement comprises Color Group ASA and all subsidiary companies in which the company directly or indirectly has more than a 50% decision-making influence. Shares in subsidiary companies are eliminated according to the purchase method. Remuneration at time of acquisition in excess of book equity is referred to the relevant assets and capitalized as fixed assets in the group and written down in the consolidated financial statement over the remaining financial lifespan of the assets. Added values that cannot directly be referred to relative assets are capitalized as goodwill.

Financial statements are prepared according to uniform principles for the entire group. Internal transactions, intercompany accounts and internal gains are eliminated in the consolidated financial statement.

In respect of consolidated accounts in foreign currency, the income statement is translated using average exchange rates for the year. Foreign businesses that can be defined as an extension of the company's own business are translated according to the temporal principle. In these cases historical exchange rates are applied in respect of fixed assets. Changes in exchange rates are entered on the income statement. In independent enterprises, the exchange rate ruling on balance day is applied for translation of fixed assets. Translation differences are entered directly against equity.

Foreign exchange

Money items in foreign exchange are translated at the exchange rate on balance date. Income statement items are translated at the rate ruling at the time of transaction.

Receivables

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

Non-recurring costs on loans

Non-recurring costs related to borrowing are for the most part capitalized and expensed over the duration of the loan in relation to estimated interest costs in the respective periods.

Inventories

Inventories comprising trade goods, (TNOK 109,278) and bunkers (TNOK 3,311) are evaluated at the lower of cost price and market value with the deduction of sales costs. Procurement costs are arranged according to the FIFO method.

Leased business equipment

Charges connected with leases are currently expensed. The Group has no leases that can be defined as financial leases.

Principles of depreciation

Ordinary depreciation comprises commercial depreciation on a straight-line basis. Depreciable assets are capitalized at cost price and depreciated on a straight-line basis according to anticipated remaining financial lifespan with a deduction for any remaining value upon expiry of the lifespan. Replacements and renewals that materially increase the capacity or lifespan of business equipment are capitalized. The Group's own terminal buildings on leased ground are depreciated over the remaining period of the lease. Writing down takes place if real value is lower than book value, and the drop 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 and classification for all ships. Maintenance expenses resulting from classification are currently expensed.

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% of pension funds or pension commitments, whichever is the highest.

Goodwill

It is the quality of the established ferry services that generates goodwill. A depreciation period of 20 years is in line with the premises that form the basis for the evaluation of values in connection with the acquisition of the business. Tax-free sales on board the ferries are an important contribution to the net income of the Group. With effect from 1 July 1999, all tax-free sales within the borders of the EU was discontinued. Norway's "no" to membership of the EU means however that tax-free sales between Norway and the EU are not affected. The Group applies a depreciation period of 20 years on goodwill related to overnight services and 15 years on goodwill related to daytime services.

Tax

Tax costs for the year in the income statement comprise tax payable and changes in deferred tax. Changes in deferred tax express future payable taxes based on business during the year.

Deferred tax refers to tax for payment in future periods based on accumulated profit. Deferred tax is calculated on the basis of net temporary differences between accounts and tax-related values after deduction of carry-forward loss. The ruling tax rate at yearend is applied in the calculation (see Note 15). Deferred tax and deferred tax benefit are presented as net amounts in the balance sheet. Tax linked to capital transactions, e.g. inter-group contributions, is entered against equity.

Shares

Investments in subsidiary companies are evaluated according to the cost method. Shares included in a trading portfolio are evaluated at real value on balance day. Group contribution from the parent company to subsidiary companies after tax are entered in the accounts as an increase in investment in the subsidiary company.

Financial instruments

The company utilizes SWAP agreements in interest risk and bunkers price risk management. The difference between interest paid and interest received is accrued over the relevant interest period. The company applies foreign currency hedging contracts in conjunction with loans and future procurements in foreign currency. These are entered on the principle of lowest value.

