



o.n.sunde as

A N N U A L R E P O R T
2008



o.n.sunde as

Key figures O.N. Sunde AS consolidated (NOK mill.)

	2008	2007	2006	2005	2004	2008
						¹⁾ (in EUR mill.)
Sales revenues	9 202	8 118	8 398	7 561	5 734	932
EBITDA	1 090	1 056	1 252	1 266	1 015	110
Operating profit (EBIT)	569	433	496	570	521	58
Pre-tax profit	-381	159	276	314	434	-39
Result for the year before discontinued business	-331	115				-34
Discontinued business	-90	-23				-9
Result for the year	-421	92	195	212	278	-43
Total assets	12 743	10 919	8 846	8 380	7 655	1 291
Available liquidity	²⁾ 982	1 600	1 710	1 843		99
Total number of employees in Group	5 970	6 118	6 151	5 556	4 076	

¹⁾ Amount translated to Euro, exchange rate as at 31 December 2008

²⁾ Including non-utilised drawing rights



Color Group ASA



Voice Norge AS



Gresvig Holding AS



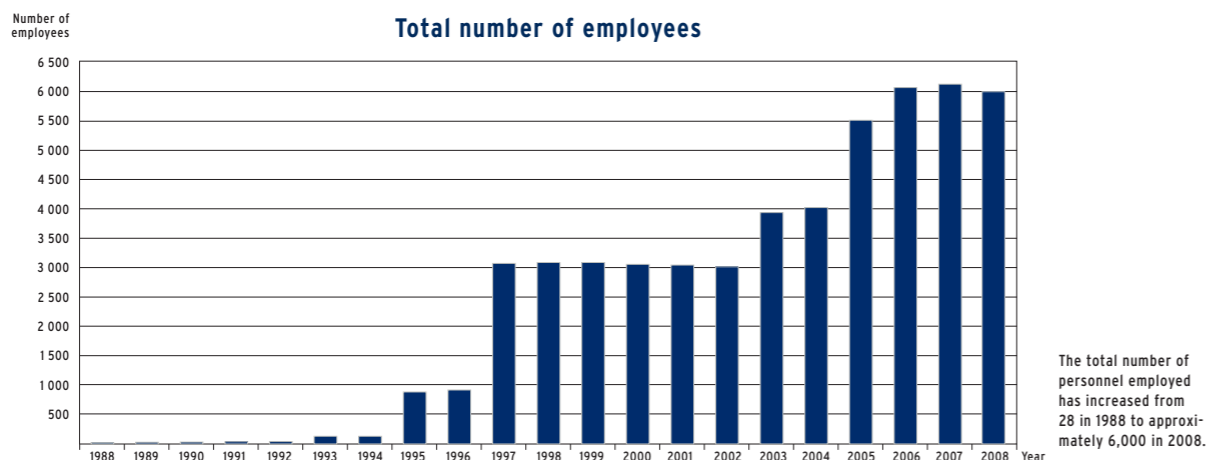
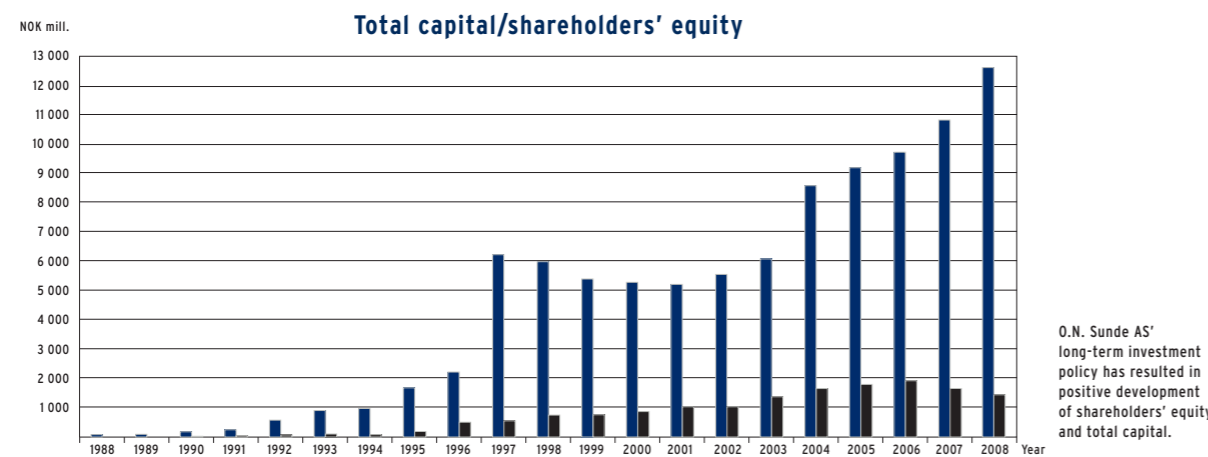
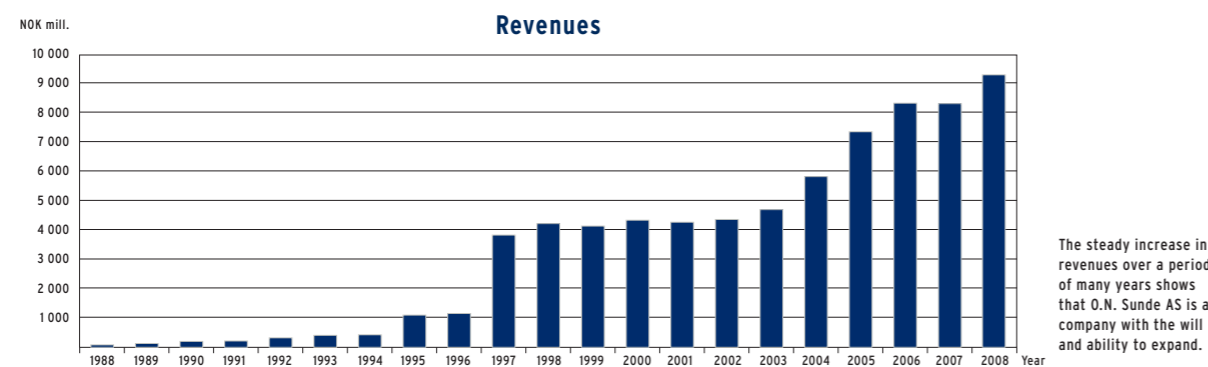
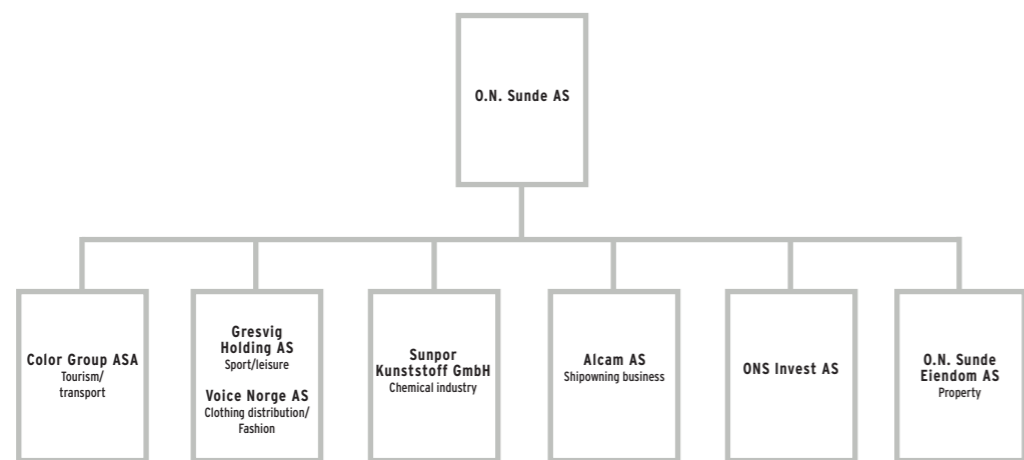
Sunpor Kunststoff GmbH



