Finnlines
a Grimaldi Group company

FINANCIAL STATEMENTS 2011

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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 volumes.

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 50.

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 Note 8. Personnel Expenses.

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 Note36. Shares and Shareholders.

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 orderbook. As far as Finnlines 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.

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

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

Detailed information on Finnlines' financial risks and management thereof can be found in the Financial Statements, Note 32. Financial Risk Management.

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 Finnlines' 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 Finnlines' 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, Finnlines 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. Finnlines 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)

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	Note	1 Jan–31 Dec 2011	1 Jan–31 Dec 2010
Revenue	3	**605,208**	561,108
Other income from operations	6	**2,515**	4,287
Materials and services	7	**-247,262**	-202,964
Personnel expenses	8	**-107,948**	-110,635
Depreciation, amortisation and write-offs	9	**-63,512**	-60,322
Other operating expenses	10	**-167,972**	-165,850
Total operating expenses		**-586,695**	-539,770
Result before interest and taxes (EBIT)		**21,028**	25,625
Financial income	11	**911**	3,793
Financial expense	11	**-27,370**	-25,734
Result before taxes (EBT)		**-5,431**	3,683
Income taxes *	12	**2,925**	-1,450
Result for the reporting period		**-2,506**	2,234
Other comprehensive income:			
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**	
Total comprehensive income for the reporting period		**-1,145**	3,276
Result for the reporting period attributable to:			
Parent company shareholders		**-2,517**	2,243
Non-controlling interests		**10**	-9
		-2,506	2,234
Total comprehensive income for the reporting period attributable to:			
Parent company shareholders		**-1,155**	3,285
Non-controlling interests		**10**	-9
		-1,145	3,276
Result for the reporting period attributable to parent company shareholders calculated as earnings per share (EUR/share)	13		
Undiluted/diluted earnings per share		**-0.05**	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.

See notes starting on page 11.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

EUR 1,000	Note	31 Dec 2011	31 Dec 2010
ASSETS			
Non-current assets			
Property, plant and equipment	15	1,258,306	1,263,626
Goodwill	16	105,644	105,644
Other intangible assets	16	8,049	9,736
Investment properties	17		0
Share of associated companies	18		0
Other financial assets	19	4,582	4,562
Receivables	20	1,250	1,820
Deferred tax assets	21	4,395	4,225
		1,382,225	1,389,613
Current assets			
Inventories	22	8,903	6,567
Accounts receivable and other receivables	23	76,660	69,900
Income tax receivables		73	82
Bank and cash	24	4,263	6,452
		89,898	83,001
Total assets		1,472,123	1,472,614
EQUITY			
Equity attributable to parent company shareholders			
Share capital	25	93,642	93,642
Share premium account	25	24,525	24,525
Fair value reserve	25	-2,409	-3,773
Translation differences	25	114	117
Unrestricted equity reserve	25	21,015	21,015
Retained earnings		290,017	292,534
		426,905	428,060
Non-controlling interests		877	867
Total equity		427,782	428,927
LIABILITIES			
Long-term liabilities			
Deferred tax liabilities	21	76,015	89,459
Interest-free liabilities	28	8	12
Pension liabilities	31	2,462	2,310
Provisions	26	4,562	4,562
Interest-bearing liabilities	27	665,496	701,606
		748,544	797,951
Current liabilities			
Accounts payable and other liabilities	28	102,181	88,130
Income tax liabilities		65	104
Provisions	26	30	30
Current interest-bearing liabilities	27	193,521	157,473
		295,797	245,736
Total liabilities		1,044,341	1,043,687
Total equity and liabilities		1,472,123	1,472,614

See notes starting on page 11.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, IFRS

EUR 1,000	Equity attributable to parent company shareholders								
	Share capital	Share issue premium	Translation differences	Fair value reserves	Unrestricted equity reserve	Retained earnings	Total	Non-controlling interest	Total equity
Equity 1 January 2010	**93,642**	**24,525**	**124**	**-4,822**	**21,015**	**290,291**	**424,775**	**876**	**425,651**
Comprehensive income for the year:									
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
Total comprehensive income for the year			**-7**	**1,049**		**2,243**	**3,285**	**-9**	**3,276**
Equity 31 December 2010	**93,642**	**24,525**	**117**	**-3,773**	**21,015**	**292,534**	**428,060**	**867**	**428,927**

EUR 1,000	Equity attributable to parent company shareholders								
	Share capital	Share issue premium	Translation differences	Fair value reserves	Unrestricted equity reserve	Retained earnings	Total	Non-controlling interest	Total equity
Equity 1 January 2011	**93,642**	**24,525**	**117**	**-3,773**	**21,015**	**292,534**	**428,060**	**867**	**428,927**
Comprehensive income for the year:									
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
Total comprehensive income for the year			**-3**	**1,364**		**-2,517**	**-1,155**	**10**	**-1,145**
Equity 31 December 2011	**93,642**	**24,525**	**114**	**-2,409**	**21,015**	**290,017**	**426,905**	**877**	**427,782**

CONSOLIDATED STATEMENT OF CASH FLOWS, IFRS

EUR 1,000	Note	1 Jan–31 Dec 2011	1 Jan–31 Dec 2010
Cash flows from operating activities			
Result for reporting period		**-2,506**	2,234
Adjustments:			
Non-cash transactions	30	**62,036**	59,092
Unrealised foreign exchange gains (-) / losses (+)	30	**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
Net cash generated from operating activities		**50,839**	67,787
Cash flows from investing activities *			
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
Net cash used in investing activities		**-52,991**	-77,409
Cash flows from financing activities			
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
Net cash used in financing activities		**-30**	9,967
Change in cash and cash equivalents		**-2,181**	344
Cash and cash equivalents 1 January		**6,452**	6,103
Effect of foreign exchange rate changes		**-8**	5
Cash and cash equivalents 31 December		**4,263**	6,452

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

See notes starting on page 11.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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. Finnlines has subsidiaries or sales offices in Germany, Belgium, the UK, Sweden, Denmark, Poland and Luxembourg and a representative office in Russia.

The Group's parent company, Finnlines Plc, is a Finnish public limited company, which operates under Finnish jurisdiction and legislation. The parent company is registered in Helsinki at Porkkalankatu 20, 00180 Helsinki. Copies of financial statements can be obtained from www.finnlines.com or the company's headquarters. These financial statements were authorised for issue by the Board of Directors of Finnlines Plc on 28 February 2012. In accordance with the Finnish Companies Act, the financial statements are presented for approval to the Annual General Meeting.

2. ACCOUNTING PRINCIPLES

BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), using the IAS and IFRS standards and SIC and IFRIC interpretations valid on 31 December 2011. The International Financial Reporting Standards mean the standards implemented in the EU by Regulation (EC) 1606/2002, and the related interpretations. The notes to the Consolidated Financial Statements also comply with Finnish accounting and corporate legislation. The Consolidated Financial Statements are primarily prepared using the acquisition cost method. Exceptions to this principle are financial assets and liabilities recognised at fair value through profit or loss.

IMPLEMENTATION OF STANDARDS

New and amended standards adopted in 2011

The following new and revised IFRSs have been adopted in these consolidated financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions and events.

- Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (effective for reporting periods beginning on or after 1 February 2010). The amendment addresses the accounting for rights, options or warrants issues that are denominated in a currency other than the functional currency of the issuer (reclassification adjustments).
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for reporting periods beginning on or after 1 July 2010). The interpretation clarifies the accounting requirements for an entity renegotiating the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially.
- Amendment to Interpretation IFRIC 14 – Prepayments of a Minimum Funding Requirement (effective for reporting periods beginning on or after 1 January 2011). The amendment eliminates the unintended consequences of interpretations IFRIC 14 IAS 19 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'. The amendment allows entities to recognise certain prepayments (instead of treating them as expense) when minimum funding requirements apply.
- Amendment to IFRS 1 First-time Adoption of IFRS – Limited exemption from comparative IFRS 7 disclosures for first-time adopters (effective for reporting periods beginning on or after 1 July 2010).
- Amended IAS 24 Related Party Disclosures (effective for reporting periods beginning on or after 1 January 2011). The revised standard specifies the definition of a related party and introduces a partial exemption from the disclosure requirements for government-related entities.
- Improvements to IFRS (Amendments to Improvements to IFRS, May 2010, principally effective for reporting periods beginning on or after 1 July 2010). In the annual improvement process minor and non-urgent amendments are compiled and issued once a year. The impact of the amendments depends on the particular standard, but the amended standards have not had any effect on the consolidated financial statements.

Implementation of new and revised standards and interpretations in future accounting periods

IASB has published the following new or revised standards and interpretations which the Group has not yet adopted. The Group will adopt each standard and interpretation as from the effective date, or if the effective date is other than the first day of the reporting period, from the beginning of the next reporting period after the effective date. The effects of these new and amended standards are under investigation.

- Amendment to IFRS 7 Financial instruments – Disclosures (effective for reporting periods beginning on or after 1 July 2011). The amendment provides greater transparency around the disclosure requirements for transactions involving transfers of the financial instruments and increases the understanding of risks associated with financial instruments and the risks effect on financial position, particularly those involving securitisation of financial assets. The amendment has not yet been endorsed by the EU.
- Amendment to IFRS 1 First time adoption (effective for reporting periods beginning on or after 1 July 2011). The amendment includes two changes. The first change relates to replacing a fixed date of 1.1.2004 for "the date of transition to IFRSs" which removes the need for entities adopting IFRSs for the first time to restate derecognition transactions that

occurred before the date of transition to IFRSs. The second change includes guidance on how to resume disclosures required by IFRS standards after entity has not been able to comply with the IFRS requirements if its functional currency was subject to severe hyperinflation. The amendment has not yet been endorsed by the EU.

- Amendment to IAS 12 Income Taxes (effective for reporting periods beginning on or after 1 January 2012). IAS 12 earlier required an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use (i.e. rental income) or sale. According to the amendment certain fair valued assets are expected to recover the carrying amount of the asset through sale. The expectation may be applied to deferred taxes arising from investment properties, tangible and intangible assets measured using fair value model or revaluation model. The amendment has not yet been endorsed by the EU.
- Amendment to IAS 1 Presentation of Financial Statements (effective for reporting periods beginning on or after 1 July 2012). The main change is the requirement for grouping items in 'other comprehensive income' based on whether they are potentially reclassifiable to profit or loss when certain conditions are fulfilled. The amendment has not yet been endorsed by the EU.
- Amendment to IAS 19 Employee Benefits (effective for reporting periods beginning on or after 1 January 2013). The amendments state that all actuarial gains and losses are immediately recognised through other comprehensive income. In other words, the corridor approach is eliminated and financial cost is determined on net funding basis. The amendment has not yet been endorsed by the EU.
- IFRS 9 Financial Instruments (effective for reporting periods beginning on or after 1 January 2015). IFRS 9 project is the first phase of a wider project which aims to replace IAS 39 with a new standard. The different measurement methods are retained but simplified. Financial assets are categorised into two main categories: amortised cost and fair value financial assets. The categorisation is based on an entity's business model and the contractual cash flow characteristics of the financial asset. The guidance on impairment of financial assets and hedge accounting included in IAS 39 remains in force. The standard has not yet been endorsed by the EU.
- IFRS 10 Consolidated Financial Statements (effective for reporting periods beginning on or after 1 January 2013). The standard establishes control as the base for consolidation. Additionally, the standard provides further guidance on how to apply principles of control when it is challenging to assess. The standard has not yet been endorsed by the EU.
- IFRS 11 Joint Arrangements (effective for reporting periods beginning on or after 1 January 2013). The standard emphases the rights and obligations of the arrangement rather than its legal form in the accounting. The arrangements are divided into two: joint operations and joint ventures. The standard requires joint ventures to be accounted for using the equity method. Proportional consolidation of joint ventures is no longer allowed. The standard has not yet been endorsed by the EU.
- IFRS 12 Disclosure of Interests in Other Entities (effective for reporting periods beginning on or after 1 January 2013). The standard includes disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The standard has not yet been endorsed by the EU.
- IFRS 13 Fair Value Measurement (effective for reporting periods beginning on or after 1 January 2013). The standard aims to increase uniformity and decrease complexity by providing specific definition for fair value. It also provides both requirements for determining fair value and the required disclosures under the same standard. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The standard has not yet been endorsed by the EU.
- IAS 27 (revised 2011) Separate Financial Statements (effective for reporting periods beginning on or after 1 January 2013). The revised standard includes the requirements for separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. The standard has not yet been endorsed by the EU.
- IAS 28 (revised 2011) Investments in Associates and Joint Ventures (effective for reporting periods beginning on or after 1 January 2013). The revised standard includes requirements for both joint operations and associates to be accounted by using the equity method after IFRS 11 was issued. The standard has not yet been endorsed by the EU.
- Amendment to IAS 32 Financial instruments: Presentation (effective for reporting periods beginning on or after 1 January 2014) and amendment to IFRS 7 Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2013). These amendments are intended to clarify existing offsetting rules and to require additional disclosure information about rights of offset in certain specific circumstances. The amendments have not yet been endorsed by the EU.

Accounting principles that require management discretion and essential uncertainties related to estimates

When preparing the financial statements, the Group's management must make estimates and assumptions, which affect their content, and use its discretion in applying the accounting principles. The most significant of these relate to the impairment of goodwill and other assets and to provisions and contingent liabilities. Bases for these estimates and assumptions are described in more detail in these accounting principles and in the following notes to the consolidated financial statement. The estimates are based on the best current knowledge of the management, but the actual figures may even substantially differ from these estimates.

CONSOLIDATION PRINCIPLES

Subsidiaries

The Consolidated Financial Statements include the parent company, Finnlines Plc, and its subsidiaries. Included are all the companies in which Finnlines Plc directly or indirectly holds more than 50 per cent of the voting rights, or over which it otherwise has control.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value. According to IFRS 3 in effect, acquisition-related costs are generally recognised in profit or loss as incurred. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. The Group's acquisitions are accounted for according to the effective standards and accounting principles at the time of the business combination in question.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

The subsidiaries' accounting principles have been adjusted in the consolidation to correspond to the Group's accounting principles where appropriate.

The result for the reporting period and comprehensive income attributable to parent company shareholders and non-controlling interests are presented in the statement of comprehensive income. The shareholders' equity attributable to non-controlling interests is reported separately on the balance sheet under shareholders' equity. The non-controlling interest's proportionate share of profit or loss is attributed to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Associated companies

Associated companies are entities in which the Group has a significant influence. A significant influence is realised if the Group holds more than 20 per cent of the voting rights or otherwise has a significant influence, without having full control. Associated companies are consolidated using the equity method. If the Group's share of associated companies' losses exceeds the book value of the investment, the investment is recognised in the statement of financial position at zero value and the portion of the losses exceeding the book value is not consolidated unless the Group has agreed to meet the associated companies' obligations. Unrealised profits between the Group and its associated companies are eliminated to the extent of the Group's share of ownership.

NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount or fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

A discontinued operation represents a separate major line of business, or geographical area, which has been disposed of or is classified as held for sale.