NOTE 2. SUBSIDIARY COMPANIES

The Group comprises the parent company Color Group ASA and the following directly or indirectly owned subsidiaries.
(Amounts in TNOK 1,000):

Name of subsidiary company	Head office	Share capital	Holding as at 31 Dec. 2001	Book value in balance sheet
Companies owned directly:				
Color Hotels AS	Oslo	50	100	50
Color Line AS	Oslo	590 000	100	1 765 368
Total companies owned directly				1 765 418
Companies owned indirectly:				
Color Hotel Skagen AS	Skagen	DKK 5 700	100	8 457
Terminalbygget AS	Oslo	50	100	50
Color Line GmbH	Kiel	DEM 50	100	474
Color Line Service Partner AS	Oslo	50	100	50
Color Line Marine AS	Sandefjord	7 250	100	4 646
Color Marine Verksted AS	Sandefjord	4 000	100	4 000
Color Line Danmark AS	Hirtshals	DKK 5 000	100	35 901
Hirtshals Skipsproviantering AS	Hirtshals	DKK 500	100	516

With effect from 1 January 2001, Color Line AS and Color Scandi Line AS were merged with Color Scandi Line AS as the acquiring company. Color Scandi Line AS has changed its name to Color Line AS. The share capital in Color Line AS was increased by TNOK 581,100 from TNOK 8,900 to TNOK 590,000.

Additionally, Color Line AS owns directly and indirectly 100% of the company I/S Jahre Line. This company is included in both Color Line AS and the Group according to the straight-line method.

NOTE 3. RELATED PARTIES

O. N. Sunde AS, a company wholly-owned by Olav Nils Sunde and family, is the principal shareholder in Color Group ASA as at 31 December 2001 with a holding of approx. 98%. Olav Nils Sunde is Group President and Director in Color Group. As at 31 December 2001, the Group's debt to the parent company was TNOK 17,370 (as at 31 December 2000 debt to the parent company was TNOK 14,219). The parent company has received a group contribution of TNOK 111,624 from Color Group ASA. In connection with the reorganization of Color Group, the ferry business in Color Group ASA was assigned to Color Line AS with effect from 1 October 1998. Rights linked with the use of name and trademarks and use of established services, quay rights etc., were not included in the assignment. Royalty agreements have been concluded between the companies governing Color Line's use of rights linked to the ferry business and remuneration for such use. Operating income in Color Group ASA is for the most part related to royalty agreements.

NOTE 4. NON-DISTRIBUTABLE ASSETS/OTHER CURRENT LIABILITIES

The Group has a non-distributable bank deposit in the amount of TNOK 32,882, representing tax-withholdings from employees. Moreover, TNOK 812 has been granted in loans to employees.

NOTE 5. ACCOUNTS RECEIVABLE

It has not been found necessary to make allocations for bad debts in the parent company. Allocation in the Group has been made in the amount of TNOK 4,773. The equivalent figure for 2000 was TNOK 5,253.

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

Long-term interest-bearing debt is as follows:

	Group		Parent company	
Amounts in TNOK	**2001**	**2000**	**2001**	**2000**
Debt to credit institutions	1 784 390	1 873 880	1 664 695	1 747 570

Repayment structure on long-term interest-bearing debt is as follows (according to contract):

Year (Amount in NOK million)	**Group**	**Parent company**
2002	290	283
2003	275	268
2004	937	930
2005	90	83
2006	25	18
After 2006	167	82
Total	1 784	1 664

In the loan agreements, the company has commitments connected with liquidity, equity and debt service ratio. All commitments were fulfilled as at 31 December 2001.

Color Group ASA has concluded fixed interest agreements in order to reduce the company's exposure to fluctuations in the interest level. As at 31 December 2001, NOK 550 million of the total loan portfolio was on a fixed interest rate. The fixed interest rate agreements have an average tenor of approx. 2.55 years, and an average interest rate of 5.92% and are linked up to NIBOR.

Average interest rate for the entire loan portfolio for 2001 was approx. 8%.

