Finnlines
a Grimaldi Group company

FINANCIAL STATEMENTS 2014

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BOARD OF DIRECTORS' REPORT

FINNLINES' BUSINESS

Finnlines is the largest shipping company in the Baltic Sea based on both ro-ro and ro-pax volumes (source: Baltic Transportation Journal). The Company's passenger-freight vessels offer services from Finland to Germany and via the Åland Islands to Sweden, from Sweden to Germany and from Germany to Russia. Finnlines' ro-ro vessels operate in the Baltic Sea and the North Sea. The Company has subsidiaries in Germany, Belgium, Great Britain, Sweden, Denmark and Poland which all are also sales offices. In addition to sea transportation, the Company provides port services in Helsinki and Turku.

GROUP STRUCTURE

Finnlines Plc is a Finnish listed company. At the end of the reporting period, the Group consisted of the parent company and 24 subsidiaries.

Finnlines is part of the Italian Grimaldi Group, which is a global logistics group specialising in maritime transport of cars, rolling cargo, containers and passengers. The Grimaldi Group comprises seven shipping companies, including Finnlines, Atlantic Container Line (ACL), Malta Motorways of the Sea (MMS) and Minoan Lines. With a fleet of about 100 vessels, the Group provides maritime transport services for rolling cargo and containers between North Europe, the Mediterranean, the Baltic Sea, West Africa, North and South America. It also offers passenger services within the Mediterranean and Baltic Sea. With 79.96 per cent (on 31 December 2014) of the shares, the Grimaldi Group is the biggest shareholder in Finnlines Plc.

GENERAL MARKET DEVELOPMENT

Based on the statistics by the Finnish Transport Agency for January–December, the Finnish seaborne imports carried in container, lorry and trailer units remained on the same level whereas exports increased by 3 per cent (measured in tons) compared to the same period from 2013. During the same period private and commercial passenger traffic between Finland and Sweden decreased by 3 per cent. Between Finland and Germany the corresponding traffic decreased by 10 per cent (Finnish Transport Agency).

FINNLINES' TRAFFIC

MS Transrussia was renamed MS Finnhansa after Finnlines Plc purchased the vessel from its subsidiary Finnlines Deutschland GmbH in the end of January 2014. The vessel flew the Finnish flag and continued to operate on Helsinki–Rostock route until the end of September 2014, when MS Finnkraft substituted MS Finnhansa. In the fourth quarter of 2014, Finnlines sold MS Finnhansa to the Grimaldi Group for EUR 30 million.

In June, Finnlines doubled the calls at Långnäs, Åland for the summer season.

In August, Finnlines re-opened its weekly service from the Finnish ports of Kotka and Helsinki to Tilbury. From Tilbury the vessel sails via Antwerp and Amsterdam back to Helsinki, from where there is also a connection further to St. Petersburg.

In October, Finnlines extended its North Sea services by adding a weekly call at Paldiski in Estonia. The port of Paldiski offers very good rail connections to Central Asia and Siberia.

During the reporting period, Finnlines operated on average 24 (24 in 2013) vessels in its own traffic.

The cargo volumes transported during January–December totalled approximately 638 (632 in 2013) thousand cargo units, 99 (66) thousand cars (not including passengers' cars) and 2,388 (2,248) thousand tons of freight not possible to measure in units. In addition, some 561 (556) thousand private and commercial passengers were transported.

FINANCIAL RESULTS

The Finnlines Group recorded revenue totalling EUR 532.9 (563.6) million in 2014, a decrease of 5.4 per cent compared to the same period in the previous year. Shipping and Sea Transport Services generated revenue amounting to EUR 517.4 (538.6) million and Port Operations EUR 36.9 (50.1) million. In Shipping and Sea Transport Services the revenue decreased due to the lower bunker surcharge and lower charter income due to divestment of vessels. In Port Operations the revenue decreased due to the re-structuring measures taken. The internal revenue between the segments was EUR 21.3 (25.1) million.

Result before interest, taxes, depreciation and amortisation (EBITDA) was EUR 115.4 (83.7) million, an increase of 37.9 per cent.

Result before interest and taxes (EBIT) was EUR 58.6 (18.1) million. The increased efficiency of the operations i.e. lower bunker consumption, higher capacity utilisation of vessels and reduction of costs in many areas continued to impact the financial performance of the Group.

Net financial expenses decreased and were EUR -21.9 (-24.8) million. Financial income was EUR 0.5 (0.5) million and financial expenses EUR -22.4 (-25.3) million. Result before taxes (EBT) improved by EUR 43.4 million and was EUR 36.6 (-6.7) million. The above mentioned increased operational efficiency, decreased net financial expenses, and above all, cutting of the vessel overcapacity through the sale of three vessels at the end of 2013 and another two vessels during the last quarter 2014, which enabled better optimisation of the existing tonnage, altogether contributed to a EUR 37.1 million increase in the result for the reporting period. The result for the reporting period was EUR 41.7 (6.0) million and earnings per share (EPS) were EUR 0.81 (0.12).

The most important business and share related key indicators are presented in the Five-Year Key Figures on page 44.

STATEMENT OF FINANCIAL POSITION, FINANCING AND CASH-FLOW

Interest-bearing debt decreased significantly by EUR 118.9 million and amounted to EUR 552.5 (671.3) million excluding leasing liabilities EUR 19.6 (21.1) million. The equity ratio calculated from the balance sheet improved to 41.7 (35.7) per cent and gearing dropped to 113.0 (149.1) per cent. Vessel lease commitments decreased by EUR 13.2 million to EUR 11.4 million compared to the end of December 2013.

The Group's liquidity position was strengthened and at the end of the period, cash and cash equivalents together with unused committed credit facilities grew by EUR 57.2 million amounting to EUR 123.1 (65.9) million.

Net cash generated from operating activities improved considerably and was EUR 82.1 (48.2) million before capex and divestments.

During the fourth quarter, Finnlines sold two vessels, MS Finnhansa to the Grimaldi Group and MS Finnarrow to an external party, at a total price of EUR 62.5 million.

CAPITAL EXPENDITURE

Finnlines Group's gross capital expenditure in the reporting period totalled EUR 36.6 (10.1) million including tangible and intangible assets. Total depreciation decreased to EUR 56.8 (65.6) million. The capital expenditures consist of normal replacement costs of fixed assets, prepayments of scrubber and re-blading projects and dry-docking cost of ships.

The new stricter environmental regulations for the fuel sulphur limit came into force as from 1 January 2015. For this reason, Finnlines ordered exhaust gas cleaning systems ("scrubbers") for six of its latest series of ro-ro vessels built in 2011-2012, for four of its Star-class ro-pax vessels built in 2006-2007 and for four of its ro-ro vessels built in 2000-2002. These investments are part of the 2014 EUR 65 million capex programme. The actual installations of scrubbers started in late 2014 and are scheduled to be finished in spring 2015. These cleaning systems enable the vessels to operate in compliance with the new environmental regulations. Finnlines has also ordered an improvement retrofit to the propulsion system on four Star-class ro-pax vessels and on two ro-ro vessels. This propulsion upgrading project started also at the turn of the year. The new system will substantially improve the vessels' relative propulsion efficiency and, as a result, reduce their fuel consumption.

PERSONNEL

The Group employed an average of 1,701 (1,861) persons during the period, consisting of 759 (918) persons on shore and 942 (943) persons at sea. The number of persons employed at the end of the period were 1,635 (1,806) in total, of which 716 (898) on shore and 919 (908) at sea.

The average number of shore personnel decreased mostly due to employee reductions in Port Operations. Containersteve Oy Ab's adaptation negotiations were initiated in the Port of Kotka in January 2014, which resulted in the termination of all 36 employments in Kotka.

The Group's personnel expenses for the reporting period were EUR 88,4 (102,6) million social costs included.

RESEARCH AND DEVELOPMENT

The aim of Finnlines' research and development work is to find and introduce new practical models and operating methods, which enable the Company to meet customer requirements in a more sustainable and cost-efficient way. In 2014, the focus was on environmental investments in vessels.

To cost-efficiently fulfil the requirements of the EU sulphur directive and the MARPOL Convention, in force as from beginning of 2015, the Company began to install scrubbers on vessels in 2014. On some of the vessels new propellers were also installed to decrease energy consumption. Installation work will continue in 2015.

The Company is actively improving the safety of cargo handling methods. During 2014, the Company had a comprehensive study made by an external cargo handling expert to identify improvement needs in cargo handling. Based on the study, implementation of corrective actions was started.

In 2014, the Company continued the renewal of its operative IT systems for the cargo traffic. The target is to harmonise the systems within the Finnlines Group and in the framework of the entire Grimaldi Group network. Implementation of the system to different services will continue in 2015.

THE FINNLINES SHARE

The Company's registered share capital on 31 December 2014 was EUR 103,006,282 divided into 51,503,141 shares. A total of 5.1 (2.2) million shares were traded on the NASDAQ OMX Helsinki during the reporting period. The market capitalisation of the Company's stock at 31 December 2014 more than doubled compared to previous year and was EUR 824.1 (386.3) million. Earnings per share (EPS) were EUR 0.81 (0.12). Shareholders' equity per share was EUR 9.78 (8.98). At the end of the reporting period, the Grimaldi Group's holding and share of votes in Finnlines was 79.96 per cent.

The shares, shareholders and management's holding are dealt with in more detail in the Notes to the Consolidated Financial Statements, in Note 37. Shares and shareholders.

DECISIONS TAKEN BY THE ANNUAL GENERAL MEETING

Finnlines Plc's Annual General Meeting was held in Helsinki on 8 April 2014. The Annual General Meeting of Finnlines Plc approved the Financial Statements, the Board of Directors' Report and the Auditor's Report, and discharged the members of the Board of Directors and the President and CEO from liability for the financial year 2013. It was decided to accept the proposal of the Board of Directors that no dividend shall be paid for 2013.