TRANSLATION OF FOREIGN CURRENCY ITEMS

The items in each Group unit's accounts are valued in the principal currency of the operating environment of the unit in question (the "functional currency"). The functional currency of the subsidiaries is the official currency used in the location country except in Sweden, where the functional currency used is EUR. The Consolidated Financial Statements are presented in EUR, which is the parent company's functional and presentation currency.

Transactions in foreign currencies are recognised at the exchange rate valid on the transaction date. Monetary items denominated in foreign currencies are translated into EUR at the exchange rates valid at the end of the reporting period. Non-monetary items denominated in foreign currencies and valued at their fair value are translated into EUR at the exchange rates valid on the date of valuation. Other non-monetary items are valued using the exchange rate valid on the transaction date. Profits and losses arising from foreign currency valued transactions and translation of foreign currency valued monetary items are recognised in the profit and loss account. Exchange rate differences arising from transaction translations are included under result before interest and taxes in the profit and loss account, whereas exchange rate differences arising from financial assets and liabilities are included under financial items. Profits and losses arising from the translation of loans in foreign currencies are recognised under financial income and expenses.

The profit and loss accounts of subsidiaries located outside the euro area are translated into EUR using weighted average exchange rates. Statement of financial positions are translated at the exchange rate prevailing on the end of the reporting period. Translation differences arising from investment in foreign units are

recognised under shareholders' equity. Translation differences arising from shareholders' equity items emerging from the elimination of foreign subsidiaries' acquisition costs after the acquisition are recognised under shareholders' equity. When a subsidiary is wholly or partly sold, cumulative translation differences are recognised in the profit and loss account as part of the profit or loss from the sale of the subsidiary. Translation differences arising prior to 1 January 2004 were transferred to retained earnings on the date of transition to IFRS. They will not be recognised in the profit and loss account on the sale of the subsidiaries in question. Translation differences arising after the transition date during the creation of the Consolidated Financial Statements are listed as a separate item under shareholders' equity.

PROPERTY, PLANT AND EQUIPMENT

Fixed assets are valued at their direct acquisition cost, deducted by depreciation and impairments. The acquisition cost includes direct expenses incurred in the acquisition. Significant renovation and overhaul expenses arising at a later date are included in each asset's book value. They can be recognised as a separate asset only if it is likely that the future economic benefits associated with the item will be beneficial to the Group and if the acquisition cost of the asset can be reliably determined. Ordinary repair and maintenance expenses are recognised as expenses for the reporting period during which they were incurred.

Fixed assets are depreciated according to plan, based on the estimated useful life of the asset. Land is not depreciated. The estimated useful lives are as follows:

Vessels	30–35 years
Buildings	10–40 years
Constructions	5–10 years
Stevedoring machinery and equipment	5–25 years
Light machinery and equipment	3–10 years
Drydocking	2–4 years

Second-hand vessels are depreciated over their estimated useful lives. The estimated useful lives and the residual values of assets are revised on each end of the reporting period and, when necessary, adjusted to reflect changes that have taken place in the expected future economic benefits.

The depreciation on a tangible asset stops when the asset is classified as being held for sale in accordance with the IFRS 5 standard (Non-current Assets Held for Sale and Discontinued Operations). Gains and losses on retirement and disposal of tangible assets are recognised under other income or expenses from operations.

If the book value of an asset exceeds its current recoverable amount, the value of the asset is written off to correspond to its recoverable amount. Any interest and deposit charges from long-term projects for the construction of tangible assets are capitalised as part of the fixed assets. Other interest expenses incurred in relation to asset purchases are recognised as expenses for the reporting period during which they were incurred.

GOVERNMENT GRANTS

Grants to Shipping and Sea Transport Services are recognised as an adjustment of the personnel expenses of the vessels to which they relate. Government grants for German flagged vessels are recognised in other operating expenses.

INTANGIBLE ASSETS

Intangible assets are recognised on the statement of financial position only if their acquisition costs can be reliably measured and if it is likely that the future economic benefits from the asset will flow to the Group.

The amortisation periods of intangible assets are based on the following estimated useful lives:

Software	5–10 years
Other intangible assets	3–20 years

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Research and development expenses

Research expenses are recognised as expenses in the reporting period in which they arise. Development expenses are capitalised when the company is able to determine the technical feasibility and commercial usability of the product under development and when the acquisition cost can be reliably calculated. Other development expenses are recognised as expenses. Development expenses that have previously been recognised as expenses can not be capitalised later. Research and development expenses that have been recognised as expenses are included in the consolidated profit and loss account as other operating expenses.

Other intangible assets

Other intangible assets are valued at their acquisition cost excluding depreciation and impairments. They are amortised according to plan and recognised as expenses during their estimated useful lives. Intangible assets with unlimited useful lives are not amortised but are tested annually for impairment.

INVESTMENT PROPERTIES

Investment properties are properties held by the Group for the purposes of gaining rent income or for value increases. Investment properties are valued according to the acquisition cost model, at their acquisition cost less depreciation and impairments.

Investment properties are depreciated according to Group depreciation plans.

IMPAIRMENT

Assets are evaluated for signs of impairment. If there are signs of impairment, the current recoverable amount of the asset in question is calculated using the higher of its current net selling price or its value in use.

Goodwill and intangible assets with unlimited useful lives are tested for impairment annually.

If the book value exceeds the current recoverable amount, the difference is recognised in the profit and loss account as an impairment loss. Impairment losses recognised previously are reversed if the assumptions used in the calculation of the current recoverable amount change. Impairment losses are reversed only up to the amount corresponding to what the book value would have been without the impairment loss. Impairment losses recognised for goodwill are not reversed.

In accordance with IAS 39, all financial assets are evaluated on each end of the reporting period to see whether there is objective evidence of impairment of an item or a group of items under the financial assets. A credit loss is recognised for accounts receivable when there is a reliable indication that it will not be possible to collect the receivable in accordance with the original terms. The amount of the credit loss is the difference between the receivables' book value and realisable present value. Impairment losses recognised through profit or loss for investments in equity instruments classified as available-for-sale are not reversed in subsequent years' profit and loss accounts.

FINANCIAL ASSETS AND LIABILITIES

Financial assets

The Group's financial assets are classified in accordance with the standard as follows: financial assets at fair value through profit or loss, held-to-maturity investments, loans and other receivables and available-for-sale financial assets. The classification is dependent on the original purpose of the acquisition of the financial assets. The classification is determined at the time of the acquisition of the financial assets and is reviewed regularly.

Transaction charges are included in the original book value of financial assets for assets that are not recognised at fair value through profit or loss. All financial asset acquisitions and sales are recognised on the transaction date.

Financial assets are derecognised from the statement of financial position when the Group loses its contractual right to their cash flow or when the Group has transferred a significant amount of the risks and profits outside the Group.

The "Financial assets at fair value through profit or loss" category includes assets held for trading as well as assets that were originally recognised at fair value through profit or loss. The aim of financial assets held for trading is to produce profits in the short term (less than 12 months), and they are recognised under current assets. Derivatives which do not meet the conditions for hedge accounting are classified as assets held for trading. The assets in this category are valued at their fair value. Unrealised and realised profits and losses arising from changes in fair value are recognised in the profit and loss account in the reporting period during which they arise.

Held-to-maturity investments are valued at amortised cost. During 2011, the Group has no financial assets to be classified into this category.

Available-for-sale financial assets are valued at fair value after their acquisition. Generally the fair value of investments in this category is determined based on quoted prices published on the active market, i.e. bid quotations on the balance sheet date. Unrealised gains and losses arising from valuation at fair value are recognised in the fair value fund under shareholders' equity. If financial assets available-for-sale are sold or permanently impaired, the cumulative gains and losses are recognised in the profit and loss account under financial income and expenses. Available-for-sale financial assets are included in non-current assets unless the company intends to sell them within the 12 months following the end of the reporting period, in which case they are included under current assets.

Loans and other receivables are assets whose payments are fixed or can be reliably determined, and which are not quoted on the active market or held for trading. This category includes financial assets that have been acquired by transferring money, goods or services to a debtor. These items are valued at amortised cost. Within Finnlines these items include accounts receivable and other receivables, granted loans and fixed-term deposits with a maturity longer than three months.

Cash and cash equivalents include cash in hand and at bank as well as other highly liquid assets with a low risk of change of value and with original maturity at acquisition date of less than three months.

Financial liabilities

Financial liabilities are initially recognised at the value of the original loan amount less direct transaction charges incurred in relation to the acquisition or issuing of the financial liability item

in question. Later, all financial liabilities are valued at amortised cost using the effective interest method. Financial liabilities are included in both long-term and short-term liabilities and they can be either interest-bearing or non-interest-bearing.

Derivatives that do not meet the conditions of hedge accounting or for which hedge accounting is not applied are classified as assets held for trading and are valued at fair value. Negative derivative fair values are recognised under short-term liabilities on the statement of financial position.

Borrowing costs

Borrowing costs are recognised as expenses for the accounting period during which they have arisen, except for the borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset. The total of the capitalised costs and the items to which they have been capitalised as acquisition cost are shown in note 15. Property, plant and equipment.

DERIVATIVES AND HEDGE ACCOUNTING

Derivative contracts are recognised at an acquisition cost that corresponds to their fair value at the date of acquisition. After acquisition, derivative contracts are measured at fair value, which is determined on the basis of bid and sales quotations published in the active market. Gains and losses arising from fair value measurement are recognised based on the purpose of derivative contracts.

Hedge accounting

The Group hedges against risks arising from changes in foreign currency rates. Such risks include acquisitions of vessels made partly or fully in a foreign currency. The Group has ordered six ro-ro vessels from the Chinese Jinling shipyard. These ships are paid partly in USD but those instalments have been fully hedged against changes in the EUR/USD exchange rate. The Group applies hedge accounting in accordance with IAS 39 to these derivative contracts for the spot part of the forward exchange. It is considered as hedging of a highly probable cash flow.

At the inception of a hedge relationship, the Group documents the relationship between the hedging instruments and hedged item, as well as its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents and evaluates whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in cash flows of the hedged item.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is presented in other comprehensive income and is recorded in the fair value reserve under shareholders' equity. The gains and losses recognised in shareholders' equity are transferred to the profit and loss account for the accounting period in which the hedged item is recognised in the income statement. The ineffective portion of the hedge relationship is recognised in financial income or expenses. When the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in shareholders' equity are transferred from equity and included in the acquisition cost of the asset.

The fair values of the derivative instruments used for hedging purposes are presented in the notes. When the hedging instrument for a cash flow item expires or is sold or no longer qualifies for hedge accounting, any cumulative gain or loss deferred in shareholders' equity at that time remains in shareholders' equity until the forecast transaction occurs. However, if the forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in shareholders' equity is recognised immediately in the profit and loss account.

Even though some hedging relationships may fulfil the requirements set by the Group's risk management on effective hedging, hedge accounting in accordance with IAS 39 is not applied to them. Such instruments include any derivatives hedging against foreign currency risk related to operations, and interest rate derivatives hedging against interest rate risk of debt portfolio, whose fair value changes are recognised in financial income and expenses. In the statement of financial position these items are shown, according to their nature, under either short- or long-term receivables or payables.

LEASES

The Group as a lessee

Leases with the Group as leaseholder, where a significant proportion of the risks and benefits associated with ownership remain with the lessor, are classified as operating leases, and the leases paid in relation to them are recognised as expenses in the profit and loss account on a straight-line basis over the period of the lease.

Leases in which the company has assumed a significant proportion of the risks and benefits associated with ownership are classified as finance leases. Finance leases are recognised on the statement of financial position as assets and liabilities on the start date of the lease period at a value equivalent to the lower of the fair value of the leased goods or the present value of the minimum lease, which are determined on the date of contract. Minimum leases are divided into financial expenses and loan repayments. Financial expenses are recognised as expenses in the profit and loss account and allocated over the reporting periods within the lease contract period to the extent that the outstanding loan in each period has an equal interest rate. Depreciation of the leased assets subject to depreciation is calculated according to the same principles as depreciation of owned assets. If there is relative certainty that the Group will receive ownership of an asset before the end of its lease period, the asset's estimated useful life is the same as its economic life. Otherwise, the asset is depreciated within the shorter of the lease period or the useful life.

The Group as a lessor

Leases where the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Leases where the group acts as a lessee of vessels under operating leases but where the Group generates income through subleasing these, are also classified as operating leases. Lease income from operating leases is recognised in income on a straight-line basis over the lease term, and in case of vessels, normally adjusted with the non-usable days for the lessee.

INVENTORIES

Inventories include the fuel, lubricant, bulk and food supplies of the Group's vessels, as well as goods for sale on the vessels. Inventories are valued at the lower of their acquisition cost or their net realisation value. Acquisition costs are determined using the FIFO (first in, first out) method. The net realisation value is the estimated sale price in ordinary business transactions, from which the cost of sale has been deducted.

EQUITY

Instruments issued by the Group, which do not contain contractual obligation to transfer cash or financial assets or to exchange financial assets or financial liabilities with other entities under potentially unfavourable terms, and which evidence a residual interest in the assets of the Group after deducting all of its liabilities, are classified as equity. The share capital consists of ordinary shares.

Costs arising from issues or acquisitions of equity instruments are accounted for as a deduction from equity. If the Group reacquires its own equity instruments, those instruments are deducted from equity.

INCOME TAXES

The tax expenses recognised on the profit and loss account consist of income tax payable on taxable profit and of deferred taxes. Income tax on taxable profit for the reporting period is calculated using the valid tax rate of each country. Taxes are adjusted by possible taxes relating to previous periods.

Deferred tax liabilities are calculated using the statement of financial position liability method, by calculating the tax from all temporary differences between book value and taxable value. Deferred taxes are calculated using the tax rates valid on the end of the reporting period.

Deferred tax assets are recognised in the accounts up to the amount at which it is likely that taxable income will be generated in the future, against which the tax receivables can be used. No deferred taxes are recognised for subsidiaries' undistributed earnings.

EMPLOYEE BENEFITS

Pension liabilities

The Group has various pension plans in accordance with the local regulations of each country in which it operates. Group's pension plans are classified as defined contribution plans and defined benefit plans.

Employee pension plans are organised through external pension insurance companies. The Finnish TyEL pension insurance organised through external pension insurance companies is treated as defined contribution plans as of 1 January 2006.

In defined contribution plans, the company makes fixed payments into the plan. The company has no legal or actual obligation to make additional payments if the pension insurance company is unable to pay out the benefits earned by employees in the current period or in previous periods. Payments made into defined contribution plans are recognised in the profit and loss account in the reporting period to which the payment applies.

In defined benefit plans, the employer's pension liability is based on the current value of the obligation defined in the plan and on the fair value of the assets included in the plan, which are calculated using actuarial calculations determined in the IAS 19 standard.

The Group's obligations in relation to defined benefit plans are calculated separately for each plan using the projected unit credit method. Pension costs are recognised as expenses during each employee's employment term on the basis of calculations made by authorised actuaries. In calculating the current value of a pension liability, the Group uses the market rate of return of high-quality debenture bonds issued by the companies or the interest rate of government debt obligations as the discount rate. The maturity of debenture bonds and debt obligations corresponds in all essential aspects to the maturity of the pension obligation being considered.

