

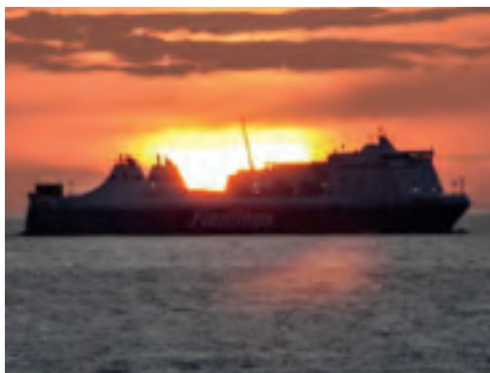
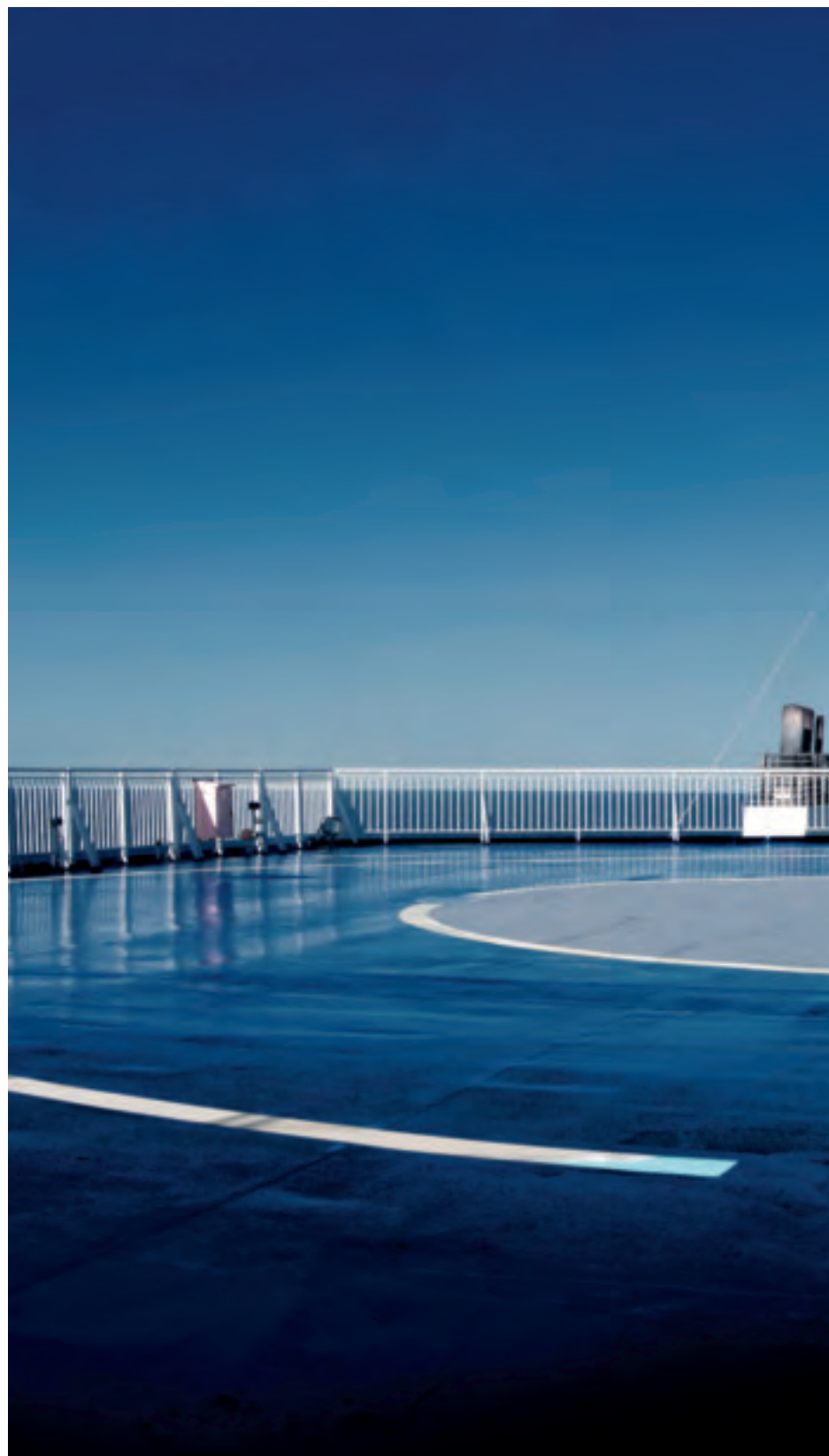


ANNUAL REPORT

**2011**

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**FINNLINES IS ONE OF THE BIGGEST shipping operators of ro-ro and passenger services in Northern Europe.**

The Company is listed on the NASDAQ OMX Helsinki Ltd and is a part of the Italian Grimaldi Group, one of the world's largest operators of the Motorways of the Sea in Europe for both passengers and freight. This affiliation enables Finnlines to offer liner services to and from any destination in the Mediterranean, West Africa as well as the Atlantic Coast of both North and South America.

The Company's sea transports are concentrated in the Baltic and the North Sea. In addition to cargo, the Company transports passengers on board of 14 ro-pax vessels between six countries and eleven ports.

The Company has subsidiaries or sales offices in Germany, Belgium, the United Kingdom, Sweden, Denmark, Luxembourg and Poland and a representative office in Russia. In addition to sea transportation, the Company provides port services in Finland in Helsinki, Turku and Kotka, which are the most important seaports in Finland.



# FINNLINES IN 2011



**OPERATING AREA 31 DECEMBER 2011**





## 2011

During the first quarter of the year, the traffic was influenced by a number of external disturbances. Unexpected stevedoring strikes and very hard ice conditions in the Baltic Sea caused several temporary schedule changes, reroutings and stoppages. The oil prices remained on a very high level during the whole reporting year.

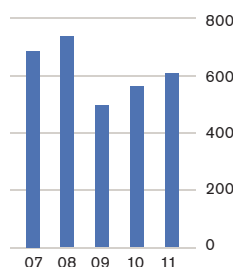
In April and May two of the six ro-ro newbuildings, namely MS Finnbreeze and MS Finnsea, entered the traffic. The vessels are flying under Finnish flag. MS Longstone and MS Beachy Head were redelivered to their owner. During the year 2011, Finnlines operated on average 25 vessels in its own traffic compared to 24 vessels in 2010.

Finnsteve-companies (Finnsteve Oy Ab, Containersteve Oy Ab and FS-Terminals Oy Ab) started statutory employee negotiations in the ports of Kotka, Turku and Helsinki with all the personnel groups during the last quarter of 2010. These negotiations resulted in the termination of about 160 employments in total during the first quarter of 2011.

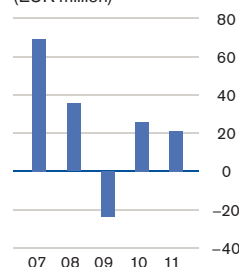
(EUR million)	IFRS 2011	IFRS 2010
Revenue	605.2	561.1
Result before tax, depreciation and amortisation (EBITDA)	84.5	85.9
Result before interest and taxes (EBIT)	21.0	25.6
Result for reporting period	-2.5	2.2
Earnings per share (EPS), EUR	-0.05	0.05
Dividend per share, EUR	0.00*	0.00
Equity ratio, %	29.1	29.1
Gearing, %	199.8	198.8

\* The proposal of the Board of Directors.

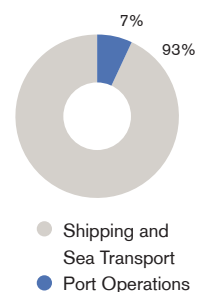
**Revenue 2007–2011**  
(EUR million)



**Result before interest and taxes (EBIT) 2007–2011**  
(EUR million)



**Breakdown of revenue 2011**





# CEO'S REVIEW 2011

**Innovation. Synergy. Optimisation. Cost reduction. Over the last year, these have been the four pillars of our approach to the market. Together, they are helping us prepare Finnliness for the challenges to come, and allowing us to shape the company for a position in the top rank of modern international shipping enterprises far into the future.**

We faced difficult conditions last year: a very harsh winter, comparable only with the winter of 1987; soaring energy costs; and a volatile market. Yet our commitment to streamlining our production and organisational model has seen us make significant progress in transforming the company for the better.

In 2011, we took delivery of MS Finnbreeze and MS Finnsea, the first two of a series of six newbuildings. Both ships are indelibly associated with Finland. They not only fly the Finnish flag but are highly innovative vessels both operationally and in terms of environmental sustainability.

Among their key features are hoistable car decks on two levels that allow us to handle more cars than is normal on ships of this size. Fuel-efficient engines also reduce the ships' carbon footprint. Indeed, we calculate that on a round-trip voyage carrying the optimal cargo mix of rolling stock and paper, these ships are capable of dramatic reductions in CO<sub>2</sub> and SO<sub>4</sub> emissions per freight-ton.

These new champions of the sea have also had a significant financial impact on Finnliness, allowing us to redeliver sub-optimal and expensive chartered tonnage, while sending a signal to the market that the ro-ro segment, like our traditional ro-pax operations, will be a core part of the business going forward.

The new vessels, and the sister ships to come, will also strengthen our already excellent relations with the major Finnish paper companies, and with Europe's auto manufacturers, providing benefits in terms of cost efficiency and reliability that will enhance their export initiatives and open a window to the future.


This leads neatly to our efforts to create synergies in our existing markets. One such effort involves linking the regions of Helsinki-Kotka and St. Petersburg through a series of new scheduled connections. Through this initiative, we are even better placed to internationalise these cargo streams by linking them via Antwerp to the extensive network of the Grimaldi Group and so to markets far beyond Europe.

As far as our combined ro-pax services are concerned, we have modernised the passenger areas on several vessels to cater for growing demand, and introduced a new eBooking system that has been highly successful. At the same time, we have further optimised costs on our ro-pax production models, while our offerings to the forwarding industry won us new business at the end of 2011 that had previously been going by road. This is a gain for us, and for the environment.

I look forward to even more innovation this year as we look to improve our service and raise our profile further.

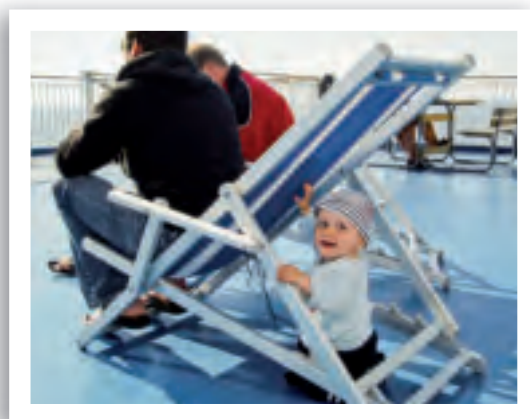
I would like to express my gratitude to our customers, our shareholders and our staff both at sea and ashore for the strong and committed support you have given us over the last year. Thanks to you, we are on our way to turning this fine company into one of the most efficient, modern and profitable shipping enterprises in Northern Europe.

Uwe Bakosch  
President/CEO



STAR







# BUSINESS CONCEPT, VALUES AND STRATEGIC GOALS

## BUSINESS CONCEPT

Finnlines promotes international commerce by providing efficient, high quality sea transport and port services, mainly to meet the requirements of the European industrial, commercial and transport sectors and private passengers.

## FINANCIAL GOALS

Finnlines' objective is to guarantee long-term profitability through high quality operations, to generate added value for its shareholders and to maintain a healthy capital structure. The Board of Directors bases its annual dividend proposal on the Company's capital structure, future outlook, and investment and development needs.

## VALUES

### CUSTOMER FOCUS

Our customers choose us thanks to our competence, expertise and reliability. Satisfied customers are the basis for Finnlines' enduring success. By identifying its cargo customers' and passengers' needs, the Company can continuously develop its service products and generate concrete added value for its customers.

### RESPONSIBILITY

We adhere to the principles of sustainable development. Environmental responsibility forms part of our Company's everyday operations. We take safety issues into consideration in all our operations.

### PROFITABILITY

We achieve our objectives. Through the quality of our business operations, we are able to guarantee long-term profitability and generate added value.

### EMPLOYEE SATISFACTION

Finnlines is a reliable and motivating employer, which treats its employees with fairness and equality.

## STRATEGIC GOALS

### A stronger position in Baltic Sea and North Sea cargo traffic

- We invest in the operational efficiency of our current transport areas.
- We will open new routes according to market opportunities.
- We are actively involved in the growing consolidation of the sector.
- We increase Group-wide network synergies beyond the core of today.

### A stronger position in Baltic Sea passenger traffic

- We offer quick and effortless travel between Finland, Sweden, Poland and Germany to our passengers on our large and efficient ro-pax vessels.

### A stronger position in Russian freight traffic

- We are the leading shipping company in transit traffic.
- We actively develop and market direct transport routes between Central Europe and Russian Baltic ports.

### Growing profitability

- We strive to improve our productivity. One of the main ways of doing this is to focus on routes where the vessels' capacity utilization is as high as possible in both directions.
- We will increase the efficiency of our operational systems and information management.
- We take proper care of environmental and safety issues.
- We invest in staff competence.

# BUSINESS ENVIRONMENT

**The year 2011 saw some improvement in the overall economical development of Finnlines' main market area, but the year ended in unstable note, with many negative factors in sight. The European economic situation remains volatile in 2012.**

## THE FINNLINES FLEET

In average Finnlines operated 26 vessels during the year. Of these 25 vessels were in Finnlines own regular liner services and one chartered out. The total amount of vessels consisted of 21 vessels owned by the group and 5 chartered vessels. Of these 26 vessels, 15 are ro-pax and 11 ro-ro vessels.

In March MS Finnarrow, owned by the Group, was redelivered from her charter. MS Baltica was redelivered to the owner in April. In December MS Longstone and MS Beachy Head were redelivered to their owner.

The first two of the six 10,500 dwt ro-ro newbuildings ordered from China, MS Finnsea and MS Finnbreeze, were handed over in the spring (March and April) and they were immediately put to use in the Finnlines' North Sea service.

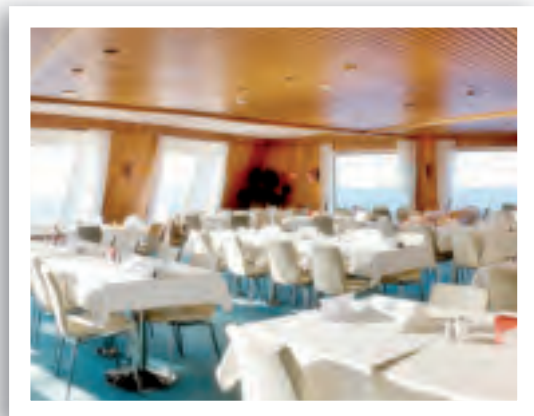
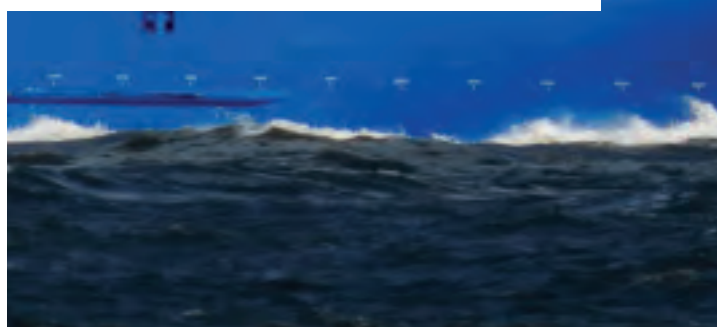
At the end of the year, the total capacity of the fleet was approximately 70,000 lane metres. The major part, 68,000 lane metres, were in the Group's own traffic.

The average age of the Group's tonnage was approximately ten years.

## ROUTE NETWORK

In 2011, Finnlines had over 20 ports of call in the regular liner services, both in the Baltic and North Sea areas. There were in average some 120 weekly departures including TransRussiaExpress service and FinnLink and NordöLink services both of which have several daily connections between Finland and Sweden as well as Germany and Sweden correspondingly.