Alcam AS



O.N. Sunde Eiendom AS



THE COMPANY AND ITS SHAREHOLDERS

O.N. Sunde AS was founded on 7 January 1988. O.N. Sunde AS is an investment company and is headquartered in Oslo, Norway. The company has a share capital of NOK 500 million. All shares in the company are owned by Olav Nils Sunde and his family.

THE OPERATIONS AND PRIMARY AREAS OF BUSINESS OF THE GROUP

Since the outset, the Group has grown consistently and has delivered stable and very satisfactory returns on its operations.

The O.N. Sunde Group's primary areas of business are within Cruise and Transport, Sports and Clothing, Industry, Property, Shipping, and Financial Investments. This business is conducted through the wholly owned sub-groups Color Group ASA, Gresvig Holding AS, Sunpor Kunststoff GmbH, O.N. Sunde Eiendom AS, Alcam AS and ONS Invest AS.

The Cruise and Transport business area discontinued its night ferry operations between Norway and Denmark in 2007 and 2008. The results relating to the discontinued business are reported separately in the accounts. If as otherwise specified, the comments on the Group's income statement relate to continuing business.

THE EXTERNAL ENVIRONMENT, THE WORKING ENVIRONMENT AND EQUAL OPPORTUNITY

Some of the operations of the Group have an impact on the external environment. There were no reported incidents during 2008 of serious damage to the external environment.

As at 31 December 2008, the parent company employed a total of six man-years. Absence due to sickness in the parent company is of an insignificant order. The sub-groups of the Group report absence due to sickness of between 3.9 percent and 11.3 percent for 2008. The average number of man-years employed by the Group in 2008 was 4 104. The average number of employees was 5 970. The individual business areas are responsible for putting in place measures to safeguard a satisfactory working environment. There were no reports during 2008 of incidents involving serious personal injuries or environmental pollution. In the assessment of the Directors, the working environment within the Group is good.

Irrespective of sex, the Group's policy in the various business areas is equal pay for equal work. Women and men are to have equal opportunities for development and employment in all job categories within the Group.

RESULT FOR THE YEAR/INVESTMENT ACTIVITIES/FINANCIAL MATTERS

RESULT FOR THE YEAR

The parent company, O.N. Sunde AS, and the Group present their accounts in accordance with the provisions of NRS (Norsk Regnskapsstandard - Norwegian Accounting Standard) and generally accepted accounting practice. The subsidiaries Color Group ASA and Gresvig Holding AS present their consolidated accounts in accordance with IFRS (International Financial Reporting Standards).

The total operating revenues of the Group in 2008, including discontinued business activities, was NOK 9 351 million, as compared with NOK 9 078 million in 2007. The operating revenues recorded by the Group's continuing business operations totalled NOK 9 202 million, against NOK 8 118 million in 2007. The increase in operating revenues relates largely to the Oslo-Kiel line operated by Color Group and acquisitions by the Sports Division of the Gresvig Group.

The Group's operating result before depreciation, charter hire and leasing costs (EBITDA) was NOK 1 090 million, while the corresponding figure for 2007 was NOK 1 056 million. The Group's operating profit (EBIT) totalled NOK 569 million, against NOK 433 million in 2007. The improvement in EBITDA totalled NOK 34 million. The improvement in operating profit relative to 2007 was NOK 136 million. During 2008 the Group realised gains on the sale of four ships by the Color Group and two reefer ships by the Alcam Group.

For continuing operations the Group reports a pre-tax result of -NOK 381 million, compared with NOK 159 million in 2007.

The net financial items of the Group amount to -NOK 950 million, as compared with -NOK 273 million in 2007. Most of this increase can be ascribed to net unrealised foreign exchange losses relating to currency loans in EUR, DKK and USD, as well as unrealised negative results on currency, interest rate and bunker derivatives. This has been charged to the accounts in a total amount of NOK 478 million. Of this amount, unrealised foreign exchange losses relating to currency loans total NOK 416 million. The background to this figure is the significant weakening of the Norwegian krone (NOK) relative to the EUR, DKK and USD at yearend 2008. Changes in foreign exchange rates since the balance sheet date have now resulted in the partial reversal of this provision. The Group's interest rate expenses rose in 2008 as a result of increased debt relating to investments and higher rates of interest relative to 2007.

The Group's result before discontinued activities totalled -NOK 331 million, compared with NOK 115 million in 2007.

The result reported for discontinued activities totalled -NOK 90 million in 2008, and -NOK 23 million in 2007. The consolidated result for 2008 was -NOK 421 million, as compared with a profit of NOK 92 million in 2007.

The parent company, O.N. Sunde AS, reported a result for the year of NOK 117 million, as compared with NOK 44 million in 2007. The Directors propose that the reported profit of NOK 117 million should be transferred to other equity.

INVESTMENT ACTIVITIES

Net cash flow from investment activities totalled -NOK 2 455 million in 2008, as compared with -NOK 2 818 million in 2007. The investments relate largely to the following activities:

Color Group

Investments relating to this business area amounted to NOK 1 626 million. During 2008 Color Line took delivery of the vessels M/S SuperSpeed 1

and 2. M/S SuperSpeed 1 is owned by the Color Line Group. M/S SuperSpeed 2 is owned by Oslo Line AS, which is a sister company of Color Line and part of the Alcam Group. An operational leasing agreement has been established between the companies.