The meeting decided that the number of Board Members be seven. All of the current Board Members were re-elected; Mr Christer Backman, Ms Tiina Bäckman, Mr Emanuele Grimaldi, Mr Gianluca Grimaldi, Mr Diego Pacella, Mr Olav K. Rakkenes and Mr Jon-Aksel Torgersen. The yearly compensation to the Board will remain unchanged as follows: the Chairman EUR 50,000, the Vice Chairman EUR 40,000 and the Member EUR 30,000.

The Annual General Meeting elected APA KPMG Oy Ab as the Company's auditor for the fiscal year 2014. It was decided that the external auditors will be reimbursed according to invoice.

It was decided to authorise the Board of Directors to resolve on the issuance of shares in one or several tranches. The Board of Directors may, on the basis of the authorisation, resolve on the issuance of shares in one or several tranches, so that the aggregate number of shares to be issued shall not exceed 10,000,000 shares. The Board of Directors decides on all the conditions of the issuance of shares. The issuance of shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorisation is valid until the next Annual General Meeting. The authorisation replaces the Annual General Meeting's authorisation to decide on a share issue of 16 April 2013.

RISKS AND RISK MANAGEMENT

Finnlines is exposed to business risks that arise from the capacity of the fleet existing in the market, counterparties, prospects for export and import of goods, and changes in the operating environment. The risk of overcapacity is reduced when the aging vessels are scrapped, on the one hand, and when more stringent sulphur directive requirements come into force, on the other. Finnlines operates mainly in the Emissions Control Areas where the emission regulations are stricter than globally. The sulphur content limit for heavy fuel oil was reduced to 0.10 per cent in 2015 in accordance with the MARPOL Convention. This increases costs of sea transportation. However, with one of the youngest and largest fleets in Northern Europe and with investments targeted in engine systems and energy efficiency, Finnlines is in a strong position to greatly mitigate this risk. The effect of fluctuations in the foreign trade is reduced by the fact that the Company operates in several geographical areas. This means that slow growth in one country is compensated by faster recovery in another. Finnlines continuously monitors the solidity and payment schedules of its customers and suppliers. Currently, there are no indications of imminent risks related to counterparties but the Company continues to monitor the financial position of its counterparties. Finnlines holds adequate credit lines to maintain liquidity in the current business environment.

Detailed information on Finnlines' financial risks and risk management can be found in the Notes to the Consolidated Financial Statements, in Note 33. Financial Risk Management. The risk management procedures of the Company are presented in more detail on the Company's website under Corporate Governance.

LEGAL PROCEEDINGS

In March 2010, the District Court of Helsinki rendered its judgment in the action initiated by Mutual Pension Insurance Company Ilmarinen ("Ilmarinen") against the Company, which was reversed by the Court of Appeal of Helsinki in favour of the Company in November 2011. The Supreme Court granted a leave to the appeal of Ilmarinen on the decision of the Court of Appeal of Helsinki in December 2012. The action initiated by Ilmarinen is the appeal against the decision of Finnlines' Annual General Meeting held on 20 May 2008 concerning minimum dividend and claimed that the decision be amended in that the minimum dividend paid should have been EUR 17,181,000.00 instead of EUR 180,216.39. The process is still ongoing.

In 2008, the Administrative Court of Helsinki rendered the decisions based on which it can be argued that the Finnish Act on Fairway Dues in force until 1 January 2006 contained provisions which, according to the EU legislation, were discriminatory. The Company has submitted a 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. The process is ongoing.

TONNAGE TAXATION

Finnlines Plc entered into the Finnish tonnage taxation regime as from 1 January 2013. In tonnage taxation, the shipping operations transferred from taxation of business income to tonnage-based taxation. Finnlines Deutschland GmbH transferred from tonnage-based taxation to business taxation. The company entered into business taxation as from 1 February 2014.

ENVIRONMENT AND SAFETY

The objective of Finnlines' environmental policy is to provide safe, top-quality services while taking into account the environmental impacts in every aspect of operations. The focus is on responsible use of natural resources.

All Finnlines-owned vessels are incorporated in the environmental certificate, which complies with the ISO 14 001:2004 standard. External and internal environmental audits were held in 2014. Finnsteve companies hold a valid ISO 14 001 environmental certificate and an ISO 9001 quality certificate.

In 2014, Finnlines' vessel traffic consumed 329,150 tons of heavy fuel oil and diesel oil, representing a decrease of around 7 per cent compared with 2013. In 2014, the fuel consumption of the port operations totalled some 684 tons, which includes the operations in Helsinki, Turku and Naantali, a decrease of around 30 per cent compared with 2013.

Safety is one of the most important environmental aspects in shipping. The International Safety Management Code (ISM Code), which contains requirements for the safe operation of ships and for pollution prevention, has been mandatory on Finnish- and Swedish-flagged passenger vessels since 1996 and on cargo vessels since 1998.

CORPORATE GOVERNANCE

Finnlines applies the Finnish Corporate Governance Code for listed companies. The Corporate Governance Statement can be reviewed on the corporate website: www.finnlines.com.

EVENTS AFTER THE REPORTING PERIOD

Finnlines has signed a purchase agreement of two ro-ro vessels in January 2015. The vessels will be put into Finnlines liner traffic at the end of 2015. Furthermore in January 2015, Finnlines bought MS Finnmerchant (ex MS Dorset, ex MS Longstone), which is deployed on the route between Rostock and Hanko as from 19 January 2015. The acquired ro-ro vessels will complement Finnlines' liner services offered to customers and strengthen the competitiveness of Finnlines fleet.

In October, Finnlines Plc announced that it has participated in the privatisation of the Polish shipping company, Polferries. In January 2015, Ministry of Treasury of Poland announced that Finnlines Plc was accepted among the three bidders to the final stage of the privatisation negotiations.

OUTLOOK AND OPERATING ENVIRONMENT

The ongoing capex programme affects smoothness of operations during the first three months of the financial year 2015, because fourteen scrubbers and six propulsion systems are being installed. However, Finnlines Group's result before taxes is expected to be better in 2015 compared to the same period in the previous year due to several reasons: the company has been able to reduce the overcapacity, new Rostock–Hanko route with recently acquired MS Finnmerchant is in full operation, fuel consumption is further reduced due to energy-saving measures and technological improvements in our vessels, and, efficient fleet planning and streamlining of every function bring cost savings.

DIVIDEND DISTRIBUTION PROPOSAL

The parent company Finnlines Plc's result for the reporting period was EUR 4.2 million. The Board of Directors proposes to the Annual General Meeting that no dividend is paid for the reporting period ended on 31 December 2014 due to the ongoing extensive capital expenditure requirement for installing the scrubbers into Finnlines vessels in 2015.

According to the consolidated statement of financial position, the equity attributable to parent company shareholders equals to EUR 503.9 (462.7) million at the end of the reporting period.

ANNUAL GENERAL MEETING 2015

Finnlines Plc's Annual General Meeting will be held from 13:00 on Tuesday, 14 April 2015 at the Havis Business Center, Unioninkatu 22, 00130 Helsinki.

London, 24 February 2015

Finnlines Plc, The Board of Directors

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

EUR 1,000	Note	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Revenue	3, 7	**532,889**	563,587
Other income from operations	8	**6,776**	5,329
Materials and services	9	**-191,445**	-229,690
Personnel expenses	10	**-88,418**	-102,584
Depreciation, amortisation and impairment losses	11	**-56,843**	-65,583
Other operating expenses	12	**-144,396**	-152,983
Total operating expenses		**-481,102**	-550,840
Result before interest and taxes (EBIT)		**58,563**	18,075
Financial income	13	**483**	526
Financial expense	13	**-22,412**	-25,335
Result before taxes (EBT)		**36,634**	-6,734
Income taxes *	14	**5,079**	12,744
Result for the reporting period		**41,713**	6,011
Other comprehensive income:			
Other comprehensive income to be reclassified to profit and loss in subsequent periods:			
Exchange differences on translating foreign operations		**69**	-9
Tax effect, net			2
Other comprehensive income to be reclassified to profit and loss in subsequent periods, total		**69**	-7
Other comprehensive income not being reclassified to profit and loss in subsequent periods:			
Remeasurement of defined benefit plans		**-844**	-399
Tax effect, net		**353**	1
Other comprehensive income not being reclassified to profit and loss in subsequent periods, total		**-491**	-398
Total comprehensive income for the reporting period		**41,291**	5,606
Result for the reporting period attributable to:			
Parent company shareholders		**41,726**	5,997
Non-controlling interests		**-13**	14
		41,713	6,011
Total comprehensive income for the reporting period attributable to:			
Parent company shareholders		**41,304**	5,592
Non-controlling interests		**-13**	14
		41,291	5,606
Result for the reporting period attributable to parent company shareholders calculated as earnings per share (EUR/share)	15		
Undiluted / diluted earnings per share		**0.81**	0.12

* Most of other items recognised in the Consolidated Statement of Comprehensive Income fall under the tonnage tax scheme. In Finland, the corporate tax rate decreased from 24.5 per cent to 20 per cent as of 1 January 2014. In 2013, the non-recurring positive effect of the tax rate change was EUR 9.4 million.

See Notes, which are an integral part the Financial Statements, starting on page 10.