A new route from Kotka/Helsinki in Finland to Zeebrugge in Belgium and from Zeebrugge to Bilbao in Spain was established in March. In October TransRussiaExpress (TRE) adjusted its business to offer bi-weekly service on its Germany–Latvia–Russia service, the ports of call remaining Lübeck and Sassnitz in Germany, Ventspils in Latvia and St.Petersburg in Russia.





# SHIPPING AND SEA TRANSPORT SERVICES

**Finnlines is one of the leading operators in the ro-ro sector in the Baltic Sea, the North Sea and the Bay of Biscay. Its strong position derives from excellent services and a product concept tailored to its customers' needs. Finnlines' high frequency of departures, cargo capacity and information services contribute to flexibility, reliability and predictability to customers' transport plans.**

The cargo volumes transported during January–December totalled approximately 641,000 (629,000 in 2010) units, 72,000 (56,000) cars (not including cars of the passengers) and 2,239,000 (2,039,000) tons of freight not possible to measure in units. In addition, some 635,000 (648,000) private and commercial passengers were transported.

The Shipping and Sea Transport Services segment's revenue for the reporting period was EUR 563.3 (513.7) million, and it employed 1,456 (1,392) people at year-end.

**HansaLink** consists of five star-type ro-pax vessels sailing between Helsinki, Poland and Germany with 20 weekly departures. HansaLink is carrying main part of unitized cargo volumes between Finland and Continental Europe. HansaLink acts as a common carrier serving Western Europe market via Travemünde, South East corridor via Rostock and Eastern Europe via Gdynia.

On the route between Helsinki and Travemünde the traffic is operated with daily departures on both directions with the fast sailing time of 28 hours. The schedules have been optimised to serve both cargo and passenger needs. Helsinki–Gdynia–Rostock traffic was operated with three weekly sailings in both directions. Combining of several ports in the schedule has opened new possibilities for both cargo and passenger traffic.

The carried volumes were affected by the disturbances in Vuosaari Harbour during first half of the year and the unstable trend in overall market during second half of the year.

**Finnlines ro-ro traffic** is operated both in the Baltic Sea, the North Sea and the Bay of Biscay.

As the first two of the six previously ordered newbuildings were delivered in the first half of 2011, both the service level and the capacity for more varied cargo mix were improved. The competitive position strengthened with new routes opened and frequencies added, including the route from Kotka/Helsinki to Bilbao via Zeebrugge and another weekly departure from Kotka to Germany. Especially positive development was the intensified cooperation with Grimaldi Group, including Atlantic Container Line, offering a wider range of logistical solutions for the customers. Also the routes between the Russian and North Sea market areas that were kicked off in 2010 were more securely established in 2011.

**FinnLink**, between Naantali, Finland and Kapellskär, Sweden was operated with three ro-pax vessels. These vessels served unitised cargo traffic with three daily departures in each direction. The fast eight-hour voyage and the service's schedule, tailored to

the needs of freight customers, have maintained the competitiveness of the route. The units transported by the line stayed approximately at the same level as in the previous year.

Passenger traffic continued with three vessels, the main target group being touring cars and caravan passengers. The line's number of passengers was approximately at the same level than the year before. Two Clipper-class ro-pax vessels and one smaller ro-pax vessel offered customers an effective service capacity year round.

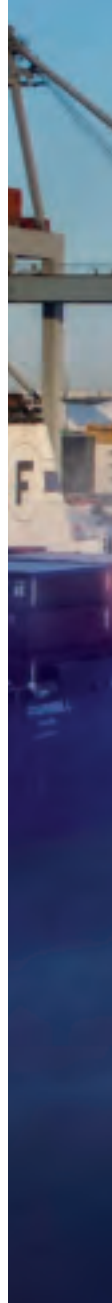
**NordöLink** runs a ro-pax service between Malmö, Sweden and Travemünde, Germany. The three vessels MS Finnpartner, MS Finntrader and MS Finneagle performed 20 weekly departures in both directions with a transit time of nine hours and an intake capacity of more than 100,000 lane meters per week. Due to a wider fleet re-organisation, the vessel MS Finnarrow replaced MS Finneagle between March and September, and, during the same period, MS Finnsailor joined the route, thus increasing the number of weekly sailings by 10 per cent.

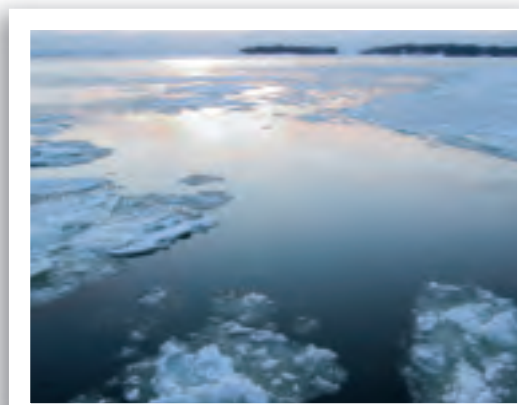
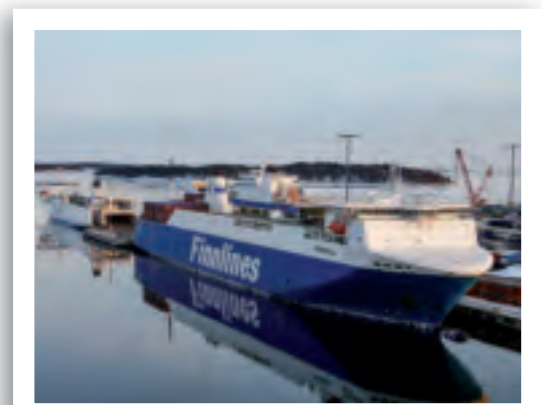
The non-freight passenger traffic continued its strong positive development by generating an increase of the turnover by 20 per cent.

A substantial investment in the improvement of the onboard facilities was also carried out in order to increase the efficiency and attractiveness of the onboard services: the restaurant-buffet area was refurbished, consequently providing a better flow and more space available for the users. In addition, the onboard shop was rebuilt and also provided with a wider range of assortment.

During the spring, moreover, the Malmö ferry traffic and terminal operations moved to new premises in Norra Hamnen. The move allowed the Line to improve the efficiency of the operations and, thanks to the huge increase in capacity provided by the new terminal, implement a further development of the services: moving to the new facilities has in fact reduced the driving time from the highway, and improved the check-in procedure for both freight and non-freight passengers. Using an 'autogate', lorries and goods can automatically be checked into the area using IT and camera technology for identification. The new facilities will also enable the line to exploit additional benefits for passengers and thereby to strengthen Malmö as a gateway between Sweden and the Continent.

**Intercarriers**, in which Finnlines holds a 51 per cent stake, offered small-tonnage traffic services from ports in Lake Saimaa and some Russian inland ports to various parts of Europe.









# PASSENGER SERVICES

**With its 14 ro-pax vessels, operating between eleven ports in six countries, Finnlines is becoming an important provider of passenger services in the Baltic Sea.**

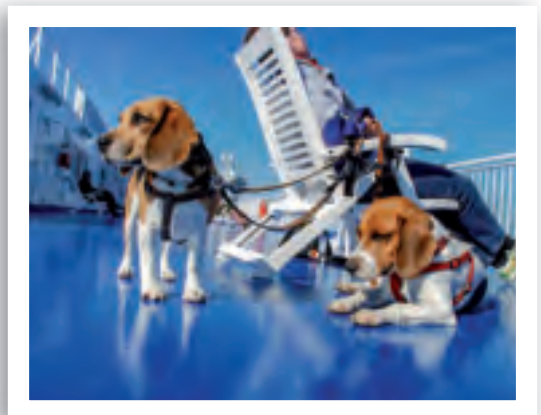
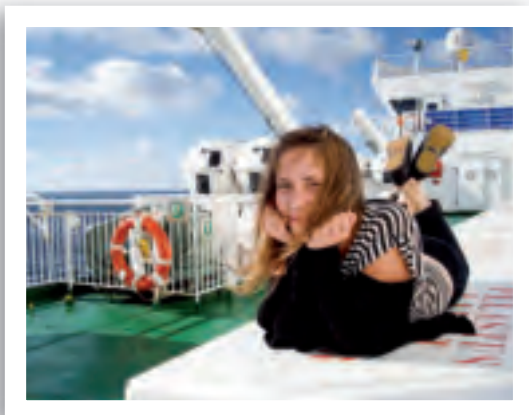
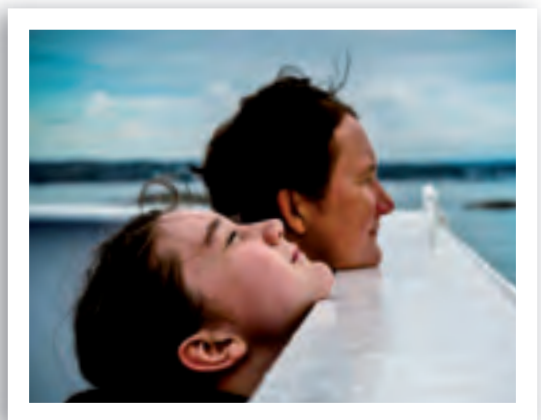
During 2011, the passenger business was stable despite a market decline on certain routes and the stevedores' strike actions that hampered the operations. The exceptional ash cloud situation in April 2010 offered incremental volumes, which showed as a volume decline in 2011.

The total number of passengers transported on all routes (private and commercial) declined by two per cent to 635,000 (648,000 in 2010) passengers.

As the average revenue per passenger increased, the development of the turnover of the passenger business was positive.

Rebuilding and conversions of the passenger facilities were done on seven of the ro-pax vessels to upgrade the onboard concept and improve the travel experience, as well as offer better commercial opportunities.

The new passenger reservation system, eBooking, was started up during the beginning of the year. Especially the features of the online booking offer a platform for healthy future development.



# PORT OPERATIONS

**The Finnlines Group's port operations are handled by Finnsteve-companies (Finnsteve, Containersteve, FS-Terminals and FL Port Services). Finnsteve-companies are a major port operator focused on the unitised cargo services required by regular liner traffic in the ports of Helsinki, Turku, Naantali and Kotka. Helsinki is Finland's most important export and import port for unitised goods, while Turku and Naantali have the fastest sea connections to Sweden. The port of Kotka specialises in warehousing and container stuffing. Finnsteve's subsidiary FL Port Services takes care of the mooring of all vessels entering the port of Helsinki and the harbour's internal traffic.**

In Helsinki/Vuosaari and Turku, the Company provides ro-ro services, container terminal and depot services as well as export terminal services, and in Kotka container stuffing and loading of pulp to conventional vessels.

In 2011, Finnlines' Port Operations generated revenues of EUR 67.7 (72.3) million and employed 620 (703) people at year-end. The Port Operations unit suffered from low volumes and hard competition and during the year 2011 statutory employee negotiations were held concerning all personnel groups in all three ports.

## PORT OPERATIONS IN HELSINKI

The Vuosaari Harbour opened at the end of 2008 has proved to be an efficient world-class port with its modern and advanced infrastructure. The Company's four container cranes have sufficient capacity and power to cope easily with future growth in container volumes. The export terminals allow cargo handling in all weather conditions. Meanwhile, the import terminal in the logistics area has capacity for diversifying and increasing the provision of supplementary services.

## HELSINKI VOLUME DEVELOPMENT

The overall cargo volumes handled by Finnsteve-companies in the Vuosaari Harbour decreased from the previous year and the price level of some services was still somewhat unsatisfactory due to the tough competitive situation in the port.

In 2011, the total cargo throughput in the port of Helsinki grew by two per cent to a volume of 11.1 million tons, compared to 2010 volumes. Unitised export traffic grew by two per cent up to 4.9 million tons and import traffic by four per cent up to 5.2 million tons. Trailers and lorries grew by six per cent to 520,214 units. Container traffic decreased by two per cent to 384,856 TEUs.

## PORT OPERATIONS IN TURKU AND KOTKA

The Company's operations covered the West Harbour, Pansio Harbour, Base Harbour and the port of Naantali. During the year under review, the volumes of handled cargo by the company remained close to the 2010 levels in Turku. In Naantali only Group's own FinnLink line was served.

In 2011, the total cargo throughput in the port of Turku decreased by 6.5 per cent to a volume of 2.8 million tons, compared to 2010 volumes. Container export and import traffic decreased by 12.9 per cent to 12,025 TEUs, thus representing only a small part of the total cargo throughput. Trailers and lorries, however, decreased by 0.4 per cent to 109,553 units in 2011. Rail wagons traffic decreased by 20 per cent compared to 2010 and was totally stopped at the end of 2011.

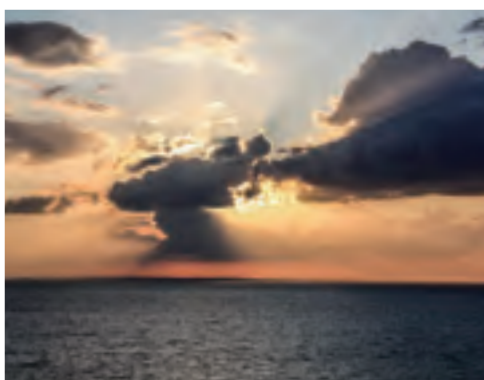
Kotka pulp exports decreased by 25.4 per cent. Because the container traffic had been decreased already during many years, the company sold the two cranes and closed its depot at the end of 2011. The employee adaptation negotiations were held both at the start and at the end of the year resulting in considerable decrease of personnel. The business in Kotka is concentrated in warehousing and loading of pulp to conventional vessels, and container stuffing.








# ENVIRONMENT AND SAFETY



(In tons)	Sea traffic		Port operations*	
	2011	2010	2011	2010
Fuel	398,300	385,400	1,800	1,950
Carbon dioxide emissions (CO <sub>2</sub> )	1,242,200	1,202,500	4,800	6,084
Sulphur dioxide emissions (SO <sub>2</sub> )	6,950	8,600		
Nitrogen oxide emissions (NO <sub>x</sub> )	23,000	22,300		
Vessels in service	25	24		

\*Figures include port operations in Helsinki, Kotka, Turku and Naantali.



**The objective of Finnlines' environmental policy is to provide safe, top-quality services while making efforts to minimise the environmental impacts in every aspect of operations. In light of the large volume of goods carried by ships, the CO<sub>2</sub> emissions from shipping are small compared with other transport modes. Transferring the carriage of goods from road to sea also reduces congestion and noise on roads. Finnlines optimises its transports, routes and timetables to achieve the highest possible capacity utilisation, which minimises the environmental stress per transported cargo unit.**

#### ENVIRONMENTAL CERTIFICATION

A certified environmental system provides a tool to monitor and measure the impact of all environment-related operations and services. The system will also guarantee that the environmental performance unconditionally complies with relevant legislation and regulations. A total of 16 ships flying the Finnlines flag are incorporated in the certified environmental system which meets the requirements of the ISO 14 001 standard. During 2011, Finnsteve also had its environmental system certified in accordance with ISO 14 001.

#### STAKEHOLDERS

In environmental and safety matters, Finnlines' most important stakeholders are the flag, port and host state administration, owners, port operators and subcontractors, as well as the inhabitants of harbour and fairway areas. Environmental issues have also increasingly attracted the interest of students at maritime colleges, writing their theses.

Alg@line, a co-operation co-ordinated by Finnish Environment Institute, SYKE, between several research institutes and shipping companies, is an example of a research project in which Finnlines participates. A device for measuring temperature, salinity and algal blooms on the Finland–Germany route has been in use on the MS Finnmaid.

#### LEGISLATION

Shipping is governed by international, regional and national regulations. The International Maritime Organisation (IMO) manages international legislation on safety and environmental matters. The Marpol 73/78 Convention contains regulations on the disposal of waste and sewage into the sea, and on the prevention of air emissions. The SOLAS Convention regulates maritime safety matters, including ship construction, life-saving arrangements and navigation. Both the Marpol and SOLAS are continuously amended. The Helsinki Commission (HELCOM) has issued regional recommendations for the shipping industry. The company's port operations comply with national legislation.