In the Group's defined benefit plans, the opening balance at the time of transfer includes all the accrued actuarial profits and losses. After that the actuarial profits and losses are recognised through profit or loss over the average employment time to the extent that they exceed the higher of the following: 10 per cent of the pension obligation or 10 per cent of the fair value of plan assets.

Share-based payments

The IFRS 2 standard is applied to all share option schemes in which options have been granted after 7 November 2002, but did not vest before 1 January 2005. Expenses for any previous share option schemes have not been recognised in the profit and loss account. On the end of the reporting period, the Group had no share option schemes in force.

PROVISIONS

Provisions are recognised when the company, as a consequence of previous events, has a legal or actual obligation whose monetary value can be reliably determined and whose realisation is probable. The amount recognised as provisions is equivalent to the best estimate of the expenses that will be incurred by fulfilling the obligations existing on the end of the reporting period. The amount used for provisions is the current value of the expected expenses.

REVENUE RECOGNITION

The Group's revenue is mainly generated through sales of services which are principally port operations and transports of cargo and passengers. Revenue is recognised as the services are rendered. Revenue from voyages and port services is deferred relating to the uncompleted part of these services on each reporting date. Revenue is measured at the fair value of the consideration received or receivable adjusted according to indirect taxes, revenue adjustments and exchange rate differences. Revenue from vessels time chartered is recognised based on chartered days.

SEGMENT REPORTING

The Group presents segment reporting in accordance with IFRS 8 based on its internal reporting structure.

3. SEGMENT INFORMATION

The Group's segment reporting is based on two strategic business segments which provide different services requiring different resources and which are managed as separate businesses.

The segment information is based on the Group's internal reporting structure. The Group adopted the new standard as of 1 January 2009.

The Group has two business segments: Shipping and Sea Transport Services, and Port Operations.

The Group's segment results and decisions concerning assets to be allocated to the segments are evaluated based on segments' results before interest and taxes. The Group management considers this to be the most appropriate indicator when comparing segment results against other companies in the industry. The chief operating decision- maker concerning the segment result evaluations and asset allocations is the Board of Management together with the Board of Directors.

SHIPPING AND SEA TRANSPORT SERVICES

Finnlines' Shipping and Sea Transport Services segment includes Finnlines' traffic in the Baltic Sea, the North Sea and the Bay of Biscay, as well as FinnLink, NordöLink and TransRussiaExpress traffic.

PORT OPERATIONS

During the reporting period, Finnlines engaged in port operations under the name Finnsteve in the ports of Helsinki, Turku and Kotka in Finland. Finnsteve specialises in providing the following services to operators of regular unitised cargo traffic: stevedoring, terminal services, ship clearance, warehousing and container depot services.

EUR 1,000

	Shipping and Sea Transport Services	Port Operations	Eliminations	Group
Result per segment for reporting period ending 31 Dec 2011:				
Total revenue from segment	563,331	67,666		630,997
Intra-group revenue	1,174	24,615	-25,789	-25,789
External revenue	562,157	43,051		605,208
Result before interest and taxes (EBIT)	30,844	-9,816		21,028
Financial items				-26,459
Income taxes				2,925
Result for reporting period				-2,506
Result per segment for reporting period ending 31 Dec 2010:				
Total revenue from segment	513,657	72,308		585,965
Intra-group revenue	555	24,302	-24,857	-24,857
External revenue	513,102	48,006		561,108
Result before interest and taxes (EBIT)	39,302	-13,677		25,625
Financial items				-21,942
Income taxes				-1,450
Result for reporting period				2,234

Intra-group transfers and transactions are carried out using normal commercial conditions, equivalent to those used with external parties. All intra-group revenue is eliminated in the consolidated financial statements.

SEGMENT ASSETS, LIABILITIES AND INVESTMENTS FOR 2011 AND 2010:

EUR 1,000	Shipping and Sea Transport Services	Port Operations	Eliminations	Group
Non-cash expenses in the profit and loss account				
2011				
Depreciation	-55,867	-7,645		-63,512
Write-offs in accounts receivable	-152	-13		-164
2010				
Depreciation	-51,916	-8,206		-60,122
Impairment	-200			-200
Write-offs in accounts receivable	-998	-10		-1,008
Assets, liabilities and capital expenditure by segment				
2011				
Segment assets	1,363,658	99,441	-1,222	1,461,878
Unallocated assets				10,245
Total assets	**1,363,658**	**99,441**	**-1,222**	**1,472,123**
Segment liabilities	87,746	14,842	-976	101,613
Unallocated liabilities				942,728
Total liabilities	**87,746**	**14,842**	**-976**	**1,044,341**
Capital expenditure	**64,412**	**31**		**64,443**
Assets, liabilities and capital expenditure by segment				
2010				
Segment assets	1,344,930	121,135	-6,900	1,459,165
Unallocated assets				13,448
Total assets	**1,344,930**	**121,135**	**-6,900**	**1,472,614**
Segment liabilities	72,310	15,231	-681	86,861
Unallocated liabilities				956,826
Total liabilities	**72,310**	**15,231**	**-681**	**1,043,687**
Capital expenditure	**82,168**	**2**	**-19**	**82,152**

Shipping and Sea Transport services segment Profit and Loss account for 2010 include an impairment loss of EUR 0.2 million booked by German subsidiary for its shares in a non-listed company.

Segment assets mainly consist of tangible and intangible fixed assets, inventories and receivables. They do not include tax or financial items (e.g. bank and cash) or assets shared by the Group as a whole. Segment liabilities mainly consist of business-related liabilities such as accounts payable and other liabilities, accrued liabilities and received advances. They do not include tax items or loans.

Capital expenditure include additions to tangible assets (Note 15. Property, Plant and Equipment) and intangible assets (Note 16. Goodwill and Other Intangible Assets).

INFORMATION ABOUT GEOGRAPHICAL AREAS

The revenue from the geographical areas is reported according to the location of the customers, whilst assets are reported according to the geographical location of the company. The revenue related to non-freight related passengers is shown for the country of departure. The Group's vessels are also included in the reported assets even though they are by nature mobile and their location can be easily changed

EUR 1,000	2011	2010
Revenue		
Finland	**284,715**	274,354
Sweden	**83,241**	82,997
Germany	**81,491**	71,627
Other EU countries	**130,227**	108,138
Other	**25,535**	23,993
	605,208	561,108
Assets *		
Finland	**775,286**	851,647
Sweden	**405,294**	419,814
Germany	**92,997**	96,880
Other EU countries	**98,422**	10,664
	1,371,998	1,379,005

* Non-current assets of the Group excluding financial instruments, deferred tax assets and post-employment benefit assets

There are no customers in the Group whose revenue would exceed 10 per cent of the Group total revenues.

4. DISCONTINUED OPERATIONS

In 2011 or 2010, there were no operations to be classified under IFRS 5.

5. ACQUIRED BUSINESS OPERATIONS

In 2011 or 2010, there were no operations to be classified under IFRS 3

6. OTHER INCOME FROM OPERATIONS

EUR 1,000	2011	2010
Other income from operations		
Rental income	**626**	784
Profits from sale of assets	**1,479**	1,240
Other income from operations	**409**	2,264
	2,515	4,287

7. MATERIALS AND SERVICES

EUR 1,000	2011	2010
Cost of services provided		
Materials and supplies		
Purchases during reporting period	**-191,128**	-149,624
Change in inventories	**2,120**	-957
Purchased services	**-58,254**	-52,382
	-247,262	-202,964

8. PERSONNEL EXPENSES

EUR 1,000	2011	2010	2009
Employee benefit expenses			
Salaries	**-98,057**	-99,046	-96,770
Other social costs	**-16,061**	-16,399	-16,007
Pension expenses – defined contribution plans	**-14,202**	-14,416	-12,849
Pension expenses – defined benefit plans	**-456**	-202	32
Government grants for shipping companies	**20,828**	19,429	16,831
	-107,948	-110,635	-108,763
Average number of Group employees			
Shipping and Sea Transport Services	**1,456**	1,392	1,408
Port Operations	**620**	703	642
	2,076	2,096	2,050

Based on Finnish and Swedish legislation, Finnlines has received EUR 20.8 million government grants for personnel expenses in order to improve competitiveness for merchant vessels. In Finland the amount corresponds to the tax withheld in advance of seamen's income, the amount paid by the employer for the seamen in social security fees, pension fees and employee's insurance fees. In Sweden the state subsidy corresponds to tax withheld in advance of seamen's income and the amount paid by the employer for the seamen in employer's social fees.

Based on the terms of the grants, if the subsidies have been granted on false premises the authorities in each country can claim back the subsidies. Finnlines is not aware of any such risks.

9. DEPRECIATION, AMORTISATION AND WRITE-OFFS

EUR 1,000	2011	2010
Depreciation of tangible assets		
Buildings	**-2,938**	-2,835
Machinery and equipment	**-5,633**	-6,207
Vessels	**-52,634**	-48,585
Amortisation of intangible assets	**-2,307**	-2,493
Depreciation of investment properties		-2
Impairment on other capitalised expenditures		-200
Total depreciation and amortisation	**-63,512**	-60,322

In 2010 Finnlines subsidiary in Germany booked EUR 0.2 million as impairment loss for its shares in a company not listed.

10. OTHER OPERATING EXPENSES

EUR 1,000	2011	2010
Port expenses, equipment and other voyage related costs	**-70,189**	-60,368
Leases	**-36,935**	-43,112
Manning service costs and other non-obligatory personnel costs	**-7,927**	-7,970
Vessel insurances, repairs and maintenance costs	**-27,539**	-25,054
Catering costs	**-10,696**	-9,801
IT costs	**-2,853**	-2,931
Sales and marketing costs	**-3,835**	-3,397
Real estate costs excluding rents and leases	**-4,147**	-4,284
Other costs	**-3,851**	-8,933
	-167,972	-165,850

Manning service costs are net of German government grants relating to shipping personnel being a fixed sum per employee depending on which level the employee is working.

AUDITOR'S REMUNERATION

The group's principal auditors were Deloitte & Touche.

EUR 1,000	2011	2010
Audit fees		
Deloitte & Touche	**191**	241
Other	**49**	22
Tax consultancy and other fees		
Deloitte & Touche	**95**	70
Other	**1**	38
	337	371

11. FINANCIAL INCOME AND EXPENSES

EUR 1,000	2011	2010
Dividend income, available-for-sale assets	**11**	18
Derivative valuation at fair value (gain)		
Interest rate swaps, non-hedge accounting		2,369
Interest income		
Bank deposits	**22**	20
Loans and accounts receivable	**143**	221
Currency derivatives, non-hedge accounting	**341**	
Exchange rate gains		
Loans carried at amortised cost		277
Other exchange rate gains	**392**	885
Other financial income	**2**	1
Total financial income	**911**	3,793
Interest expenses		
Borrowings measured at amortised cost	**-23,010**	-19,924
Interest rate swaps, non-hedge accounting		-2,475
Currency derivatives, non-hedge accounting	**-6**	0
Other interest expenses	**-472**	
Derivative valuation at fair value (loss)		
Currency derivatives, non-hedge accounting	**-347**	-84
Exchange rate losses		
Other exchange rate losses	**-827**	-733
Other financial expenses	**-2,707**	-2,518
Total financial expenses	**-27,370**	-25,734
Net financial expenses	**-26,459**	-21,942

Result before interest and taxes includes EUR 219 (419) thousand exchange rate losses.

12. INCOME TAXES

EUR 1,000	2011	2010
Tax on taxable income of the reporting period	**-395**	-689
Tax from previous periods	**-10,838**	17
Change in deferred taxes	**14,158**	-778
Taxes in profit and loss account, expense (-)	**2,925**	-1,450

Reconciliation of differences between tax on the profit and loss account and taxes calculated using Finnish tax rates:

EUR 1,000	2011	2010
Result before taxes	**-5,431**	3,683
Tax calculated using Finnish tax rate	**1,412**	-958
Foreign subsidiaries' differing tax rates	**-135**	129
Tax-exempt income and non-deductible expenses	**-1,295**	-638
Tax from previous periods	**-383**	17
Effect of the 2012 tax rate change (net) *	**3,326**	
Tax expenses in profit and loss account	**2,925**	-1,450

* As of 1 January 2012, the applicable tax rate in Finland changes from 26 per cent to 24.5 per cent.

German based entity Finnlines Deutschland GmbH belongs to the German tonnage taxation system. The adoption is binding until at least 31 December 2018. Current tax includes EUR 27 (29) thousand of German tonnage tax.

13. EARNINGS PER SHARE

UNDILUTED

Undiluted earnings per share are calculated by dividing the result for the reporting period attributable to the parent company's shareholders by the weighted average number of outstanding shares during the reporting period, minus the treasury shares purchased by the company.

	2011	2010
Result for the reporting period attributable to parent company shareholders (EUR 1,000)	**-2,517**	2,243
Weighted average no. of shares (1,000)	**46,821**	46,821
Undiluted earnings per share (EUR/share)	**-0.05**	0.05

14. DIVIDENDS

In 2011, as well as in 2010, EUR 0 was paid out as dividends (EUR 0.00 per share).

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.

15. PROPERTY, PLANT AND EQUIPMENT

EUR 1,000	Land	Buildings	Vessels	Machinery and equipment	Advance payments and acquisitions under construction	Total *
Reporting period ending 31 Dec 2010						
Acquisition cost 1 Jan 2010	35	78,943	1,254,854	103,524	133,545	1,570,900
Exchange rate differences				13		13
Increases		18	47,233	154	33,861	81,266
Disposals		-37	-405	-3,231		-3,673
Reclassifications	37		355		-355	37
Acquisition cost 31 Dec 2010	72	78,923	1,302,037	100,460	167,050	1,648,543
Accumulated depreciation, amortisation and write-offs 1 Jan 2010		-7,676	-271,610	-51,557		-330,843
Exchange rate differences				-18		-18
Cumulative depreciation on reclassifications and disposals			403	3,167		3,570
Depreciation for the reporting period		-2,835	-48,585	-6,207		-57,627
Accumulated depreciation, amortisation and write-offs 31 Dec 2010		-10,510	-319,792	-54,615		-384,917
Book value 31 Dec 2010	72	68,413	982,245	45,845	167,050	1,263,626
Reporting period ending 31 Dec 2011						
Acquisition cost 1 Jan 2011	72	78,923	1,302,037	100,460	167,050	1,648,543
Exchange rate differences				12		12
Increases		10	6,002	191	57,620	63,823
Disposals		-2,175	-191	-10,121		-12,487
Reclassifications			94,082		-94,082	0
Acquisition cost 31 Dec 2011	72	76,758	1,401,930	90,543	130,588	1,699,892
Accumulated depreciation, amortisation and write-offs 1 Jan 2011		-10,510	-319,792	-54,615		-384,917
Exchange rate differences				-11		-11
Cumulative depreciation on reclassifications and disposals		532	191	3,824		4,547
Depreciation for the reporting period		-2,938	-52,634	-5,633		-61,205
Accumulated depreciation, amortisation and write-offs 31 Dec 2011		-12,916	-372,235	-56,435		-441,586
Book value 31 Dec 2011	72	63,842	1,029,695	34,108	130,588	1,258,306

* The carrying value for property, plant and equipment includes EUR 26.5 (23.7) million of capitalised interest during construction.