(figures in EUR thousand, if not stated otherwise)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

EUR 1,000	Note	31 Dec 2014	31 Dec 2013
ASSETS			
Non-current assets			
Property, plant and equipment	17	**983,183**	1,084,389
Goodwill	18	**105,644**	105,644
Other intangible assets	18	**5,500**	5,836
Other financial assets	21	**4,576**	4,580
Receivables	22	**838**	43
Deferred tax assets	23	**5,353**	1,370
		1,105,092	1,201,861
Current assets			
Inventories	24	**5,926**	8,832
Accounts receivable and other receivables	25	**76,480**	85,251
Income tax receivables		**1**	1
Cash and cash equivalents	26	**2,680**	2,508
		85,086	96,592
Non-current assets held for sale	5	**20,297**	
Total assets		**1,210,475**	1,298,453
TOTAL ASSETS			
Equity attributable to parent company shareholders			
Share capital	27	**103,006**	103,006
Share premium account	27	**24,525**	24,525
Translation differences		**178**	109
Fund for invested unrestricted equity	27	**40,016**	40,016
Retained earnings		**335,876**	294,641
		503,601	462,297
Non-controlling interests		**306**	360
Total equity		**503,907**	462,658
LIABILITIES			
Long-term liabilities			
Deferred tax liabilities	23	**56,102**	57,560
Other long-term liabilities	30	**163**	3,242
Pension liabilities	32	**4,705**	3,982
Provisions	28	**1,844**	1,980
Loans from financial institutions	29	**420,722**	557,759
		483,536	624,523
Current liabilities			
Accounts payable and other liabilities	30	**71,565**	72,815
Current tax liabilities		**72**	27
Provisions	28	**81**	3,715
Current liabilities	29	**142,967**	134,715
		214,685	211,273
Total liabilities		**698,220**	835,796
Liabilities related to long- term assets held for sale	29	**8,348**	
Total shareholders' equity and liabilities		**1,210,475**	1,298,453

See Notes starting on page 10.

(figures in EUR thousand, if not stated otherwise)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, IFRS

EUR 1,000	Equity attributable to parent company shareholders							
	Share capital	Share issue premium	Translation differences	Fund for invested unrestricted equity	Retained earnings	Total	Non-controlling interests	Total equity
Reported equity 1 January 2013	**93,642**	**24,525**	**116**	**21,015**	**289,990**	**429,289**	**838**	**430,127**
Effect of revised IAS 19					-1,338	-1,338		-1,338
Restated equity 1 January 2013	**93,642**	**24,525**	**116**	**21,015**	**288,652**	**427,951**	**838**	**428,788**
Comprehensive income for the year:								
Result for the reporting period					5,997	5,997	14	6,011
Exchange differences on translating foreign operations			-9			-9		-9
Remeasurement of defined benefit plans					-399	-399		-399
Tax effect, net			2		1	3		3
Total comprehensive income for the year			**-7**		**5,599**	**5 592**	**14**	**5,606**
Share issue	9,364			19 001		28 365		28,365
Changes in non-controlling interests without change in controlling interest					390	390	-491	-102
Equity 31 December 2013	**103,006**	**24,525**	**109**	**40,016**	**294,641**	**462,297**	**360**	**462,658**

EUR 1,000	Equity attributable to parent company shareholders							
	Share capital	Share issue premium	Translation differences	Fund for invested unrestricted equity	Retained earnings	Total	Non-controlling interests	Total equity
Reported equity 1 January 2014	**103,006**	**24,525**	**109**	**40,016**	**294,641**	**462,297**	**360**	**462,658**
Effect of revised IAS 19								
Restated equity 1 January 2014								
Comprehensive income for the year:								
Result for the reporting period					41,726	41,726	-13	41,713
Exchange differences on translating foreign operations			69			69		69
Remeasurement of defined benefit plans					-844	-844		-844
Tax effect, net					353	353		353
Total comprehensive income for the year			**69**		**41,235**	**41,304**	**-13**	**41,291**
Dividend							-42	-42
Changes in non-controlling interests without change in controlling interest								
Equity 31 December 2014	**103,006**	**24,525**	**178**	**40,016**	**335,876**	**503,601**	**306**	**503,907**

(figures in EUR thousand, if not stated otherwise)

CONSOLIDATED STATEMENT OF CASH FLOWS, IFRS

EUR 1,000	Note	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Cash flows from operating activities			
Result for reporting period		**41,713**	6,011
Adjustments:			
Non-cash transactions	31	**51,987**	61,609
Unrealised foreign exchange gains (-) / losses (+)	31	**-28**	19
Financial income and expenses		**21,957**	24,790
Taxes		**-5,079**	-12,744
Changes in working capital:			
Change in accounts receivable and other receivables		**4,855**	-6,402
Change in inventories		**2,906**	927
Change in accounts payable and other liabilities		**-9,435**	-170
Change in provisions		**-207**	379
Interest paid		**-18,742**	-22,366
Interest received		**141**	192
Taxes paid *		**-3,990**	-423
Other financing items		**-3,970**	-3,645
Net cash generated from operating activities		**82,108**	48,175
Cash flows from investing activities			
Investments in tangible and intangible assets		**-29,575**	-10,960
Sale of tangible assets		**69,590**	120,647
Proceeds from sale of investments		**1**	
Dividends received		**13**	12
Net cash used in investing activities		**40,029**	109,699
Cash flows from financing activities			
Proceeds from issue of share capital		**0**	28,365
Loan withdrawals		**169,604**	263,772
Net increase (+) / decrease (-) in current interest-bearing liabilities		**7,953**	-14,198
Repayment of loans		**-298,974**	-449,914
Acquisition of non-controlling interest		**0**	-102
Loans granted		**-900**	
Increase / decrease in non-current receivables		**395**	429
Dividends paid		**-42**	
Net cash used in financing activities		**-121,964**	-171,647
Change in cash and cash equivalents		**173**	-13,772
Cash and cash equivalents 1 January		**2,508**	16,282
Effect of foreign exchange rate changes		**-1**	-2
Cash and cash equivalents 31 December		**2,680**	2,508

* Taxes paid include the payment of EUR 3.6 million included in Finnlines Deutschland GmbH's tax provisions in regard to the termination of tonnage tax.

See Notes starting on page 10.

(figures in EUR thousand, if not stated otherwise)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Finnlines is the largest shipping company in the Baltic Sea based on both ro-ro and ro-pax volumes (source: Baltic Transportation Journal). The Company's passenger-freight vessels offer services from Finland to Germany and via the Åland Islands to Sweden, from Sweden to Germany and from Germany to Russia. Finnlines' ro-ro vessels operate in the Baltic Sea and the North Sea. The Company has subsidiaries in Germany, Belgium, Great Britain, Sweden, Denmark and Poland which all are also sales offices. In addition to sea transportation, the Company provides port services in Helsinki and Turku.

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Finnlines is part of the Italian Grimaldi Group, which is a global logistics group specialising in maritime transport of cars, rolling cargo, containers and passengers. The Grimaldi Group comprises seven shipping companies, including Finnlines, Atlantic Container Line (ACL), Malta Motorways of the Sea (MMS) and Minoan Lines. With a fleet of about 100 vessels, the Group provides maritime transport services for rolling cargo and containers between North Europe, the Mediterranean, the Baltic Sea, West Africa, North and South America. It also offers passenger services within the Mediterranean and Baltic Sea. With 79.96 per cent (on 31 December 2014) of the shares, the Grimaldi Group is the biggest shareholder in Finnlines Plc.

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 Komentosilta 1, 00980 Helsinki. Copies of the 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 24 February 2015. 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 2014. 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. The financial statements have been compiled in EUR. All figures in the accounts have been rounded and, consequently, the sum of individual figures may deviate from the presented sum figure.

IMPLEMENTATION OF STANDARDS

New and amended standards applied in the reporting period ended

Finnlines Group has applied as from 1 January 2014 the following new and amended standards that have come into effect.

- IFRS 10 *Consolidated Financial Statements* and subsequent amendments (in the EU effective for financial years beginning on or after 1 January 2014): IFRS 10 builds on existing principles by identifying the concept of control as the determining factor when deciding whether an entity should be incorporated within the consolidated financial statements. The standard also provides additional guidance to assist in the determination of control where this is difficult to assess. The new standard had no impact on Finnlines' consolidated financial statements.
- IFRS 11 *Joint Arrangements* and subsequent amendments (in the EU effective for financial years beginning on or after 1 January 2014): In the accounting of joint arrangements IFRS 11 focuses on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. In future jointly controlled entities are to be accounted for using only one method, equity method, and the other alternative, proportional consolidation is no longer allowed. The new standard had no significant impact on Finnlines' consolidated financial statements.
- IFRS 12 *Disclosures of Interests in Other Entities* and subsequent amendments (in the EU effective for financial years beginning on or after 1 January 2014): IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including associates, joint arrangements, structured entities and other off-balance sheet vehicles. The new standard have no significant impact on Finnlines' consolidated financial statements.
- IAS 27 *Separate Financial Statements* (revised 2011) and subsequent amendments (in the EU effective for financial years beginning on or after 1 January 2014): The revised standard includes the provisions on separate IFRS financial statements that were left after the control provisions were included in the new IFRS 10. The revised standard had no impact on Finnlines' consolidated financial statements.
- IAS 28 *Investments in Associates and Joint Ventures* (revised 2011) (in the EU effective for financial years beginning on or after 1 January 2014): Following the issue of IFRS 11 the revised IAS 28 includes the requirements for joint ventures, as well as associates, to be equity accounted. The revised standard had no significant impact on Finnlines' consolidated financial statements.
- Amendments to IAS 32 *Financial Instruments: Presentation* (effective for financial years beginning on or after 1 January 2014): The amendments provide clarifications on the application of presentation requirements for offsetting financial assets and financial liabilities on the statement of financial position and give more related application guidance. The amendments had no significant impact on Finnlines' consolidated financial statements.
- Amendments to IAS 36 *Impairment of Assets* (effective for financial years beginning on or after 1 January 2014): The objective of the amendments is to clarify that the scope of the disclosures of information about the recoverable amount of assets, where that amount is based on fair value less costs of disposal, is limited to impaired assets. The amended standard had no impact on Finnlines' consolidated financial statements.
- Amendments to IAS 39 *Financial Instruments: Recognition and Measurement* (effective for financial years beginning on or after 1 January 2014): The amendments made to IAS 39 provide an exception to the requirement to discontinue hedge accounting in certain circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. The amendments had no impact on Finnlines' consolidated financial statements.
- IFRIC 21 *Levies* (effective for financial years beginning on or after 1 January 2014; in the EU to be applied at the latest, as from the commencement date of its first financial year starting on or after 17 June 2014): The interpretation clarifies the accounting treatment of levies. A liability for a levy is recognised when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation is applicable to all levies other than income taxes, fines, penalties and outflows that are in scope of other standards. The interpretation had no significant impact on Finnlines' consolidated financial statements.