#### SAFETY AND SECURITY

Safety is one of the most important environmental aspect in shipping. The International Safety Management Code (ISM Code), which contains requirements for the safe operation of ships and for pollution prevention, has been mandatory on Finnish- and

Swedish-flagged passenger vessels since 1996 and on cargo vessels since 1998. Internationally, the code was adopted a few years later.

All vessels and port facilities also comply with the requirements of the International Ship and Port Facility Security (ISPS) Code.

In ports, stevedoring companies have safety systems, including communication and contingency plans in case of accident. Ports are equipped to respond to oil and chemical spills. Stringent regulations are followed in handling of dangerous cargo.

The vessels are regularly inspected and audited by the maritime administration and classification societies.

To be prepared for safety and environmental risks, vessels continued to hold regular drills both "in-house" and with authorities, such as the coast guard, border guard and city rescue departments. Anti-terrorist drills were also held in accordance with the requirements of the ISPS Code.

#### ENERGY CONSUMPTION AND ATMOSPHERE EMISSIONS

The sulphur content of fuel has decreased substantially during the last few years. In the Emissions Control Areas, i.e. the Baltic Sea, North Sea and English Channel, the sulphur content limit for heavy fuel oil is 1.0 per cent.

In port, power is normally generated using auxiliary engines. With effect from 1 January 2010, there has been a maximum 0.1 per cent sulphur limit on all marine fuel used in EU ports while the ship is at berth for more than two hours.

To monitor the quality of fuel oil, bunker delivery notes are filed and samples taken. If there is any doubt of the quality, a sample is sent to a specialised laboratory for analysis.

IMO plans to continue with sulphur reductions to 0.1 per cent, effective from 2015 in control areas. European industries have expressed their concern with the decision as there is a risk of distortion of competition in the logistics chain because of higher costs of short sea shipping in Northern Europe. The rising fuel costs may result in a shift of cargo from the sea to transport modes that have a larger environmental impact.

The alternative to non-sulphur fuel is to install scrubbers, which would enable use of heavy fuel oil in the future. Finnlines has been looking at effective and technically feasible solutions to comply with the coming rules.

Today, the global limit for sulphur content in fuel is 4.5 per cent, but the plan is to reduce the limit to 3.5 per cent in 2012 and further to 0.5 per cent in 2020.

The shipping industry has also discussed carbon dioxide emissions reductions by implementing either a Maritime Emissions Trading Scheme or by introducing a universal CO<sub>2</sub> tax. No decision has yet been taken. An Energy Efficiency Design Index EEDI has also been developed for new ships. However, the index does not yet concern roro- and ropax-vessels. All ships over 400 GT will be required to have a Ship Energy Efficiency Management Plan from the beginning of 2013.

Restrictions on nitrogen oxide emissions have been discussed at HELCOM and new rules are being planned in MARPOL Annex VI.

Finnlines has continued to focus on means to reduce fuel consumption and overall energy consumption by optimising route, speed, load, and engine mode.

To improve ships' fuel economy, Finnlines uses electronic tools. A voyage planning programme, Onboard Napa Power, is in use on the MS Finnmaid. The programme includes a speed pilot function, which adjusts the speed in accordance with the plan. Eniram's Dynamic Trim Assistant has been installed on the MS Finn lady. The programme enables the crew to sail in the optimal trim.

The series of six ships to be delivered from China in 2011–2012 are fitted with a rudder/propeller combination technology designed to achieve reductions in fuel consumption.

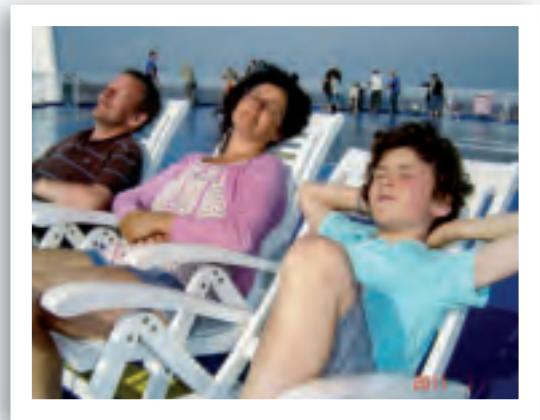
In 2011, Finnlines' vessel traffic consumed 398,300 tons of heavy fuel oil and diesel oil, representing an increase of 3 per cent compared to the previous year. The fuel consumption of the company's port operations totalled 1,800 tons, which includes the Group's operations in Helsinki, Turku and Kotka, the decrease being around eight per cent.

#### WASTE AND SEWAGE

In accordance with the EU directive on ship-generated waste, solid waste and oily water are included in the "no special fee" system. In order to stop illegal discharges at sea, all ships calling at a port must pay for waste reception whether they have anything to deliver or not. Ships engaged in scheduled traffic with frequent port calls may be exempted from this directive if they have made alternative arrangements with competent companies. Finnlines has its own contracts with waste management companies.

Finnlines co-operates with waste management companies to increase recycling of waste. The main recyclable waste types generated on board include combustible waste, or energy waste, glass, paper, cardboard, and metal. Hazardous waste, including oil waste, oily filters, paint, and electronic scrap, is separated and taken to a designated container in port.

MARPOL contains restrictions concerning black water, i.e. toilet water. Finnlines' ro-pax vessels send black water to onshore municipal sewage systems whenever they are accessible. Tank vehicles are used where reception facilities are not provided. There are no restrictions on the discharge of grey water yet, i.e. water from kitchens and showers, but Finnlines pumps grey water to the shore-based sewage system whenever it is available.



Cargo ships are equipped with sewage treatment plants approved by the flag-state administration. After treatment, the remaining slurry is taken ashore.

#### OTHER ENVIRONMENTAL ASPECTS

Oily waste water, 'bilge water', is generated in engine rooms. Bilge water is separated in separators and the remaining sludge is always taken ashore. The limit for the oil content of water that may be discharged into the sea is 15 ppm but many ships in our fleet have more efficient separators. Some bilge water is also pumped ashore.

In addition to fuel oils, ships use lubricants and hydraulic oils. On several ships, Finnlines has replaced the use of mineral oils with environmentally non-hazardous biological oils.

Micro-organisms attached to the ship's hull slow the ship down, increasing fuel consumption and air emissions. The underwater hulls are brushed and cleaned at regular intervals. As a rule, the underwater hulls of Finnlines' own vessels are painted with paints that do not give off toxic substances into the sea.

Ships' ballast water may transfer from one location to another species of sealife that are ecologically harmful when released into a non-native environment. By the end of September 2011, the Ballast Water Management Convention had been signed by 30 countries, representing some 26 per cent of world tonnage. The Convention will enter into force when 30 countries, representing 35 per cent of world tonnage, have signed it. In the first phase, the ships will have to exchange ballast water or install a treatment plant. After 2016, treatment plants will be mandatory. Finnlines has been looking at efficient ballast water treatment systems for ships sailing in the North Sea and Biscay traffic. All ships shall have a Ballast Water Management Plan and a Ballast Water Record Book.

# HUMAN RESOURCES

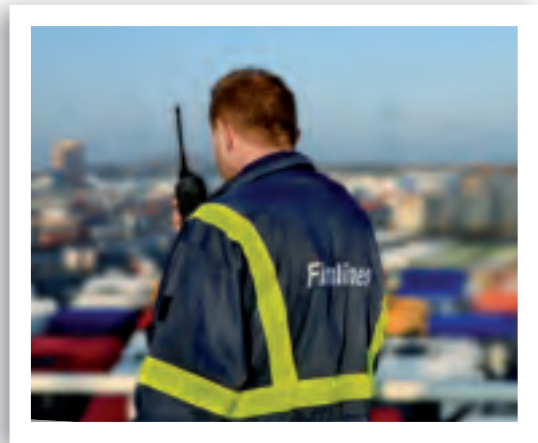
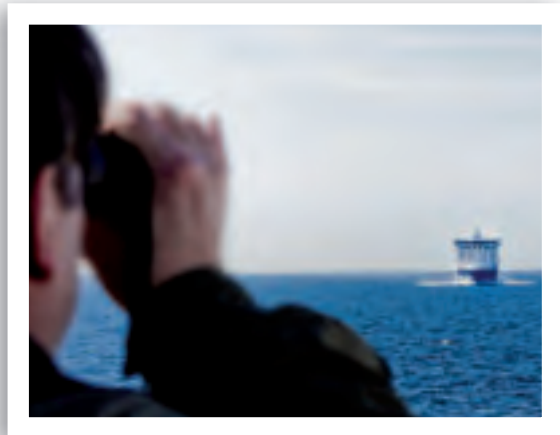
## FINNLINES GROUP

The decrease of number of employees onshore is the result of measures taken during the first quarter in port operations companies, whereas the largest increase is due to the continued resourcing of the Group's passenger services which was insourced in year 2010 and the creation of a centralised Group purchasing unit. Moreover, this increase was further strengthened by the transfer of all the remaining employees from Oy Finnlink Ab to Finnlines Plc.

The number of port personnel decreased in Finnsteve Companies (Finnsteve Oy Ab, Containersteve Oy Ab, FS-Terminals Oy Ab and Port Services Oy Ab) as result of statutory employee negotiations held during year 2011. In the third quarter, Containersteve started new statutory employee negotiations in Kotka with all personnel groups due to the heavily loss-making business in the port operations in Kotka.

The increased average number of sea personnel is mainly due to the two new ro-ro vessels with Deck and Engine crews. The return of the vessel MS Finnarrow from external charter also added some sea personnel.

The Group's personnel expenses remained on approximately the same level as the previous year.



## PERSONNEL DEVELOPMENT

The focus of the personnel development was on operative and safety-related issues especially with regard to sea personnel. The most important training areas in Sweden and Finland continued to be safety, competence maintenance and diverse competence development as well as drills for emergency catastrophes. The trainings involved issues such as firefighting, crowd and crisis management, handling of dangerous goods and other security related matters.

Onshore, all employees were encouraged to develop their competences through on-the-job training and job rotation. As for career development, the Group promotes and develops high-end management skills mainly from internal resources to allow career development and personal growth.

## RECRUITMENT

According to Finnlines' human resources policy, vacant positions are mainly advertised internally, which improves job rotation as well as job satisfaction and develops employee competence. In 2011, recruitment from outside the company was minimised and job re-design emphasised.

>>

Key figures	2011	2010		
Average number of employees	2,076	2,096		
Revenue/employee, EUR	291,526	267,730		
Personnel expenses/employee, EUR	55,301	57,006		
Operating profit/employee, EUR	8,918	10,181		
Employee turnover, %	29	18		
Absences of personnel, change %	6	6		
Training days, total	2,249	1,878		
Average number of employees per business area	2011	2010		
Shore-based personnel				
Shipping and Sea Transport Services	452	438		
Port Operations	620	703		
Sea personnel	1,004	954		
Continuing operations, total	2,076	2,096		
Divestments				
Total	2,076	2,096		
As of 31 December 2011, there were 1,007 shore-based personnel and 1,034 sea personnel for a total of 2,041.				
Employee categories	2011	2010		
Office staff	26%	26%		
Sea personnel	48%	46%		
Stevedores	26%	28%		
Gender distribution		Shipping	Port personnel	Sea operations
Female		48%	5%	22%
Male		52%	95%	78%
Personnel by country	2011	2010		
Finland	56%	63%		
Germany	36%	5%		
Sweden	6%	27%		
Other	2%	5%		
The average age of Finnlines personnel, years	42	43		
The average duration of employment, years	5	8		
Personnel profit and loss account, (EUR 1,000)	2011	2010		
Revenue	605,208	561,108		
Personnel expenses				
Real working time expenses	81,903	83,682		
Personnel renewal (holidays, recruitment)	20,583	19,665		
Personnel development	322	251		
Personnel benefits and obligations	11,997	15,875		
Total personnel expenses	114,805	119,474		
Other operating expenses	471,890	420,297		
Profit before other operating income (operating profit)	18,513	21,338		
Other income from operations	2,515	4,287		
Net operating profit	21,028	25,625		
Quarterly figures	I/2011	II/2011	III/2011	IV/2011
Continuing operations	2,098	2,231	2,086	2,076



FINANCIAL  
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## BOARD OF DIRECTORS' REPORT

### THE COMPANY

Finnlines is one of the largest North-European liner shipping companies, providing sea transport services mainly in the Baltic and the North Sea. In addition to freight, the Company's ro-pax vessels carry passengers between six countries and eleven ports. The Company also provides port services in Helsinki, Turku and Kotka. The company has subsidiaries or sales offices in Germany, Belgium, the UK, Sweden, Denmark, Luxembourg and Poland and a representative office in Russia. Finnlines is a Finnish listed company and part of the Italian Grimaldi Group.

### MARKET DEVELOPMENT

The recovery of market volumes decelerated towards the end of 2011. Based on the statistics by the Finnish Transport Agency, the Finnish seaborne imports carried in container, lorry and trailer units increased by six per cent and exports by twelve per cent during January–December 2011 compared to the previous year (measured in tons). The Finnish export and import volumes 2010 and 2011 are not comparable as such as the first quarter of 2010 was affected by the stevedoring strike in March. According to the statistics published by Shippax, trailer and lorry volumes transported by sea between Southern Sweden and Germany in January–December decreased by one per cent compared to 2010. During the same period private and commercial passenger traffic between Finland and Sweden decreased by two per cent. Between Finland and Germany the corresponding decrease was eleven per cent (Finnish Transport Agency). In the second quarter of 2010 the volcanic ash cloud caused airspace limitations, which then abnormally increased the amounts of private passengers.

### SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

#### TRAFFIC

During the first quarter of the year, the traffic was influenced by a number of external disturbances. Unexpected stevedoring strikes and very severe ice conditions in the Baltic Sea caused several temporary schedule changes, reroutings and stoppages. The last quarter was challenging due to adverse weather conditions and weak market conditions.

The bunker price remained high throughout the entire reporting period and further increased notably during the second half of 2011.

In April and May, two of the six ro-ro newbuildings (MS Finnbreeze and MS Finnsea) entered service and are sailing under the Finnish flag. Finnlines operated on average 25 vessels in its own traffic compared to 24 vessels in 2010.

The cargo volumes transported during January–December totalled approximately 641,000 (629,000 in 2010) units, 72,000 (56,000) cars (not including passengers' cars) and 2,239,000

(2,039,000) tons of freight not possible to measure in units. In addition, some 635,000 (648,000) private and commercial passengers were transported.

### ANNUAL GENERAL MEETING

The Annual General Meeting of Finnlines Plc held on 19 April 2011 approved the Financial Statements and discharged the members of the Board of Directors and the President and CEO from liability for the financial year 2010.

The Annual General Meeting approved the Board of Directors proposal not to pay any dividend.

The Annual General Meeting decided that the Board of Directors shall have six members. The current Board Members were re-elected to the Board: Mr Emanuele Grimaldi, Mr Gianluca Grimaldi, Mr Diego Pacella, Mr Antti Pankakoski, Mr Olav Rakkenes and Mr Jon-Aksel Torgersen. The Board of Directors elected Mr Emanuele Grimaldi as Chairman and Mr Diego Pacella as Vice-Chairman.

The firm of authorised public accountants Deloitte & Touche Oy was appointed as the Company's auditors for 2011.

The Annual General Meeting authorised the Board of Directors to resolve on the issuance of new shares in one or several tranches so that the total number of shares issued based on the authorization is 20,000,000 at maximum. The authorization is valid until the next Annual General Meeting. The authorization replaces the Annual General Meeting's authorization to decide on a share issue of 14 April 2010.

### FINANCIAL PERFORMANCE

The Finnlines Group recorded revenue totalling EUR 605.2 (561.1) million, an increase of 7.9 per cent compared to the same period in 2010. Shipping and Sea Transport Services generated revenue amounting to EUR 563.3 (513.7) million and Port Operations EUR 67.7 (72.3) million. The internal revenue between the segments was EUR 25.8 (24.9) million.