Significant investments in infrastructure were completed during the year. A new terminal facility at Revet outside Larvik was completed at an investment of approximately NOK 340 million. The new terminal facility replaces the terminal in Larvik inner harbour. The ports in Hirtshals and Kristiansand have been modified to accept new tonnage.

Four ships were sold in 2008 for a total of NOK 881 million.

During the period 2004 - 2008 the Group invested over NOK 7.5 billion in new ships, ports and concepts. With this, Color Group has completed its programme of capital investment in new ships and the associated infrastructure. 2009 will be the first year of operations since 2004 in which new operating concepts for ships and new and more efficient onshore organisations will impact on the year as a whole.

Gresvig Group

During 2008, the Gresvig Group acquired all the shares of Sport Øst AS.

Sunpor Kunststoff GmbH

In mid March 2009, this business area opened a new plant in Radlberg, Austria. With this, annual production capacity has been increased from 75 000 tons to approximately 175 000 tons. The total investment framework for the new plant is approximately NOK 450 million. Investments in the plant in 2008 totalled NOK 367 million.

Alcam Group

During 2008, Oslo Line acquired the RoPax vessel M/S SuperSpeed 2 at a price of NOK 1 063 million.

An operational leasing agreement has been concluded with Color Line, under which the ship was phased into the Larvik-Hirtshals line in June 2008. Through its subsidiary ONS Shipholding II AS the Alcam Group sold two Reefer ships for approximately NOK 100 million.

FINANCIAL MATTERS

Net cash flow from financing activities totalled NOK 1 698 million. This related primarily to the investments in the various areas of business described above. Parts of the Group's financing have been restructured in 2009, some of the Group's short-term debt has inter alia been converted to long-term debt.

The book equity of the Group stands at NOK 1 349 million, as compared with NOK 1 700 million in 2007. The book equity of the parent company totals NOK 2 579 million, as compared with NOK 2 463 million in 2007. NOK 1 959 million of this represents distributable equity.

The liquidity of the company and the Group, including granted drawing rights and liquid securities, stood at approximately NOK 982 million at yearend.

In its business activities the Group is exposed to various forms of financial risk, including variations in foreign exchange rates, interest rate risk and price risk on bunkers. The O.N. Sunde Group utilizes financial instruments to reduce the risk of fluctuations in the Group's cash flow. The Group is exposed to credit risk and liquidity risk.

The market risk exposure of the Group is limited, given that the Group has no dominant customers but looks to a large customer base for its business.

In the view of the Directors, the business and financial position of the company and the Group are sound.

The Directors are of the opinion that the annual accounts provide a true picture of O.N. Sunde AS' assets and liabilities, financial position and results. The going concern assumption has been applied in preparing the accounts.

OUTLOOK FOR 2009

The Group has been through a considerable investment and restructuring phase, which will have positive operational effects in the future. The Directors thus expect a good result for 2009.

Oslo, 30 June 2009


Morten Garman
Chairman of the Board


Olav Nils Sunde
CEO and Director


Bjørn Paulsen
Director

(Amounts in TNOK)

O.N. SUNDE AS			GROUP	
2008	2007	Note	2008	2007
28 381	26 931	Sales revenues	9 201 603	8 118 128
28 381	26 931	Total sales revenues	9 201 603	8 118 128
		OPERATING EXPENSES		
0	0	Cost of sales	4 579 806	3 953 448
2 170	4 156	Wage costs	11, 14 1 959 615	1 774 830
14 794	16 791	Other operating expenses	5, 12 1 572 012	1 333 680
16 964	20 947	Total operating expenses	8 111 433	7 061 958
11 417	5 984	OPERATING PROFIT BEFORE DEPRECIATION AND CHARTER HIRE (EBITDA)	1 090 170	1 056 170
365	291	Ordinary depreciation	7 622 155	567 045
0	0	Charter-hire, leasing costs	12 35 790	64 656
11 052	5 693	OPERATING PROFIT AFTER DEPRECIATION AND CHARTER-HIRE	432 225	424 469
0	1	Gains and losses on sales, write-downs etc.	7 136 927	8 121
11 052	5 694	OPERATING PROFIT (EBIT)	569 152	432 590
		FINANCIAL INCOME/FINANCIAL EXPENSE		
17 009	5 989	Interest received from companies within the same group	0	0
180 422	60 872	Income on investments in subsidiaries	0	0
74 803	56 779	Other interest income	72 069	35 067
0	16 674	Other financial income	9, 19 42 479	75 636
0	0	Change in market value of financial current assets	-308 962	0
-66 887	-43 407	Interest paid to companies in same group	0	0
-46 493	-39 897	Other interest expense	8, 9 -623 341	-369 893
-7 898	-1 170	Other financial expense	9, 19 -132 511	-14 232
150 956	55 840	NET FINANCIAL ITEMS	-950 266	-273 422
162 008	61 534	PRE-TAX PROFIT/LOSS	-381 114	159 168
45 471	17 246	Tax cost	13 -49 792	44 318
116 537	44 288	Profit for the year before discontinued business	-331 322	114 850
		Discontinued business	18 -89 883	-22 877
		Loss/profit for year	-421 205	91 973

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. O.N. Sunde AS is a Norwegian private limited company with its head office in Oslo, Norway.

Principles of consolidation

The consolidated financial statement comprises the parent company O.N. Sunde AS and all subsidiary companies in which the company has voting control. Shares in subsidiary companies are eliminated according to the purchase method. Payment at time of acquisition in excess of book equity is allocated to identifiable assets. Added values that cannot directly be attributed to identifiable assets are capitalised as goodwill. The accounts have been prepared in accordance with uniform accounting principles for the entire Group. Internal transactions, intercompany balances and internal gains are eliminated in the consolidated accounts. In the case of consolidated accounts in foreign currency, the income statement is translated using average exchange rates for the year. For foreign business the balance sheet day exchange rate is used for the translation of the balance sheet. Translation differences are charged directly to shareholders' equity.

The main principle for evaluation and classification of assets and liabilities

Assets that are long-term in nature or use are classified as fixed assets. Other assets are classified as current assets. Receivables scheduled to be repaid within one year are classified as current assets. Current and long-term liabilities are classified according to the same principle. Fixed assets are valued at procurement cost, but are written down to fair value when the drop in value is not expected to be temporary. Fixed assets with a limited economic life are subject to planned depreciation. Long-term loans are recorded in the balance sheet at the nominal amount received on date of issuance. Current assets are recorded at procurement cost or fair value, whichever is the lower. Short-term shareholdings are recorded at fair value on balance sheet date. Current liabilities are recorded in the balance sheet at nominal amount on date of issuance. Certain items are recorded according to other principles and these are detailed below.

Operating income

The Group generates income from a range of business areas. Operating income is recognised when services are provided or when goods are delivered.