Distribution of foreign exchange

The distribution of interest-bearing long-term debt between Norwegian and foreign currency is as follows:

	Group		Parent company	
Currency	Currency (1,000)	TNOK	Currency (1,000)	TNOK
NOK	1 177 584	1 177 584	1 133 808	1 133 808
USD	41 367	370 887	41 367	370 887
EURO	20 000	160 000	20 000	160 000
DKK	70 953	75 919	0	0
Total		1 784 390		1 664 695

Fees in connection with the taking up of loans are capitalized and expensed over the loan period. As at 31 December 2001, capitalized fees totalled TNOK 4,300.

Mortgages/guarantees, etc.

Book debt secured by mortgage, etc.:

	Group		Parent company	
Amount in TNOK	2001	2000	2001	2000
Debt to credit institutions	1 784 390	1 873 880	1 664 695	1 747 570

The above debt is secured by mortgages in ships and other assets. Book value of assets pledged as security for book debt as at 31 December 2001 totals NOK 2,614 million for the Group and NOK 0.6 million for the parent company. The equivalent figures at 31 December 2000 were NOK 2,616 million and NOK 0.3 million respectively.

There are also mortgages on the leases for terminal areas and negative mortgages in all ships which cannot therefore be subject to further pledging without the agreement of the bank, in addition to surety in the amount of TDKK 5,000 in respect of Jyske Bank on behalf of Color Line Danmark AS.

Financial risk

The Group is exposed to foreign currency risk due to fluctuations in the Norwegian Krone against other currencies, particularly US Dollar, Euro and Danish Krone. The Group is also exposed to interest risk and oil price fluctuations (bunkers). The Group makes use of financial derivates that are used mainly to reduce the risk of fluctuations in cash flow linked to repayment of debt, certain accounts receivable and to other exposure, in addition to liquidity requirements in certain currencies and the price for bunkers.

Color Group has concluded derivative instruments in respect of bunkers that secure approx. 50% of consumption at prices that reflect an average crude oil Brent price of approx. USD 22 per barrel.

NOTE 7. LONG-TERM RECEIVABLES

In conjunction with the sale of Vestlandslinjen in 1998, Color Group ASA granted a vendor's credit in the amount of TNOK 45,000. Balance as at 31 December 2001 is TNOK 30,000 (TNOK 35,000 at 31 Dec. 2000).

NOTE 8. FIXED ASSETS/INTANGIBLE ASSETS

Amounts in TNOK	Ships	Machines, FF&E	Quay installations, etc.	Goodwill	Total
Group					
Cost price 1 Jan. 01	3 710 657	327 524	421 342	1 391 144	5 850 667
Additions for the year	252 289	39 533	48 856	0	340 678
Disposals for the year	60 193	3 567	9 680	0	73 440
Cost price 31 Dec. 01	3 902 753	363 490	460 518	1 391 144	6 117 905
Accumulated depreciation 1 Jan.01	1 461 654	233 217	148 849	370 194	2 213 914
Ordinary depreciation for the year	249 906	44 938	23 884	70 730	389 458
Write–downs	0	0	4 243	0	4 243
Disposals	45 649	2 215	6 236	0	54 100
Accumulated depreciation and write–downs 31 Dec. 01	1 665 911	275 940	170 740	440 924	2 553 516
Book value 31 Dec. 01	2 236 842	87 550	289 777	950 220	3 564 389
Depreciation rate	6%	10 – 25%	3 – 5%	5 – 20%	
Parent company (Color Group)					
Cost price 1 Jan. 01	0	615	0	440 677	441 292
Additions for the year	0	454	0	0	454
Disposals for the year	0	0	0	0	0
Cost price 31 Dec. 01	0	1 069	0	440 677	441 746
Accumulated depreciation 1 Jan. 01	0	246	0	93 577	93 823
Ordinary depreciation for the year	0	214	0	22 034	22 248
Write–downs	0	0	0	0	0
Disposals	0	0	0	0	0
Accumulated depreciation and write–downs 31 Dec. 01	0	460	0	115 611	116 071
Book value 31 Dec. 01	0	609	0	325 066	325 675
Depreciation rate	0	20%	0	5%	

The depreciation rate for ships is calculated basically on a 30-year period with a deduction for calculated residual value. In the case of major rebuilding work, revaluations of the depreciation period have been made. Investments made after delivery of ships that have a shorter lifetime than the ship, e.g. retail outlets, discotheque, safety equipment, etc., are depreciated over periods of 5 and 10 years. For 2001, this results in an average depreciation percentage of 6.4% calculated on the basis of cost price and additional costs on all ships.