Result before interest, taxes, depreciation and amortisation (EBITDA) was EUR 84.5 million (85.9, including non-recurring items of EUR 5.7 million), a decrease of 1.6 per cent. Vessel lease expenses decreased by EUR 5.5 million and amounted to EUR 28.4 (33.8) million.

Result before interest and taxes (EBIT) was EUR 21.0 million (25.6, including EUR 5.7 million non-recurring items). Financial income was EUR 0.9 (3.8) million and financial expenses totalled EUR -27.4 (-25.7) million. Result before taxes (EBT) was EUR -5.4 (3.7) million and earnings per share (EPS) were EUR -0.05 (EUR 0.05). As from 1 January 2012, the applicable corporate tax rate in Finland decreased from 26 per cent to 24.5 per cent. In 2011, the one-time positive effect of the tax rate change is EUR 3.3 million.



The most important business and share related key indicators are presented in the the Consolidated Financial Statements, under Five-Year Key Figures on page 33.

#### INVESTMENTS AND FINANCING

The Group's capital expenditure was EUR 64.4 (82.2) million, and consists mainly of payments for newbuildings (EUR 57.3 million). Total depreciation amounted to EUR 63.5 (60.1) million. Two of the six newbuildings (MS Finnbreeze and MS Finnsea) were delivered from the shipyard in China during March 2011. The vessels were taken into use in Finnlines' service during April and May. The next two vessels (MS Finnsky and MS Finnsun) were delivered in the beginning of 2012. The last two of the newbuildings are scheduled to be delivered during the second half of 2012. In June, Finnlines sold its terminal building in Pansio, Turku and in December two container cranes in port of Kotka. The transactions had no major effect to the financial result of the reporting period.

Interest-bearing net debt amounted to EUR 854.8 (852.6) million. The equity ratio calculated from the statement of financial position was 29.1 (29.1) per cent. Gearing was 199.8 (198.8) per cent. The Company is in complete compliance with the financial covenants of its loan portfolio. At the end of the period, cash and deposits together with unused committed working capital credits and the undrawn part of committed credits for newbuildings amounted to EUR 103.1 million.

#### PERSONNEL

The Group employed an average of 2,076 (2,096) persons during year 2011, consisting of 1,072 (1,141) employees on shore and 1,004 (954) at sea. The number of persons employed at the end of the year were 2,041 (2,143) in total, of which 1,007 (1,166) on shore and 1,034 (977) at sea.

The decrease in the number of onshore personnel was due to employee reductions in the Port Operations during 2011 after employee co-operation negotiations which were started in 2010 and completed during the first quarter of 2011. Furthermore, the SeaRail traffic was discontinued in the Port of Turku.

The personnel expenses (social costs included) for the reporting period were EUR 107.9 (110.6) million.

Personnel costs are specified in more detail on page 20.

#### GROUP STRUCTURE

The Group has established three new subsidiaries in Luxembourg for the ownership of the newbuildings. At the end of the reporting period the Group consisted of the parent company and 24 subsidiaries.

#### RESEARCH AND DEVELOPMENT

The aim of Finnlines' research and development work is to find and introduce new practical solutions and operating methods, which enable the company to better and more cost-efficiently meet customer needs. In 2011, the focus was on energy efficiency of the vessels under construction and more energy-efficient use of vessels in the traffic.

The implementation of the new IT tools for marketing and sales in Passenger Services and for Purchasing was accomplished in 2011.

The company is also actively developing the safety of cargo handling methods. Sufficient securing of cargo is essential in order to ensure safe cargo handling operations and safety at sea. Together with a group of vocational education providers and cargo securing experts in Finland, Germany, Italy and Sweden, Finnlines is participating in the CARING project: Cargo securing to prevent cargo damages on road, sea, rail and air. The project has partially been financed by the Leonardo da Vinci programme of the European Union. The project will produce up-to-date learning and instructive material in order to improve the quality of cargo securing. There will also be a Cargo Calculator for determining sufficient cargo lashing and an Online Survey on the know-how and attitudes of people working with cargo securing issues.

In 2011, Finnlines launched an energy saving programme to have all vessels' officers to analyse and identify all possible measures to optimise the energy consumption devices in the day-to-day business. The target is to minimise all energy-related costs to the absolutely necessary minimum, also including all port-related issues. Finnlines has started to work together with two system suppliers to develop an automated voyage reporting system, including data on fuel consumption, emissions and performance. The target is to have a tool to benchmark ships' performance and to support decision making for traffic management.

#### THE FINNLINES SHARE

The Company's registered share capital on 31 December 2011 was EUR 93,642,074 divided into 46,821,037 shares. A total of 1.5 (2.9) million shares were traded on the NASDAQ OMX Helsinki during the period. The market capitalisation of the Company's stock at the end of December was EUR 360.5 (373.2) million. Earnings per share (EPS) were EUR -0.05 (0.05). Shareholders' equity per share was EUR 9.12 (9.14). At the end of the year, Grimaldi Group's holding and share of votes in Finnlines was 66.97 per cent.

The shares, shareholders and management's holding are dealt with in more detail on page 36.



## RISKS AND RISK MANAGEMENT

The risks affecting the business sector where the Group operates are:

The risk of overcapacity in terms of ro-ro tonnage plays a less important role compared to the general shipping overcapacity of the world tonnage as the scrapping of ro-ro and ro-pax tonnage has exceeded and is expected to exceed the newbuilding order-book. As far as Finlines is concerned, in the beginning of 2012 two chartered vessels were redelivered to their owners when two newbuildings entered the fleet. At the end of 2012 three vessels will terminate their charter and will be redelivered to respective owners, whilst only two newbuildings will enter the fleet.

During the autumn of 2011 there was increasing uncertainty in the global and European economy.

Finlines constantly monitors the stability and the payment habits of its customers and currently there are no significant risks related to this.

Finlines holds adequate credit lines to maintain liquidity in the current business environment.

Detailed information on Finlines' financial risks and management thereof can be found in the Financial Statements 2011.

The legal cases are presented in the Financial Statements 2011 under Legal proceedings.

The risk management procedures of the Group are more widely presented on the Group's Internet pages under Corporate Governance.

## ESSENTIAL LEGAL PROCEEDINGS

Two of the three legal actions raised in the District Courts in Finland by the Finnish Transport Workers' Union ("Union") against the Finlines' port operations subsidiary for compensation of weekend work are still under process. The Company estimates that the amount of potential liabilities should not exceed EUR 0.5 million.

Sub-chartering of two vessels to Benfleet Shipping Limited, Cyprus ("SSI") caused the Company a loss of time charter hires and expenses in total EUR 0.3 million, as SSI terminated the charters in summer 2009. The Company continues proceedings for the enforcements of favourable decisions rendered by the sole arbitrator in the case.

Sponda Kiinteistöt Oy ("Sponda") has summoned the Company to the Helsinki District Court. The dispute concerns the termination of the lease contracts signed between the parties on 2005. The Helsinki District Court rendered decision on 23 February in favour of Sponda and ordered the Company to compensate Sponda EUR 0.9 million plus interests. The Company is underway to analyse the decision and possible appeal to the Helsinki Court of Appeal.

The Company's German subsidiary has been taken to the City Court of Lübeck in December 2009 by its former Managing Director regarding the termination of his Service Agreement. The City Court of Lübeck has rendered the decision in favour of the subsidiary. The former Managing Director has appealed on the decision. The process is under way.

The Helsinki District Court rendered in March 2010 its judgment in the action initiated by Mutual Pension Insurance Company Ilmarinen ("Ilmarinen") against the Company, which was reversed by the Helsinki Court of Appeal in favour of the Company in November 2011. At the end of January 2012, Ilmarinen filed on an application for a leave to appeal and a petition of appeal with the Supreme Court regarding the judgement of the Helsinki Court Of Appeal.

In 2008, the Administrative Court of Helsinki rendered decisions based on which it can be argued that the Finnish Act on Fairway Dues in force until 1 January 2006 has contained provisions which according to EU law were discriminatory. The Company has submitted the claim for damages and restitution against the Finnish State for the years 2001–2004 at the District Court of Helsinki. The amount of the claim is approximately EUR 8.5 million which has not been recognised as revenue.

## ENVIRONMENT AND SAFETY

The objective of Finlines' environmental policy is to provide safe, top-quality services while making efforts to minimise the environmental impacts in every aspect of operations.

To improve ships' fuel economy, Finlines has made efforts to optimise route, speed, load, and engine mode. On two ships, electronic tools for optimal voyage planning and trim are trialled. The newbuildings delivered from China are fitted with a rudder/propeller combination technology designed to achieve reductions in fuel consumption.

In the Emissions Control Areas, the sulphur content limit for heavy fuel oil is 1.0 per cent. In EU ports, there is a maximum 0.1 per cent sulphur limit on all marine fuel. IMO (International Maritime Organisation) plans to continue with sulphur reductions to 0.1 per cent also at sea, effective from 2015, but there are widespread international efforts in order to postpone the effective due date by at least five years.

By the end of 2011, the Ballast Water Management Convention had been signed by 30 countries, representing 26.4 per cent of world tonnage. The Convention will enter into force when 30 countries, representing 35 per cent of world tonnage, have signed it. In the first phase, the ships will have to exchange ballast water or install a treatment plant. After 2016, treatment plants will be mandatory. Finlines has been looking at efficient ballast water treatment systems for ships.

A total of 16 ships flying the Finnlines flag are incorporated in the certified environmental system which meets the requirements of the ISO 14 001 standard. During 2011, Finnsteve also had its environmental system certified in accordance with ISO 14 001.

#### **CORPORATE GOVERNANCE**

Finnlines applies the Finnish Corporate Governance Code for listed companies updated in autumn 2010. The Corporate Governance Statement can be reviewed at the corporate website ([www.finnlines.com](http://www.finnlines.com))

#### **EVENTS AFTER THE REPORTING PERIOD**

In January 2012, Mutual Pension Insurance Company Ilmarinen filed an application for a leave to appeal and a petition of appeal with the Supreme Court regarding the judgement of the Helsinki Court Of Appeal of 29 November 2011 in which the Court of Appeal overruled the judgement rendered by the Helsinki District Court on 3 March 2010 and dismissed all claims presented against Finnlines Plc by Ilmarinen.

The employee co-operation negotiations, which started at the end of 2011 with the personnel in Kotka, were completed in January 2012. The negotiations resulted in termination of 23 employments in total.

#### **OUTLOOK FOR 2012**

The Board expects 2012 still to be a volatile and a challenging year. The Company is well prepared to face the market challenges.

#### **DIVIDEND DISTRIBUTION PROPOSAL**

The Board of Directors will propose to the Annual Shareholders' Meeting that no dividend be paid out for 2011 due to the still uncertain financial business environment and the ongoing investment programme.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

EUR 1,000	1 Jan–31 Dec 2011	1 Jan–31 Dec 2010
<b>Revenue</b>	<b>605,208</b>	561,108
Other income from operations	2,515	4,287
Materials and services	-247,262	-202,964
Personnel expenses	-107,948	-110,635
Depreciation, amortisation and write-offs	-63,512	-60,322
Other operating expenses	-167,972	-165,850
Total operating expenses	-586,695	-539,770
<b>Result before interest and taxes (EBIT)</b>	<b>21,028</b>	25,625
Financial income	911	3,793
Financial expense	-27,370	-25,734
<b>Result before taxes (EBT)</b>	<b>-5,431</b>	3,683
Income taxes *	2,925	-1,450
<b>Result for the reporting period</b>	<b>-2,506</b>	2,234
<b>Other comprehensive income:</b>		
Exchange differences on translating foreign operations	-3	-7
Changes in cash flow hedging reserve		
Fair value changes	-95	1,418
Transfer to fixed assets	2,004	
Tax effect, net	-496	-369
Effect of the tax rate change	-48	
<b>Total comprehensive income for the reporting period</b>	<b>-1,145</b>	3,276
<b>Result for the reporting period attributable to:</b>		
Parent company shareholders	-2,517	2,243
Non-controlling interests	10	-9
	<b>-2,506</b>	2,234
<b>Total comprehensive income for the reporting period attributable to:</b>		
Parent company shareholders	-1,155	3,285
Non-controlling interests	10	-9
	<b>-1,145</b>	3,276
<b>Result for the reporting period attributable to parent company shareholders calculated as earnings per share (EUR/share)</b>		
Undiluted/diluted earnings per share	<b>-0.05</b>	0.05

\* In Finland, the corporate tax rate was decreased to 24.5 per cent from 26 per cent, starting 1 January 2012. In 2011, the one-time positive effect of the tax rate change is EUR 3.3 million.

All figures in the Consolidated Financial Statements have been rounded and, consequently, the sum of individual figures may deviate from the sum presented.

This page is an extract of the audited Financial Statements. The complete audited Financial Statements of the Group and the parent company are available at [www.finnlines.com](http://www.finnlines.com). The extracts of the audited Financial Statements presented in the Annual Report should be viewed together with the complete and audited Financial Statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

EUR 1,000	31 Dec 2011	31 Dec 2010
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,258,306	1,263,626
Goodwill	105,644	105,644
Other intangible assets	8,049	9,736
Investment properties		0
Share of associated companies		0
Other financial assets	4,582	4,562
Receivables	1,250	1,820
Deferred tax assets	4,395	4,225
	<b>1,382,225</b>	<b>1,389,613</b>
<b>Current assets</b>		
Inventories	8,903	6,567
Accounts receivable and other receivables	76,660	69,900
Income tax receivables	73	82
Bank and cash	4,263	6,452
	<b>89,898</b>	<b>83,001</b>
<b>Total assets</b>	<b>1,472,123</b>	<b>1,472,614</b>
<b>EQUITY</b>		
<b>Equity attributable to parent company shareholders</b>		
Share capital	93,642	93,642
Share premium account	24,525	24,525
Fair value reserve	-2,409	-3,773
Translation differences	114	117
Unrestricted equity reserve	21,015	21,015
Retained earnings	290,017	292,534
	<b>426,905</b>	<b>428,060</b>
<b>Non-controlling interests</b>	<b>877</b>	<b>867</b>
<b>Total equity</b>	<b>427,782</b>	<b>428,927</b>
<b>LIABILITIES</b>		
<b>Long-term liabilities</b>		
Deferred tax liabilities	76,015	89,459
Interest-free liabilities	8	12
Pension liabilities	2,462	2,310
Provisions	4,562	4,562
Interest-bearing liabilities	665,496	701,606
	<b>748,544</b>	<b>797,951</b>
<b>Current liabilities</b>		
Accounts payable and other liabilities	102,181	88,130
Income tax liabilities	65	104
Provisions	30	30
Current interest-bearing liabilities	193,521	157,473
	<b>295,797</b>	<b>245,736</b>
<b>Total liabilities</b>	<b>1,044,341</b>	<b>1,043,687</b>
<b>Total equity and liabilities</b>	<b>1,472,123</b>	<b>1,472,614</b>

This page is an extract of the audited Financial Statements. The complete audited Financial Statements of the Group and the parent company are available at [www.finlines.com](http://www.finlines.com). The extracts of the audited Financial Statements presented in the Annual Report should be viewed together with the complete and audited Financial Statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, IFRS

EUR 1,000	Equity attributable to parent company shareholders							Non-controlling interest	Total equity
	Share capital	Share issue premium	Translation differences	Fair value reserves	Unrestricted equity reserve	Retained earnings	Total		
<b>Equity 1 January 2010</b>	<b>93,642</b>	<b>24,525</b>	<b>124</b>	<b>-4,822</b>	<b>21,015</b>	<b>290,291</b>	<b>424,775</b>	<b>876</b>	<b>425,651</b>
<b>Comprehensive income for the year:</b>									
Result for the reporting period						2,243	2,243	-9	2,234
Exchange differences on translating foreign operations			-7				-7		-7
Changes in cash flow hedging reserve									
Fair value changes				1,418			1,418		1,418
Tax effect, net				-369			-369		-369
<b>Total comprehensive income for the year</b>			<b>-7</b>	<b>1,049</b>		<b>2,243</b>	<b>3,285</b>	<b>-9</b>	<b>3,276</b>
<b>Equity 31 December 2010</b>	<b>93,642</b>	<b>24,525</b>	<b>117</b>	<b>-3,773</b>	<b>21,015</b>	<b>292,534</b>	<b>428,060</b>	<b>867</b>	<b>428,927</b>