Adoption of new and amended standards and interpretations applicable in future financial years

Finnlines has not yet adopted the following new and amended standards and interpretations already issued by the IASB. The Group will adopt them as of the effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year.

* not yet endorsed for use by the European Union as of 31 December 2014.

- Amendments to IAS 19 *Employee Benefits - Defined Benefit Plans: Employee Contributions* (effective for financial years beginning on or after 1 July 2014): The amendments clarify the accounting treatment under IAS 19 in respect of defined benefit plans that involve contributions from employees or third parties towards the cost of benefits. The amendments are not assessed to have an impact on Finnlines' consolidated financial statements.
- *Annual Improvements to IFRSs (2011-2013 cycle and 2010-2012 cycle**, December 2013) (effective for financial years beginning on or after 1 July 2014): The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The amendments cover in total four (2011-2013 cycle) and seven (2010-2012 cycle) standards. Their impacts will vary standard by standard but are not significant.
- Amendment to IAS 1 *Presentation of Financial Statements*: Disclosure Initiative* (effective for financial years beginning on or after 1 January 2016). The amendments are designed to encourage companies to apply judgement in determining what information to disclose in the financial statements. For example, the amendments clarify the application of the materiality concept and judgement when determining where and in what order information is presented in the financial disclosures. The amendmend is assessed to have no significant impact on Finnlines' consolidated financial statements.
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS *38 Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation** (effective for financial years beginning on or after 1 January 2016): The amendments clarify IAS 16 and IAS 38 that revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in limited circumstances to amortise intangible assets. The amendments will have no impact on Finnlines' consolidated financial statements.
- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective for financial years beginning on or after 1 January 2016): The amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments are not assessed to have an impact on Finnlines' consolidated financial statements.
- Amendments to IFRS 11 *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations** (effective for financial years beginning on or after 1 January 2016): The amendments add new guidance to IFRS 11 on how to account for the acquisition of an interest in a joint operation that constitutes a business, i.e. business combination accounting is required to be applied. The amendments are not assessed to have an impact on Finnlines' consolidated financial statements.
- Amendments to IAS 27 *Separate Financial Statements – Equity Method in Separate Financial Statements** (effective for financial years beginning on or after 1 January 2016): The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendments will not have an impact on Finnlines' consolidated financial statements.
- *Annual Improvements to IFRSs*, 2012-2014 cycle*) (effective for financial years beginning on or after 1 January 2016): The amendments cover in four standards. Their impacts vary standard by standard but are not significant.
- New IFRS 15 *Revenue from Contracts with Customers** (effective for financial years beginning on or after 1 January 2017): IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*. Under IFRS 15 an entity shall recognise revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Finnlines' management has assessed the new standard and concludes that it has no significant impact on Finnlines' consolidated financial statements.
- New IFRS 9 *Financial Instruments** (effective for financial years beginning on or after 1 January 2018): IFRS 9 replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Finnlines' management has assessed the new standard and concludes that it has no significant impact on Finnlines' consolidated financial statements.

ACCOUNTING PRINCIPLES THAT REQUIRE MANAGEMENT DISCRETION AND ESSENTIAL UNCERTAINTIES RELATED TO ESTIMATES

When preparing the financial statements, the Group´s management has had to make estimates and assumptions which affect the content, and use its discretion in applying the accounting principles. The most significant uncertainties involved in estimates at the end the the reporting period relate to impairment of goodwill, deferred tax assets and other assets and provisions and contingent liabilities. The basis for these estimates is described in more detail in these accounting principles and in the relevant notes to the consolidated financial statements: 17) Goodwill and other intangible assets 22) Deferred tax assets and liabilities. Management has reassessed unrecognised deferred tax assets occuring from Finnsteve-companies' previous years tax losses, and recognised EUR 1.8 million as deferred tax assets. Reassessment is based on Finnsteve-companies' increased profitability during the financial year and the result estimates for the future years. In the evaluation has been taken into account, that parent company also has a possibility to give group contribution to the Finnsteve-companies. Otherwise the estimates and assumptions are based on management´s best current knowledge, but the actual figures may substantially differ from these estimates.

CONSOLIDATION PRINCIPLES

Subsidiaries

The Consolidated Financial Statements include the parent company, Finnlines Plc, and its subsidiaries. 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, are included. Subsidiaries are entities controlled by the Group. The control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value. 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.

JOINT ARRANGEMENTS

Finnlines has a contractual joint arrangement concerning liner services under the brand TransRussiaExpress to Russian ports in the Baltic Sea area in cooperation with a Russian port and terminal service operator. Finnlines manages the liner services provided. According to contractual joint operation agreement Finnlines recognise its revenue from the sale of the output, arising from the joint operation; and its expenses, including its share of any expenses incurred jointly.

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 Group companies 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 at 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.

The Swedish Group companies' functional currency is euro, as the companies' primary trade currency is euro.

PROPERTY, PLANT AND EQUIPMENT

Fixed assets are valued at their acquisition cost, deducted by depreciation and impairments losses. 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
Dry-docking	2-5 years

The estimated useful lives and the residual values of assets are revised at 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 ceases 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 decommissioning and disposal of tangible assets are recognised under other income or expenses from operations.

If the carrying value of an asset exceeds its current recoverable amount, the value of the asset is written off to correspond to its recoverable amount. Any borrowing costs from long-term projects for the construction of tangible assets are capitalised as part of the borrowing costs. 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 in the profit and loss account as an adjustment of the personnel expenses of the vessels to which they relate. Government grants related to Germany-flagged vessels are recognised as an adjustments of other operating expenses.

Government grants related to funding of investments are recognised as an adjustment of acquisition cost of non-current fixed assets, reducing depreciation of the acquisition cost of the asset for which the grant was awarded.

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 measured 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 are 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. 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 are not 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.

IMPAIRMENT

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

Goodwill is tested for impairment annually and always if there is an indication of impairment.

If the carrying 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 carrying 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' carrying 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 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. Transaction costs are included in the original carrying 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 at 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 2014, the Group had no financial assets to be classified into this category.

Subsequent to initial recognition available-for-sale financial assets are valued at fair value. Generally the fair value of investments in this category is determined based on quoted prices published on the active market, i.e. bid quotations at the balance sheet date. Unrealised gains and losses arising from valuation at fair value are recognised in the fair value reserve 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 the Finnlines Group, 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 any attributable transaction costs incurred in relation to the acquisition or issuing of the financial liability item in question. Subsequent, all financial liabilities are valued at amortised cost using the effective interest method. Financial liabilities are included in both non-current and current 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 16. 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 may hedge against risks arising from changes in foreign currency rates. Such risks include acquisitions of vessels made partly or fully in a foreign currency.

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 reasonable certainty that the Group will obtain 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

Current tax expenses recognised on the profit and loss 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 taxes are recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are calculated using the tax rates valid at the end of the reporting period or rates enacted by the balance sheet date for the following financial year.

Deferred tax assets are recognised 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.

Finnlines Plc entered into the Finnish tonnage tax system on 1 January 2013. In the tonnage tax system, the shipping operations shifted from taxation of business income to tonnage-based taxation. Finnlines Deutschland GmbH transferred from tonnage-based taxation to business taxation at the end of January 2014.

EMPLOYEE BENEFITS

Pension liabilities

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

The Group's employee pension plans are mainly administered by external pension insurance companies. The Finnish TyEL pension insurance administered by external pension insurance companies is treated as defined contribution plan.

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 in the reporting period to which the payment applies.

In defined benefit plans, the employer's pension liability is based on the present 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 present 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.

The pension cost together with the net interest cost are recognised in personnel expenses in profit or loss. Remeasurements of the net defined liability (actuarial gains and losses together with the return on plan assets) are recognised in other comprehensive income as incurred.

Past service costs are recognised in profit or loss at the period earliest: when the change or curtailment of the plan has been due or the Group has recognised the costs arising from reorganisation or benefits related to post employment.

Share-based payments

At the end of the reporting period, the Group had no share option schemes in force.

PROVISIONS AND CONTINGENT LIABILITIES

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 at the end of the reporting period.

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Existing obligation that probably does not require a settlement or the amount of which cannot be reliably measured is also a contingent liability.

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 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 time chartered vessels is recognised based on chartered days.

INTERESTS AND DIVIDENDS

Interests are recorded using the effective interest method and the divends when the right to receive dividend is established.

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 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. Segment results are used to evaluate performance and allocate resources by the Executive Committee together with the Board of Directors in their role as Chief operating decision maker.

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 and Turku in Finland. The operations in Kotka were closed down in 2014. 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 2014:				
Total revenue from segment	517,363	36,853		554,217
Intra-group revenue	-180	21,508	-21,328	-21,328
External revenue	517,543	15,346		532,889
Result before interest and taxes (EBIT)	61,650	-3,086		58,563
Financial items				-21,929
Income taxes				5,079
Result for reporting period				**41,713**

(figures in EUR thousand, if not stated otherwise)

EUR 1,000	Shipping and Sea Transport Services	Port Operations	Eliminations	Group
Result per segment for reporting period ending 31 Dec 2013:				
Total revenue from segment	538,588	50,117		588,704
Intra-group revenue	-205	25,322	-25,117	-25,117
External revenue	538,792	24,794		563,587
Result before interest and taxes (EBIT)	27,881	-9,806		18,075
Financial items				-24,809
Income taxes				12,744
Result for reporting period				6,011

Intra-group transfers and transactions are carried out using normal commercial conditions, equivalent to those used with external parties.