The depreciation rate for quay installations at Hjortnes/Oslo is based on a clause in the Lease stipulating that the facilities shall pass to the Port Authority free of charge in the year 2022 at the earliest. However, Color Line has an option for extension of the Lease to 2036.

List of ships and appurtenant book values in the Group:

Ship	Year built	Book value in the Group Amounts in TNOK
M/S Peter Wessel	1981/88	389 872
M/S Bohus	1971	105 396
M/S Color Viking	1985	172 054
M/S Kronprins Harald	1987	339 780
M/S Prinsesse Ragnhild	1981	525 462
M/S Christian IV	1981	205 942
M/S Skagen	1975	15 932
M/S Color Festival	1985	478 593
Total		2 233 031

In addition to the above ships TNOK 3,811 is capitalized on chartered ships.

NOTE 9. PENSION FUNDS

The year's pension costs (yield) for the Group are as follows:

	Parent company		Group	
(Amounts in TNOK)	2001	2000	2001	2000
Present value of pension earnings for the year	819	823	14 914	15 207
Interest costs on incurred pension commitments	326	195	9 537	9 174
Anticipated yield on pension funds	–268	–116	– 10 580	– 9 313
Expensed employer's tax	0	131	–74	2 288
Book estimate deviation for the year	5	25	1 930	3 753
Pension costs	882	1 058	15 727	21 109
Pension commitments and pension funds in TNOK:				
Estimated incurred commitments	5 810	3 809	159 878	153 907
Estimated value of pension funds	4 802	2 391	169 152	152 737
Estimated net pension commitments	1 008	1 418	–9 273	1 170
Calculated employer's tax	0	200	–1 450	165
Calculated pension commitments	1 008	1 618	–10 723	1 335
Unstated change in estimate (corridor)	–284	–1 407	4 543	–10 733
Calculated pension commitments in balance sheet	724	211	– 6 180	– 9 398

Financial conditions

Discount factor	7,0%
Anticipated yield	7,0%
Anticipated wage adjustment	3,3%
Anticipated increase in pensions	2,5%
Increase in inflation	2,5%

As at 31 December 2000, there were 479 members in the Group pension scheme for shore-based personnel in Norway, 6 of these members being employed in the parent company. The Group pension scheme for seamen comprises 1,717 members. In addition, the Group pays the shipowner's share of pension benefits for seamen in the amount of TNOK 20,002.

In addition to pension commitments covered through the insurance scheme, the Group has uncovered pension commitments directly covered by the company. These commitments cover 15 members and are included in net pension commitments.

Estimated values are used in the valuation of pension funds and commitments incurred. These estimates are corrected each year in accordance with a statement showing the transfer value of the pension funds and an actuarial calculation of the commitments.

NOTE 10. LEASES/OPTIONS TO PURCHASE

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 the berthing quays. The company pays both fixed lease amounts and variable fees based on the number of calls, passengers and vehicles. In Oslo, Hirtshals and Strömstad, the company owns the actual terminal buildings.

The Group has hire commitments for F/F Silvia Ana L., which is hired on a bareboat charter for a period of 48 months from April 2001. At the same time option agreements have been concluded giving the right to extension of the lease and purchase. Annual lease amount for the Group is TUSD 4,004.

NOTE 11. CREW WAGES

In 1994, a government refund scheme was established in order to maintain the number of Norwegian seamen in service. In 2001 the Group has taken to income a refund of TNOK 18,424 compared with TNOK 18,036 in 2000. This revenue is entered as a reduction of crew wage costs.

NOTE 12. FEES/WAGES AND SALARIES

No remuneration was paid to the CEO in 2001. Directors' fees have been charged in the amount of TNOK 560. Auditor's fees have been charged in the amount of TNOK 210 to the parent company and TNOK 1,506 to the Group.