EUR 1,000	Equity attributable to parent company shareholders							Non-controlling interest	Total equity
	Share capital	Share issue premium	Translation differences	Fair value reserves	Unrestricted equity reserve	Retained earnings	Total		
<b>Equity 1 January 2011</b>	<b>93,642</b>	<b>24,525</b>	<b>117</b>	<b>-3,773</b>	<b>21,015</b>	<b>292,534</b>	<b>428,060</b>	<b>867</b>	<b>428,927</b>
<b>Comprehensive income for the year:</b>									
Result for the reporting period						-2,517	-2,517	10	-2,506
Exchange differences on translating foreign operations			-3				-3		-3
Changes in cash flow hedging reserve									
Fair value changes				-95			-95		-95
Transfer to fixed assets				2,004			2,004		2,004
Tax effect, net				-496			-496		-496
Effect of the tax rate change				-48			-48		-48
<b>Total comprehensive income for the year</b>				<b>1,364</b>		<b>-2,517</b>	<b>-1,155</b>	<b>10</b>	<b>-1,145</b>
<b>Equity 31 December 2011</b>	<b>93,642</b>	<b>24,525</b>	<b>114</b>	<b>-2,409</b>	<b>21,015</b>	<b>290,017</b>	<b>426,905</b>	<b>877</b>	<b>427,782</b>

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## CONSOLIDATED STATEMENT OF CASH FLOWS, IFRS

EUR 1,000	1 Jan–31 Dec 2011	1 Jan–31 Dec 2010
<b>Cash flows from operating activities</b>		
Result for reporting period	-2,506	2,234
Adjustments:		
Non-cash transactions	62,036	59,092
Unrealised foreign exchange gains (-) / losses (+)	334	-2,300
Financial income and expenses	26,125	24,242
Taxes	-2,925	1,450
Changes in working capital:		
Change in accounts receivable and other receivables	-7,172	-7,672
Change in inventories	-2,336	-37
Change in accounts payable and other liabilities	14,196	18,941
Change in provisions	152	-1,045
Interest paid	-23,452	-24,284
Interest received	506	251
Taxes paid	-11,264	-929
Other financing items	-2,854	-2,156
<b>Net cash generated from operating activities</b>	<b>50,839</b>	<b>67,787</b>
<b>Cash flows from investing activities *</b>		
Investments in tangible and intangible assets	-62,398	-81,839
Investments in shares	-22	
Sale of tangible assets	9,359	2,603
Disposal of subsidiaries and associated companies		1,650
Proceeds from sale of investments	59	159
Dividends received	11	18
<b>Net cash used in investing activities</b>	<b>-52,991</b>	<b>-77,409</b>
<b>Cash flows from financing activities</b>		
Loan withdrawals	41,440	44,120
Net increase in current interest-bearing liabilities	28,102	33,744
Repayment of loans	-70,209	-69,379
Increase / decrease in long-term receivables	637	1,482
<b>Net cash used in financing activities</b>	<b>-30</b>	<b>9,967</b>
<b>Change in cash and cash equivalents</b>	<b>-2,181</b>	<b>344</b>
Cash and cash equivalents 1 January	6,452	6,103
Effect of foreign exchange rate changes	-8	5
<b>Cash and cash equivalents 31 December</b>	<b>4,263</b>	<b>6,452</b>

\* Capitalised borrowing costs amounting to EUR -2,465 thousand (2010: EUR -2,033 thousand) are included in investments.

## PROFIT AND LOSS ACCOUNT, PARENT COMPANY, FAS

EUR	1 Jan–31 Dec 2011	1 Jan–31 Dec 2010
<b>Revenue</b>	<b>468,028,269.51</b>	359,543,638.55
Other income from operations	<b>6,013,782.66</b>	10,371,763.83
Materials and services	<b>-213,003,047.21</b>	-167,512,814.95
Personnel expenses	<b>-26,795,466.08</b>	-23,958,215.30
Depreciation, amortisation and other write-offs	<b>-30,001,880.14</b>	-29,890,879.90
Other operating expenses	<b>-183,838,758.73</b>	-135,777,150.38
<b>Result before interest and taxes</b>	<b>20,402,900.01</b>	12,776,341.85
Financial income and expenses	<b>-15,413,988.89</b>	-16,735,891.85
<b>Result before extraordinary items</b>	<b>4,988,911.12</b>	-3,959,550.00
Extraordinary items	<b>-7,280,000.00</b>	1,613,139.00
<b>Result before appropriations and taxes</b>	<b>-2,291,088.88</b>	-2,346,411.00
Appropriations	<b>2,291,083.30</b>	2,346,391.59
Income taxes	<b>5.58</b>	19.41
<b>Result for the reporting period</b>	<b>0.00</b>	0.00

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## BALANCE SHEET, PARENT COMPANY, FAS

EUR	31 Dec 2011	31 Dec 2010
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	6,936,040.21	8,476,531.85
Tangible assets	661,409,707.72	725,708,900.25
Investments		
Shares in group companies	308,626,003.61	308,594,503.61
Other investments	4,379,744.61	4,379,744.61
	<b>981,351,496.15</b>	<b>1,047,159,680.32</b>
<b>Current assets</b>		
Inventories	6,563,384.29	4,429,973.54
Long-term receivables	435,027,449.78	376,747,345.52
Short-term receivables	55,595,710.71	47,321,611.81
Bank and cash	2,045,846.85	4,610,689.03
	<b>499,232,391.63</b>	<b>433,109,619.90</b>
<b>Total assets</b>	<b>1,480,583,887.78</b>	<b>1,480,269,300.22</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Shareholders' equity</b>		
Share capital	93,642,074.00	93,642,074.00
Share premium account	24,525,353.70	24,525,353.70
Unrestricted equity reserve	21,451,776.50	21,451,776.50
Retained earnings	92,747,356.47	92,747,356.47
Result for the reporting period	0.00	0.00
<b>Total shareholders' equity</b>	<b>232,366,560.67</b>	<b>232,366,560.67</b>
<b>Accumulated appropriations</b>	<b>209,013,097.26</b>	<b>211,304,180.56</b>
<b>Liabilities</b>		
<b>Long-term liabilities</b>		
Interest-bearing	749,322,212.75	784,289,289.79
	<b>749,322,212.75</b>	<b>784,289,289.79</b>
<b>Current liabilities</b>		
Interest-bearing	220,481,321.30	192,743,620.21
Interest-free	69,400,695.80	59,565,648.99
	<b>289,882,017.10</b>	<b>252,309,269.20</b>
<b>Total liabilities</b>	<b>1,039,204,229.85</b>	<b>1,036,598,558.99</b>
<b>Total shareholders' equity and liabilities</b>	<b>1,480,583,887.78</b>	<b>1,480,269,300.22</b>

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## CASH FLOW STATEMENT, PARENT COMPANY, FAS

EUR	1 Jan–31 Dec 2011	1 Jan–31 Dec 2010
<b>Cash flows from operating activities</b>		
Result for the reporting period	0.00	0.00
Adjustments for:		
Depreciation, amortisation & impairment loss	30,001,880.14	29,890,879.90
Gains (-) and Losses (+) of disposals of fixed assets and other non-current assets	-5,622,113.25	-291,487.55
Other non-cash items		-7,519,907.20
Financial income and expenses	15,413,988.39	16,735,891.85
Income taxes	-5.58	-19.41
Other adjustments	4,988,916.70	-3,959,530.59
	44,782,666.90	34,855,827.00
Changes in working capital:		
Change in inventories, addition (-) and decrease (+)	-2,133,410.75	679,265.10
Change in accounts receivable, addition (-) and decrease (+)	-11,474,134.74	-1,734,239.16
Change in accounts payable, addition (+) and decrease (-)	10,004,491.43	15,034,611.60
	41,179,612.84	48,835,464.54
Interest paid	-25,884,724.62	-26,501,326.46
Interest received	12,691,430.45	9,681,223.97
Other financing items	-2,434,365.62	-1,782,031.30
Income taxes paid	-165.10	11,495.97
	-15,627,824.89	-18,590,637.82
<b>Net cash generated from operating activities</b>	<b>25,551,787.95</b>	<b>30,244,826.72</b>
<b>Cash flows from investing activities</b>		
Investments in tangible and intangible assets	-54,639,026.78	-33,151,063.25
Proceeds from sale of tangible and intangible assets	187,817.45	379,138.56
Acquisition of subsidiaries, net of cash acquired	-31,500.00	-97,286.32
Disposal of subsidiaries		115.40
Disposal of associated companies		1,650,000.00
Proceeds from sale of investments		7,440.80
Proceeds from repayments of loan receivables	40,875,455.15	17,608,804.08
<b>Net cash used in investing activities</b>	<b>-13,607,254.18</b>	<b>-13,602,850.73</b>
<b>Net cash before financing activities</b>	<b>11,944,533.77</b>	<b>16,641,975.99</b>
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings	28,101,990.35	33,744,462.53
Repayment of short-term borrowings	-8,158,611.36	-33,479,605.04
Proceeds of long-term borrowings	41,440,000.00	48,721,130.44
Repayment of long-term borrowings	-68,612,754.94	-65,224,539.86
Group contribution received and paid	-7,280,000.00	1,613,139.00
<b>Net cash used in financing activities</b>	<b>-14,509,375.95</b>	<b>-14,625,412.93</b>
<b>Change in cash and cash equivalents</b>	<b>-2,564,842.18</b>	<b>2,016,563.06</b>
Cash and cash equivalents on 1 Jan	4,610,689.03	2,518,097.41
Cash and cash equivalents in intra-group reorganisations		76,028.56
<b>Cash and cash equivalents on 31 Dec</b>	<b>2,045,846.85</b>	<b>4,610,689.03</b>

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## FIVE-YEAR KEY FIGURES

	2011	2010	2009	2008	2007
EUR million	IFRS	IFRS	IFRS	IFRS	IFRS
Revenue	605.2	561.1	494.4	735.7	685.5
Other income from operations	2.5	4.3	13.4	2.4	15.3
Result before interest, taxes, depreciation and amortisation (EBITDA)	84.5	85.9	37.4	98.1	121.9
% of revenue	14.0	15.3	7.6	13.3	17.8
Result before interest and taxes (EBIT)	21.0	25.6	-23.6	35.4	68.8
% of revenue	3.5	4.6	-4.8	4.8	10.0
Associated companies					
Result before taxes (EBT)	-5.4	3.7	-51.4	-3.2	40.1
% of revenue	-0.9	0.7	-10.4	-0.4	5.9
Result for reporting period, continuing operations	-2.5	2.2	-41.7	1.0	34.4
% of revenue	-0.4	0.4	-8.4	0.1	5.0
Result for reporting period, discontinuing operations					
Result for reporting period	-2.5	2.2	-41.7	1.0	34.4
% of revenue	-0.4	0.4	-8.4	0.1	5.0
Total investments *	64.4	82.2	28.0	236.3	391.3
% of revenue	10.6	14.6	5.7	32.1	57.1
Return on equity (ROE), %	-0.6	0.5	-9.7	0.2	8.0
Return on investment (ROI), %	1.6	2.2	-1.7	2.9	6.9
Assets total	1,472.1	1,472.6	1,446.4	1,534.4	1,402.3
Equity ratio, %	29.1	29.1	29.4	28.5	31.1
Gearing, %	199.8	198.8	198.3	205.5	167.4
Average number of employees	2,076	2,096	2,050	2,436	2,335
	2011	2010	2009	2008	2007
	IFRS	IFRS	IFRS	IFRS	IFRS
Earnings per share (EPS), EUR	-0.05	0.05	-0.96	0.01	0.82
Earnings per share (EPS) less warrant dilution, EUR	-0.05	0.05	-0.96	0.01	0.82
Shareholders' equity per share, EUR	9.12	9.14	9.07	10.51	10.45
Dividend per share, EUR **	0.00	0.00	0.00	0.00	0.00
Payout ratio, % **	0	0	0	0	0.5
Effective dividend yield, % **	0.0	0.0	0.0	0.0	0.0
Price/earnings ratio (P/E)	n/a	166.4	n/a	n/a	18.3
Share price on stock exchange at year-end, EUR	7.70	7.97	6.90	6.45	15.25
Market capitalisation at year-end, EUR million	360.5	373.2	323.1	262.5	620.6
Adjusted average number of outstanding shares (1,000)	46,821	46,821	44,385	41,528	41,528
Adjusted number of outstanding shares 31 Dec (1,000)	46,821	46,821	46,821	41,528	41,528
Number of outstanding shares at year-end (1,000)	46,821	46,821	46,821	40,692	40,692

\* Includes continuing and discontinuing operations

\*\* In 2011 according to the proposal by the Board of Directors.

Calculation of key ratios is presented on page 34.

## CALCULATION OF KEY RATIOS, IFRS

Earnings per share (EPS), EUR	=	$\frac{\text{Result attributable to parent company shareholders}}{\text{Weighted average number of outstanding shares}}$	
Shareholders' equity per share, EUR	=	$\frac{\text{Shareholders' equity attributable to parent company shareholders}}{\text{Undiluted number of shares at the end of period}}$	
Dividend per share, EUR	=	$\frac{\text{Dividend paid for the year}}{\text{Number of shares at the end of period}}$	
Payout ratio, %	=	$\frac{\text{Dividend paid for the year}}{\text{Result before tax +/- non-controlling interests of Group result +/- change in deferred tax liabilities - taxes for the period}}$	x 100
Effective dividend yield, %	=	$\frac{\text{Dividend per share}}{\text{Share price on stock exchange at the end of period}}$	x 100
P/E ratio	=	$\frac{\text{Share price on stock exchange at the end of period}}{\text{Earnings per share}}$	
Return on equity (ROE), %	=	$\frac{\text{Result for the reporting period}}{\text{Total equity (average)}}$	x 100
Return on investment (ROI), %	=	$\frac{\text{Result before tax + interest expense + other liability expenses}}{\text{Assets total - interest-free liabilities (average)}}$	x 100
Gearing, %	=	$\frac{\text{Interest-bearing liabilities - cash and bank equivalents}}{\text{Shareholders' equity + non-controlling interests}}$	x 100
Equity ratio, %	=	$\frac{\text{Total equity}}{\text{Assets total - received advances}}$	x 100

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## QUARTERLY DATA, IFRS

EUR million	Q1/2011	Q1/2010	Q2/2011	Q2/2010	Q3/2011	Q3/2010	Q4/2011	Q4/2010
<b>Revenue by segment</b>								
Shipping and Sea Transport Services total	126.5	110.9	148.9	138.9	151.7	135.9	136.3	127.9
Sales to third parties	126.3	111.2	148.7	138.8	151.5	135.8	135.7	127.3
Sales to Port Operations	0.2	-0.3	0.2	0.1	0.2	0.1	0.6	0.6
Port Operations total	18.7	14.8	18.0	21.5	15.7	17.7	15.3	18.4
Sales to third parties	12.8	10.3	11.5	14.1	9.7	11.6	9.1	11.9
Sales to Shipping and Sea Transport Services	5.9	4.4	6.5	7.4	6.0	6.0	6.2	6.4
Group internal revenue	-6.1	-4.2	-6.6	-7.5	-6.2	-6.1	-6.8	-7.0
<b>Revenue total</b>	<b>139.0</b>	<b>121.5</b>	<b>160.2</b>	<b>152.8</b>	<b>161.2</b>	<b>147.5</b>	<b>144.8</b>	<b>139.3</b>
<b>Result before interest and taxes per segment</b>								
Shipping and Sea Transport Services	2.9	5.9	11.8	16.5	15.2	12.3	0.9	4.6
Port Operations	-3.0	-4.5	-1.9	-2.1	-2.3	-3.0	-2.6	-4.2
<b>Result before interest and taxes total</b>	<b>-0.1</b>	<b>1.4</b>	<b>9.9</b>	<b>14.4</b>	<b>12.9</b>	<b>9.3</b>	<b>-1.6</b>	<b>0.5</b>
Financial income and expenses	-6.0	-5.3	-7.1	-5.2	-6.8	-6.1	-6.5	-5.3
<b>Result before tax</b>	<b>-6.1</b>	<b>-3.8</b>	<b>2.7</b>	<b>9.2</b>	<b>6.1</b>	<b>3.2</b>	<b>-8.2</b>	<b>-4.9</b>
Income taxes	1.5	0.6	-1.5	-2.4	-2.1	-1.4	5.0	1.8
<b>Result for the reporting period</b>	<b>-4.6</b>	<b>-3.3</b>	<b>1.2</b>	<b>6.8</b>	<b>4.0</b>	<b>1.8</b>	<b>-3.1</b>	<b>-3.1</b>
<b>Quarterly consolidated key figures</b>								
Result before interest and taxes, (% of revenue)	-0.1	1.2	6.2	9.4	8.0	6.3	-1.1	0.3
Earnings per share, EUR	-0.10	-0.07	0.03	0.15	0.08	0.04	-0.07	-0.07
Average number of outstanding shares (1,000)	46,821	46,821	46,821	46,821	46,821	46,821	46,821	46,821

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## SHARES AND SHAREHOLDERS

Finnlines Plc has one share series. Each share carries one vote at general shareholder meetings and confers identical dividend rights. As outlined in Finnlines' Articles of Association, the Company's minimum share capital is EUR 50 million and the maximum is EUR 200 million. The share capital can be increased or decreased within these limits. The Company's paid-up and registered share capital on 31 December 2011 totalled EUR 93,642,074. The capital stock consisted of 46,821,037 shares.