Operating expenses

Costs are expensed during the same period as the appurtenant income.

Foreign currency

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

Receivables

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

Inventories

Stocks of raw materials, finished goods, goods for resale and bunkers are valued at cost price or market value with the deduction of sales costs, whichever is the lowest. Procurement costs are classified according to the FIFO method.

Hired property, plant and equipment

In the case of operational leasing agreements, costs relating to the leasing agreement are charged as they arise. Operating assets leased on terms that to a significant extent transfer economic risk and control to the company (financial leasing) are recognised in the balance sheet as tangible fixed assets and the associated commitments are included as commitments under interest-bearing long-term debt at amortised value on the termination date. Operating assets are depreciated according to a depreciation plan and the commitment is reduced by the amount of paid rental less estimated interest expense.

Principles of depreciation

Ordinary depreciation comprises commercial depreciation on a straight line basis. Depreciable assets are capitalised at cost price and depreciated according to anticipated remaining useful life with a deduction for any remaining value upon expiry of the useful life. Replacement and renewals that materially increase the capacity or life of the asset are capitalised. Terminal buildings owned by the Group on leased ground are depreciated over the remaining life of the lease. Investments in leased property plant and equipment are accrued over the remaining contract period. Write-downs take place if the fair value is lower than book value and the drop in value is not considered to be temporary in nature.

Classification expenses and maintenance

Ships are subject to regular classification and maintenance programmes. Maintenance expenses resulting from classification are charged to income on a continuing basis.

Pension commitments and pension costs

The Group has defined benefit and defined contribution pension schemes. Generally, the pension schemes are financed by means of payments to life assurance companies.

The defined benefit schemes grant employees the right to an agreed future pension benefit. These benefits are based on a number of pension-earning years and the pay level of the individual employee. In addition, the company has a number of direct pension commitments. These are recorded in the balance sheet under estimated net pension fund assets.

Pension schemes cover sections of the Group and 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 in their entirety 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 deduc-

tion of estimated return on pension funds. In the balance sheet, net pension funds are presented as a long-term receivable or as other allocations for commitments. The figure also includes employer's National Insurance contributions which will be charged at applicable rates. The effect of changes in estimates and difference between estimate and actual return is entered in the income statement over the average remaining earning period when the accumulated effect exceeds 10 per cent of pension funds or pension commitments, whichever is the highest.

In the case of defined contribution pension schemes the cost will be in accordance with paid-up premium for the period to which the contribution relates. During 2008 the parent company and parts of the Group switched from defined benefit to defined contribution schemes.

Goodwill/other intangible assets

Goodwill in the Group has been established to the acquisition of various business operations. Goodwill is amortised over the estimated economic lifetime. An amortisation period of 15 - 20 years is in line with the premises that form the basis for the values in connection with the acquisitions of the Cruise and Transport business. The amortisation period for goodwill established through acquisitions in the Industry sector has been fixed at 10 years. Goodwill established through the acquisitions of the Sports and Clothing business is amortised over a period of 10 - 20 years. Other intangible assets are entered in the accounts at procurement cost with the deduction of accumulated amortisation and write-downs. Amortisation on accrued intangible assets is calculated and recognised in the income statement according to the straight line method over the estimated useful life of the intangible assets. The amortisation period is 5 - 15 years. Other non-accrued intangible assets are not amortised.

Tax

Tax costs for the year in the income statement comprise changes in deferred tax and tax payable. 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 accounting 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. Tax linked to capital transactions is charged to shareholders' equity.

Shares in subsidiaries

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

Financial risk

The Group makes use of financial instruments in line with its financial policy in order to control the risk of fluctuations in the Group's cash flows. Interest rate hedging contracts with fixed interest rates and the fixing of interest rates on the underlying loans satisfy the criteria for satisfactory hedge accounting. Unrealised loss/gain is not entered in the accounts, but is accrued together with the floating rate of interest on the loan. Income and expenses linked to hedging contracts for bunkers are entered currently in line with bunkers' consumption. Financial instruments are used in order to decrease the effect of fluctuations in exchange rates. Hedging means items where the financial effect of fluctuations in exchange rates are for the most part limited. Hedging is linked to budgeted receipts and payments and not to contractual cash flows. Such hedging contracts are not therefore entered as hedges. Unrealised loss/gain on such instruments are entered in the income statement under financial items. The subsidiary company Gresvig Holding AS use hedge accounting relating to contractual cash flows.

Changes in accounting principles

As a result of changes in the principles governing the calculation of commitments relating to contractual pension schemes, the sum of TNOK 23 044 has been added directly to equity capital. Previously the number of persons was calculated on the basis of probability calculations. Effective from 2008 this is calculated directly on the basis of those encompassed by the scheme.

Discontinued activities

Business activities where operations have been discontinued are reported separately in the income statement. Last year's figures have been restated to provide a basis for comparison.

Changes in figures for comparison

Apart from restatements in connection with discontinued business operations there are no significant changes in figures for comparison.

The use of estimates

When preparing the annual financial statement and in accordance with generally accepted accounting practice, estimates and conditions have been applied that affect the income statement and the valuation of assets and liabilities. Information on uncertain assets and commitments on balance sheet date are specified. Probable and quantifiable conditional losses are expensed on a continuing basis.

Statement of cash flows

The cash flows statement is prepared according to the indirect method. Cash and cash equivalents comprise cash, bank deposits and other short-term placement of liquidity.

Occurrences after balance sheet date

Provision is made in the annual financial statement in respect of new information on the company's financial position after balance sheet date. Occurrences after balance sheet date that do not affect the company's financial position, but that will affect the company's financial position in the future are stated, whenever the occurrences are of material importance.

NOTE 2. SHARES IN SUBSIDIARIES

The Group comprises the parent company O.N. Sunde AS and its subsidiaries:

(Amounts in TNOK)

Name of subsidiary company	Registered office	Share capital	Stake in percent	Book value
O.N. Sunde Eiendom AS	Oslo	30 519	100 %	118 849
Sunpor Holding Østerrike AS	Oslo	12 350	100 %	17 684
ONS Invest II AS	Oslo	1 900	100 %	2 013 687
Alcam AS	Oslo	160 000	100 %	488 751
ONS Invest AS	Oslo	100 000	100 %	293 081
Larvik Line AS	Oslo	100	100 %	100
Sunpor Technology AS	Oslo	100	100 %	100

In addition, the Group includes the companies Tuen Eiendom DA and St. Olavsgaarden ANS, which are wholly owned by O.N. Sunde AS and O.N. Sunde Eiendom AS. Book value in O.N. Sunde AS is TNOK 3 242. Book value in the Group is TNOK 29 645.