SEGMENT ASSETS, LIABILITIES AND CAPITAL EXPENDITURE FOR 2014 AND 2013

EUR 1,000	Shipping and Sea Transport Services	Port Operations	Eliminations	Group
Non-cash expenses in the profit and loss account				
2014				
Depreciation	-53,049	-3,794		-56,843
Impairment losses in accounts receivable	-546	-2		-548
2013				
Depreciation	-59,358	-6,225		-65,583
Impairment losses in accounts receivable	-116	9		-107
Assets, liabilities and capital expenditure by segment				
2014				
Segment assets	1,120,390	82,278	-496	1,202,172
Unallocated assets				8,303
Total assets				**1,210,475**
Segment liabilities	64,218	8,011	-334	71,894
Unallocated liabilities				634,674
Total liabilities				**706,568**
Capital expenditure	**36,338**	**219**		**36,557**
Segment assets, liabilities and capital expenditure				
2013				
Segment assets	1,206,355	85,655	-1,124	1,290,886
Unallocated assets				7,568
Total assets				1,298,453
Segment liabilities	63,946	11,149	-579	74,515
Unallocated liabilities				761,280
Total liabilities				835,796
Capital expenditure	9,789	371		10,160

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

Capital expenditure includes additions to tangible assets (Note 17. Property, Plant and Equipment) and to intangible assets (Note 18. Goodwill and Other Intangible Assets).

The assets of the Shipping and Sea Transport Services segment include EUR 5.2 million classified as assets held for sale. The assets of the Port Operations segment include EUR 15.1 million classified as assets held for sale, including EUR 8.0 million debts.

(figures in EUR thousand, if not stated otherwise)

INFORMATION ABOUT GEOGRAPHICAL AREAS

The revenue from the geographical areas is reported according to the location of the customers. Assets are reported according to the geographical location of the Group. 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	2014	2013
Revenue		
Finland	**242,899**	242,991
Sweden	**88,852**	77,912
Germany	**65,109**	87,046
Other EU countries	**116,434**	131,258
Russia	**9,915**	13,505
Other	**9,679**	10,875
	532,889	563,587
Assets *		
Finland	**766,312**	738,295
Sweden	**343,747**	377,967
Germany	**4,788**	72,778
Other EU countries	**-224**	6,828
	1,114,623	1,195,868

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

The Group has no customers whose revenue would exceed 10 per cent of the Group total revenues.

4. JOINT OPERATIONS

Finnlines offers liner shipping services under the brand TransRussiaExpress to Russian ports in the Baltic Sea area in cooperation with a Russian port and terminal service provider. Finnlines' vessels are used in the liner traffic and Finnlines manages the liner services provided. Finnlines' interest in the business is 75 per cent and the Russian service provider 25 per cent. Finnlines combines 75 per cent of the income and expenses from the joint operations. Finnlines has a receivable of EUR 0.8 million from the terminal service provider relating to the joint operations. Finnlines has no other financial commitments. In the Financial Statements concerning year 2014 and 2013, Finnlines has temporarily agreed with the joint operator to recognise 100 per cent of the joint operation's revenues and costs.

5. NON-CURRENT ASSETS HELD FOR SALE

The Finnlines Group is negotiating a sale of one vessel with the book value of EUR 5.2 million. The Port Operations are negotiating a sale of port assets with the book value of around EUR 15.1 million. Port Operations related assets includes liabilities of EUR 8.3 million. No impairment losses have been recognised on the carrying amount of the assets.

6. ACQUIRED NON-CONTROLLING INTERESTS

No acquisitions were made in 2014.

In November 2013, the controlled company Oy Intercarriers Ltd bought its own shares from a minority shareholder worth EUR 102 thousand. The acquisition raised the proportion of Finnlines Plc's own shares in Oy Intercarriers Ltd from 51 per cent to 78.5 per cent.

EUR 1,000	2014	2013
Acquisition of non-controlling interests		
Company's ownership interests at 1 Jan		872
Effect of increase on Company's ownership interests		390
Share of other comprehensive income		51
Company's ownership interests at 31 Dec		1,312

7. REVENUE

EUR 1,000	2014	2013
Revenue		
Sale of goods	**11,080**	10,225
Rendering of services	**519,258**	542,924
Vessel hires	**2,551**	10,438
	532,889	563,587

(figures in EUR thousand, if not stated otherwise)

8. OTHER INCOME FROM OPERATIONS

EUR 1,000	2014	2013
Other income from operations		
Rental income	**1,420**	1,192
Profits from sale of tangible assests	**4,856**	3,977
Other income from operations	**501**	160
	6,776	5,329

2014, profits from sale of tangible assets include sales profits derived from sale of two vessels, and in 2013, sales profits derived from sale of three vessels. Finnlines sold the vessels MS Finnhansa and MS Finnarrow during the reporting period 2014 and the vessels MS Europalink, MS Transeuropa and MS Translubeca during the reporting period 2013.

9. MATERIALS AND SERVICES

EUR 1,000	2014	2013
Cost of services provided		
Materials and supplies		
Purchases during reporting period	**-130,655**	-170,426
Change in inventories	**-2,906**	-927
Purchased services	**-57,884**	-58,337
	-191,445	-229,690

10. PERSONNEL EXPENSES

EUR 1,000	2014	2013	2012
Employee benefit expenses			
Salaries	**-88,083**	-97,512	-102,934
Other social costs	**-9,997**	-12,545	-17,022
Pension expenses – defined contribution plans	**-10,891**	-12,958	-13,367
Pension expenses – defined benefit plans	**-177**	-174	-284
Government grants for shipping companies	**20,731**	20,603	24,599
	-88,418	-102,584	-109,009
Average number of Group employees			
Shipping and Sea Transport Services	**1,371**	1,388	1,518
Port Operations	**330**	473	505
	1,701	1,861	2,023
Number of employees on 31 Dec 2014	**1,635**	1,806	2,009

Information on the employee benefits of the senior management is presented in the Note 35. Transations with Related Parties.

According to the European Community guidelines on State aid to maritime transport valid throughout Europe, Finnlines has benefited from government grants for personnel expenses worth EUR 20.7 (20.6) million, like many other shipowners in European countries. In Finland, the amount corresponds to the tax withheld in advance from seamen's income, and the amount paid by the employer for seamen's social security fees, pension fees and employees' insurance fees. In Sweden, the government grant corresponds to the tax withheld in advance from seamen's income and the amount paid by the employer for the seamen's social fees.

11. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

EUR 1,000	2014	2013
Depreciation of tangible assets		
Buildings	**-2,370**	-2,564
Machinery and equipment	**-2,017**	-4,111
Vessels	**-51,430**	-57,566
Amortisation of intangible assets	**-1,025**	-1,343
Total depreciation and amortisation	**-56,843**	-65,583

(figures in EUR thousand, if not stated otherwise)

12. OTHER OPERATING EXPENSES

EUR 1,000	2014	2013
Port expenses, equipment and other voyage related costs	-61,573	-65,682
Leases	-23,657	-18,580
Manning service costs and other non-obligatory personnel costs	-1,069	-6,159
Vessel insurances, repairs and maintenance costs	-27,311	-30,555
Catering costs	-11,162	-11,288
IT costs	-2,132	-2,504
Sales and marketing costs	-3,506	-3,462
Real estate costs excluding rents and leases	-3,070	-3,705
Other costs	-10,916	-11,050
	-144,396	-152,983

Manning costs are net of German government grants for sea personnel which is a fixed sum per employee depending on which level the employee is working.

AUDITOR'S REMUNERATION

The Group's principal auditors were KPMG Oy Ab in 2014.

EUR 1,000	2014	2013
Audit fees		
KPMG	184	151
Deloitte & Touche	0	81
Other	21	18
Tax consultancy and other fees		
KPMG	72	142
Deloitte & Touche	2	69
Other	4	16
	283	478

13. FINANCIAL INCOME AND EXPENSES

EUR 1,000	2014	2013
Dividend income, available-for-sale assets	13	12
Interest income		
Bank deposits	2	5
Loans and accounts receivable	139	187
Exchange rate gains		
Other exchange rate gains	329	321
Other financial income	1	2
Total financial income	483	526
Interest expenses		
Borrowings measured at amortised cost	-18,240	-21,296
Other interest expenses	-2	-87
Exchange rate losses		
Other exchange rate losses	-220	-594
Other financial expenses	-3,950	-3,358
Total financial expenses	-22,412	-25,335
Net financial expenses	-21,929	-24,809

Exchange rate gains and losses are mainly related to currency valuations for bank accounts. The main part of the other financial expenses is comprised of guarantee fees and other expenses related to borrowings from others.

(figures in EUR thousand, if not stated otherwise)

14. INCOME TAXES

EUR 1,000	2014	2013
Tax on taxable income of the reporting period	**-142**	-341
Tax from previous periods	**173**	-4
Change in deferred taxes	**5,048**	13,437
Change in tax provision (increase)	**0**	-347
Income taxes in profit and loss, expense (-)	**5,079**	12,744

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

EUR 1,000	2014	2013
Result before taxes	**36,634**	-6,734
Tax calculated using Finnish tax rate	**-7,327**	1,650
Foreign subsidiaries' differing tax rates	**-232**	251
Tax-exempt income and non-deductible expenses	**101**	132
Change in tax provision (increase)	**0**	-347
Effect of the tax rate change on tax (net) *	**0**	9,353
Losses for which no deferred tax asset was recognised **	**-58**	-2,455
Reassesment of deferred tax assets ***	**1,987**	
Impact of tonnage tax ****	**9,961**	3,749
Tax from previous periods	**173**	412
Change in deferred taxes of re-investment provision	**475**	
Income taxes in profit and loss, expense (-)	**5,079**	12,744

* As of 1 January 2014, the applicable tax rate in Finland changed from 24.5 per cent to 20.0 per cent.
** In 2013, Finnsteve companies' share of unrecognised tax losses is EUR -2,239 thousand.
*** Management has reassessed Finnsteve companies unrecognised tax losses as of 31 December 2014.
**** The Finland-based parent company Finnlines Plc entered into the Finnish tonnage taxation regime as from 1 January 2013. The adoption is binding until at least 31 December 2022. Current tax includes EUR 87 (108) thousand of tonnage tax to be paid in Finland. The Germany-based subsidiary Finnlines Deutschland GmbH transferred from tonnage-based taxation to business taxation as of 31 January 2014.