### SHARES

Finnlines Plc shares are listed on NASDAQ OMX Helsinki Ltd. A total of 1.5 million shares were traded during the year under

review. No treasury shares were held by the Company. The highest quoted price of the Finnlines share during the year was EUR 8.15 and lowest was EUR 7.00. At year-end, the shares' market capitalisation value was EUR 360.5 million.

### SHAREHOLDERS

At year-end 2011, Finnlines had 1,984 shareholders. The ten largest shareholders owned 81.70 per cent of the Company's shares. 14.33 per cent of shareholders were nominee registered. At year-end, the Italian Grimaldi Group had a holding of 66.97 per cent of Finnlines' shares and voting rights.

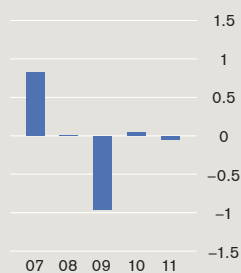
Finnlines' share ownership structure on 31 December 2011*	% of shares
Private companies	0.89
Financial and insurance companies	3.23
Public entities	11.46
Households	2.47
Non-profit associations	0.60
Nominee registered	14.33
Other foreign	67.01
Total	100.00

\* Source: Euroclear Finland Oy

Shares outstanding 31 December 2005–31 December 2011						
Transaction	Option series	Options exercised	Amount of shares	Shares outstanding	Own shares	Total amount of shares
31 Dec 2005				40,656,758		40,656,758
20 Jan 2006						
Exercise of options	2001B	1,500	3,000	40,659,758		40,659,758
10 Apr 2006	2001A	7,500	15,000			
Exercise of options	2001B	8,600	17,200	40,691,958		40,691,958
31 Dec 2006				40,691,958		40,691,958
31 Dec 2007				40,691,958		40,691,958
31 Dec 2008				40,691,958		40,691,958
25 June 2009						
Share issue			6,129,079	46,821,037		46,821,037
31 Dec 2009				46,821,037		46,821,037
31 Dec 2010				46,821,037		46,821,037
31 Dec 2011				46,821,037		46,821,037

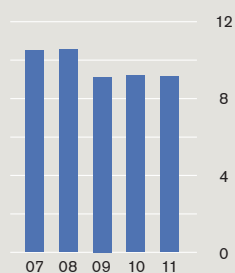
### Earnings per share (EPS),

EUR



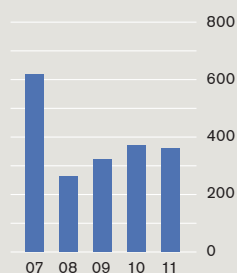
### Shareholders' equity/share,

EUR



### Market capitalisation at year-end

EUR million



### Major shareholders at 31 December 2011 \*

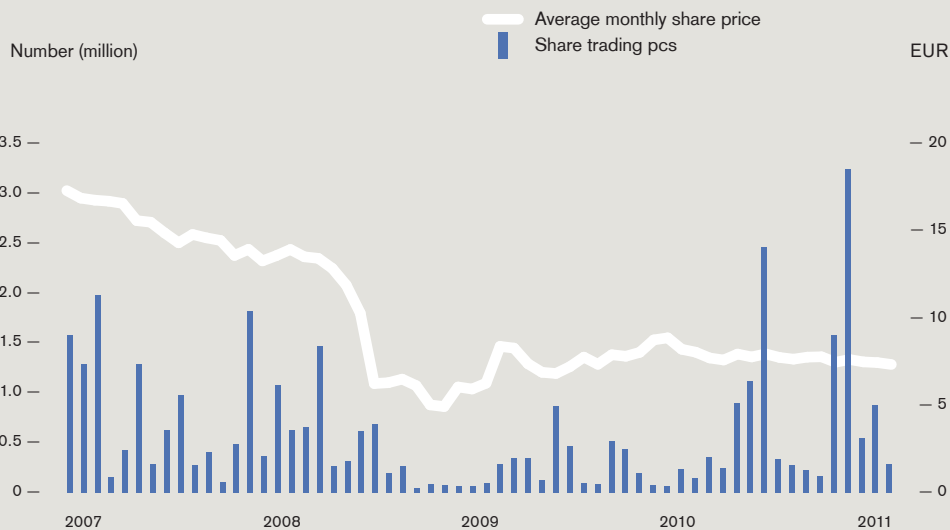
	Number of shares	% of shares
Grimaldi Group, Naples	31,354,646	66.97
Ilmarinen Mutual Pension Insurance Company	4,953,667	10.58
Mandatum Life Insurance Company Limited	773,500	1.65
Pohjola Insurance Ltd	290,000	0.62
Kaleva Mutual Insurance Company	256,666	0.55
The State Pension Fund	250,833	0.54
Sijoitusrahasto Taaleritehdas Arvo Markka Osake	120,000	0.26
Savings Bank Finland Fund	90,800	0.19
Nordea Pro Finland Fund	86,841	0.19
Yleisradion Eläkesäätiö S.r.	74,666	0.16
<b>10 largest total</b>	<b>38,251,619</b>	<b>81.70</b>
Nominee registered	6,710,005	14.35
Other shareholders	1,859,413	3.95
<b>Total amount of shares</b>	<b>46,821,037</b>	<b>100.00</b>

Management holding 1,311,294 shares, 2.80 per cent of shares

\* Source: Euroclear Finland Oy

### Finlines share's monthly share trading and average share price on the NASDAQ OMX Helsinki 2007–2011 \*\*

(EUR million)



\*\* Source: NASDAQ OMX Helsinki Oy

## BOARD'S PROPOSAL FOR THE USE OF THE DISTRIBUTABLE FUNDS AND SIGNATURES TO THE BOARD OF DIRECTORS' REPORT AND TO THE FINANCIAL STATEMENTS

### Distributable funds included in the parent company's shareholders' equity on 31 December 2011:

Retained earnings	EUR	92,747,356.47
Unrestricted equity reserve	EUR	21,451,776.50
Result for the reporting period	EUR	0.00
Distributable funds total	EUR	114,199,132.97

The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the reporting period ended on 31 December 2011.

Helsinki, 28 February 2012

Emanuele Grimaldi  
Executive Chairman

Gianluca Grimaldi

Diego Pacella

Antti Pankakoski

Olav K. Rakkenes

Jon-Aksel Torgersen

Uwe Bakosch  
President and CEO

### THE AUDITOR'S NOTE

The auditor's report has been given today.

Helsinki, 28 February, 2012

Deloitte & Touche Oy  
Authorized Public Audit Firm

Mikael Leskinen  
Authorized Public Accountant

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## AUDITOR'S REPORT

### TO THE ANNUAL GENERAL MEETING OF FINNLINES PLC

We have audited the accounting records, the financial statements, the Board of Directors' report, and the administration of Finnlines Plc for the financial period period 1 January to 31 December, 2011. The financial statements comprise of the consolidated statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes to the consolidated financial statements, as well as the parent company's profit and loss account, balance sheet, cash flow statement and notes to the financial statements.

### RESPONSIBILITY OF THE BOARD OF DIRECTORS AND THE PRESIDENT AND CEO

The Board of Directors and the President and CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the Board of Directors' report that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the Board of Directors' report in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the President and CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the Board of Directors' report based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the Board of Directors' report are free from material misstatement, and whether the members of the Board of Directors of the parent company or the President and CEO are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the Board of Directors' report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and the Board of Directors' report that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the Board of Directors' report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

### OPINION ON THE COMPANY'S FINANCIAL STATEMENTS AND THE BOARD OF DIRECTORS' REPORT

In our opinion, the financial statements and the Board of Directors' report give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the Board of Directors' report in Finland. The information in the Board of Directors' report is consistent with the information in the financial statements.

Helsinki, 28 February 2012

Deloitte & Touche Oy  
Authorized Public Audit Firm

Mikael Leskinen  
Authorized Public Accountant

Auditors' report issued for the Board of Directors' report and Financial Statements for the year ended on 31 December 2011 is available at [www.finnlines.com](http://www.finnlines.com).  
Translation from the Finnish original.

## CORPORATE GOVERNANCE STATEMENT

Finnlines Plc applies the guidelines and provisions of the Finnish Limited Liability Companies Act, the NASDAQ OMX Helsinki Ltd, and its own Articles of Association. Finnlines also applies the Finnish Corporate Governance Code entered into force on 1 October 2010 for listed companies. The Code is publicly available on [www.cgfinland.fi](http://www.cgfinland.fi). This Corporate Governance Statement has been approved by Finnlines' Board and shall be read together with the report of Finnlines' Board of Directors. The Board of Directors' report can be found on page 22.

### DEVIATION FROM CORPORATE GOVERNANCE CODE RECOMMENDATION

The composition of the Board of Directors deviates from Recommendation 9 of the Corporate Governance Code which, inter alia, recommends that Board of Directors shall include both genders. The objective of the Company is to ensure that the Board is competent and holds a sufficient know-ledge of the specifics of the industry, business and markets of the Company. In global shipping there are very few women in a leading position, and therefore the Board of Directors has not been able to find a suitable candidate. Hence at the Annual General Meeting held on 19 April 2011 there was no eligible female candidate for a board member. However, the Company's long-term objective is to fulfil the recommendations of the Corporate Governance Code also in this respect.

### TASKS AND RESPONSIBILITIES OF GOVERNING BODIES

Management of the Finnlines Group is the responsibility of the Board of Directors elected by the General Meeting as well as of the President and CEO. Their duties are for the most part defined by the Finnish Limited Liability Companies Act. Day-to-day operational responsibility lies with the members of the Extended Management Board supported by relevant staff and service functions.

### GENERAL MEETING OF SHAREHOLDERS

The ultimate decision-making body in the Company is the General Meeting of Shareholders. It resolves issues as defined for the General Meeting in the Finnish Limited Liability Companies Act and the Company's Articles of Association. These include approving the financial statements, deciding on the distribution of dividends, discharging the Company's Board of Directors and CEO from the liability for the financial year, appointing the Company's Board of Directors and auditors and deciding on their remuneration.

A General Meeting of Finnlines Plc is held at least once a year. The Annual General Meeting (AGM) must be held no later than the end of June. An invitation to attend the AGM and the agenda are published in a national newspaper chosen by the Board, as well as on the Company's website, no earlier than

three months before the Shareholders' Meeting and no later than 21 days before the Shareholders' Meeting. Shareholders have, according to the law, the right to put items falling within the competence of the General Meeting on the agenda of the General Meeting, if the shareholder so notifies the Board of Directors in writing well in advance of the General Meeting so that the item can be added to the notice of the General Meeting. The demand is deemed to have arrived in sufficient time, if the Board has been notified of the demand four weeks before the delivery of the notice of the General Meeting at the latest.

### Annual General Meeting 2011

The Annual General Meeting of Finnlines Plc approved the Financial Statements and discharged the members of the Board of Directors and the Company's President & CEO and the Company's officers from liability for the financial year 2010.

The Meeting approved the Board of Directors' proposal not to pay any dividend.

The Annual General Meeting decided that the Board of Directors shall have six members. The following were re-elected to the Board: Mr Emanuele Grimaldi, Mr Diego Pacella, Mr Gianluca Grimaldi, Mr Antti Pankakoski, Mr Olav K. Rakkenes and Mr Jon-Aksel Torgersen. The Board elected Mr Emanuele Grimaldi Executive Chairman and Mr Diego Pacella Vice-Chairman.

The firm of authorised public accountants Deloitte & Touche was appointed as the Company's auditors for 2011.

The Annual General Meeting authorised the Board of Directors to decide on the issuance of new shares in one or several tranches so that the total number of shares issued based on the authorization is 20,000,000 at maximum. The authorisation is valid until the next Annual General Meeting. The authorisation replaces the Annual General Meeting's authorisation to decide on a share issue of 14 April 2010.

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All related documents can be found on Finnlines' website:  
[www.finnlines.com/company](http://www.finnlines.com/company)  
> Corporate Governance  
> General Meeting of Shareholders.

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### BOARD OF DIRECTORS

Responsibility for the management of the Company and proper organisation of its operations lies with the Company's Board of Directors, which has at least five (5) and at most eleven (11) members. The members of the Board are appointed by the Annual General Meeting for one year at a time.

The majority of the directors shall be independent of the Company and at least two of the directors representing this majority shall be independent from significant shareholders of the

Company. Information on the Board composition, Board members and their independence can be found on Finnlines' website. The President and CEO is not a member of the Board.

The proposal for the Board composition shall be included in the notice of the General Meeting.

The names of candidates for membership of the Board of Directors, put forward by the Board of Directors or by shareholders with a minimum holding of 10 per cent of the Company's voting rights, are published in the notice of the AGM, provided that the candidates have given their consent to the election. The candidates proposed thereafter shall be disclosed separately.

The Board elects a chairman and a deputy chairman from among its members. The Board steers and supervises the Company's operations, and decides on policies, goals and strategies of major importance. The principles applied by the Board in its regular work are set out in the Rules of Procedure approved by the Board. The Board handles all issues in the presence of the entire Board. The Board does not have any separate committees. The Board considers all the matters stipulated to be the responsibility of a board of directors by legislation, other provisions and the Company's Articles of Association. Due to the limited extent of the Company's business, it is considered effective that the entire Board also handles the duties of the audit committee, the nomination committee as well as those of the remuneration committee.

#### **Main duties and working principles drawn up by the Board are:**

- The annual and interim financial statements
- The matters to be put before General Meetings of Shareholders
- The appointment and dismissal of the President and CEO, the Deputy CEO, if any, and the members of the Executive Committee
- Approval of internal supervision and organisation of the Company's financial supervision
- Other matters related to the duties of the audit committee mentioned in the Finnish Corporate Governance Code
- Approval of the Group's strategic plan and long-term goals
- Approval of the Group's annual business plan and budget
- Decisions concerning investments, acquisitions or divestments that are significant or that deviate from the Group's strategy
- Decisions on raising long-term loans and the granting of security or similar collateral commitments
- Risk management principles
- The Group's organisational structure
- Approval of the remuneration and pension benefits of the President and CEO, the Deputy CEO and the members of the Executive Committee and
- Monitoring and assessment of the performance of the President and CEO.

In addition to matters requiring decisions, Board meetings are given updates on the Group's operations, financial position and risks.