Advance payments consists mainly of the new vessels' prepayments of EUR 121.2 (157.2) million and capitalised interest of the prepayments of 8.7 (9.2) million. Two of the six newbuildings were delivered from the Jinling shipyard in China during March 2011 and were taken into use in Finnlines' service during April and May. Capitalisation of interest in 2011 is based on interest rate of 1.9 (1.3) per cent.

In 2011, Finnlines sold its terminal building in Pansio, Turku and two container cranes in port of Kotka. The transactions had no major effect to the financial result of the reporting period.

Assets leased through finance leases are included in property, plant and equipment as follows:

EUR 1,000	Machinery and equipment	Buildings	Total
31 Dec 2010			
Acquisition cost	4,678	7,181	11,859
Accumulated depreciation and amortisation	-1,247	-2,372	-3,619
Book value	3,431	4,809	8,240
31 Dec 2011			
Acquisition cost	4,678	7,181	11,859
Accumulated depreciation and amortisation	-1,854	-2,683	-4,538
Book value	2,824	4,498	7,321

Assets leased through finance leases were machinery and equipment, one office building and two pier ramp constructions.

16. GOODWILL AND OTHER INTANGIBLE ASSETS

EUR 1,000	Goodwill	Advance payments for intangible assets	Other intangible assets *	Total intangible assets
Reporting period ending 31 Dec 2010				
Acquisition cost 1 Jan 2010	105,644	332	29,930	135,906
Increases		812	75	886
Reclassifications		-1	1	0
Acquisition costs 31 Dec 2010	105,644	1,143	30,006	136,792
Accumulated depreciation, amortisation and write-offs 1 Jan 2010			-18,920	-18,920
Depreciation for the reporting period			-2,493	-2,493
Accumulated depreciation, amortisation and write-offs 31 Dec 2010			-21,413	-21,413
Book value 31 Dec 2010	105,644	1,143	8,593	115,380

EUR 1,000	Goodwill	Advance payments for intangible assets	Other intangible assets *	Total intangible assets
Reporting period ending 31 Dec 2011				
Acquisition cost 1 Jan 2011	105,644	1,143	30,006	136,792
Increases		76	544	620
Disposals			-5	-5
Reclassifications		-842	842	0
Acquisition costs 31 Dec 2011	105,644	378	31,386	137,407
Accumulated depreciation, amortisation and write-offs 1 Jan 2011			-21,413	-21,413
Cumulative depreciation on reclassifications and disposals			5	5
Depreciation for the reporting period			-2,307	-2,307
Accumulated depreciation, amortisation and write-offs 31 Dec 2011			-23,715	-23,715
Book value 31 Dec 2011	105,644	378	7,671	113,692

* Other intangible assets consist mainly of capitalised ERP system implementation projects and ERP licences. These systems and licences are expected to generate economic benefits over a time span longer than the reporting period.

GOODWILL IMPAIRMENT TESTING

For the purpose of impairment testing, goodwill is allocated to cash-generating units. The allocation principle has been unchanged from 2010 as the business structure and vessel set-up has remained the same. The goodwill related to Finland–Germany traffic is allocated to HansaLink traffic, which is operated as a common vessel system between Finland, Poland and Germany. Goodwill related to south Sweden–Germany traffic is allocated to NordöLink traffic.

EUR 1,000	2011	2010
Allocation of goodwill to the cash-generating units		
NordöLink	**68,972**	68,972
HansaLink (Finland–Poland–Germany traffic)	**36,671**	36,671
Total	**105,644**	105,644

NordöLink and HansaLink are included in Shipping and Sea Transport Services segment.

The current recoverable amount of cash-generating units is determined based on their value in use. The cash flow forecasts for the tested units are based on the next year's budget and the forecasts for the subsequent four years (five year business plans) approved by management. The projections of cash flow for the five year period are based on experience and assumed future development of markets, and are in line with the external information.

HansaLink asset structure and traffic pattern has remained unchanged in 2011. During the year 2009, the Finland-Germany traffic (HansaLink) was strengthened by putting all the five Star-class vessels delivered in 2006–2007 on the route. Simultaneously, the vessels started to regularly call at Poland en route.

In 2008, the NordöLink traffic was operated with two large Star-class vessels and two smaller ro-pax vessels. In 2009, the two Star-class vessels were transferred to HansaLink and replaced by one smaller ro-pax vessel better adjusted to the market volumes. In 2011 traffics was continued with the same vessel system.

The main assumptions in the five-year business plans relate to market growth, market share, price level and development of passenger services. The market growth rates used are derived from recent external economic forecasts adjusted to the relevant market. The company expects the relative growth of passenger business to continue on a stronger level than cargo business growth based on the potential related to the further developing of passenger concept with the ro-pax vessels.

The cash flows after the forecast period of five years are extrapolated using the growth factors listed below. The growth factors used do not exceed the actual long-term growth rate in the sector in question.

The weighted average pre-tax cost of capital (WACC) is used as a discount rate. The components used to calculate the WACC are risk free interest rate, market risk premium, industry beta-coefficient, target capital structure and the cost of debt. The same common components to calculate the discount rates for all cash generating units are used, adjusted with the relevant tax rates. The usage of the same common components in discount rates is justified as the risks related to the different businesses are interlinked and relate to the general economic development in the Baltic Sea area.

Main factors used in calculating value in use in 2011		
	Cash-generating unit	
	HansaLink	NordöLink
Discount rate (pre-tax)	6.2%	6.2%
LTP period	2012–2016	2012–2016
Growth rate after LTP period	2.0%	2.0%
The resulting share of terminal value of the calculated discounted cashflow	85.5%	83.8%

Main factors used in calculating value in use in 2010		
	Cash-generating unit	
	HansaLink	NordöLink
Discount rate (pre-tax)	6.3%	6.3%
LTP period	2011–2015	2011–2015
Growth rate after LTP period	2.0%	2.0%
The resulting share of terminal value of the calculated discounted cashflow	84.4%	83.3%

Based on the forecasts, the current recoverable amounts of the Finland–Poland-Germany service (HansaLink) and NordöLink clearly exceed the book value at the end of 2011. Sensitivity tests were conducted for all the key assumptions and parameters in the business plans and in the future extrapolation. The tested parameters were market growth, market share, price level development, passenger business contribution, discount rate and growth rate after five years period which were tested based on their relevance in the cash generating unit. The management views that no reasonably possible change in any of the key parameters would lead to impairment as the recoverable amounts exceed the carrying amounts considerably.

The goodwill of the company is related to the lines and corresponding traffic flows, which can be handled with various vessel systems as the vessels are relatively easily movable assets. For both cash generating units, the assumption of infinite cash flow (the Gordon model) is applied. As the goodwill is not dependent of the system of certain vessels and their deterioration due to passage of time, the infinity assumption is a reasonable approach to measure the future cash flows. The share of terminal values (cash flows after five year period) are listed above. When preparing cash flow forecasts, the Company also reviews the differences between the previous forecast and actual outcomes of the key parameters.

17. INVESTMENT PROPERTIES

EUR 1,000	**2011**	2010
Acquisition cost 1 Jan		1,598
Disposals		-1,561
Reclassifications		-37
Acquisition cost 31 Dec		0
Accumulated depreciation and amortisation 31 Dec		0
Book value 31 Dec		0

The Group has no investment properties as the properties, consisting of land and buildings in Turku, were sold in 2010.

18. INVESTMENTS IN ASSOCIATED COMPANIES

EUR 1,000	**2011**	2010
Acquisition cost 1 Jan		1,514
Disposals		-1,514
Acquisition cost 31 Dec		0
Share of associated companies' profits		0
Book value 31 Dec		0

The Group has no investments in associated companies as the shares of Simonaukio Pysäköinti Oy were sold in 2010.

19. OTHER FINANCIAL ASSETS

EUR 1,000	2011	2010
Investments in unlisted shares	4,582	4,562
Available-for-sale financial assets 31 Dec	4,582	4,562

The main part of the unlisted shares consists of a stevedoring company. The shares are measured at cost, as according to management, the fair value of the investment cannot be measured reliably because there is no sufficient information available to make a reliable estimate of the fair value. Based on 2010 financial statements of the company, the Group's share of the company's equity is around EUR 1.2 million whereas the carrying value of the investment is EUR 4.4 million. The Management has no plans to dispose of the investment and estimates that due to the heavy re-structuring the company has done during 2010 and 2011, the investment is not impaired.

In 2011 and 2010, the Group had no financial assets classified under the category held-to-maturity investments.

20. NON-CURRENT RECEIVABLES

EUR 1,000	2011		2010	
	Fair Value	Carrying amount	Fair Value	Carrying amount
Loans and other receivables				
Loan receivables	696	704	1,198	1,195
Pension plan receivables	48	48	128	128
Pledged bank account	465	465	462	462
Other receivables	33	33	35	35
	1,241	1,250	1,823	1,820

The Group has long term fixed interest loan receivables, of which the main part is related to the selling of real estate in Turku. The unamortized part of the loans were EUR 942 thousand on 31 December 2011. Amortizations of the loans in the following year, EUR 237 thousand, are presented under current receivables.

The carrying value of loan receivables was calculated using the effective interest rate method and the fair value was determined by discounting the future cash flows of the loan at the interest rate that corresponds to the market interest rate prevailing at the end of the reporting period (1.3–2.7 per cent), to which a risk premium has been added. The maximum credit risk related to a loan asset is its carrying amount.

21. DEFERRED TAX ASSETS AND LIABILITIES

Changes in deferred taxes in 2010 and 2011:

EUR 1,000	1 Jan 2010	Re-classification	Recognised in profit and loss account	Exchange rate differences	Recognised in other comprehensive income	31 Dec 2010
Deferred tax assets:						
Fair value valuation loss, IAS 32, 39	692		-594			98
Hedge accounting	1,694				-369	1,326
Unutilised losses in taxation	145		2,258			2,403
Other differences	1,036		-639	2		398
	3,567		1,025	2	-369	4,225
Deferred tax liabilities:						
Depreciation difference	68,887	552	2,384			71,823
Group difference, vessels and equipment	14,439	960	-600			14,799
Capitalized interest costs during newbuilding, currently under construction	2,851	-990	529			2,389
Fair value valuation gains, IAS 32, 39	8		-65			-57
Repurchase reserve	970		-124			846
Other differences	506	-522	-320	-4		-340
	87,660	0	1,803	-4		89,459

EUR 1,000	1 Jan 2011	Re-classification	Recognised in profit and loss account	P/L effect of the 2012 tax rate change *	Exchange rate differences	Recognised in other compr. income	Effect of the 2012 tax rate change in other compr. income*	31 Dec 2011
Deferred tax assets:								
Fair value valuation loss, IAS 32, 39	98		-94					4
Hedge accounting	1,326					-496	-48	782
Unutilised losses in taxation	2,403		546	-136				2,813
Group difference, vessels and equipment			489					489
Other differences	398		-91					307
	4,225		849	-136		-496	-48	4,395
Deferred tax liabilities:								
Depreciation difference	71,823		-8,959	-3,171				59,693
Group difference, vessels and equipment	14,799	-130	-871	-189				13,609
Capitalized interest costs during newbuilding, currently under construction	2,389		-129	-130				2,130
Fair value valuation gains and financial lease	-57		-170	13				-214
Repurchase reserve	846		-124					722
Other differences	-340	130	270	15				75
	89,459	0	-9,983	-3,462				76,015

* As of January 2012 the applicable corporate tax rate in Finland changed from 26 per cent to 24.5 per cent.

Specification of changes of deferred tax liability entered from depreciation in excess of plan:

EUR 1,000	
Deferred tax liabilities 1 Jan 2011	71,823
Changes in the financial year 2011 relating to:	
Change of depreciation in excess of plan for the financial year, effect on taxes	1,495
Depreciation in excess of plan for previous years, effect on taxes **	-10,454
Effect of the tax rate change	-3,171
Deferred tax liabilities 31 Dec 2011	59,693

** Group income statement includes previous year's taxes of EUR 10,838 thousand, mainly offset by the corresponding change in the deferred tax liability on previous years' depreciation in excess of plan. Taxation of internal vessel sales carried out in 2007 by Finnlines Swedish subsidiary Rederi AB Nordö-Link included uncertainties. Regardless of the appeals by NordöLink the decision became definite 2011. NordöLink paid in March 2011 SEK 101.4 million (EUR 11.3 million), of which interest amounted to SEK 4.2 million (EUR 0.5 milion). As a deferred tax liability of EUR 10.5 million had been recorded in the Group's statement of financial position the temporary timing net effect to the Group's taxes was EUR -0.4 million.

EUR 1,000	2011	2010
Deferred tax assets and liabilities		
Total deferred tax assets	4,395	4,225
Set off against deferred tax liabilities		
Deferred tax assets on statement of financial position	4,395	4,225
Deferred tax liabilities	76,015	89,459
Set off against deferred tax assets		
Deferred tax liabilities on statement of financial position	76,015	89,459

Deferred tax liabilities are not recognised for subsidiaries' undistributed earnings, because in most cases these earnings are transferred to the company without any tax consequences. In addition, the Group does not recognise deferred tax liabilities for subsidiaries' undistributed earnings when the related funds are intended for permanent investment in the companies in question.

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The group did not recognise deferred income tax assets of EUR 0.7 (1.0) million because according to management's view, utilisation of losses involves considerable uncertainty.

The group has booked deferred tax assets for unutilised losses in taxation EUR 2.8 (2.4) million. The tax losses expire during 2015–2021.

22. INVENTORIES

EUR 1,000	2011	2010
Material and equipment	8,176	5,922
Inventory for resale	727	645
	8,903	6,567

No impairment of inventories was recognised during the reporting period.

23. CURRENT RECEIVABLES

EUR 1,000	2011		2010	
	Fair Value	Carrying amount	Fair Value	Carrying amount
Accounts receivable and other receivables				
Loans and other receivables				
Accounts receivable	60,081	60,081	53,166	53,166
Accrued income and prepaid expenses	13,429	13,429	12,057	12,057
Other receivables	2,666	2,666	3,636	3,636
Loan receivables	237	237	384	384
Financial assets at fair value through P&L				
Currency derivatives, hedge accounting *	246	246	657	657
	76,660	76,660	69,900	69,900

The tables below show the analysis of accounts receivable by age and currency. Significant items of accrued receivables are specified in the following table.

* The Group has ordered six ro-ro vessels from the Chinese Jinling shipyard, of which two vessels have been delivered in 2011. These vessels will be paid partly in USD, but instalments have been fully hedged against EUR. The Group applies hedge accounting in accordance with IAS 39 for the spot part of the forward exchange of the above derivative contracts. The interest portion of these forward agreements is handled outside hedge accounting. The generated positive valuation is shown in short-term receivables.