Income tax on other comprehensive income

EUR 1,000	2014	2013
Remeasurement of defined benefit liability	**326**	3
	326	3

15. EARNINGS PER SHARE

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.

EUR 1,000	2014	2013
Result for the reporting period attributable to parent company shareholders, EUR 1,000	**41,726**	5,997
Weighted average no. of shares, 1,000 *	**51,503**	49,782
Undiluted earnings per share, EUR/share	**0.81**	0.12

* Corrected by share issue adjustment factor. The Group does not have any arrangements which would have a dilutive effect on the earnings per share.

16. DIVIDENDS

In 2014, as well as in 2013, EUR 0.00 was paid out as dividends (EUR 0.00 per share).

The parent company Finnlines Plc's result for the reporting period was EUR 4.2 million. The Board of Directors proposes to the Annual General Meeting that no dividend is paid for the reporting period ended on 31 December 2014 due to the ongoing extensive capital expenditure requirement for installing the scrubbers into Finnlines vessels in 2015.

(figures in EUR thousand, if not stated otherwise)

17. 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 2014						
Acquisition cost 1 Jan 2013	72	75,271	1,372,769	73,122	398	1,521,632
Exchange differences				34		34
Increases			9,728	243	25,897	35,867
Disposals ***		-2,497	-94,515	-7,125	-367	-104,505
Transfer to non-current assets held for sale **		-4,369	-21,675	-22,395		-48,439
Acquisition cost 31 Dec 2014	**72**	**68,404**	**1,266,306**	**43,879**	**25,928**	**1,404,590**
Accumulated depreciation and impairment losses 1 Jan 2014		-16,316	-373,866	-47,060		-437,243
Exchange differences				-31		-31
Cumulative depreciation on reclassifications and disposals		1,346	35,547	6,650		43,543
Depreciation for the reporting period		-2,370	-51,430	-2,017		-55,818
Accumulated depreciation and impairment losses 31 Dec 2014		-17,341	-389,749	-42,459		-449,549
Transfer to non-current assets held for sale **		1,132	16,499	10,510		28,142
Book value 31 Dec 2014	**72**	**52,196**	**893,057**	**11,930**	**25,928**	**983,183**
Reporting period ending 31 Dec 2013						
Acquisition cost 1 Jan 2013	72	76,466	1,597,437	79,690	991	1,754,655
Exchange differences				-11	0	-11
Increases		102	8,861	542	31	9,536
Disposals ***		-1,298	-233,934	-7,104	-214	-242,549
Reclassifications			406	5	-410	
Acquisition cost 31 Dec 2013	72	75,271	1,372,769	73,122	398	1,521,632
Accumulated depreciation and impairment losses 1 Jan 2013		-15,047	-429,028	-50,285		-494,360
Exchange differences				10		10
Cumulative depreciation on reclassifications and disposals		1,295	112,727	7,325		121,348
Depreciation for the reporting period		-2,564	-57,566	-4,111		-64,240
Accumulated depreciation and impairment losses 31 Dec 2013		-16,316	-373,866	-47,060		-437,243
Book value 31 Dec 2013	72	58,955	998,903	26,061	398	1,084,389

* The carrying value of property, plant and equipment includes EUR 23.4 (24.4) million of capitalised borrowing costs during construction.

** Finnlines is negotiating a sale of one vessel, with book value of EUR 5.2 million, and assets concerning Port Operations, with book value of EUR 15.1 million. No impairment was made to the book values of these assets in 2014, as according to management's estimate, the fair value of the assets classified as held for sale was higher than the book value at the balance sheet date 31 December 2014.

*** Finnlines sold the vessels MS Finnhansa and MS Finnarrow during the reporting period 2014, and the vessels MS Europalink, MS Transeuropa and MS Translubeca during the reporting period 2013.

(figures in EUR thousand, if not stated otherwise)

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

EUR 1,000	Machinery and equipment	Buildings	Total
31 Dec 2014			
Acquisition cost	27,390	7,181	34,571
Increases during reporting period			
Accumulated depreciation	-5,112	-3,616	-8,728
Book value	**22,278**	**3,565**	**25,843**
31 Dec 2013			
Acquisition cost	4,678	7,181	11,859
Increases during reporting period	22,712		22,712
Accumulated depreciation	-3,951	-3,304	-7,255
Book value	23,439	3,877	27,316

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

In April 2013, Finnlines' port subsidiaries sold four container cranes located in the Vuosaari Harbour to a financing company and rented them back with a five-year financing lease contract. The value of the contract was EUR 22.4 million.

18. 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 2014				
Acquisition cost 1 Jan 2014	105,644	783	30,501	136,928
Additions		688	2	689
Disposals			-752	-752
Reclassifications				
Acquisition costs 31 Dec 2014	**105,644**	**1,471**	**29,750**	**136,865**
Accumulated amortisation and impairment losses 1 Jan 2014			-25,449	-25,449
Cumulative amortisation on reclassifications and disposals			752	752
Depreciation for the reporting period			-1,025	-1,025
Accumulated amortisation and impairment losses 31 Dec 2014			-25,722	-25,722
Book value 31 Dec 2014	**105,644**	**1,471**	**4,028**	**111,143**
Reporting period ending 31 Dec 2013				
Acquisition cost 1 Jan 2013	105,644	362	30,515	136,521
Additions		482	67	549
Disposals			-143	-143
Reclassifications		-61	61	
Acquisition costs 31 Dec 2013	105,644	783	30,501	136,928
Accumulated amortisation and impairment losses 1 Jan 2013			-24,248	-24,248
Cumulative amortisation on reclassifications and disposals			143	143
Depreciation for the reporting period			-1,343	-1,343
Accumulated amortisation and impairment losses 31 Dec 2013			-25,449	-25,449
Book value 31 Dec 2013	105,644	783	5,052	111,479

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

(figures in EUR thousand, if not stated otherwise)

GOODWILL IMPAIRMENT TESTING

For the purpose of impairment testing, goodwill is allocated to cash-generating units. The allocation principle has been unchanged from 2013, although there were minor changes in the vessel set-up due to the fleet re-organisation during 2014. The goodwill related to Finland-Germany traffic is allocated to HansaLink traffic, which is operated with a vessel system between Finland, Germany and Poland. Goodwill related to South Sweden-Germany traffic is allocated to NordöLink traffic.

EUR 1,000	2014	2013
Allocation of goodwill to the cash-generating units		
NordöLink	**68,972**	68,972
HansaLink (incl. Finland–Germany–Poland traffic)	**36,671**	36,671
Total	**105,644**	105,644

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

The current recoverable amount 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 the management. The projections of cash flow for the five-year period are based on the management's experience and assumed future development of markets, and are in line with the external market forecasts.

During 2014, minor alterations were made to the traffic patterns between Finland, Germany and Poland. Three Star-class vessels continued to sail between Helsinki and Travemunde, and a ro-ro vessel operated between Helsinki and Poland. Instead, the ro-pax vessel plying between Helsinki and Rostock was replaced with ro-ro vessel in the latter half of the year. As from January 2015, the direct route to Rostock departs from Hanko instead of Helsinki.

NordöLink traffic continued with a large Star-class vessel and rotating smaller ro-pax vessels except for the period from the end of 2014 to the beginning of 2015, when installations of propulsion systems and exhaust gas scrubbers took place.

Both of these services operate in one of the Emissions Control Areas, i.e. the Baltic Sea, where the sulphur content limits are stricter than globally. The sulphur limit for heavy fuel oil was reduced to 0.10 per cent in 2015 in accordance with the MARPOL Convention. Finnlines has made investment decisions to meet the new environmental regulations, and the effects of these investments on both the costs and sea freight rates have been taken into account in the tests.

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 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 ASSUMPTIONS USED IN CALCULATING VALUE IN USE IN 2014

	Cash-generating unit	
	HansaLink	NordöLink
Discount rate (pre-tax)	5.0%	5.0%
LTP period	2015-2019	2015-2019
Growth rate after LTP period	2.0%	2.0%
The resulting share of terminal value of the calculated discounted cash flow	90.2%	86.5%

MAIN ASSUMPTIONS USED IN CALCULATING VALUE IN USE IN 2013

	Cash-generating unit	
	HansaLink	NordöLink
Discount rate (pre-tax)	6.1%	6.1%
LTP period	2014-2018	2014-2018
Growth rate after LTP period	2.0%	2.0%
The resulting share of terminal value of the calculated discounted cash flow	85.2%	85.7%

Based on the forecasts, the current recoverable amounts of the Finland–Germany–Poland service (HansaLink) and NordöLink clearly exceed the book value at the end of 2014. 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.

(figures in EUR thousand, if not stated otherwise)

19. SUBSIDIARIES

Finnlines Plc has 24 subsidiaries, which are specified in the Note 36. Subsidiaries.

20. INVESTMENTS IN ASSOCIATED COMPANIES

The Group has no investments in associated companies.

21. OTHER FINANCIAL ASSETS

EUR 1,000	2014	2013
Investments in unlisted shares	**4,576**	4,580
Available-for-sale financial assets 31 Dec	**4,576**	4,580

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. In 2013 and 2014, the Group had no financial assets classified under the category held-to-maturity investments.