The sub-group Sunpor Holding Østerrike AS encompasses 100 percent of Sunpor Kunststoff GmbH, St. Pölten, Austria, including wholly owned subsidiaries connected with operations. ONS Invest II AS owns all the shares in the sub-group Color Group ASA. Color Group ASA includes Color Line AS including wholly owned subsidiaries connected with operations. The sub-group Alcam AS includes wholly owned subsidiaries conducting shipowning business. The sub-group ONS Invest AS encompasses the subsidiary Gresvig Holding AS and subsidiaries connected with operations, as well as ONS Venture AS which manages the Group's venture investment portfolio, and investment company ONS Finans AS.

NOTE 3. CLOSE ASSOCIATES / SHAREHOLDER INFORMATION

The share capital of the company comprises 18 304 425 shares of NOK 27.32 each, of which 8 265 836 are A shares, 24 228 are B shares, 7 010 091 are C shares and 3 004 270 are D shares. Shares in share class A carry voting rights. The rest of the share classes do not carry voting rights. The company's Articles stipulate limitations on dividend per share in respect of share classes B, C and D. All shares are indirectly owned by Olav Nils Sunde and his family. On balance sheet date the shareholders have interest-bearing claims on O.N. Sunde AS equivalent to NOK 120 million, of which NOK 53 million is long-term.

NOTE 4. INVENTORIES

The Group's inventories comprise the following. Non-current inventories have been depreciated

(Amounts in TNOK)

	2008	2007
Goods for resale	881 356	709 553
Raw materials	26 506	28 353
Bunkers	5 385	10 365
Total	913 247	748 271

NOTE 5. SHORT-TERM RECEIVABLES

It has not been found necessary to make any provisions for bad debts for the parent company. For the Group the provision is NOK 12.6 million (2007 NOK 15.2 million). Other short-term receivables from companies in the Group amount to NOK 267 million (2007 NOK 130 million). O.N. Sunde AS is the group account-holder. The group companies' bank accounts that are included thus represent an intercompany account. For the parent company this represents a net receivable of NOK 1 112 million (2007 NOK 1 035 million). All represented companies stand surety for all outstanding accounts in respect of the group cash pool.

NOTE 6. CURRENT LIABILITIES

Current liabilities are as follows:

(Amounts in TNOK)

Current liabilities	PARENT COMPANY		GROUP	
	2008	2007	2008	2007
To companies in same Group	939 405	599 379		0
Public taxes payable	38	400	125 708	195 745
Other current liabilities	72 932	74 757	1 009 003	296 884
Total	1 012 375	674 536	1 134 711	492 629

Of the current debt in the parent company, NOK 67 million relates to shareholders.

NOTE 7. FIXED ASSETS

Specification of tangible fixed assets:

(Amounts in TNOK)

GROUP	Other intangible assets	Goodwill	Ships, etc.	Machines, FF&E, etc.	Buildings, land, plant under construction	Total
Cost price as at 1 January	97 942	1 997 437	9 891 967	1 018 311	1 492 912	14 498 569
Additions for the year	4 309	27 238	2 123 825	170 132	665 275	2 990 779
Translation difference	411		0	-324	55 512	55 599
Reclassification	0	0	0	30 518	-30 518	
Disposals for the year	4 061	0	1 524 281	46 284	109 626	1 684 252
Acc. depreciation/write-downs	48 366	820 431	3 340 570	789 683	535 499	5 534 549
Book value as at 31 December	50 235	1 204 244	7 150 941	382 670	1 538 056	10 326 146
Ord. depreciation for the year	7 519	119 152	311 091	125 568	86 212	649 542
Depreciation rate	5 %	5 - 10%	5 - 11%	5 - 20%	3 -4%	

PARENT COMPANY

Cost price as at 1 January	0	0	0	5 578	6 830	12 408
Additions for the year	0	0	0	1 837	0	1 837
Translation difference	0	0	0	0	0	0
Disposals for the year	0	0	0	0	0	0
Acc. depreciation/write-downs	0	0	0	5 781	0	5 781
Book value as at 31 December	0	0	0	1 634	6 830	8 465
Ord. depreciation for the year	0	0	0	365	0	365

The depreciation rate for Group's ships is calculated on the basis of a 30-year period, with a deduction for the estimated residual value. The depreciation period is reappraised in the event of major rebuilding work. Investments onboard after delivery that have a shorter lifetime than the ship itself, e.g. retail outlets, restaurants, safety equipment, etc. are depreciated over periods of 5 and 10 years.

Goodwill is related to acquisitions of businesses, and is linked to the business areas Cruise and Transport in the amount of NOK 132 million (2007 NOK 173 million), Sports and Clothing in amount of NOK 1 065 million (2007 NOK 1 193 million) and the business area Chemical Industry in the amount of NOK 7 million (2007 NOK 9 million). Other intangible assets are mainly linked to the Gresvig Group and relate to development and operation of chain concepts.

NOTE 8. LONG-TERM DEBT / CONTRACT COMMITMENTS

Long-term interest-bearing debt is as follows:

(Amounts in TNOK)

Long-term debt	PARENT COMPANY		GROUP	
	2008	2007	2008	2007
Debt to credit institutions	483	505	7 633	6 005
Bond loans	0	0	1 411	1 411
Other long-term debt	280	354	58	150
Total	763	859	9 102	7 566

The parent company's long-term debt totals NOK 763 million, of which NOK 483 million is with credit institutions and secured by mortgage. The parent company has commitments linked to loan agreements, all of which were fulfilled as at 31 December 2008. NOK 53 million of the parent company's other long-term debt concerns the shareholder (NOK 150 million in 2007), and NOK 227 million is inter-company debt (NOK 204 million in 2007). The book value of mortgaged assets is NOK 793 million. This includes a charge on unutilised drawing rights of NOK 120 million. O.N. Sunde AS has furnished guarantees in connection with borrowings by subsidiaries for a total of USD 3.5 million. Of the parent company's long-term debt, NOK 63 million matures for payment more than five years after the end of the financial year. Interest conditions on all loans and credits are fixed in accordance with NIBOR interest with the addition of an agreed margin. The interest rate at yearend 2008 was on average: mortgages 7.16 percent.

The Group's long-term debt is NOK 9 102 million, of which NOK 7 633 million relates to credit institutions and is secured by mortgage. Book value of assets placed as security is NOK 9 750 million. This includes a lien on unutilised drawing rights in the amount of NOK 692 million. Mortgages are levied on the leases for the terminal areas and there is negative lien on the Group's ships. Of the Group's long-term debt, NOK 4 342 million falls due for payment more than five years after the end of the financial year. As at 31 December 2008 the Group had outstanding bond loans in the amount of NOK 1 411 million. The bond loans are listed on the Oslo Stock Exchange. Interest terms on all loans and credits are fixed in accordance with NIBOR interest plus an agreed margin. The interest rate at the end of 2007 was on average 6.44 percent for mortgages and 7.19 percent for bond loans.