The Board of Directors reviews its operations and working methods annually. The Board convenes 6–8 times a year following a predetermined schedule. In addition to these meetings, the Board convenes as necessary.

#### **Board of Directors in 2011**

In 2011, the Board consists of six members:

- Mr Emanuele Grimaldi, Executive Chairman of the Board, born 1956, Degree in Ec. and Comm., Managing Director of Grimaldi Compagnia di Navigazione S.p.a.
- Mr Diego Pacella, Vice Chairman of the Board, born 1960, Degree with honours in Mech. Eng., Managing Director of Industria Armamento Meridionale (INARME)
- Mr Gianluca Grimaldi, born 1955, Degree in Ec. and Comm., Managing Director of Atlantica di Navigazione S.p.a.
- Mr Antti Pankakoski, born 1954, Master of Laws, CEO of Altia Corporation
- Mr Olav K. Rakkenes, born 1945, Master's License, Board Member of Atlantic Container Line AB
- Mr Jon-Aksel Torgersen, born 1952, MBA, CEO of Astrup Fearnley AS

During 2011, Finnlines Plc's Board of Directors held nine meetings. The average attendance of all directors was 98.1 per cent.

#### **Independence of the Board of Directors**

None of the members is employed by the Company. All members of the Board of Directors are independent of the Company. Two members, Mr Antti Pankakoski and Mr Jon-Aksel Torgersen, are independent of the Company and of the major shareholders.

For detailed information about the members of the Board of Directors see page 46.

#### **PRESIDENT AND CEO AND DEPUTY CEO**

The Board of Directors appoints a President for the Group who is also its Chief Executive Officer. The President and CEO is in charge of the day-to-day management of the Company and its administration in accordance with the Company's Articles of Association, the Finnish Limited Liability Companies Act and the instructions of the Board of Directors. He is assisted in this work by the Executive Committee. The current President and CEO is Mr. Uwe Bakosch (Maritime Law Diploma, born 1958). His annual salary is EUR 400,000. In addition to the basic salary, he is entitled to have a maximum bonus of 60 per cent of his yearly salary. The bonus is tied to the consolidated budgeted EBT. The



retirement age of the CEO is based on local laws and there are no special pension schemes in place. Details of the President and CEO are presented on the page 47.

The Board of Directors appoints, if necessary, a Deputy CEO. The Company's Deputy CEO is its Chief Financial Officer, Mrs Seija Turunen, MSc (Econ.).

#### **Executive Committee and Extended Board of Management**

The Company's Executive Committee comprises the Chairman of the Board of Directors, the President and CEO, the CFO and COO, Mr Håkan Modig, MSc (Econ.). The members are appointed by the Board of Directors. The Executive Committee, established as from 1 January 2012, convenes every month. The Executive Committee supports the President and CEO in his duties in coordinating the Group's management, implementing Group-level strategies and guidelines and in finding practical solutions for reaching the targets determined by the Board.

In addition, the Company has an Extended Board of Management, which comprises the President and CEO, CFO and COO and representatives of the most important units. The Extended Board of Management convenes normally once a month.

The Extended Board of Management is chaired by the President and CEO. It considers strategic issues related to the Group business, service products, the Group's structure and the corporate steering system, and supervises the Company's operations. The heads of the business units are responsible for the sales volumes and profitability of their respective units.

The retirement age of the members of the Executive Committee and the members of the Extended Board of Management is based on local laws and there are no special pension schemes in place.

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Information on the members of the Executive Committee and of the Extended Board of Management, including their areas of responsibility, is given on the Company's website: [www.finnlines.com/company](http://www.finnlines.com/company)  
> [About Finnliness](#)  
> [The Executive Committee and the Extended Board of Management.](#)

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#### **Extended Board of Management in 2011**

The Extended Board of Management had a meeting once a month on average. The principal issues addressed by the Extended Board of Management were related to market development, company profitability, expenses, business strategy as well as issues relating to development of competitiveness. The further development of markets, volumes and capacity as well as customer relationships in a highly volatile economic environment were also issues of vital concern addressed by the Extended Board of Management. Other important matters considered included the optimisation and productivity as well as developing internal processes and working practices.

#### **Compensation**

The Board or its Chairman appoints and decides on the remuneration of all managers who report directly to the President and CEO. The Board also decides on any separate performance-based compensation schemes for management.

The members of the Extended Board of Management are included in a bonus scheme which is tied to the yearly result (EBT) of the Company and is decided by the Board of Directors on a yearly basis. The maximum bonus may be 40 per cent of the yearly salary of the member of the Extended Board of Management. The maximum bonus of the CEO and the Deputy CEO may be 60 per cent of the yearly salary. Bonuses are paid in cash. There is no separate bonus scheme for the members of the Executive Committee.

There are no bonus schemes which would be based on the value of the Company's share.

In the event the Company decides to give notice of termination to the President and CEO, he is, in addition to six months' salary for the term of notice, entitled to a compensation equalling 24 months' salary. The corresponding compensation levels for the Deputy CEO are six months and 18 months.

#### **Remuneration in 2010 and 2011**

The annual remuneration for the Board of Directors in 2010 was EUR 50,000 for the Executive Chairman, EUR 40,000 for the Vice Chairman and EUR 30,000 for the other Board members. In spring 2011, the Annual General Meeting decided that the yearly compensation to the Board will remain unchanged.

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A detailed specification of the management contracts, salaries, remuneration and benefits paid in 2010 and 2011 is given in the Financial Statements 2011, see Note 34. Transactions with Related Parties, and in Finnliness' Remuneration Statement 2011 on Finnliness' website: [www.finnlines.com/company](http://www.finnlines.com/company)  
> [Corporate Governance](#)  
> [Remuneration Statement.](#)

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### Internal audit

The Group's internal audit is handled by the Company's Internal Audit unit, which reports to the Chairman and the CEO.

The purpose of the Internal Audit is to analyse the Company's operations and processes and the effectiveness and quality of its supervision mechanisms. The unit assists Finnlines to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of the internal control and governance processes. The Internal Audit unit carries out its task by determining whether the Company's risk management, internal control and governance processes, as designed and represented by the management, are adequate and functioning in a manner to ensure that:

- Risks are appropriately identified and managed
- Interaction with the various governance groups occurs as needed
- Significant financial, managerial and operating information is accurate, reliable and timely
- Employees' actions are in compliance with policies, standards, procedures and applicable laws and regulations
- Resources are acquired economically, used efficiently and adequately protected
- Programs and plans are properly implemented and objectives are achieved
- Quality and continuous improvement are fostered in the Company's internal control processes
- Significant legislative or regulatory issues impacting the Company's internal controls are recognised and addressed appropriately.

The head of the Internal Audit unit prepares an annual plan using an appropriate risk-based methodology and taking into consideration potential risks or control concerns identified by the management. The scope of the audits within a fiscal year is planned so that it is representative and the focus is set on the business areas with the biggest risk potentials. The plan is approved by the CEO. The internal auditor also carries out special tasks assigned by the Chairman, the CEO or the Board of Directors.

Internal auditor carries out the internal audits independently from operational units. In his auditing work the auditor complies with the corporate governance, ethical principles, policies and other guidelines of the Company as well as generally accepted standards for the professional practice of Internal Auditing.

The audit reports are sent to the CEO, the CFO and also to the Chairman. The CEO and the CFO have at least once a year a closed session with the head of Internal Audit unit about the results of the conducted audits and the plans for the next period. Relevant issues are also brought to the attention of the Board of Directors.

### RISK MANAGEMENT

Internal control in Finnlines is designed to support the Company in achieving its targets. The risks related to the achievement of the targets need to be identified and evaluated in order to be able to manage them. Thus, identification and assessment of risks is a prerequisite for internal control in Finnlines.

Internal control mechanisms and procedures provide management assurance that the risk management actions are carried out as planned. Conscious and carefully evaluated risks are taken in selecting strategies, e.g. in expanding business operations, in enhancing market position and in creating new business.

Financial, operational and damage/loss risks are avoided or reduced. The continuity of operations is ensured by safeguarding critical functions and essential resources. Crisis management, continuity and disaster recovery plans are prepared. The costs and resources involved in risk management are in proportion to the obtainable benefits.

The Board of Directors of Finnlines is responsible for defining the Group's overall level of risk tolerance and for ensuring that Finnlines has adequate tools and resources for managing risks. The President and CEO, with the assistance of the Extended Board of Management, is responsible for organising and ensuring risk management in all Finnlines' operations.

Responsibilities for the Group's working capital, investments, financing, finances, human resources, communications, information management and procurement are centralised to the head office of the Company. The Group's payment transactions, external and internal accounting are managed centrally by the Financial Department, which reports to the CFO. The Group's foreign exchange and interest exposure is reviewed by the Board of Directors in each budgeting period. External long-term loan arrangements are submitted to the Board of Directors for approval.

The Corporate Legal Affairs and Insurance unit is responsible for risks associated with the Company's non-current assets and any interruptions in operations, as well as for the management and coordination of the Group's insurance policies. The majority of the Group's non-current assets consist of its fleet. The fleet is always insured to its full value. Accidents and engine damage



can result in interruptions in operations, which are covered by loss-of-earnings policies.

The financial position and creditworthiness of the Group's customers are monitored continuously in order to minimise the risk of customer credit losses.

Each business unit has a responsible controller who reports to the head of the relevant business unit and to the CFO. The Directors of Finnlines' business units are responsible for the profit and working capital of their units. They set the operational targets for their units and ensure that resources are used efficiently and that operations are evaluated and improved.

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Finnlines' most important strategic, operative and financial risks are described in the Financial Statements 2011, see Note 32. Financial Risk Management.

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#### **INTERNAL CONTROL OVER THE FINANCIAL REPORTING PROCESS**

Monitoring is a process that assesses the quality of Finnlines' system of internal control and its performance over time. Monitoring is performed both on an ongoing basis, and through separate evaluations including internal, external and quality audits. The business unit is responsible for ensuring that relevant laws and regulations are complied with in their respective responsibility areas.

The Internal Audit function assists the CEO and the Board of Directors in assessing and assuring the adequacy and effectiveness of internal controls and risk management by performing regular audits in the Group's legal entities and support functions according to its annual plan. Finnlines' external auditor and other assurance providers such as quality auditors conduct evaluations of the Company's internal controls.

The Company's financial performance is reviewed at each Board meeting. The Board reviews all interim and annual financial reports before they are released. The effectiveness of the process for assessing risks and the execution of control activities are monitored continuously at various levels. This involves reviews of results in comparison with budgets and plans. Responsibility for maintaining an effective control environment and operating the system for risk management and internal control of financial reporting is delegated to the CEO. The internal control in the Company is based on the Group's structure, whereby the Group's operations are organised into two segments and various

business areas and support functions. Group functions issue corporate guidelines that stipulate responsibilities and authority, and constitute the control environment for specific areas, such as finance, accounting, and investments, purchasing and sales.

The Company has a compliance program. Standard requirements have been defined for internal control over financial reporting. The management expects all employees to maintain high moral and ethical standards and those expectations are communicated to the employees through internal channels.

The Group Finance & Control unit monitors that the financial reporting processes and controls are being followed. It also monitors the correctness of external and internal financial reporting. The external auditor verifies the correctness of external annual financial reports.

The Board monitors the statutory audit of the financial statements and consolidated financial statements, evaluates the independence of the statutory auditor or audit firm, particularly the provision of related services to the Company and prepares the proposal for resolution on the election of the auditor.

The Board reviews annually the description of the main features of the internal control and risk management systems in relation to the financial reporting process, which is included in this Corporate Governance Statement.

#### **INFORMATION MANAGEMENT**

An effective internal control system needs sufficient, timely and reliable information to enable the management to follow up the achievement of the Company's objectives. Both financial and non-financial information is needed, relating to both internal and external events and activities.

Information management plays a key role in Finnlines' internal control system. Information systems are critical for effective internal control as many of the control activities are programmed controls.

The controls embedded in Finnlines' business processes have a key role in ensuring effective internal control in Finnlines. Controls in the business processes help ensure the achievement of all the objectives of internal control in Finnlines, especially those related to the efficiency of operations and safeguarding Finnlines' profitability and reputation. Business units and IT management are responsible for ensuring that in their area of responsibility the defined Group level processes and controls are implemented and complied with. Where no Group level processes and controls exist, business units and IT management are responsible for ensuring that efficient business level processes with adequate controls have been described and implemented.

The proper functioning of Finnlines' information systems is guaranteed through extensive and thorough security programs and emergency systems.

#### **INSIDER MANAGEMENT**

Finnlines applies the legal provisions applying to the management of insiders, as well as the guidelines for insiders approved by NASDAQ OMX Helsinki Exchange for public listed companies, and the stipulations and guidelines of the Finnish Financial Supervision Authority. Finnlines' permanent insiders comprise the statutory insiders, i.e. the Board of Directors, the Company's President and CEO, the Deputy CEO, the COO, the secretary of the Board of Directors and the Principal auditor. The members of the Extended Board of Management and other employees, as required by their duties belong to the Company's own non-public insider register.

Project-specific insider lists are drawn up for major projects such as mergers and acquisitions, and include all those who participate in planning and organising the projects. The decision to draw up a project-specific insider list rests with the President and CEO.

The Company's insiders are not permitted to trade in the Company's share for 14 (however Finnlines recommends 30 days) days prior to the publication of the interim reports or the annual financial statements. The Company's insider register is maintained by the Corporate Legal unit.

Information on the interests and holdings of the Company's permanent insiders and related parties is available from the SIRE system of Euroclear Finland Oy. The information can also be obtained directly from the company's website.

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Ownership and trading information  
of Finnlines' insiders on Finnlines' website:  
[www.finnlines.com/company](http://www.finnlines.com/company)  
> Corporate Governance  
> Insider register

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#### **EXTERNAL AUDIT**

The Company has one auditor which shall be an auditing firm authorised by the Central Chamber of Commerce. The auditor is elected by the Annual General Meeting to audit the accounts for the ongoing financial year and its duties cease at the close of the subsequent Annual General Meeting. The auditor is responsible for auditing the consolidated and parent company's financial statements and accounting records, and the administration of the parent company. On closing of the annual accounts, the external auditor submits the statutory auditor's report to the Company's shareholders, and also regularly reports the findings to the Board of Directors. An auditor, in addition to fulfilling general competency requirements, must also comply with certain legal independence requirements guaranteeing the execution of an independent and reliable audit.

#### **Auditor in 2010**

In 2010, the AGM appointed the authorised public audit firm Deloitte & Touche Oy as auditor, which appointed APA Mikael Leskinen as head auditor. In 2010, EUR 241 thousand was paid to the auditors in remuneration for the audit of the consolidated, parent company and subsidiary financial statements. During the same year, EUR 70 thousand was paid for consulting services not related to auditing.

#### **Auditor in 2011**

In 2011, the Annual General Meeting re-elected Deloitte & Touche Oy as the Company's auditor for the fiscal year 2011, and Mr Mikael Leskinen was appointed as head auditor. It was decided that the external auditors be reimbursed according to invoice. During 2011, EUR 191 thousand was paid for the audit of the consolidated, parent company and subsidiary financial statements. During the same year, EUR 95 thousand was paid for the consulting services not related to the auditing.

#### **Communications**

The principal information on Finnlines' administration and management is published on the Company's website. All stock exchange releases and press releases are published on the Company's website as soon as they are made public.