Wage costs:	Parent company		Group	
Amounts in TNOK	**2001**	**2000**	**2001**	**2000**
Wages	4 070	4 088	843 994	848 402
National Insurance	797	879	125 579	124 763
Pension costs	1 915	850	35 729	39 788
Other benefits	114	85	136 213	121 122
Total	6 896	5 902	1 141 515	1 134 075

The average number of employees in 2001 were 4 in the parent company and 2,925 in the Group.

NOTE 13. SHARE CAPITAL INFORMATION

The share capital of the company comprises 55,000,000 shares of NOK 2 each. All shares carry equal rights. The major shareholder as at 31 December 2001 was O. N. Sunde AS with a holding of 53,900,000 shares, representing a stake of approx. 98%. Shares and options owned by Directors and the CEO:

Name	Office	Total No. shares
Morten Garman	Chairman of the Board	250,000
Bjørn Paulsen	Director	250,000
Olav Nils Sunde	Group President, Director	53,900,000

NOTE 14. EQUITY

Amounts in TNOK	Share capital	Share premium fund	Other equity	Total
Parent company				
Equity as at 31 Dec. 00	110 000	692 036	1 104 897	1 906 933
Paid dividend			– 80 850	–80 850
Group contribution			–80 369	–80 369
Profit for the year			153 922	153 922
Equity as at 31 Dec. 2001	110 000	692 036	1 097 600	1 899 636
Group				
Equity as at 31 Dec. 01	110 000	692 037	738 820	1 540 857
Paid dividend			–80 850	–80 850
Group contribution			–80 369	–80 369
Conversion difference			–300	–300
Profit for the year			108 257	108 257
Equity as at 31 Dec. 2001	110 000	692 037	685 558	1 487 595

NOTE 15. TAX

	Parent company		Group	
(Amounts in TNOK)	**2001**	**2000**	**2001**	**2000**
Tax costs for the year are as follows:				
Tax element Group contribution	74 556	49 584	31 255	9 800
Refund demand according to division model	1 297	885	1 297	885
Change in deferred tax	−15 607	68 174	27 494	57 799
Tax costs on pre−tax profit/loss	60 246	118 607	60 161	68 484
Reconciliation from nominal to factual taxation rate:				
Pre−tax profit/loss including extraordinary result	214 168	420 744	168 418	190 397
Pre−tax profit/loss	214 168	420 744	168 418	190 397
Estimated income tax at nominal rate (28%)	59 967	117 808	47 351	53 311
Taxation effect on following items:				
Non−deductible expenses	241	−87	16 027	15 107
Non−taxable income	−1 259	0	− 1 990	0
Tax refund	1 287	885	1 297	885
Other items	0	0	−2 524	−819
Tax cost	60 246	118 607	60 161	68 484
Effective taxation rate	28%	28%	36%	36%
Specification of tax effect of temporary differences and carry−forward loss:				
Fixed assets	257 288	262 489	1 714 766	1 689 056
Profit and loss account	102 543	128 178	138 323	184 588
Current assets	−13 236	17 218	−19 042	17 133
Debt	5 340	−211	12 159	896
Carry−forward loss	0	0	−1 157	−144 587
Total	351 935	407 674	1 845 049	1 747 086
Deferred tax commitments in balance sheet	98 543	114 150	516 645	489 189

The taxation rate in Norway is 28% and in Denmark 34%.

NOTE 16. BUSINESS AREAS

The main business area is ferry operation. The Group's operating income is divided between the business areas Ferries (NOK 3,675 million) and Hotel (NOK 23 million).

NOTE 17. SHARES IN OTHER COMPANIES (SHORT-TERM INVESTMENTS)

Acquisition value is NOK 95.8 million. Balance day value is NOK 82.2 million.