The currency distribution of interest-bearing long-term debt is as follows:

(Amounts in TNOK)	PARENT COMPANY		GROUP	
	Currency	NOK	Currency	NOK
NOK	0	670 534	0	6 757 307
USD	13 288	93 017	23 838	166 867
EUR	0	0	205 873	2 013 434
DKK	0	0	125 839	164 849
Total		763 551		9 102 457

Contract commitments

A contract was concluded in 2007 for the development/delivery of a new booking system and a new Internet platform for Color Line AS. Start-up was planned to take place in 2009. The remaining investment framework is approximately NOK 90 million.

The Industry business area

In 2007, a decision was taken to increase the annual production capacity of Sunpor Kunststoff GmbH from approximately 75 000 tons to approximately 175 000 tons. The work is expected to be completed in early 2009 and the remaining investment framework is approximately EUR 10 million.

NOTE 9. FINANCIAL RISK - NET FINANCIAL ITEMS

Capital management

An important objective is to secure financial freedom of action for the Group, both in the short term and in the long term and to maintain a sound credit rating, to facilitate favourable borrowing conditions which are reasonable relative to the various business areas conducted within the Group. The Group focuses on capital structure management, making whatever changes are necessary on the basis of current evaluations of the financial situation.

Financial risk

In its business activities, the Group is exposed to various types of financial risk, market risk (including changes in foreign exchange rates, interest rate risk and price risk), credit risk and liquidity risk. It is the Group's policy not to actively speculate in financial risk. Financial derivatives are applied in order to reduce potentially negative consequences for the Group's financial result.

Assuming operations are proceeding in the normal way, it is Group policy to cover a large part of the current foreign exchange risk for the coming 6 - 12 months by concluding forward contracts, options and swaps.

The Group's primary exposure to interest rate risk is through its portfolio of loans. Interest rate swap agreements have been concluded with the aim of achieving the required ratio between fixed and floating rates of interest. At year end 2008, the Group had five swap agreements with a total nominal value of NOK 1 575 million, with an average term of approx. 1.5 years, at an average rate of interest of approx. 4.8 percent. In addition, CIRR fixed interest rate agreements were concluded with Finnish Export Credit in connection with the delivery of M/S Color Magic in 2007 in the amount of NOK 1 931 million (regulated in accordance with contractually stipulated instalments), of which 50 percent fixed rate at 4.2 percent + margin and 50 percent swapped at floating interest six months NIBOR less 1.315 percent per year for 11 years. CIRR fixed rate of interest agreement was concluded with Finnish Export Credit in connection with the delivery of M/S SuperSpeed 1 and 2 in the amount of NOK 546 million at 3.91 percent and EUR 30.4 million at 3.55 percent for each vessel. Moreover, NOK 546 million and EUR 30.4 million relating to M/S SuperSpeed 1 was swapped at a floating rate of interest of six months NIBOR minus 1.115 percent and EURIBOR minus of 0.49 percent per year for 12 years, respectively. The fixed rate contracts correspond to approximately 36 percent of the total interest attracting debt outstanding as at the balance sheet date.

NOTE 10. SHAREHOLDERS' EQUITY

Changes in shareholders' equity during the year:

(Amounts in TNOK)				
PARENT COMPANY	Share capital	Premium fund	Other equity	Total
Shareholders' equity as at 1 January	500 077	120 904	1 842 243	2 463 224
Profit for the year			116 536	116 536
Shareholders' equity as at 31 December	500 077	120 904	1 958 779	2 579 760
GROUP				
Shareholders' equity as at 1 January				1 700 245
Result for the year				-421 205
Translation difference				47 220
Changes in principle				23 044
Shareholders' equity as at 31 December				1 349 304

NOTE 11. PENSION COMMITMENTS AND PENSION COSTS

The year's pension costs related to defined benefits pension schemes in the Group are as follows:

(Amounts in TNOK)	GROUP	
	2008	2007
Present value of pension earnings for the year	29 197	48 357
Interest costs on incurred pension commitments	7 725	21 176
Anticipated yield on pension funds	-7 436	-17 305
Expensed employer's NI tax/administration costs	5 212	7 756
Book estimate variance for the year/amortisation change of plan	2 490	8 324
Pension costs	37 188	68 308
Pension commitments and pension funds		
Estimated accrued commitments	238 926	553 179
Estimated value of pension funds	-150 727	-341 386
Estimated net pension commitments	88 199	211 793
Calculated employer's NI contribution	12 436	29 863
Calculated pension commitments	100 635	241 656
Unstated estimate variance	-111 951	-222 777
Calculated pension commitments in balance sheet as at 31 December	-11 316	22 891

Financial conditions

Discount factor	3,8 %	4,5 %
Anticipated yield	5,8 %	5,4-5,5 %
Anticipated wage adjustment	4,0 %	4,5 %
Anticipated increase in pensions	1,5 %	2,0-2,3 %
Anticipated annual G-adjustment	3,8 %	4,3 %

Estimated values are used in the valuation of pension funds and accrued commitments. These estimates are adjusted annually in accordance with the statement showing the transfer value of the pension funds and actuarial calculation of the commitments.

The Cruise and Transport business area and the parent company switched from a defined benefit to a defined contribution scheme from 1 July 2008. The changeover applies to all shore-based personnel.

The group pension scheme for seamen comprises 2 037 members. In addition, the Group pays the shipowners' share of the National Insurance Pension Scheme for Seamen in the amount of NOK 29 million (NOK 31.4 million in 2007). In addition to pension commitments covered through the insurance scheme, the Group has uncovered pension commitments paid directly by the Group. These commitments comprise 19 members and are included in net pension commitments.

In the Sports and Clothing business area the Group has a defined benefit pension scheme covering 321 members. In addition there are pension commitments funded from operations covering a total of 7 persons.

For Group companies in Norway that did not previously have pension schemes, an agreement has been concluded in respect of the mandatory service pension scheme which came into effect on 1 July 2007.

NOTE 12. LEASES / OPTIONS TO PURCHASE / OTHER COMMITMENTS

Cruise and Transport

Current leases have been established with the local port authorities in all ports of call. These apply to buildings, vehicle embarkation areas and berths for the vessels. The company pays both fixed lease amounts and partly variable charges based on number of calls, passengers and cars. In Oslo, Revet (Larvik), Hirtshals and Strömstad, the Group owns the terminal buildings. Rental paid for terminal buildings and vehicle embarkation areas in 2008 totalled NOK 26 million (2007: NOK 18 million).