22. NON-CURRENT RECEIVABLES

	2014		2013	
EUR 1,000	**Fair Value**	**Carrying amount**	**Fair Value**	**Carrying amount**
Loans and other receivables				
Loan receivables	**600**	**600**		
Other receivables	**238**	**238**	43	43
	838	**838**	43	43

23. DEFERRED TAX ASSETS AND LIABILITIES

Changes in deferred taxes in 2013 and 2014

EUR 1,000	1 Jan 2013	Reclassification	Recognised in profit and loss	P&L effect of the 2014 tax rate change *	Recognised in other comprehensive income	31 Dec 2013
Deferred tax assets:						
Fair value valuation loss, IAS 32, 39	0	72	-18	-10		44
Unutilised losses in taxation	1,158		0	-159		999
Group difference, vessels and equipment	442		-442			0
Other differences	192	138	-49	22		304
Employee benefits					24	24
	1,792	**210**	**-510**	**-146**	**24**	**1,370**
Deferred tax liabilities:						
Depreciation difference 1 Jan 2013*	60,572	-52,692	-13	-39		7,828
Tax liabilities in tonnage tax		54,033	-2,988	-9,376		41,669
Group difference, vessels and equipment *	10,387	-1,288	-1,671	-85		7,343
Fair value valuation gains and financial lease	-157	157	202			202
Repurchase reserve	598		-124			475
Currency difference						-2
Other differences	44		0			44
	71,444	**210**	**-4,593**	**-9,499**	**0**	**57,560**

* As of 1 January 2014, the applicable corporate tax rate in Finland changed from 24.5 per cent to 20 per cent.
Specification of Finnlines Plc's deferred tax liabilities at the transition to tonnage taxation on 1 January 2013 and the transactions recognised in the profit and loss account.

(figures in EUR thousand, if not stated otherwise)

EUR 1,000	1 Jan 2014	Reclassification	Recognised in profit and loss	P&L effect of the tax rate change	Recognised in other comprehensive income	31 Dec 2014
Deferred tax assets:						
Fair value valuation loss, IAS 32, 39	44	0	-25	0		**18**
Unutilised losses in taxation	999		3,236	0		**4,235**
Group difference, vessels and equipment	0		510			**510**
Other differences	304	0	-91	0		**212**
Employee benefits	24				353	**377**
	1,370	**0**	**3,630**	**0**	**353**	**5,353**
Deferred tax liabilities:						
Depreciation difference 1 Jan 2014	7,828	0	7,042	0		**14,870**
Tax liabilities in tonnage tax	41,669	0	-3,587	0		**38,083**
Group difference, vessels and equipment	7,343	0	-4,810	0		**2,534**
Fair value valuation gains and financial lease	202	0	316			**518**
Repurchase reserve	475		-475			**0**
Currency difference	-2		2			**0**
Other differences	44		54			**99**
	57,560	**0**	**-1,458**	**0**	**0**	**56,102**

EUR 1,000	Deferred tax liabilities
Deferred tax liability of excess depreciations, tonnage taxation 1 Jan 2013	52,692
Deferred tax liability from the difference between the book value and the Group value 1 Jan 2013	1,340
Deferred tax liability 1 Jan 2013	54,033
Recognised in the profit and loss account 1 Jan 2013–31 Dec 2013	
Deferred tax liability from the difference between the Group value and the market value 1 Jan 2013	364
Tax relief	-3,352
Effect of change of tax rate on 1 Jan 2014	-9,376
Deferred tax liability, tonnage taxation 31 Dec 2013	41,669
Tax relief on sea personnel social security payments 2014 (second tonnage taxation period)	-3,587
Tax liability, tonnage taxation 31 Dec 2014	**38,083**

EUR 1,000	**2014**	2013
Deferred tax assets and liabilities		
Total deferred tax assets	**5,353**	1,370
Deferred tax assets in statement of financial position	**5,353**	1,370
Deferred tax liabilities	**56,102**	57,560
Deferred tax liabilities in statement of financial position	**56,102**	57,560

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. Management has reassessed unrecognised deferred tax assets occuring from Finnsteve-companies' previous years tax losses, and recognised EUR 1.8 million as deferred tax assets. Reassessment is based on Finnsteve-companies’ increased profitability during the financial year and the result estimates for the future years. In the evaluation has been taken into account, that parent company also has a possibility to give group contribution to the Finnsteve-companies.

The Group did not recognise deferred income tax assets of EUR 0.2 (2.4) 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 4.2 (1.0) million. The tax losses expire in 2020–2024.

(figures in EUR thousand, if not stated otherwise)

24. INVENTORIES

EUR 1,000	2014	2013
Material and equipment	5,385	8,093
Inventory for resale	541	739
	5,926	8,832

No write-downs of inventories were recognised during the reporting period.

25. CURRENT RECEIVABLES

	2014		2013	
EUR 1,000	Fair Value	Carrying amount	Fair Value	Carrying amount
Accounts receivable and other receivables				
Loans and other receivables				
Accounts receivable	56,905	56,905	64,710	64,710
Accrued income and prepaid expenses	16,285	16,285	18,249	18,249
Other receivables	3,110	3,110	2,016	2,016
Loan receivables	180	180	275	275
	76,480	76,480	85,251	85,251

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

EUR 1,000	2014	2013
Significant items of accrued income and prepaid expenses		
Government grants for shipping companies	9,293	9,357
Personnel costs	773	3,858
Port expenses, cargo handling and other voyage-related costs	1,140	1,133
Docking costs	1,439	
Other accrued receivables	3,641	3,901
	16,286	18,249

EUR 1,000	2014	Impaired receivables	Net 2014
Aging of accounts receivable 2014			
Undue	44,636		44,636
Overdue			
1 - 30 days	9,666	6	9,660
31 - 60 days	832	53	779
61 - 90 days	820	268	552
91 - 360 days	742	127	615
over 360 days	997	334	663
Total overdue	13,057	788	12,269
	57,693	788	56,905

(figures in EUR thousand, if not stated otherwise)

EUR 1,000	2013	Impaired receivables	Net 2013
Aging of accounts receivable 2013			
Undue	48,521		48,521
Overdue			
1 - 30 days	11,398		11,398
31 - 60 days	1,393		1,393
61 - 90 days	1,186	9	1,177
91 - 360 days	1,144	114	1,030
over 360 days	2,062	871	1,191
Total overdue	17,182	993	16,189
	65,704	993	64,710

EUR 1,000	**2014**	2013
Accounts receivable by currency		
EUR	**55,953**	63,512
SEK	**18**	2
GBP	**878**	945
USD	**56**	246
DKK	**1**	2
RUB		2
PLN	**-1**	0
	56,905	**64,710**

The book values of accounts receivable and other receivables are reasonable estimates of their fair values. In 2014, the Group has recognised impairment losses of EUR -548 (-107) thousand in profit or loss. The maximum credit risk related to accounts receivable and other receivables is their carrying amount.

26. CASH AND CASH EQUIVALENTS

EUR 1,000	**2014**	2013
Cash in hand and cash equivalent	**2,680**	2,508
	2,680	2,508

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

27. SHARE CAPITAL AND OTHER RESERVES

	No. of shares outstanding (1,000)	Share capital EUR 1,000
31 Dec 2012	46,821	93,642
Share issue 6 Jun 2013	4,682	9,364
31 Dec 2013	51,503	103,006
31 Dec 2014	**51,503**	103,006

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 EUR 200 million on 31 December 2014 (the maximum share capital EUR 200 million on 31 December 2013). All issued shares have been fully paid.

As a result of the share issue, 4,682,104 new shares were registered in the Trade Register on 6 June 2013. Following the registration of the new shares with the Trade Register, the number of Finnlines Plc's shares amounts to 51,503,141 shares and share capital to EUR 103,006,282.

Share premium account

EUR 1,000	**2014**	2013
Share premium account	**24,525**	24,525

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

(figures in EUR thousand, if not stated otherwise)

Fund for unrestricted equity

EUR 1,000	2014	2013
Unrestricted equity reserve 1 Jan	**40,016**	21,015
Increase	**0**	19,001
Unrestricted equity reserve 31 Dec	**40,016**	40,016

From the proceeds of the share issue on 6 June 2013 less the costs related to the offering, EUR 19.0 million were included in the unrestricted equity reserve and EUR 9.4 million in the share capital.

Translation differences

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

Ownership of Finnlines Plc

The shareholding of Finnlines Plc is presented in Note 37. Shares and Shareholders.

28. PROVISIONS

EUR 1,000	2014	2013
Non-current provisions	**1,844**	1,980
Current provisions	**81**	3,715
	1,925	5,696

EUR 1,000	Tax provision	Other provisions	Total
1 Jan 2014	3,697	1,999	5,696
Decreases in provisions	-3,685	-86	-3,771
31 Dec 2014	**12**	**1,913**	**1,925**

EUR 1,000	Tax provision	Other provisions	Total
1 Jan 2013	3,350	1,798	5,148
Increases in provisions	347	201	548
31 Dec 2013	3,697	1,999	5,696

Other provisions contain mainly, dismantiling 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.

(figures in EUR thousand, if not stated otherwise)

29. INTEREST-BEARING LIABILITIES

	2014		2013	
EUR 1,000	Fair Value	Carrying amount	Fair Value	Carrying amount
Non-current liabilities measured at amortised cost				
Loans from financial institutions	375,962	369,190	516,944	513,273
Bank overdraft facilities	14,604	14,604		
Pension loans	26,615	26,480	23,593	24,807
Finance lease liabilities	17,920	17,920	19,678	19,678
	435,102	428,195	560,215	557,759
Current liabilities measured at amortised cost				
Loans from financial institutions	74,223	74,223	74,223	74,223
Bank overdraft facilities			1,573	1,573
Pension loans	8,327	8,327	7,327	7,327
Finance lease liabilities	1,642	1,642	1,469	1,469
Commercial paper programme	59,650	59,650	50,124	50,124
Financial liabilities	143,842	143,842	134,715	134,715
Loans from financial institutions	578,944	572,036	694,931	692,474

The carrying amount of interest-bearing loans from financial institutions and pension loans 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 0.2–0.8 per cent (0.4–2.2 per cent) and a company-specific risk premium. The effective interest rate of finance lease liabilities 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 carrying amount.