Auditor’s Report

AUDITOR'S REPORT FOR 2001

We have audited the annual financial statements of Color Group ASA as of 31 December 2001, showing a profit of NOK 153.922.000 for the parent company and a profit of NOK 108.257.000 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 financial statements comprise the balance sheet, the statements of income and cash flows, the accompanying notes and the group accounts. These financial statements are the responsibility of the Company’s Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on 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 generally accepted auditing standards in Norway. Generally accepted auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and generally accepted auditing standards, 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 present the financial position of the Company and of the Group as of 31 December 2001, and the results of its operations and its cash flows for the year then ended, in accordance with generally accepted accounting principles in Norway

- the Company’s management has fulfilled its duty to maintain the Company’s accounting process in such a proper and well-arranged manner that the accounting process is in accordance with the law and generally accepted accounting practices in Norway

- the information in the Board of Directors’ report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Oslo, 17 April 2002
DELOITTE & TOUCHE

Bernhard Lyngstad
State Authorised Public Accountant (Norway)

Color Line Fleet

M/S PRINSESSE RAGNHILD
Service: Oslo - Kiel
Year built: 1981/1992
Register: NOR
Tonnage: 35,438 GRT **Length:** 205.3 meters
Speed: 22 knots
Guest capacity: 1,900
Cabins: 541 **Beds:** 1,654
Freight capacity (lane meters): 900
Vehicles: 600

M/S COLOR VIKING
Service: Sandefjord - Strömstad
Year built: 1985
Register: Nassau
Tonnage: 19,763 GRT **Length:** 137 meters
Speed: 18 knots
Guest capacity: 1,720
Cabins: 0 **Beds:** 0
Freight capacity (lane meters): 490
Vehicles: 370

M/S KRONPRINS HARALD
Service: Oslo - Kiel
Year built: 1987
Register: NOR
Tonnage: 31,914 GRT **Length:** 166.3 meters
Speed: 23 knots
Guest capacity: 1,444
Cabins: 438 **Beds:** 1,428
Freight capacity (lane meters): 1,000
Vehicles: 750

M/S BOHUS
Service: Sandefjord - Strömstad
Year built: 1971
Register: NOR
Tonnage: 9,149 GRT **Length:** 124.5 meters
Speed: 20 knots
Guest capacity: 1,165
Cabins: 0 **Beds:** 0
Freight capacity (lane meters): 462
Vehicles: 240

M/S COLOR FESTIVAL
Service: Oslo - Hirtshals
Year built: 1985
Register: NOR
Tonnage: 34,417 GRT **Length:** 168 meters
Speed: 22 knots
Guest capacity: 2,000
Cabins: 577 **Beds:** 1,933
Freight capacity (lane meters): 800
Vehicles: 330

M/S CHRISTIAN IV
Service: Kristiansand - Hirtshals
Year built: 1982
Register: NOR
Tonnage: 21,699 GRT **Length:** 153.4 meters
Speed: 19 knots
Guest capacity: 1,860
Cabins: 335 **Beds:** 800
Freight capacity (lane meters): 680
Vehicles: 480

M/S PETER WESSEL
Service: Larvik - Frederikshavn
Year built: 1981/1988
Register: NOR
Tonnage: 29,706 GRT **Length:** 168.5 meters
Speed: 19 knots
Guest capacity: 2,138
Cabins: 518 **Beds:** 1,842
Freight capacity (lane meters): 750
Vehicles: 562

F/F SILVIA ANA L.
Service: Kristiansand - Hirtshals
Year built: 1996
Register: Bahamas
Tonnage: 7,895 GRT **Length:** 125 meters
Speed: 41 knots
Guest capacity: 1,250
Beds: 0
Freight capacity (lane meters): 0
Vehicles: 238 cars and 4 busses

M/S SKAGEN - COLOR LINE TRANSPORTER
Service: Larvik - Frederikshavn
Year built: 1975/1982
Register: NOR
Tonnage: 12 333 GRT **Length:** 129.8 meters
Speed: 19 knots
Guest capacity: 1,117
Cabins: 143 **Beds:** 342
Freight capacity (lane meters): 400
Vehicles: 400

Notes

Notes

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) 22 94 44 00, fax: (47) 23 11 80 01,
reservations tel.: (47) 810 00 811
Internet: www.colorline.no, e-mail: kundeservice@colorline.no