An operational framework agreement has been concluded for the lease of IT equipment. Leasing expenses for 2008 were NOK 32 million (2007 NOK 35 million). An agreement concluded in 2001 giving the Group the right to use the corporate name on a multi-purpose arena in Hamburg, Germany has been terminated. Cost in 2008 totalled TEUR 756 (2007 TEUR 743).

(Amounts in TNOK)

	Within 1 year	1 - 5 years	After 5 years	Total
Future minimum rental	27 167	12 654	0	39 821

Color Group ASA has concluded a framework agreement for the guarantee of the Group's tax withholdings in the amount of NOK 60 million. In addition the Group has issued a guarantee in the amount of NOK 80 million for the travel guarantee fund, in addition to other guarantees for subsidiaries amounting to approximately NOK 52 million.

Sports and Clothing

The Group has furnished guarantees in connection with loans and hire commitments in relation to outside parties other than companies in the Group in the amount of NOK 119.1 million (2007: NOK 100.7 million), to the leases on members' retail premises. Estimated lease expenses for 2008 in connection with operational leases in this business area total NOK 281 million. The operational leases relate to offices, storerooms and retail outlets for Group-owned stores, premises sublet to members of the Group's chains and leasing of vehicles, IT, office machines etc. with a duration up to 11 years.

(Amounts in TNOK)

	Within 1 year	1 to 5 years	More than 5 years	Total
Future minimum rent	281 061	775 577	327 150	1 383 788
Of which subletting represents	53 907	157 558	63 139	274 604

In connection with the establishment of the Color Line Stadium in Ålesund, the parent company and O.N. Sunde Eiendom AS have jointly issued guarantees with a maximum limit of NOK 30 million.

NOTE 13. TAXES

Specification of differences between the pre-tax profit in the accounts for the parent company and the tax base for the year:

(Amounts in TNOK)	PARENT COMPANY		GROUP	
	2008	2007	2008	2007
Tax costs for the year are as follows:				
Tax payable	0	0	0	0
Effect of group contribution	51 678	14 222	0	0
Change in deferred tax	-6 206	3 023	-84 747	42 633
Adjustment to taxation for previous years	0	0	0	0
Tax costs on ordinary profit	45 471	17 245	-84 747	35 421
Reconciliation from nominal to actual taxation rate:				
Pre-tax profit including extraordinary result	162 007	61 531	-505 960	127 394
Estimated income tax at nominal rate (28%)	45 362	17 229	-141 686	35 670

Taxation effect on the following items:

Non-deductible expenses	109	17	58 041	34 658
Non-taxable income	0	0	-606	-33 338
Unstated deferred tax	0	0	-496	-3 280
Correction of previous years tax costs	0	0	0	0
Other items	0	0	0	1 711
Tax costs	45 471	17 245	-84 747	35 421
Effective taxation rate	28,0 %	28,0 %	17,0 %	27,8 %

Specification of tax effect of temporary differences and carry-forward loss:

Fixed assets	-596	-829	2 081 031	2 099 950
Profit and loss account	42	52	789 219	315 898
Current assets	0	0	-100 456	-82 652
Financial fixed assets and other temporary differences	-256	-205	13 482	-9 327
Debt	5 678	28 015	-187 377	16 406
Carry-forward loss and remuneration	0	0	-797 750	-200 897
Total	4 867	27 033	1 798 149	2 139 378
Deferred tax commitment in balance sheet	1 363	7 569	503 482	591 864

Deferred tax benefit is recorded on the basis of future income.

The business in Austria reports a carry-forward loss of TEUR 3 501. No time limits apply to the carry-forward loss in Austria.

NOTE 14. FEES / SALARIES

The company's chief executive officer received a salary of TNOK 848 including additional benefits. No directors' fees were paid. As at 31 December, the parent company employed 6 man-years. The Group employed an average of 4 104 man-years.

(Amounts in TNOK)	PARENT COMPANY		GROUP	
	2008	2007	2008	2007
Auditors fees - Deloitte:				
Statutory audit services	257	245	4 134	3 441
Fees for other certification services	0	0	47	598
Fees for tax advice	26	104	639	251
Fees for other non-audit services	124	201	1 241	1 710
Total audit and advisory services Deloitte	407	550	6 061	6 000

Remuneration to other audit companies in respect of statutory audits amounts to TNOK 222 for the Group, and for other audit-related services TNOK 240.

(Amounts in TNOK)	PARENT COMPANY		GROUP	
	2008	2007	2008	2007
Wages				
Wages	1 454	3 200	1 703 093	1 490 159
National insurance	373	519	250 562	255 328
Pension costs	225	297	-54 457	100 338
Other benefits	118	140	149 011	201 259
Total	2 170	4 156	2 048 209	2 047 084

In 2008, the Group took NOK 238 million (NOK 265 million in 2007) to income in respect of refunds of income tax, National Insurance contributions and employers' tax for seamen, which the Group records as a reduction of wages for seamen. Of this amount, the Group has contributed NOK 10.2 million (NOK 12.2 million in 2007) to the foundation for Norwegian Maritime Competence, in accordance with the regulations passed by the Storting.

NOTE 15. STAKES IN ASSOCIATED COMPANIES, OTHER COMPANIES AND SHORT-TERM SHARE INVESTMENTS

The Group has the following stakes in associated companies:

(Amounts in TNOK)

	Registered office	Stake percentage	Number	Nom. value	Book value 31 Dec.
Sport Invest AS	Trondheim	35,0 %	81	1 000	12 605
Intersport Gigant Lade AS	Trondheim	20,0 %	2 000	1 000	2 000
Oslo Vest Sport AS	Oslo	49,0 %	490	1 000	490
Intersport Lillehammer AS	Lillehammer	30,0 %	120 001	1	735
G-Sport Trondheim AS	Heimdal	33,0 %	1 232	1 000	2 849
Super G Sørlandsparken AS	Birkenes	49,0 %	490	1 000	496
Telesport AS	Seljord	40,0 %	260	1 000	800
Intersport Morenen AS	Eidsberg	34,0 %	532	361	533
Agder Mote AS	Arendal	40,0 %	350	1 000	3 950
Selskap II AS	Arendal	40,0 %	50	1 000	60
Ålesund Stadion KS	Ålesund	39,0 %		0	25 429
Nor Aviation Eiendom AS	Ålesund	31,3 %		0	9 000
Total associated companies			125 486	8 362	58 947
Acc. results from associated companies					601
Total associated companies					59 548

The Group holds minor stakes (1-20 percent). These are mainly companies conducting retail sales in the G-Sport, Intersport and Super G chains, which are defined as strategic long-term shareholdings.