EUR 1,000	2011	2010
Significant items of accrued income and prepaid expenses		
Government grants for shipping companies	**6,652**	5,946
Vessel docking costs	**3,592**	3,795
Vessel hires	**824**	1,185
Other accrued receivables	**2,361**	1,131
	13,429	12,057

EUR 1,000	2011	Impaired receivables	Net 2011
Aging of accounts receivable 2011			
Undue	46,494		46,494
Overdue			
1–30 days	8,522		8,522
31–60 days	2,423		2,423
61–90 days	860		860
91–360 days	1,142	74	1,068
over 360 days	1,490	776	714
Total overdue	14,437	850	13,587
	60,931	850	60,081

EUR 1,000	2010	Impaired receivables	Net 2010
Aging of accounts receivable 2010			
Undue	40,654		40,654
Overdue			
1–30 days	9,051		9,051
31–60 days	1,744		1,744
61–90 days	445		445
91–360 days	1,655	474	1,181
over 360 days	715	624	91
Total overdue	13,610	1,098	12,512
	54,264	1,098	53,166

EUR 1,000	2011	2010
Accounts receivable by currency		
EUR	**58,586**	52,125
SEK	**33**	17
GBP	**1,298**	907
USD	**156**	105
DKK	**7**	12
PLN	**1**	
	60,081	53,166

The book values of accounts receivable and other receivables are reasonable estimates of their fair values. In 2011, the Group has recognised EUR -164 (-1,008) thousand in credit losses booked in consolidated statement of comprehensive income. The maximum credit risk related to accounts receivable and other receivables is their book value.

24. BANK AND CASH

EUR 1,000	2011	2010
Cash in hand and at bank	**4,263**	6,452
	4,263	6,452

The bank and cash item does not include any cheque account overdrafts to be paid on demand.

25. SHARE CAPITAL AND OTHER RESERVES

	No. of shares outstanding 1,000	Share capital EUR 1, 000
31 Dec 2010	46,821	93,642
31 Dec 2011	**46,821**	**93,642**

Share Capital

The share capital (ordinary shares) consists of shares in one series. Each share has a nominal value of EUR 2.00 and carries one vote in the AGM. According to the Articles of Association, the maximum share capital was 200 million on 31 December 2011 (200 million on 31 December 2010). All issued shares have been fully paid.

The number of Finnlines Plc's shares amounts to 46,821,037 shares and share capital to EUR 93,642,074.

Share premium account

EUR 1,000	2011	2010
Share premium account	**24,525**	24,525

Share premium account generated during the old Finnish Companies' Act.

Fair value reserve

EUR 1,000	2011	2010
Fair value reserve	**-2,409**	-3,773

Fair value reserve 2011 and 2010 includes movements in the fair values of derivative instruments used for cash flow hedging.

Unrestricted equity reserve

EUR 1,000	2011	2010
Unrestricted equity reserve	**21,015**	21,015

Translation differences

The translation difference fund contains translation differences arising from the translation of foreign units' financial statements.

Share option schemes

The IFRS 2 standard is applied to all share option schemes in which options have been granted after 7 November 2002 but did not vest before 1 January 2005. At the end of the reporting period, the Group had no share option schemes in force. Finnlines did not have ongoing option plans in 2010–2011.

Ownership of Finnlines Plc

The shareholding of Finnlines Plc is presented in Note 36. Shares and Shareholders.

26. PROVISIONS

EUR 1,000	2011	2010
Non-current provisions	4,562	4,562
Current provisions	30	30
	4,592	4,592

EUR 1,000	Tax provision	Other provisions	Total
1 Jan 2011	2,830	1,762	4,592
31 Dec 2011	2,830	1,762	4,592

EUR 1,000	Tax provision	Other provisions	Total
1 Jan 2010	3,782	1,810	5,592
Increases in provisions	190		190
Used provisions	-1,142	-48	-1,190
31 Dec 2010	2,830	1,762	4,592

Tax provisions comprise mainly latent tax provisions for differences, which arise in connection with optimisation of tonnage taxation in Germany. Tonnage tax is recorded in income taxes in the Profit and Loss Account.

Other provisions contain, above all, dismantling provisions for buildings in the Vuosaari Harbour. Provisions have been made because the buildings are located on leased site and, after the lease period, there is an obligation to clear the site.

27. INTEREST-BEARING LIABILITIES

EUR 1,000	2011		2010	
	Fair Value	Carrying amount	Fair Value	Carrying amount
Long-term interest-bearing liabilities measured at amortised cost				
Loans from financial institutions	632,702	631,136	658,758	660,715
Pension loans	26,856	27,110	32,186	32,587
Finance lease liabilities	7,250	7,250	8,290	8,290
Instalment loans			14	14
	666,808	665,496	699,248	701,606
Current interest-bearing liabilities measured at amortised cost				
Loans from financial institutions	176,624	176,624	133,830	133,830
Bank overdraft facilities	5,534	5,534		
Pension loans	5,477	5,477	5,477	5,477
Finance lease liabilities	909	909	686	686
Instalment plan debts	14	14	85	85
Commercial paper programme	4,963	4,963	17,395	17,395
	193,521	193,521	157,473	157,473
Total interest-bearing liabilities	860,329	859,017	856,721	859,079

The book values of interest-bearing loans from financial institutions and pension liabilities have been calculated using the effective interest rate method and the fair values have been determined by discounting future cash flows of loans at the interest rate at which the Group would obtain a similar loan from external parties at the end of reporting period. The total interest comprises risk-free interest of 1.3–2.7 (1.3–3.6) per cent and a company-specific risk premium. The effective interest rate of finance lease obligations is assumed to correspond to the valid interest rate of similar contracts to be made at the end of the reporting period. In practice, fair values of loans do not materially differ from amortised cost.

EUR 1,000	2011	2010
Maturity of long-term interest-bearing liabilities (not including financial lease liabilities)		
Within 12 months	**77,101**	64,175
1–5 years	**366,765**	363,154
After five years	**293,751**	333,037
	737,616	760,365

	2011	2010
Weighted average interest rates of the interest-bearing debts		
Loans from financial institutions	**2.98%**	2.67%
Bank overdraft facilities	**1.78%**	
Commercial paper programme	**2.16%**	1.69%
Pension loans	**3.06%**	3.08%
Finance lease liabilities	**3.87%**	3.63%

EUR 1,000	Within 1 year	1–5 years	Total
Floating rate liabilities, timing of re-pricing 31 December 2011			
Financial liabilities			
Loans from financial institutions	554,554		554,554
Bank overdraft facilities	5,534		5,534
Pension loans		30,287	30,287
Financial lease liabilities	5,027	1,428	6,454
Commercial paper programme	4,963		4,963
	570,078	31,715	601,793

EUR 1,000	Within 1 year	1–5 years	Total
Floating rate liabilities, timing of re-pricing 31 December 2010			
Financial liabilities			
Loans from financial institutions	511,666		511,666
Pension loans		34,614	34,614
Financial lease liabilities	3,603	3,601	7,203
Instalment plan debts	100		100
Commercial paper programme	17,395		17,395
	532,764	38,214	570,978

All of the Group’s interest-bearing liabilities were in EUR on 31 December 2011.

Interest-bearing liabilities include secured liabilities. The pledge value for the related pledged assets is EUR 1,190 (1,174) million. This is detailed in Note 33. Contingencies and Commitments.

Finance lease liabilities

Finance lease liabilities consist of two pier ramp constructions and one office building, as well as certain machinery and equipment including in the port operations business.

EUR 1,000	2011	2010
Future minimum lease payments due:		
Within 12 months	1,162	1,154
1–5 years	4,838	4,491
After five years	4,226	5,697
	10,225	11,341
Future interest expenses from finance lease agreements	2,067	2,366
Current value of minimum lease payments		
Within 12 months	1,080	1,072
1–5 years	4,383	4,017
After five years	2,696	3,887
	8,159	8,976

28. ACCOUNTS PAYABLE AND OTHER LIABILITIES

EUR 1,000	2011		2010	
	Fair Value	Carrying amount	Fair Value	Carrying amount
Interest-free liabilities, long-term				
Other long-term liabilities	8	8	12	12
	8	8	12	12

EUR 1,000	2011		2010	
	Fair Value	Carrying amount	Fair Value	Carrying amount
Accounts payable and other liabilities				
Liabilities measured at cost				
Accounts payable	43,487	43,487	31,215	31,215
Accrued personnel costs	16,580	16,580	18,262	18,262
Accrued interest	4,786	4,786	5,354	5,354
Other accrued expenses and deferred income	17,749	17,749	15,188	15,188
Other liabilities	18,391	18,391	17,220	17,220
Current advances received	1,173	1,173	891	891
Financial liabilities at fair value				
Currency forward contracts – non-hedge accounting	15	15		
	102,181	102,181	88,130	88,130

The book value of accounts payable and other liabilities is the reasonable estimate of their fair values. The table below shows the significant items in accrued liabilities and the distribution of accounts payable by currency.

EUR 1,000	2011	2010
Significant items in accrued expenses and deferred income		
Discounts given	4,680	3,828
Bunker costs	3,223	1,831
Port expenses and voyage-related costs	3,191	2,376
Cargo handling costs	2,680	3,158
Repairs, vessels	708	1,051
Other accrued liabilities	3,267	2,944
	17,749	15,188

EUR 1,000	2011	2010
Distribution of accounts payable by currency		
EUR	**39,507**	25,075
SEK	**1,930**	1,569
USD	**1,607**	3,907
GBP	**333**	346
NOK	**1**	16
DKK	**98**	285
CHF	**2**	2
PLN	**9**	17
	43,487	31,215

29. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group has on 31 December 2011 financial assets totalling EUR 231 thousand (currency forward, of which EUR 246 thousand treated as cash flow hedges) belonging to hierarchy 2. The Group had on 31 December 2010 financial assets of fair value totalling EUR 657 thousand (currency forward, of which EUR 324 thousand treated as cash flow hedges) belonging to hierarchy 2.

The Group has ordered six ro-ro vessels from the Chinese Jinling shipyard, of which two vessels have been delivered in 2011. These vessels will be paid partly in USD, but instalments have been fully hedged against EUR. The Group applies hedge accounting in accordance with IAS 39 for the spot part of the forward exchange of the above derivative contracts.

30. ADJUSTMENTS TO CASH FLOW FROM OPERATIONS

EUR 1,000	2011	2010
Non-cash transactions:		
Depreciation	**63,512**	60,322
Profits/losses from the sale of assets	**-1,476**	-1,230
Exchange rate differences	**334**	-2,300
	62,370	56,792

31. PENSION LIABILITIES

The Group's obligations in relation to defined benefit plans are calculated separately for each plan using the projected unit credit method. Pension costs are recognised as expenses during each employee's employment term on the basis of calculations made by authorised actuaries. In calculating the current value of a pension liability, the Group uses the market rate of return of high-quality debenture bonds issued by companies or the interest rate of government debt obligations as the discount rate. The maturity of debenture bonds and debt obligations corresponds in all essential aspects to the maturity of the pension obligation being considered.

Finnlines Plc's and Finnsteve Oy Ab's assets of the defined benefit pension plan in Finland are mainly managed by insurance companies . The assets are the responsibility of the insurance companies and are part of the insurance company's investment assets. Therefore, it is not possible to disclose the distribution of assets in categories. The assets are managed in accordance with the local statutory requirements under which the plans are obliged to pay guaranteed sums irrespective of market conditions. The defined benefit pension in Finland on 31 December 2011 covered a total of 207 (213) members, of whom 45 (53) were employed.

Finnlines Deutschland GmbH has granted defined benefit pension to its employees. The pension plan is implemented directly through Finnlines Deutschland GmbH. The defined benefit pension in Germany covered on 31 December 2011 a total of 48 (50) members, of whom 15 (15) were employed.

EUR 1,000	2011	2010
Post-employment benefits		
Defined benefit pension plans (receivable)	-48	-128
Defined benefit pension plans (liability)	2,462	2,310
	2,414	2,182

EUR 1,000	2011	2010
	Defined benefits plans	Defined benefits plans
Reconciliation of statement of financial position		
1 Jan	2,182	2,158
Net income(-)/expenses(+) recognised in profit and loss account	456	202
Payments into the plan	-224	-178
31 Dec	2,414	2,182
Pension liabilities on statement of financial position		
Present value of funded liabilities	7,703	8,054
Fair value of plan assets	-4,078	-4,476
Unrecognised actuarial profits(+) and losses(-)	-1,211	-1,396
Total liabilities (receivables)	2,414	2,182

EUR 1,000	2011	2010
	Defined benefits plans	Defined benefits plans
Pension costs on profit and loss account		
Service costs in current period	-48	-52
Interest expense	-371	-361
Expected income from plan assets	191	243
Actuarial profits(+)/losses(-)	-228	-32
Total in personnel costs	-456	-202

	2011	2010
	Defined benefits plans	Defined benefits plans
Main actuarial assumptions		
Finland		
Discount rate, %, management	**4.8**	4.8
Discount rate, %, other personnel	**4.8**	4.8
Expected return on assets, %, Finnlines Plc	**4.8**	4.3
Expected return on assets, %, Finnsteve Oy Ab	**6.0**	6.0
Expected salary increase rate, %	**3.0**	4.0
Rate of inflation, %	**2.0**	2.0
Expected remaining employment time in years	**1–5**	1–5
Main actuarial assumptions		
Germany		
Discount rate, %	**4.8**	4.8
Expected salary increase rate, %	**2.0**	2.0
Future increases in pensions, %	**2.0**	2.0
Rate of inflation, %	**2.0**	2.0
Expected remaining employment time in years	**14**	15

Calculation of the present value of defined benefit obligations

EUR 1,000	2011	2010	2009	2008	2007
Present value of the obligation	**7,703**	8,054	9,103	8,391	9,132
Fair value of plans assets	**-4,078**	-4,476	-5,346	-5,382	-6,191
	3,625	3,578	3,757	3,009	2,941

The costs for the defined benefit plans valid on 31 December 2011 are estimated at EUR 0.24 million in 2012.

32. FINANCIAL RISK MANAGEMENT

The management of financial risks aims to reduce the volatility in earnings, the statement of financial position and cash flow, while securing effective and competitive financing for the Group. The main financial risks are currency risk, interest rate risk, credit risk, liquidity risk, funding risk and fuel price risk. For risk management the Group may use currency forwards, currency loans, interest rate swaps and fuel price clauses included in customer contracts. The Group's risk management principles are approved by the Board of Directors, and the responsibility for their implementation lies with the Group Finance, with the exception of the fuel price clauses, which are the responsibility of the business units.

CURRENCY RISK

The Group operates internationally and is therefore exposed to transaction risks through different currency positions. The main foreign currencies used by the Group are USD and SEK. Currency risks arise from commercial transactions, monetary items in the statement of financial position and net investments in foreign subsidiaries.