## BOARD OF DIRECTORS

### EMANUELE GRIMALDI

- Executive Chairman of the Board
- Member of Finnlines Board since 2006
- Born 1956
- Degree in Economics and Commerce, University of Naples, 1980, Italy
- General Certificate of Education (scientific studies), Military School Nunziatella in Naples, Italy
- Grimaldi Compagnia di Navigazione S.p.a., Managing Director
- Industria Armamento Meridionale S.p.a., Managing Director
- Atlantica di Navigazione S.p.a., President

#### Current positions:

- Minoan Lines, Greece, President
- Malta Motorways of the Sea Ltd, President
- European Community Shipowners' Associations, Board Member
- Atlantic Container Line AB, Board Member
- Executive Committee of Confitarma Member
- Number of Finnlines Plc shares: 500,000 \*

### DIEGO PACELLA

- Vice-Chairman of the Board
- Member of Finnlines Board since 2007
- Independent of the Company
- Born 1960
- Degree in Mechanics Engineering at the University of Naples, Italy
- Grimaldi Compagnia di Navigazione SpA, Managing Director
- Industria Armamento Meridionale SpA (INARME), Managing Director
- Atlantica SpA. di Navigazione, Managing Director
- Grimaldi Group, Finance Director

#### Current positions:

- Hellenic Seaways Maritime S.A., Board Member
- Minoan Lines, Greece, Board Member
- Malta Motorways of the Sea Ltd, Board Member
- Atlantic Container Line AB, Board Member
- Finance Committee of Confitarma, Member
- Number of Finnlines Plc shares: 0\*

### GIANLUCA GRIMALDI

- Member of Finnlines Board since 2007
- Independent of the Company
- Born 1955
- Degree in Economics and Commerce at the University of Naples, Italy
- Grimaldi Compagnia di Navigazione S.p.a., President
- Industria Armamento Meridionale S.p.a., President
- Atlantica di Navigazione S.p.a., Managing Director

#### Current positions:

- Minoan Lines, Greece, Board Member
- Malta Motorways of the Sea, Board Member
- Atlantic Container Line AB, Board Member
- Antwerp Euro Terminal n.v. – Antwerp (Belgium), President
- Number of Finnlines Plc shares: 800,000 \*

### ANTTI PANKAKOSKI

- Member of Finnlines Board since 2007
- Independent of the Company and major shareholders
- Born 1954
- Master of Laws taken at the University of Helsinki, Finland
- Altia Plc, CEO

#### Current positions:

- Kristina Cruises Oy, Board member
- Helsingin osuuskassa Elanto, Board member
- Number of Finnlines Plc shares: 0\*

### OLAV K. RAKKENES

- Member of Finnlines Board since 2007
- Independent of the Company
- Born 1945
- Master's Licence, Maritime College of Tromsø, Norway

#### Current positions:

- Atlantic Container Line AB, Board Member
- Swedish Shipowner's association, Board member
- Through Transport Mutual Club, Board Member
- Number of Finnlines Plc shares: 0 \*

### JON -AKSEL TORGERSEN

- Member of Finnlines Board since 2007
- Independent of the Company and major shareholders
- Born 1952
- Master in Business Administration, University of St. Gallen, Switzerland
- Astrup Fearnley AS, CEO

#### Current positions:

- Atlantic Container Line AB, Chairman
- Awilco LNG ASA, Board Member
- I.M. Skaugen ASA, Board member
- Chairman and Board Member of a number of private companies
- Number of Finnlines Plc shares: 0\*

\* Amount of Shares 31 December 2011.  
More info on Members of the Board at [www.finnlines.com](http://www.finnlines.com).



## EXECUTIVE COMMITTEE AS FROM 1 JANUARY 2012

### EMANUELE GRIMALDI

- Executive Chairman
- Member of Finnlines Board since 2006
- Born 1956
- Finnlines Plc Shares: 500,000\*

### UWE BAKOSCH

- President/CEO
- Finnlines Deutschland GmbH, Managing Director 2009–
- Rederi AB Nordö-Link, Managing Director 2009–
- Born 1958
- Maritime Law diploma, English University Durban, South Africa
- Finnlines Plc Shares: 11,280\*

### SEIJA TURUNEN

- CFO, Deputy CEO
- Head of Port Operations 2010–
- Finnsteve-companies, Managing Director 2010–
- Born 1953
- MSc (Econ)
- Finnlines Plc Shares: 0\*

### HÅKAN MODIG

- COO
- Charter Contract / Fleet Management
- North Sea and Germany ro-ro
- Born 1964
- MSc (Econ)
- Finnlines Plc Shares: 0\*

## EXTENDED MANAGEMENT BOARD AS FROM 1 JANUARY 2012 (IN ADDITION TO THE EXECUTIVE COMMITTEE)

**CHRISTER BACKMAN / ANTONIO RAIMO**, FinnLink

**RAUHA BATO-LIUKKONEN**, Group HR

**CHRISTER BRUZELIUS**, Ship Management

**THOMAS DOEPEL**, Group Purchasing

**VILLE HAAPASAARI**, HansaLink

**STAFFAN HERLIN**, Marketing, Sales and Customer Service

**CLAUS HØGH**, Scandinavia ro-ro

**SANTERI LAAKSO**, Financial Department

**KIMMO KOSTIA**, IT, Hardware

**ANTONIO RAIMO**, NordöLink

**PETTER RUDA**, Controlling

**ROLF SCHINDLER**, TransRussiaExpress

**KAJ TAKOLANDER**, Sales and Marketing, Passenger Services

**KIELO VESIKKO**, Operations, Passenger Services

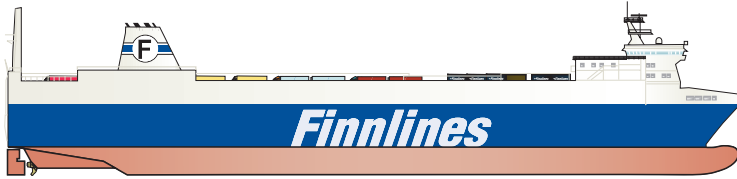
**TAPANI VOIONMAA**, Group General Counsel

**VESA VÄHÄMAA**, IT Software

\*Amount of Shares 31 December 2011.  
More info on Members of the Management Board at  
[www.finnlines.com](http://www.finnlines.com).

## FINNLINES FLEET 31 DECEMBER 2011

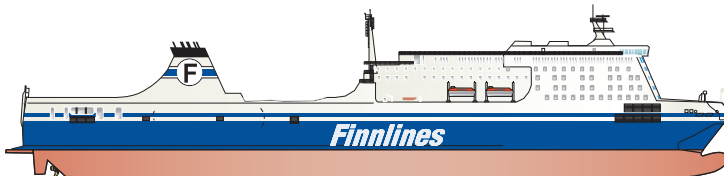
### NEWBUILDINGS (2 VESSELS)



#### FINNBREEZE (2011) FINNSEA (2011)

Length, o.a./p.o. (m)	188.4
Breadth, moulded (m)	26.5
DWT metric tons	10,500
GT	28,002
Total lane length (m)	3,326
Speed (knots)	20
Ice Class	1A
Shipyard	Jinling, China

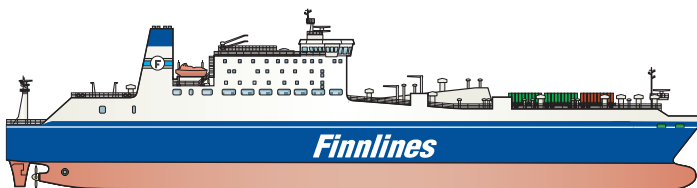
### STAR-CLASS (5 VESSELS)



#### FINNSTAR (2006) FINNMAID (2006) FINNLADY (2007) EUROPALINK (2007) NORDLINK (2007)

Length, o.a./p.o. (m)	218.8
Breadth, moulded (m)	30.5
DWT metric tons	9,653
GT	45,923
Total lane length (m)	4,216
Passengers	550
Speed (knots)	25
Ice Class	1A Super

### HANSA-CLASS (4 VESSELS)



#### TRANSRUSSIA (1994) TRANSEUROPA (1995)

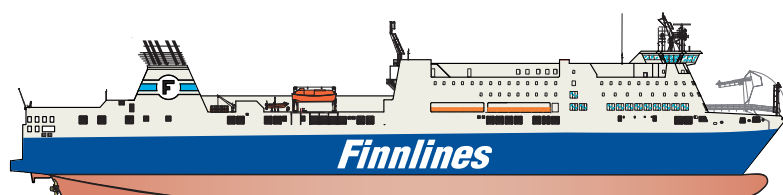
Length, o.a./p.o. (m)	183
Breadth, moulded (m)	28.7
DWT metric tons	9,761
GT	32,534
Speed (knots)	21.3
Total lane length (m)	3,200
Passengers	114
Ice Class	1A Super



#### FINNPARTNER (1995 / 2007) FINNTRADER (1995 / 2007)

Length, o.a./p.o. (m)	183
Breadth, moulded (m)	28.7
DWT metric tons	8,865
GT	33,313
Speed (knots)	21
Total lane length (m)	3,050
Passengers	274
Ice Class	1A Super

### CLIPPER-CLASS (3 VESSELS)



#### FINNCLIPPER (1999)

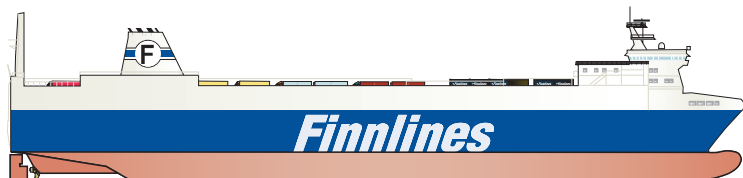
#### FINNFELLOW (2000)

Length, o.a./p.o. (m)	188.3
Breadth, moulded (m)	28.7
DWT metric tons:	7,800
GT	33,958 / 33,724
Total lane length (m)	3,118 / 3,215
Passengers	440
Speed (knots)	22
Ice Class	1A

#### FINNEAGLE (1999)

Length, o.a./p.o. (m)	188.3
Breadth, moulded (m)	28.7
DWT metric tons	7,800
GT	29,841
Total lane length (m)	2,459
Passengers	400
Speed (knots)	22
Ice Class	1A

### NEWBUILDINGS (4 VESSELS 2012)



#### FINNSKY (2012)

#### FINNSUN (2012)

#### FINNTIDE (2012)

#### FINNWAVE (2012)

Length, o.a./p.o. (m)	188.4
Breadth, moulded (m)	26.5
DWT metric tons	10,500
GT	28,002
Total lane length (m)	3,326
Speed (knots)	20
Ice Class	1A
Shipyard	Jinling, China

### OTHER OWNED VESSELS

	GT / Total lane length (m) / Passengers	Year of delivery		GT / Total lane length (m)	Year of delivery
Finnarrow	25,996 / 2,400 / 200	1996	Finnkraft	11,530 / 1,899	2000
Finnsailor	20,921 / 1,350 / 119	1987 / 1996	Finnhawk	11,530 / 1,899	2001
Translubeca	24,727 / 2,100 / 84	1990	Finnmill	25,732 / 3,262	2002 / 2009
			Finnpulp	25,732 / 3,262	2002 / 2009

### CHARTERED

	GT / Total lane length (m)	Year of delivery
Birka Carrier	12,251 / 1,775	1998
Birka Express	12,251 / 1,775	1997
Birka Trader	12,251 / 1,775	1998

DWT: Deadweight Tonnage  
GT: Gross Tonnage

## INFORMATION FOR SHAREHOLDERS

### REPORT PUBLICATION SCHEDULE AND KEY EVENTS IN 2012

Record date for the Annual General Meeting: 3 April 2012

Registration period for AGM ends on: 12 April 2012

Annual General Meeting: 17 April 2012

### INTERIM REPORTS

Finnlines' interim reports for 2012 will be published as follows:

- January–March: 10 May 2012
- January–June: 26 July 2012
- January–September: 6 November 2012

### REGISTERING FOR ATTENDANCE AT THE AGM

Finnlines Plc's Annual General Meeting will be held from 12.00 on 17 April 2012 at the Scandic Marina Congress Center, Katajanokanlaituri 6, Katajanokka, 00160 Helsinki.

All shareholders registered in the shareholder list maintained by Euroclear Finland Ltd by 3 April 2012 have the right to attend the meeting.

Shareholders who wish to attend the meeting must register by 4 pm on 12 April 2012, either in writing to Finnlines Plc, Share Register, P.O. Box 197, 00181 Helsinki, Finland, by telephone on +358 10 343 4404, by e-mail at [IR@finnlines.com](mailto:IR@finnlines.com) or by fax on +358 10 343 4425.

### ADDRESS CHANGES

Please send details of any address changes to the bank where you hold your book-entry account.

### FINANCIAL PUBLICATIONS

Interim reports and other financial reports are published in Finnish and English. The Annual Report, the Financial Statements, interim reports and other important reports are published on Finnlines' website at [www.finnlines.com](http://www.finnlines.com).

### TO ORDER ANY OF THESE PUBLICATIONS, PLEASE CONTACT:

Finnlines Plc, Corporate Communication

P.O. Box 197, FI-00181 Helsinki, Finland

Tel.: +358 10 343 50

Fax: +358 10 343 4425

E-mail: [IR@finnlines.com](mailto:IR@finnlines.com)

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fax +358 (0)9 685 7253

## THE GRIMALDI GROUP

With a long experience dating back to 1947, the Grimaldi Group is specialised in the operation of roll-on/roll-off vessels, car carriers and ferries. It is a dedicated supplier of integrated logistics services based on maritime transport to the world's major vehicle manufacturers. Through its maritime services, the Naples-based Group also transports containers, palletised/unitised cargo and passengers.

The Group's presence in the maritime transport of vehicles started in 1969 when it introduced a regular service between Italy and England. The Group rapidly gained the trust of other major car manufacturers who chose Grimaldi's vessels to transport their production from North Europe to various Mediterranean countries. Throughout the years the Group rapidly developed and now serves over 110 ports in 47 countries in the Mediterranean Sea, North Europe, West Africa, North and South America. The shore personnel and crew are nearly 8,000 people.

In 2011, the Group has transported over 3.068 million cars, 1.562 million rolling units and containers as well as over 2.800 million passengers with its modern fleet of about 102 (95 owned) ro-ro multipurpose vessels, pure car carriers and ferries, 30 of which built in the last five years.

The Grimaldi Group comprises eight main shipping companies, including Atlantic Container Line (ACL), Malta Motorways of the Sea (MMS), Finnlines, Minoan Lines and Grimaldi & Suardiaz Lines. With 66.97 per cent of the shares, the Group is

the biggest stakeholder in Finnlines, the Finnish company which runs a fleet of ro-pax and ro-ro vessels in the Baltic Sea and North Europe. Moreover, the Group owns 87.63 per cent of the share capital of the greek ferry company Minoan Lines, which operates ro-pax services between Italy and Greece as well as between Piraeus and Crete.

Recently, the Grimaldi Group has also evolved to become a multimodal transport operator offering "door to door" logistics services. For this purpose, it currently operates, together with strategic partners, 18 car and container terminals (totalling over 4 million square metres) in the Mediterranean, North Europe and West Africa as well as trucking companies for the transport of cars and containers.

In recent years, the Group has also invested in the development of the Motorways of the Sea in the Mediterranean Sea introducing new and modern ro-pax ferries. Currently, its network covers Italy, Spain, Malta, Tunisia, Morocco, Libya and Greece for the transport of trailers, cars and passengers.

The high quality services offered by the Grimaldi Group is being regularly awarded by its international clientele such as General Motors, Fiat Auto, Ford and Land Rover.

Finally, the Grimaldi Group is the first italian shipping company to have obtained the SMS, ISO 9001 and ISO 14001 certifications for Safety, Quality and Environment.

### The Group in Figures (2011)

Vessels deployed	102
Freight transported	3.068 million cars (C.E.U.), 1.562 million rolling units & containers (FEU)
Passengers transported	2.730 million
Terminals	18 (about 4.4 million m <sup>2</sup> )
Logistics companies	4
Ports served	112 (in 47 countries in 4 continents)
Number of employees	7,900 (including the crews)
Number of branches	63

Photos:

Wilfried Anders, Nils Bergmann, Kimmo Brandt, Dirk Hourticolon, Thorsten Kaehling, Seppo Kaksonen, Port of Helsinki / Mikael Kaplar, Laura Korhonen, Rami Lappalainen, Katia Lievens, Lennert Schrader, Ulrich Schrotmann, Christiane Schröder / Wolfgang Reiher, Emanuel Sparring, Eeva Sumiloff, Jarmo Teinilä, Timo Virojärvi, Finnlines archive and Finnlines photo competition.



**Finnlines**  
a Grimaldi Group company

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