(Amounts in TNOK)

	Registered office	Stake percentage	Number	Nom. value	Book value 31 Dec.
G-Sport Sørlandet Holding AS	Kristiansand	19,0 %	19	1 000	527
Intersport Kvadrat AS	Sandnes	11,0 %	27	1 000	893
G-Sport Nord	Bodø	7,0 %	33	1 000	1 425
Sporty Internasjonal AS	Stavanger	10,0 %	64	4 500	1 271
Sportshuset Sunnmøre AS	Ulstein	7,8 %	110	100	719
Intersport Nestun AS	Bergen	18,2 %	115	1 000	2 580
Intersport Trekanten AS	Bodø	10,0 %	33	1 000	900
3 S Holding AS	Kristiansand	19,9 %	624	1 000	1 300
Veslum Holding AS	Asker	19,9 %	199	1 000	323
M J Vik Invest AS	Ålesund	10,1 %	45	1 000	807
G-Sport Narvik AS	Narvik	19,9 %	130	1 000	1 749
Grenland Sport AS	Skien	11,1 %	3 933 962	0,10	1 974
Agderbyen Sport AS	Kristiansand	15,8 %	126	1 000	2 555
VITO AS	Sarpsborg	10,0 %	50	1 000	50
Kola Tekstil AS	Tromsø	19,0 %	70	1 000	567
Rigby Holding AS	Nesbru	19,9 %	35	1 000	35
Varnaveien Tekstil AS	Moss	15,0 %	529	1 000	100
Sunnmørshallen AS	Ålesund	12,1 %	1 272	1 000	1 275
Other shares					2 267
Total					21 317

The Group has short-term share investments in listed and non-listed securities. Write-downs and/or market adjustments to the shareholding in a total amount of NOK 82 million were charged to the 2008 accounts. These stakes are defined as non-strategic and are temporary.

(Amounts in TNOK)

	Stake	Value 1 Jan.	Write-down market value	Value 31 Dec.
Metrima AB	24,5 %	43 014	-30 014	13 000
Scan & Pay AS	16,3 %	3 967	-2 671	1 296
Sagex Petroleum AS		8 186	0	8 186
Schibsted		0	-4 941	9 051
Yara International		0	-39 953	170 775
Other shares/securities		0	-4 416	15 485
Total short-term shareholdings			-81 995	217 793

NOTE 16. BUSINESS AREAS

The Group's operating income is divided into the following business areas:

(Amounts in NOK million)

	2008	2007
Cruise and Transport	4 575	4 733
Industry	1 018	949
Property	19	18
Sports and Clothing	3 777	3 414
Shipping/Other	86	36
Internal turnover	-124	-72
Total	9 351	9 078
Discontinued business	-149	-960
Total	9 202	8 118

NOTE 17. MAJOR INDIVIDUAL TRANSACTIONS

The business area Cruise and Transport

In December 2005, ColorLine AS concluded an agreement with Aker Finnyards Inc. for the construction of new vessels (M/S SuperSpeed 1 and 2) at a total contract sum of approx. EUR 254 million. 80 percent of the funding for the vessels is in the form of external financing over 12 years on a 15-year basis. CIRR fixed rate agreements and swap agreements with terms of 12 years have been concluded, making for a net rate of interest on NOK of 3.91 percent and on EUR of 3.55 percent. M/S SuperSpeed 1 was delivered in February 2008. In connection with the placing of the order for M/S SuperSpeed 2, Color Line AS conclude an agreement with Oslo Line AS (both companies are indirectly wholly-owned by O.N. Sunde AS) for the right to transfer the contract to Oslo Line AS on the same terms provided that a satisfactory leasing agreement could be concluded. In the case of M/S SuperSpeed 2, Color Line AS exercised its right to transfer the vessel to Oslo Line AS as at the delivery date of 6 June 2008. To this end, an operational leasing agreement was concluded with Color Line Transport AS (wholly-owned by Color Line AS) with a term of 12 years. Annual rental totals approximately NOK 110 million. The agreement does not encompass options.

Four older vessels were disposed of and sold during the course of the year for total sales proceeds of approximately NOK 855 million. With this the cruise and transport business area has completed its programme of investment in new ships and disposal of old tonnage. In June, Color Line AS completed a new ferry terminal at Revet, outside Larvik, with a total investment framework of approximately NOK 340 million. Funding for the plant was in the form of external financing in the amount of NOK 240 million with 10 years' drawing rights and a 30-year instalment profile.

The Sports and Clothing business area

All shares in sports company Sport Øst AS were acquired with accounting effect from 1 June 2008.

NOTE 18. DISCONTINUED BUSINESS

During 2007/2008, Color Line AS discontinued its night ferry operations between Norway and Denmark. The result relating to discontinued business is reported separately in the accounts.

(Amounts in TNOK)

	2008	2007
Revenues	149 488	959 673
Operating costs	-230 692	-865 483
Operating loss/profit	-81 204	94 190
Depreciation and write-downs	-27 387	-89 564
Losses on sales	-10 104	0
Financial items	-6 143	-36 400
Pre-tax loss	-124 838	-31 774
Estimated tax	-34 955	-8 897
Result for year of discontinued business	-89 883	-22 877

NOTE 19. OCCURRENCES AFTER BALANCE SHEET CLOSING DATE

On 23 March 2009, production commenced on the new Sunpor Kunststoff GmbH's plant in Radlberg, Austria. The Capacity has been increased from 75 000 tons to approximately 175 000 tons equivalent to an annual turnover of approximately NOK 2 000 million. The total investment framework for the new plant is approximately NOK 450 million.

Approximately NOK 325 million was charged to the Group's result for 2008 in the form of provisions for net and unrealised losses relating to foreign currency loans and financial derivatives/hedge agreements. Changes in foreign exchange rates and interest rates since the balance sheet date have resulted in the reversal of part of this provision.

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Translation from the original Norwegian version

To the Annual Shareholders' Meeting of O.N. Sunde AS

AUDITOR'S REPORT FOR 2008

We have audited the annual financial statements of O.N. Sunde AS as of 31 December 2008, showing a profit of NOK 116.537.000 for the parent company and a loss of NOK 421.205.000 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 generally accepted accounting practice in Norway have been applied to prepare 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 other information according to the requirements of the Norwegian Act on Auditing and Auditors.

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

In our opinion,

- the financial statements are prepared in accordance with 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 2008, and the results of its operations and its cash flows for the year then ended, in accordance with generally accepted accounting practice in Norway
- the Company's management has fulfilled its duty to see to proper and well arranged recording and documentation of accounting information in accordance with law and generally accepted bookkeeping practice in Norway
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit, is consistent with the financial statements and complies with law and regulations.

Oslo, 30 June 2009
Deloitte AS



Bernhard Lyngstad
State Authorised Public Accountant (Norway)

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

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