Transaction risk

In 2011, over 90 per cent of sales were invoiced in EUR, and the rest in SEK, DKK, PLN, USD and GBP. Bunker purchases are made in USD. Other purchases are mainly paid in EUR. Bunker price clauses included in customer contracts cover to big extent this USD risk. Currency positions are reviewed for each currency every 12 months in connection with annual budgeting.

The Group's business units may make internal derivative contracts with the Group Finance to hedge a specific activity. In such cases too, the Group Finance decides, according to the principles approved by the Board of Directors, on any hedging to be made with an external counterpart based on the whole Group's net currency position.

All of the Group's interest-bearing liabilities on the end of the reporting period were in EUR.

Hedge Accounting

The Group has ordered six ro-ro vessels from the Chinese Jinling shipyard, of which two vessels have been delivered in 2011. These vessels are paid partly in USD but the instalments have been fully hedged against EUR. The Group applies hedge accounting in accordance with IAS 39 to these derivative contracts for the spot part of the currency forward. It is considered as hedging of cash flow from a highly probable transaction. The following table shows the duration and fair values of the hedging instruments. The maturities of the forward contracts are in accordance with the periods when the hedged cash flows are expected to occur.

EUR 1,000	Fair value	Spot price	Interest element *
Outstanding hedging instruments 2011			
Jinling vessel order USD / EUR-hedging			
Due 2012	231	246	-15

EUR 1,000	Fair value	Spot price	Interest element *
Outstanding hedging instruments 2010			
Jinling vessel order USD / EUR-hedging			
Due 2011	608	315	293
Due 2012	49	10	40

Spot part of the currency forward contract is under hedge accounting and fair value changes are booked in other comprehensive income. The amount transferred from hedging reserve to adjust acquisition cost of completed vessels during the period was EUR 2,004 thousand. The remaining amount of hedging reserve was EUR -3,191 thousand (EUR -2,409 thousand net of tax). In 2010 the remaining amount of hedging reserve was EUR -5,099 thousand (EUR -3,773 thousand net of tax). The cumulative hedging result affects P&L in future periods when the vessels are depreciated. Interest element of the currency forward contract, non-hedge accounting, through P&L.

Changes in fair value from sources other than derivatives under hedge accounting are recognised through profit or loss and presented under financial items.

Translation risk

The Group has net investments abroad and is thus exposed to risks which arise when investments in GBP, DKK and PLN are converted into the parent company's functional currency. The Group's principle is to hedge significant net investments made in foreign subsidiaries through foreign currency loans. In 2011 and 2010, the Group had no such significant investments in foreign currencies. The tables below show the translation position at the end of 2011 and 2010.

EUR 1,000	Investment
Group translation exposure 2011	
GBP	-16
DKK	296
PLN	65
	345

EUR 1,000	Investment
Group translation exposure 2010	
GBP	-179
DKK	288
PLN	74
	183

Sensitivity to exchange rate fluctuations

The following table describes the Group's sensitivity to changes in the EUR/USD exchange rate. The impact of exchange rate changes in other currencies is not significant.

Assumptions in estimating sensitivity:

- The variation in the EUR/USD exchange rate is assumed to be +/-10 per cent.
- The position, 31 December, includes USD-denominated financial liabilities, deposits, loan assets, accounts receivable, accounts payable and derivative contracts.
- The position, 31 December, excludes future USD-denominated cash flows and future USD-denominated instalments for the ro-ro vessels ordered from the Jinling shipyard.

EUR 1,000	Change in Profit & Loss	Change in Equity
Sensitivity at closing date 2011, change in USD, weakening / strengthening 10% against EUR	**+83/-102**	**-605/+740**
Sensitivity at closing date 2010, change in USD, weakening / strengthening 10% against EUR	+234/-286	-1,766/+2,159

Change before tax effect.

INTEREST RATE RISK

Interest-bearing debt exposes the Group to interest risk, i.e. re-pricing and price risk caused by interest rate movements. Management of interest rate risk is centralised to the Group Finance. The objective of the interest rate risk management is to reduce the fluctuation of the interest expense, enabling a more stable net income. The Group may manage interest rate risk by selection of debt interest periods and by using interest rate forwards and interest rate swaps.

The level of hedging against interest rate risks and the duration of the debt portfolio are reviewed annually by the Board of Directors when making the budget. At the end of the reporting period, 66 per cent of the Group's borrowings were floating-rate and the rest were fixed-rate borrowings (including loans from financial institutions, pension loans and commercial papers). The duration (average interest rate period) of the debt portfolio was approximately 31 months.

The Group had an interest rate swap made in 2007, which matured in 2010 and where the Group swapped six-month Euribor interest for fixed three-year interest. The nominal value of the interest rate swap was EUR 120 million. At the end of the reporting period the group had no open interest rate swap contracts. Table in Note 27. Interest-bearing liabilities, shows the dates of interest rate changes of the Group's variable-rate liabilities and the effective interest rates of liabilities.

The following table shows the Group's sensitivity to variations in market interest rates. The following assumptions were made when calculating the sensitivity:

- The variation in the interest rate is assumed to be +/-0.50 per cent from the interest rate of individual instruments at the end of the reporting period.
- The analysis includes the instruments with an interest adjustment date within the following 12 months.
- The position includes variable-rate loans from financial institutions and commercial papers.
- The position excludes finance lease obligations and instalment debts, because the change in finance costs caused by the interest rate variation is not relevant to these.
- When calculating the sensitivity, it is assumed that the variable-rate debt portfolio remains unchanged for the whole year (no instalments, no new debt) and that the interest rate changes as stated above on the next interest change date of the debt instrument.
- It is assumed that if a variable-rate instrument is fully amortised within the next 12 months, this instrument would be reacquired at a new prevailing interest rate according to the above.

EUR 1,000	Change in Profit & Loss
Sensitivity at closing date 2011, change in interest rates, increasing / decreasing 0.5% from valid rate of the instrument at 31 Dec 2011	
Debt portfolio	**-2,589/+2,589**
	-2 589/+2 589

Change before tax effect.

EUR 1,000	Change in Profit & Loss
Sensitivity at closing date 2010, change in interest rates, increasing / decreasing 0.5% from valid rate of the instrument at 31 Dec 2010	
Debt portfolio	-2,436/+2,436
	-2,436/+2,436

Change before tax effect.

The Group has no significant interest-bearing assets, and therefore the Group's result for the reporting period, generated from the assets and cash flows, is not substantially exposed to changes in market interest rates.

CREDIT RISK

The Group is exposed to credit risk from its commercial receivables and receivables from financial institutions based on short-term investment of liquid funds as well as derivative transactions. The Group policy sets out the credit rating requirements and investment principles related to customers, investment transactions and derivative contract counterparts. The Group has no significant concentrations of credit risk, since it has a broad clientele distributed across various sectors. The Group makes derivative contracts and investment transactions only with counterparts with high credit ratings. The credit ratings and credit limits of credit customers are constantly monitored. Credit losses in 2011 were on a low level (0.1 per cent of revenue). Note 23. Current Receivables, shows the analysis of accounts receivable by age and realised credit losses.

LIQUIDITY RISK

The Group continuously strives to evaluate and monitor the amount of financing required for its operations to ensure that it will have sufficient liquid assets to finance its business activities and investments and to repay loans. The Group seeks to finance vessel investments with credit agreements with the longest possible terms. The Group aims to guarantee the availability and flexibility of financing with unutilised credit facilities and by employing several banks and methods for funding. On 31 December 2011, the granted but unused credit facilities totalled EUR 99 (141) million. Loans include normal equity ratio related covenants. The cash-flows in the tables below include both repayments and expected interests.

Contractual repayments of interest-bearing liabilities, including interest, 31 December 2011

EUR 1,000	2012	2013	2014	2015	2016	2017-	Total	Residual amount of interest-bearing liabilities as at 31 Dec 2011
Loans from financial institutions	196,206	113,296	133,049	77,050	75,217	310,245	905,063	810,029
Bank overdraft facilities	5,634						5,634	5,534
Pension loans	6,437	6,268	4,946	4,816	4,685	8,979	36,131	32,587
Financial lease liabilities	1,162	1,252	1,195	1,195	1,195	4,226	10,225	8,159
Instalment plan debts	14						14	14
Commercial paper programme	5,000						5,000	4,963
	214,453	120,815	139,191	83,061	81,097	323,450	962,067	861,286

Contractual repayments of interest-bearing liabilities, including interest, 31 December 2010

EUR 1,000	2011	2012	2013	2014	2015	2016-	Total	Residual amount of interest-bearing liabilities as at 31 Dec 2010
Loans from financial institutions	153,189	89,269	108,075	128,019	72,125	347,231	897,908	797,419
Pension loans	6,614	6,437	6,268	4,946	4,816	13,664	42,744	38,064
Financial lease liabilities	1,154	1,152	1,152	1,094	1,094	5,697	11,341	8,976
Instalment plan debts	88	15					103	100
Commercial paper programme	17,500						17,500	17,395
	178,545	96,873	115,494	134,058	78,034	366,592	969,597	861,955

Contractual cash flow of derivatives, 31 December 2011

EUR 1,000	2012	2013	2014	2015	2016	2017	Total
Non-hedge accounting							
Currency forward contracts	-15						-15
Hedge accounting							
Currency forward contracts	246						246
	231						231

Contractual cash flow of derivatives, 31 December 2010

EUR 1,000	2011	2012	2013	2014	2015	2016	Total
Non-hedge accounting							
Currency forward contracts	293	40					333
Hedge accounting							
Currency forward contracts	315	10					324
	608	49					657

COMMODITY RISK

The Group is exposed to commodity risk relating to availability and price fluctuations of fuel. It seeks to minimise this risk by making framework agreements with known counterparts and by including bunker price clauses in its contracts with customers. In the long-term, these clauses can hedge more than 50 per cent of this risk, but in the short- term the hedging level fluctuates considerably and also depends on the utilisation rate of the vessels.

CAPITAL MANAGEMENT

The Group's objective in managing capital is to secure normal operating conditions in all circumstances and to enable optimal capital costs. The capital structure of the Group is regularly reviewed by the Board of Directors. The table below shows the interest-bearing net debt and total equity with the leverage ratio.

EUR 1,000	2011	2010
Capital risk management		
Interest-bearing liabilities	**859,017**	859,079
Cash in hand and at bank	**4,263**	6,452
Interest-bearing net debt	**854,754**	852,627
Total equity	**427,782**	428,927
Leverage ratio (gearing), %	**199.8**	198.8

33. CONTINGENCIES AND COMMITMENTS

Significant part of the leases made by the Group are land leases of Vuosaari and Turku harbours and leases for head office in Helsinki.

Minimum vessel lease payments based on fixed-term lease commitments:

EUR 1,000	2011	2010
Vessel leases (Group as lessee)		
Within 12 months	**14,785**	28,410
1–5 years		14,785
	14,785	43,195

At year-end 2011, the Group had 3 (6) ro-ro freight vessels on charter.

The Group adjusts its vessel capacity by acting as a lessor when needed. At the end of reporting period 2011, future lease receivables based on lease contracts were divided as follows:

EUR 1,000	2011	2010
Vessel leases (Group as lessor)		
Within 12 months	**910**	1,147
	910	1,147

2011 revenue includes EUR 2,242 (12,154) thousand lease revenues for vessels chartered out.

EUR 1,000	2011	2010
Other leases (Group as lessee)		
Future minimum lease payments from other leases due:		
Within 12 months	**6,796**	6,658
1–5 years	**17,551**	18,596
After five years	**13,164**	15,904
	37,511	41,158

The most significant lease payments are based on the land leases of Vuosaari and Turku harbours (EUR 14 million), on leases for the buildings in these ports and on the leases for the head office in Ruoholahti, Helsinki (EUR 22 million). The remaining duration of the above leases is up to 17 years.

EUR 1,000	2011	2010
Other leases (Group as lessor)		
Within 12 months	**204**	237
	204	237

Other leases are rents of business premises included in other income from operations.

EUR 1,000	2011	2010
Collateral given		
Loans secured by mortgages		
Loans from financial institutions	**730,563**	727,419
	730,563	727,419

EUR 1,000	2011	2010
Vessel mortgages provided as guarantees for the above loans	**1,189,500**	1,173,500

The Group's financing agreements include customary covenants relating to the equity ratio and operations.

EUR 1,000	2011	2010
Other collateral given on own behalf		
Pledged deposits	**476**	472
Corporate mortgages	**606**	606
	1,082	1,078

EUR 1,000	2011	2010
Other obligations	**56,407**	103,819

Other obligations are mainly binding order contracts related to newbuildings.

EUR 1,000	**2011**	2010
Guarantees given by the parent company on behalf of the subsidiaries	**6,913**	6,913

EUR 1,000	**2011**	2010
VAT adjustment liability related to real estate investments	**9,839**	11,134

EUR 1,000	**31 Dec 2011**		31 Dec 2010	
	Nominal value	**Fair value ***	Nominal value	Fair value *
Derivative contracts				
Currency derivatives	**7,574**	**231**	22,003	657

* Net effect if the derivatives had been sold at the market rate at year-end.

Legal proceedings

Two of the three legal actions raised in the District Courts in Finland by the Finnish Transport Workers' Union ("Union") against the Finnlines' 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 23rd 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.

In December 2010 an oil leakage from tank no 1 occurred on board MS Finnkraft in the port of Ust-Luga while bunkering heavy fuel oil. The total amount leaked to the sea was about 0.23 m^3. The Company immediately started its own investigations. The Finnish authorities initiated investigations which are still pending. The Company is working in co-operation with the authorities in order to clarify the matter. The vessel or the Company has not received any notice or information on any environmental damage. Possible damages will be covered by the vessel's P&I Insurance.

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.

A number of former and current employees of the Company, represented by the Union of Salaried Employees, has brought an action against the Company at the City Court of Helsinki on adherance to the general increases of the collective agreement. The Court has in February 2012 rendered the decision in favour of the employees and ordered the Company to compensate the employees with about EUR 0.2 million in all. The Company has registered at the court the intent to appeal on the judgement.

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.

The Company's port operation subsidiaries have received two separate summons from two former employees. Both employees claim compensation based on the unfounded termination of the employment. The total amount of the two claims is EUR 0.25 million. The subsidiaries consider the basis of the claims groundless. The processes are under way.

The Company's port operations subsidiaries have received summons on 2 February 2011 from 16 employees on weekly resting times and compensation thereof. The claims derive from years 2008 and 2009. The claimants also claim penalty interest and legal expenses. The subsidiaries consider the claims groundless. The procedures are under way.

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.

34. TRANSACTIONS WITH RELATED PARTIES

The following transactions were made with the Group's related parties:

EMPLOYEE BENEFITS GRANTED TO KEY MANAGEMENT*

EUR 1,000	2011	2010
Salaries and other short-term benefits	2,387	2,352
Post-employment benefits	360	378
	2,747	2,730

* Including the benefits of the members of the Board of Directors, the President and CEO, the deputy CEO and other members of the Board of Management.

EUR 1,000	2011	2010
Salaries and fees		
President and CEO	486	411
Board of Directors: *		
Chairman	50	50
Vice-Chairman	40	40
Board members (each)	30	30

* Compensation to the Board Members for 2010 was paid in May 2011.

In the event that the Company should decide to give notice of termination to the President and CEO, he is entitled to compensation equalling 24 months' salary, in addition to 6 months' salary for the notice period. The respective times for the Deputy CEO are 18 months and 6 months.

The Company's management has no supplementary pension insurances in force.

Finnlines had no option schemes on 31 December 2011. The President and CEO, the Deputy CEO, the Board of Management or the Board of Directors have no share-based incentive programmes.

Transactions with related parties

According to the information received by the company on 31 December 2011, Grimaldi Group companies hold 66.97 per cent of all shares in Finnlines Plc. More information about ownership of the Board of Directors and the President and CEO in Finnlines Plc can be found in Note 36. Shares and Shareholders. The ownership of the members of the Board and management is dealt with in more detail at the corporate website (www.finnlines.com).

EUR 1,000	2011	2010
Transactions with related parties		
Income from Grimaldi companies *	10,101	6,427
MS Finnhansa bought from Grimaldi companies **		40,000
Purchases from Grimaldi companies	5,423	4,052
Receivables from Grimaldi companies	3,683	2,318
Payables to Grimaldi companies	344	261

* Income includes vessels' hires and other freight related revenue from the Grimaldi Group companies. Redelivery of the two vessels, hired to Grimaldi Group in 2009, took place in the first quarter 2010 and at the beginning of the second quarter 2010. As from autumn 2011 Finnlines has chartered out one ro-pax vessel to the Grimaldi Group.

** In April 2009, Finnlines Plc's subsidiary Hanseatic Shipping sold MS Finnhansa to Grimaldi Group at the market price of EUR 40 million with call option to repurchase by Finnlines Plc at the same price. This call option was exercised and MS Finnhansa (renamed Transrussia) was bought in July 2010 by Finnlines Deutschland GmbH.

Transactions with the Group's related parties are carried out using ordinary, market-based pricing.

Loans, guarantees and other securities to related parties

The Group had no loan, guarantee or other securities arrangements with its key personnel or related parties during 2010 and 2011.

35. SUBSIDIARIES ON 31 DECEMBER 2011

Name of subsidiary	Holding (%)	Registered in
Domestic		
Containersteve Oy Ab	100	Kotka
Finnsteve Oy Ab	100	Helsinki
FL Port Services Oy	100	Helsinki
FS-Terminals Oy Ab	100	Helsinki
Oy Intercarriers Ltd	51	Helsinki
Foreign		
Finnlines Baltic S.A.	100	Luxembourg
Finnlines Belgium N.V.	100	Belgium
Finnlines Danmark A/S	100	Denmark
Finnlines Deutschland GmbH	100	Germany
Finnlines Luxembourg S.A.	100	Luxembourg
Finnlines Northsea S.A.	100	Luxembourg
Finnlines Polska Sp.z.o.o	100	Poland
AB Finnlines Scandinavia Ltd	100	Sweden
Finnlines Schiffahrt GmbH	100	Germany
Finnlines Ship Management AB	100	Sweden
Finnlines UK Limited	100	United Kingdom
Finnlink AB	100	Sweden
Rederi AB Nordö-Link	100	Sweden
Ropax I Aktiebolaget Clipper	100	Sweden
Ropax II EuropaLink AB	100	Sweden
Ropax III NordLink AB	100	Sweden
Ropax IV Arrow AB	100	Sweden
Roro I Mill AB	100	Sweden
Roro II Pulp AB	100	Sweden

36. SHARES AND SHAREHOLDERS

Finnlines Plc has one share series. Each share carries one vote at general shareholder meetings and conferes identical dividend rights. As outlined in Finnlines' Articles of Association, the Company's miminum 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

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
10 largest total	38,251,619	81.70
Nominee registered	6,710,005	14.35
Other shareholders	1,859,413	3.95
Total amount of shares	**46,821,037**	**100.00**
Management holding shares	1,311,294	2.80

* 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

37. 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 judgment 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.

The Group's management is not aware of any other events after the end of the reporting period than those described in the Board of Director's report or these financial statements that could have a material impact on the Group's financial position or the figures or calculations reported in its Board of Director's report and financial statements.

FIVE-YEAR KEY FIGURES

EUR million	2011 IFRS	2010 IFRS	2009 IFRS	2008 IFRS	2007 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 IFRS	2010 IFRS	2009 IFRS	2008 IFRS	2007 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 51.

CALCULATION OF KEY RATIOS, IFRS

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

QUARTERLY DATA, IFRS

EUR million	Q1/2011	Q1/2010	Q2/2011	Q2/2010	Q3/2011	Q3/2010	Q4/2011	Q4/2010
Revenue by segment								
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
Revenue total	**139.0**	**121.5**	**160.2**	**152.8**	**161.2**	**147.5**	**144.8**	**139.3**
Result before interest and taxes per segment								
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
Result before interest and taxes total	**-0.1**	**1.4**	**9.9**	**14.4**	**12.9**	**9.3**	**-1.6**	**0.5**
Financial income and expenses	-6.0	-5.3	-7.1	-5.2	-6.8	-6.1	-6.5	-5.3
Result before tax	**-6.1**	**-3.8**	**2.7**	**9.2**	**6.1**	**3.2**	**-8.2**	**-4.9**
Income taxes	1.5	0.6	-1.5	-2.4	-2.1	-1.4	5.0	1.8
Result for the reporting period	**-4.6**	**-3.3**	**1.2**	**6.8**	**4.0**	**1.8**	**-3.1**	**-3.1**
Quarterly consolidated key figures								
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

PROFIT AND LOSS ACCOUNT, PARENT COMPANY, FAS

EUR	Note	1 Jan–31 Dec 2011	1 Jan–31 Dec 2010
Revenue	1	**468,028,269.51**	359,543,638.55
Other income from operations	2	**6,013,782.66**	10,371,763.83
Materials and services	3	**-213,003,047.21**	-167,512,814.95
Personnel expenses	4	**-26,795,466.08**	-23,958,215.30
Depreciation, amortisation and other write-offs	5	**-30,001,880.14**	-29,890,879.90
Other operating expenses	6	**-183,838,758.73**	-135,777,150.38
Result before interest and taxes		**20,402,900.01**	12,776,341.85
Financial income and expenses	7	**-15,413,988.89**	-16,735,891.85
Result before extraordinary items		**4,988,911.12**	-3,959,550.00
Extraordinary items	8	**-7,280,000.00**	1,613,139.00
Result before appropriations and taxes		**-2,291,088.88**	-2,346,411.00
Appropriations	9	**2,291,083.30**	2,346,391.59
Income taxes	10	**5.58**	19.41
Result for the reporting period		**0.00**	0.00

See notes starting on page 57.

BALANCE SHEET, PARENT COMPANY, FAS

EUR	Note	31 Dec 2011	31 Dec 2010
ASSETS			
Non-current assets			
Intangible assets	11	6,936,040.21	8,476,531.85
Tangible assets	12	661,409,707.72	725,708,900.25
Investments	13		
Shares in group companies		308,626,003.61	308,594,503.61
Other investments		4,379,744.61	4,379,744.61
		981,351,496.15	1,047,159,680.32
Current assets			
Inventories	14	6,563,384.29	4,429,973.54
Long-term receivables	15	435,027,449.78	376,747,345.52
Short-term receivables	16	55,595,710.71	47,321,611.81
Bank and cash		2,045,846.85	4,610,689.03
		499,232,391.63	433,109,619.90
Total assets		1,480,583,887.78	1,480,269,300.22
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	17		
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
Total shareholders' equity		232,366,560.67	232,366,560.67
Accumulated appropriations	18	209,013,097.26	211,304,180.56
Liabilities			
Long-term liabilities	19		
Interest-bearing		749,322,212.75	784,289,289.79
		749,322,212.75	784,289,289.79
Current liabilities	20		
Interest-bearing		220,481,321.30	192,743,620.21
Interest-free		69,400,695.80	59,565,648.99
		289,882,017.10	252,309,269.20
Total liabilities		1,039,204,229.85	1,036,598,558.99
Total shareholders' equity and liabilities		1,480,583,887.78	1,480,269,300.22

See notes starting on page 57.

CASH FLOW STATEMENT, PARENT COMPANY, FAS

EUR	1 Jan–31 Dec 2011	1 Jan–31 Dec 2010
Cash flows from operating activities		
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
Net cash generated from operating activities	**25,551,787.95**	30,244,826.72
Cash flows from investing activities		
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
Net cash used in investing activities	**-13,607,254.18**	-13,602,850.73
Net cash before financing activities	**11,944,533.77**	16,641,975.99
Cash flows from financing activities		
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
Net cash used in financing activities	**-14,509,375.95**	-14,625,412.93
Change in cash and cash equivalents	**-2,564,842.18**	2,016,563.06
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
Cash and cash equivalents on 31 Dec	**2,045,846.85**	4,610,689.03

PARENT COMPANY ACCOUNTING PRINCIPLES 2011

The financial statements are prepared in conformity with the Finnish Accountancy Act and other regulations and provisions in force in Finland.

REVENUES

Revenues comprise sales income and exchange rate differences related to sales, excluding discounts and indirect sales taxes such as VAT.

OTHER OPERATING INCOME

Other operating income includes profits on the sale of property and other fixed assets as well as other regular income not directly related to the company's sales, such as rents and leases.

FOREIGN CURRENCY ITEMS

Receivables and payables denominated in foreign currencies are valued at the exchange rates prevailing on the balance sheet date. Exchange rate differences on accounts receivable are recognised under revenue and exchange rate differences on accounts payable under operating expenses. Exchange rate differences on financing operations are recognised under financial items.

DERIVATIVE FINANCIAL INSTRUMENTS

The realised gains and losses arising from currency derivatives such as forward foreign exchange and option contracts and currency swaps are recognised under financial items. However, in case the currency derivative contract has been entered into for the purpose of hedging the cost of non-current assets, the realised gain or loss for the derivative affect the cost of such an item. The interest received or payable under derivative financial instruments used to hedge the company against interest rate risks is accrued over the duration of the contract and recorded as an adjustment to the interest income or expenses of the designated asset or liability.

FIXED ASSETS AND DEPRECIATION

Fixed assets are capitalised to their direct acquisition cost less depreciation and other deductions, along with any revaluations allowed by local accounting practices. Fixed assets subject to wear and tear are depreciated according to plan based on the economic life span of the asset and its estimated residual value.

DEPRECIATION PERIODS:

Vessels	30–35 years
Buildings	10–40 years
Constructions	5–10 years
Stevedoring machinery and equipment	5–25 years
Other machinery and equipment	3–10 years
Other long-term expenditure	3–20 years

Second-hand vessels are depreciated over their estimated economic service life.

LEASING

Leasing payments are recognised as expenses regardless of the form of leasing.

INVENTORIES

Vessel stocks of fuel, lubricating oil, materials, provisions and sales items are recognised under stocks. Stocks are valued on a first-in, first-out basis at their direct acquisition cost or lower probable net realisable value.

FINANCIAL ASSETS

The part of the financial assets that have been invested in money market instruments are included in the financial assets in the balance sheet. The financial assets with a maturity longer than one year, are valued at the lower of acquisition cost or fair value on the balance sheet date.

PENSION COSTS

Pension costs are charged to the profit and loss account according to the local practice. The entire uncovered pension liability is recorded as an expense and liability.

EXTRAORDINARY ITEMS

Extraordinary income and expenses are group contributions received and given.

PROVISIONS

Future expenses and losses that no longer generate corresponding revenues in the foreseeable future, that the company is committed or obliged to settle and whose monetary value can reasonably be assessed are recognised as expenses in the profit and loss account and included as a provision in the balance sheet.

PREVIOUS FINANCIAL YEAR COMPARABLE DATA

When comparing the financial year data to the previous year, one should note that the parent company's Finnish subsidiary Oy Finnlink Ab merged with Finnlines Plc on 31 December 2010. Oy Finnnlink Ab handled unitised cargo traffic and passenger traffic between Naantali (Finland) and Kapellskär (Sweden). Oy Finnlink Ab's turnover for the financial year 1 January–31 December 2010 was EUR 72.3 million. Traffic has continued in 2011 in Finnlines Plc's name and account.

NOTES TO THE FINANCIAL STATEMENTS, PARENT COMPANY

1. REVENUE

EUR	2011	2010
By segment		
Shipping and Sea Transport Services	**464,343,173.10**	356,142,624.26
Internal administration fees	**3,685,096.41**	3,401,014.29
Total	**468,028,269.51**	359,543,638.55
Intra-group revenue	**27,345,005.96**	26,760,704.57

2. OTHER INCOME FROM OPERATIONS

EUR	2011	2010
Gain on disposals	**5,622,643.25**	520,318.36
Rental income	**55,746.63**	142,685.60
Gain on merger		7,520,509.78
Other	**335,392.78**	2,188,250.09
Total	**6,013,782.66**	10,371,763.83

3. MATERIALS AND SERVICES

EUR	2011	2010
Purchases during the reporting period		
Bunker	**-146,586,067.64**	-104,082,162.84
Other	**-3,599,466.61**	-2,604,908.92
Change in inventories	**2,133,410.75**	-679,265.10
Total	**-148,052,123.50**	-107,366,336.86
External services	**-64,950,923.71**	-60,146,478.09
Materials and services total	**-213,003,047.21**	-167,512,814.95

4. PERSONNEL EXPENSES

EUR	2011	2010
Employees		
Average number of employees		
Shore-based personnel	**231**	199
Sea personnel	**298**	262
	529	461
Personnel expenses		
Wages and salaries	**-26,401,321.75**	-24,087,321.45
Social costs		
Pension costs	**-3,822,577.93**	-3,263,236.09
Other social costs	**-1,855,745.75**	-1,497,918.93
State subsidies	**5,284,179.35**	4,890,261.17
Total	**-26,795,466.08**	-23,958,215.30
Salaries and remunerations to		
President and CEO	**-286,177.60**	-209,178.72
Salaries and remunerations	**-286,177.60**	-209,178.72
Board of Directors	**-210,000.00**	-210,000.00

5. DEPRECIATION, AMORTISATION AND WRITE-OFFS

EUR	2011	2010
Depreciation and amortisation according to plan	-30,001,880.14	-29,890,879.90
Total	**-30,001,880.14**	-29,890,879.90

6. OTHER OPERATING EXPENSES

EUR	2011	2010
Vessel hires, internal	-72,098,757.58	-46,747,144.50
Vessel hires, external	-31,059,882.98	-33,252,136.20
Other leases	-1,927,810.86	-2,389,457.09
Port expenses and fairway dues	-35,587,897.68	-16,511,889.96
Commissions paid	-9,740,008.73	-8,277,962.74
Cargo equipment related costs	-3,790,115.75	-3,095,756.13
Vessel insurances, repairs and maintenance	-8,983,382.96	-8,302,184.23
Auditors' fees		
Deloitte & Touche Oy	-123,990.00	-163,400.00
Tax consultancy and other fees		
Deloitte & Touche	-55,177.08	-33,935.00
Loss on merger		-602.58
Other	-20,471,735.11	-17,002,681.95
Total	**-183,838,758.73**	-135,777,150.38

7. FINANCIAL INCOME AND EXPENSES

EUR	2011	2010
Interest income from investments		
From others	7,985.82	88,424.12
Interest income from investments	**7,985.82**	88,424.12
Other interest and financial income		
From group companies	12,228,335.89	9,457,669.67
From others	455,108.74	125,288.39
Other interest and financial income total	**12,683,444.63**	9,582,958.06
of which interest income total	**12,683,444.63**	9,582,958.06
Interest income total	**12,691,430.45**	9,671,382.18
Exchange gains and losses		
From others		
Gains	252,101.59	748,436.05
Losses	-180,762.60	-246,659.10
Exchange rate differences total	**71,338.99**	501,776.95
Interest and other financial expenses		
To group companies	-1,722,467.06	-1,475,346.34
To others	-26,454,291.27	-25,433,704.64
Interest and other financial expenses total	**-28,176,758.33**	-26,909,050.98
of which interest expenses total	**-25,719,942.93**	-24,648,286.09
Financial Income and expenses total	**-15,413,988.89**	-16,735,891.85

8. EXTRAORDINARY ITEMS

EUR	2011	2010
Group contribution received		1,613,139.00
Group contribution given	-7,280,000.00	
Total	-7,280,000.00	1,613,139.00

9. APPROPRIATIONS

EUR	2011	2010
Change in difference between depreciation in taxation and planned depreciation	2,291,083.30	2,346,391.59

10. TAXES

EUR	2011	2010
Taxes on operations	5.58	19.41
Total	5.58	19.41
Taxes from previous periods	5.58	19.41
Total	5.58	19.41

11. INTANGIBLE ASSETS

EUR	Other capitalised expenditures	Advance payments	Total
Acquisition cost on 1 Jan 2011	26,139,662.98	1,142,834.33	27,282,497.31
Increases	529,450.44	76,446.87	605,897.31
Reclassifications between items	841,752.33	-841,752.33	0.00
Acquisition cost on 31 Dec 2011	27,510,865.75	377,528.87	27,888,394.62
Accumulated depreciation and write-offs on 1 Jan 2011	-18,805,965.46		-18,805,965.46
Depreciation for the reporting period	-2,146,388.95		-2,146,388.95
Accumulated depreciation on 31 Dec 2011	-20,952,354.41		-20,952,354.41
Book value on 31 Dec 2011	6,558,511.34	377,528.87	6,936,040.21
Book value on 31 Dec 2010	7,333,697.52	1,142,834.33	8,476,531.85

12. TANGIBLE ASSETS

EUR	Buildings and constructions	Vessels and cargo handling equipment	Machinery and equipment	Advance payments and acquisitions under construction	Total
Acquisition cost on 1 Jan 2011	3,441,787.91	658,264,876.74	6,475,675.94	163,280,301.76	831,462,642.35
Increases		1,397,699.02	86,567.04	52,937,736.80	54,422,002.86
Disposals		-190,953.55	-2,550.00	-90,864,933.81	-91,058,437.36
Reclassifications between items		251,873.95		-251,873.95	0.00
Acquisition cost on 31 Dec 2011	3,441,787.91	659,723,496.16	6,559,692.98	125,101,230.80	794,826,207.85
Accumulated depreciation and write-offs on 1 Jan 2011	-3,130,781.99	-97,233,079.58	-5,389,880.53		-105,753,742.10
Accumulated depreciation on disposals and reclassifications		190,863,16	1,870.00		192,733.16
Depreciation for the reporting period	-311,005.92	-27,199,949.26	-344,536.01		-27,855,491.19
Accumulated depreciation on 31 Dec 2011	-3,441,787.91	-124,242,165.68	-5,732,546.54		-133,416,500.13
Book value on 31 Dec 2011	0.00	535,481,330.48	827,146.44	125,101,230.80	661,409,707.72
Book value on 31 Dec 2010	311,005.92	561,031,797.16	1,085,795.41	163,280,301.76	725,708,900.25

13. INVESTMENTS

EUR	Subsidiary shares	Receivables from group companies	Total group companies	Other shares	Total
Acquisition costs on 1 Jan 2011	224,196,326.78	84,658,176.83	308,854,503.61	4,379,744.61	313,234,248.22
Increases	31,500.00		31,500.00		31,500.00
Acquisition costs on 31 Dec 2011	224,227,826.78	84,658,176.83	308,886,003.61	4,379,744.61	313,265,748.22
Accumulated depreciation and write-offs on 1 Jan2011	-260,000.00		-260,000.00		-260,000.00
Accumulated depreciation on 31 Dec 2011	-260,000.00		-260,000.00		-260,000.00
Book value on 31 Dec 2011	223,967,826.78	84,658,176.83	308,626,003.61	4,379,744.61	313,005,748.22
Book value on 31 Dec 2010	223,936,326.78	84,658,176.83	308,594,503.61	4,379,744.61	312,974,248.22

14. INVENTORIES

EUR	2011	2010
Bunker	**5,345,429.48**	3,441,891.31
Other inventories	**1,217,954.81**	988,082.23
Total	**6,563,384.29**	4,429,973.54

15. LONG-TERM RECEIVABLES

EUR	2011	2010
Loan receivables		
Loan receivables from group companies	**431,612,878.67**	372,862,485.39
Total	**431,612,878.67**	372,862,485.39
Other receivables	**512,585.82**	589,509.20
Accrued income and prepaid expenses	**2,901,985.29**	3,295,350.93
Total long-term receivables	**435,027,449.78**	376,747,345.52

16. SHORT-TERM RECEIVABLES

EUR	2011	2010
Accounts receivable		
From group companies	**3,381,248.93**	815,782.54
From others	**38,623,067.58**	32,596,287.74
Total	**42,004,316.51**	33,412,070.28
Loan receivables		
From group companies	**3,517,155.59**	6,843,004.02
Total	**3,517,155.59**	6,843,004.02
Other receivables	**430,566.04**	515,172.76
Accrued income and prepaid expenses		
From group companies	**1,431,615.11**	497,168.76
From others	**8,212,057.46**	6,054,195.99
Total	**9,643,672.57**	6,551,364.75
Total short-term receivables	**55,595,710.71**	47,321,611.81
Significant items of accrued income and prepaid expenses		
Seafreight revenue	**430,825.24**	
State subsidies	**2,649,595.78**	2,040,652.52
Vessel hires	**823,814.45**	1,184,592.43
Docking costs	**1,496,879.57**	985,316.89
Passenger income	**1,005,415.63**	282,960.86
Insurances	**554,314.52**	57,735.49
Port expenses	**774,283.10**	554,903.29
Legal expenses	**538,303.79**	
Other	**1,370,240.49**	1,445,203.27
Total	**9,643,672.57**	6,551,364.75

17. SHAREHOLDERS' EQUITY

EUR	2011	2010
Restricted equity		
Share capital on 1 Jan	**93,642,074.00**	93,642,074.00
Share capital on 31 Dec	**93,642,074.00**	93,642,074.00
Share issue premium on 1 Jan	**24,525,353.70**	24,525,353.70
Share issue premium on 31 Dec	**24,525,353.70**	24,525,353.70
Non-restricted equity		
Unrestricted equity reserve 1 Jan	**21,451,776.50**	21,451,776.50
Unrestricted equity reserve 31 Dec	**21,451,776.50**	21,451,776.50
Retained earnings on 1 Jan	**92,747,356.47**	92,747,356.47
Retained earnings on 31 Dec	**92,747,356.47**	92,747,356.47
Result for the reporting period	**0.00**	0.00
Total shareholders' equity	**232,366,560.67**	232,366,560.67
Calculation of distributable funds		
Retained earnings on 31 Dec	**92,747,356.47**	92,747,356.47
Unrestricted equity reserve	**21,451,776.50**	21,451,776.50
Result for the reporting period	**0.00**	0.00
Parent company´s distributable funds on 31 Dec	**114,199,132.97**	114,199,132.97

18. ACCUMULATED APPROPRIATIONS

EUR	2011	2010
Accumulated depreciation in excess on plan 1 Jan	**211,304,180.56**	213,650,572.15
Change in the reporting period	**-2,291,083.30**	-2,346,391.59
Accumulated depreciation in excess on plan 31 Dec	**209,013,097.26**	211,304,180.56

As of January 2012, the applicable corporate tax rate in Finland changed from 26 per cent to 24.5 per cent.

Unrecorded deferred tax liabilities on accumulated depreciations in excess of plan were EUR 51.2 million (31.12.2010 EUR 54.9 million).
Tax rate impact of the change was EUR 3.1 million on 31 December 2011.

19. LONG-TERM LIABILITIES

EUR	2011	2010
Long-term interest-bearing liabilities		
Loans from financial institutions	**633,405,020.43**	663,589,025.32
Pension loans	**7,762,000.00**	10,014,000.00
Other long-term interest-bearing liabilities		
Debts to group companies	**108,155,192.32**	110,686,264.47
Total	**749,322,212.75**	784,289,289.79
Maturity of loans		
Year		
2011		66,081,682.79
2012	**73,876,004.89**	74,386,774.28
2013	**99,078,935.31**	95,384,576.50
2014	**120,928,935.31**	117,234,576.50
2015	**66,928,935.31**	63,234,576.50
2016 and later for 2010	**66,928,935.31**	434,048,786.01
2017 and later for 2011	**395,456,471.51**	
Total	**823,198,217.64**	850,370,972.58
Long-term loans due after five years		
Loans from financial institutions	**285,097,279.19**	320,056,521.54
Pension loans	**2,204,000.00**	3,306,000.00
Debts to group companies	**108,155,192.32**	110,686,264.47
Total	**395,456,471.51**	434,048,786.01

20. CURRENT LIABILITIES

EUR	2011	2010
Interest-bearing current liabilities		
Loans from financial institutions	**176,624,004.89**	133,829,682.79
Bank overdraft facilities	**5,534,429.23**	
Pension loans	**2,252,000.00**	2,252,000.00
Commercial papers	**4,962,981.49**	17,395,420.37
Other interest-bearing current liabilities		
To group companies	**31,107,905.69**	39,266,517.05
Total interest-bearing current liabilities	**220,481,321.30**	192,743,620.21
Interest-free current liabilities		
Accounts payable		
To group companies	**692,971.34**	428,001.44
To others	**30,613,608.84**	22,798,400.00
Total	**31,306,580.18**	23,226,401.44
Other interest-free liabilities		
To group companies		232,880.27
To others	**10,499,494.03**	10,568,295.92
Total	**10,499,494.03**	10,801,176.19
Accrued expenses and deferred income		
To group companies	**6,733,363.41**	6,025,499.21
To others	**20,861,258.18**	19,512,572.15
Total	**27,594,621.59**	25,538,071.36
Total interest-free current liabilities	**69,400,695.80**	59,565,648.99
Total current liabilities	**289,882,017.10**	252,309,269.20
Significant items of accrued expenses and deferred income		
Agent commissions paid, internal	**3,851,708.60**	3,554,457.87
Purchased services, internal	**2,334,906.07**	2,121,025.85
Annual rebates	**4,331,380.04**	3,515,777.04
Personnel expenses	**3,261,975.16**	3,858,188.12
External services/ cargo handling costs	**1,408,828.36**	1,653,634.78
Port expenses and voyage related costs	**2,400,110.57**	1,790,652.31
Interest expenses	**4,661,990.39**	5,220,687.72
Bunker costs	**2,734,183.41**	1,448,774.85
Other	**2,609,538.99**	2,374,872.82
Total	**27,594,621.59**	25,538,071.36

CONTINGENCIES AND COMMITMENTS

EUR 1,000	2011		2010	
	Debt	Value of collateral	Debt	Value of collateral
Pledges and commitments given on own account				
Vessel mortgages provided as guarantees for loans				
Loans from financial institutions	398,767	724,000	463,707	804,000
Vessel mortgages provided by subsidiaries as guarantees for loans				
Loans from financial institutions	331,797	465,500	263,712	369,500
	730,564	1,189,500	727,419	1,173,500
Pledged deposits		465		461
Other contingent liabilities		55,391		103,597
Leasing liabilities				
Due within 12 months		224		301
Due between one and five years		186		213
Leasing liabilities total		410		514
Vessel leases (Group as a lessee)				
Due within 12 months		14,785		28,410
Due between one and five years				14,785
Vessel leases (Group as a lessee) total		14,785		43,195
Other leases				
Due within 12 months		1,685		1,360
Due between one and five years		4,121		4,733
Other leases total		5,806		6,093
Guarantees given on behalf of the subsidiaries				
Guarantees given on behalf of the subsidiaries		29,486		43,549
Guarantees for rental contracts		3,581		3,900
Guarantees given on behalf of the subsidiaries total		33,067		47,449

Derivative contracts

EUR 1,000	31 Dec 2011		31 Dec 2010	
	Nominal value	Fair value *	Nominal value	Fair value *
Currency derivatives	7,574	231	22,003	657

* Net effect if the derivatives had been sold at the market rate at year-end.

SHARES AND HOLDINGS OF PARENT COMPANY

Shares and holdings

Name of subsidiary	Registered in	Holding (%)
Domestic		
Finnsteve Oy Ab	Helsinki	100
Oy Intercarriers Ltd	Helsinki	51
Foreign		
Finnlines Baltic S.A.	Luxembourg	100
Finnlines Danmark A/S	Denmark	100
Finnlines Deutschland GmbH	Germany	100
Finnlines Polska Sp.z.o.o.	Poland	100
AB Finnlines Scandinavia Ltd	Sweden	100
Finnlines Ship Management AB	Sweden	100
Finnlines UK Limited	United Kingdom	100
Other shares and holdings		
Domestic		
Steveco Oy	Kotka	19.1
Other companies (3)		

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

Our auditor's report has been issued today.

Helsinki, 28 February 2012

Deloitte & Touche Oy
Authorized Public Audit Firm

Mikael Leskinen
Authorized Public Accountant

PARENT COMPANY'S ACCOUNTING BOOKS, VOUCHER CATEGORIES AND ARCHIVING

Accounting books	Archiving
General journals	Computerized accounting journals
General ledgers	Computerized accounting journals
Profit and loss account and balance sheet	Computerized accounting journals
Balance sheet book	Bound book
Balance sheet specification	Bound book

Voucher categories	
Sales invoices Octopus/Compass	Electronic
Sales invoices / eBooking	Electronic
Sales invoices / Bookit	Electronic
Sales invoices manual	Paper/electronic
Interest invoices	Paper
Purchase invoices E-invoice	Electronic
Purchase invoices	Scanned/paper
Travel account reports	Paper/electronic
Bank and cash vouchers	Paper
Memo vouchers	Paper
Payroll accounting vouchers/office	Paper
Payroll accounting vouchers/sea personnel	Paper
Fixed assets accounting vouchers	Paper

These Financial Statements have been translated into English from the Finnish version.
In case of any discrepancies the Finnish version shall prevail.

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

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