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).

The Group has loans from financial institutions and pension loans, which are presented in Note 29. Interest-bearing liabilities.

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

During the fiscal year and the previous one there has been no transfers to or from the fair value hierarchy level 3.

EUR 1,000	2014	2013
Maturity of long-term financial liabilities (not including finance lease liabilities)		
Within 12 months	82,550	81,550
1 - 5 years	311,990	395,841
After five years	99,821	143,915
	494,360	621,305

	2014	2013
Weighted average interest rates of the financial debts		
Loans from financial institutions	2,67%	2.98%
Bank overdraft facilities	2,49%	1.29%
Commercial paper programme	1,48%	1.45%
Pension loans	2,04%	2.48%
Finance lease liabilities	3,70%	3.76%

(figures in EUR thousand, if not stated otherwise)

EUR 1,000	Within 1 year	1-5 years	Total
Floating rate liabilities, timing of re-pricing 31 Dec 2014			
Financial liabilities			
Loans from financial institutions	280,308		280,308
Bank overdraft facilities	14,604		14,604
Pension loans	13,500		13,500
Finance lease liabilities	16,434		16,434
	324,846		**324,846**

EUR 1,000	Within 1 year	1-5 years	Total
Floating rate financial liabilities, timing of re-pricing 31 Dec 2013			
Financial liabilities			
Loans from financial institutions	394,253		394,253
Bank overdraft facilities	1,573		1,573
Pension loans	4,900		4,900
Finance lease liabilities	17,715		17,715
	418,441		418,441

All of the Group's financial liabilities were in EUR on 31 December 2014 and on 31 December 2013.

Financial liabilities include secured liabilities. The pledge value of the related pledged assets is EUR 1,035 (1,121) million. This is detailed in Note 34. Contingencies and Commitments.

Finance lease liabilities

EUR 1,000	2014	2013
Finance lease liabilities future minimum lease payments due:		
Within 12 months	2,388	2,414
1 - 5 years	17,410	19,340
After five years	2,528	3,075
	22,327	24,829
Future interest expenses from finance lease agreements	**2,765**	3,682
Finance lease liabilities current value of minimum lease payments		
Within 12 months	1,822	1,792
1 - 5 years	16,024	17,297
After five years	1,716	2,057
	19,562	21,147

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

(figures in EUR thousand, if not stated otherwise)

30. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2014		2013	
EUR 1,000	Fair Value	Carrying amount	Fair Value	Carrying amount
Liabilities, non-current				
Other non-current accrued liabilities	**163**	**163**	213	213
Other non-current liabilities			3,028	3,028
	163	**163**	3,242	3,242

	2014		2013	
EUR 1,000	Fair Value	Carrying amount	Fair Value	Carrying amount
Accounts payable and other liabilities				
Liabilities measured at cost				
Accounts payable	**22,003**	**22,003**	19,534	19,534
Accrued personnel costs	**11,234**	**11,234**	13,298	13,298
Accrued interest	**2,980**	**2,980**	3,620	3,620
Other accrued expenses and deferred income	**16,290**	**16,290**	19,363	19,363
Other liabilities	**18,204**	**18,204**	15,834	15,834
Current advances received	**853**	**853**	1,167	1,167
	71,565	**71,565**	72,815	72,815

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

EUR 1,000	2014	2013
Significant items in accrued expenses and deferred income		
Discounts given	**4,747**	4,491
Bunker costs	**1,691**	4,230
Cargo handling costs	**2,649**	2,118
Port expenses and voyage-related costs	**1,957**	2,114
Repairs, vessels	**1,228**	1,551
Other accrued liabilities	**4,018**	4,859
	16,290	19,363

EUR 1,000	2014	2013
Distribution of accounts payable by currency		
EUR	**18,342**	14,997
SEK	**1,003**	632
USD	**2,084**	3,322
GBP	**337**	438
NOK	**125**	0
DKK	**96**	129
PLN	**16**	17
	22,003	19,534

31. ADJUSTMENTS TO CASH FLOW FROM OPERATIONS

EUR 1,000	2014	2013
Non-cash transactions		
Depreciation	**56,843**	65,583
Profits/losses from the sale of assets	**-4,856**	-3,974
Exchange rate differences	**-28**	19
	51,959	61,627

(figures in EUR thousand, if not stated otherwise)

32. 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. All arrangements are subject to local legislation.

Finnlines Plc's and Finnsteve Oy Ab's assets of the defined benefit pension plans in Finland are mainly managed by insurance companies. The assets thus consist of approved insurance contracts. 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 plans in Finland on 31 December 2014 covered a total of 197 (196) members, of whom 27 (34) were employed.

Finnlines Deutschland GmbH has granted defined benefit pension plans to its employees. The pension plan is implemented directly through Finnlines Deutschland GmbH. On 31 December 2014, the defined benefit pension plan in Germany covered a total of 46 (48) members, of whom 11 (13) were employed.

In Sweden, the retirement pension and family pension for employees at the Finnlines Group companies are guaranteed with an Alecta insurance. According to the statement from the Council for Financial Reporting (Rådet för finansiell rapportering), URF 3, this is a defined benefit pension plan, encompassing several employers. During the financial year of 2014, the Company did not have access to information, which makes it possible to report this plan as a defined benefit plan. A pension plan in accordance with ITP, which is guaranteed with an insurance at Alecta, is therefore reported as a defined contribution plan. The premiums for pension insurance at Alecta amount to EUR 0.5 (0.6) million. Alecta's surplus can be distributed to policy holders and/or the insured. At the end of 2014, Alecta's surplus in the form of collective funding ratio amounted to 146 (148) per cent. The collective funding ratio consists of the market value of Alecta's assets as a percentage of the pension obligations calculated in accordance with Alecta's actuarial calculation assumptions, which are not compatible with IAS 19.

The weighted average duration of defined obligations is 12.3 years.

Employer's accounting according to IAS 19R

* Restated

Assumptions 31 Dec 2014	Germany pension promise	Finland Finnsteve pension promise	Finland Finnsteve pension plan	Finland Finnlines pension plan	Average 2014	Average 2013
Discount rate	2.20%	1.70%	1.70%	1.70%	1.85%	3.16%
Rate of salary increase	2.00%	n/a	3.00%	3.00%		
Rate of benefit increase	2.00%	2.10%	2.10%	2.10%		
Rate of inflation	2.00%	2.00%	2.00%	2.00%		

1,000 EUR	**2014**	2013
Expense recognised in profit or loss		
Service cost	**50**	46
Net interest	**128**	128
Expense recognised in profit or loss	**177**	174
Remeasurements in other comprehensive income	**844**	399
Amounts in total comprehensive income	**1,021**	572

1,000 EUR	**31 Dec 2014**	31 Dec 2013
Liability recognised in statement of financial position		
Defined benefit obligation	**10,210**	8,817
Fair value of plan assets	**5,505**	4,835
Surplus (-) / Deficit (+)	**4,705**	3,982
Net defined benefit liability (+) / asset recognised in statement of financial position	**4,705**	3,982

(figures in EUR thousand, if not stated otherwise)

1,000 EUR	31 Dec 2014	31 Dec 2013
Changes in net defined benefit liability during the period		
Net defined benefit liability recognised in statement of financial position at beginning of period	**3,982**	3,710
Contributions during the period	**-298**	-300
Expense during the period	**177**	174
Remeasurements recognised in other comphrehensive income	**844**	399
Net defined benefit liability recognised in statement of financial position at the end of period	**4,705**	3,982

1,000 EUR	2014	2013
Remeasurements components in other comprehensive income		
Actuarial gains (-) / losses (+) on defined benefit obligation arising from changes in financial assumptions	**1,423**	85
Actuarial gains (-) / losses (+) on defined benefit obligation arising from experience adjustments	**201**	341
Actuarial gains (-) / losses (+) on plan assets	**-781**	-27
Remeasurement in other comprehensive income	**844**	399

1,000 EUR	2014	2013
Change in defined benefit obligation		
Opening defined benefit obligation	**8,817**	8,613
Current sevice cost	**50**	46
Interest expense	**269**	272
Actuarial gains(-) / losses (+) on obligation	**1,625**	426
Benefits paid	**-550**	-539
Defined benefit obligation at the end of the period	**10,210**	8,817

1000 EUR	2014	2013
Change in the fair value of plan assets		
Opening fair value of plan assets	**4,835**	4,903
Interest income	**141**	144
Gain on plan assets excl. item included in net interest	**781**	27
Employer contributions	**298**	300
Benefits paid	**-550**	-539
Fair value of plan assets at the end of the period	**5,505**	4,835

(figures in EUR thousand, if not stated otherwise)

31 Dec 2014					
1000 EUR	Germany pension promise	Finland Finnsteve pension promise	Finland Finnsteve pension plan	Finland Finnlines pension plan	Total
Sensivity analysis on net defined benefit liability					
Discount rate change +0.5%					
Defined Benefit Obligation	2,937	441	379	5,871	9,628
Fair value of plan assets	0	0	376	4,829	5,205
Net Liability	**2,937**	**441**	**3**	**1,042**	**4,423**
Change in EUR	-164	-22	-1	-95	-282
Change in %	-5.28%	-4.75%	-25.00%	-8.36%	-5,99%
Discount rate change -0.5%					
Defined benefit obligation	3,280	488	434	6,659	10,861
Fair value of plan assets	0	0	429	5,401	5,830
Net Liability	**3,280**	**488**	**5**	**1,258**	**5,031**
Change in EUR	179	25	1	121	326
Change in %	5.78%	5.40%	25.00%	10.64%	6.93%
Benefit increase rate change +0.5%					
Defined benefit obligation	3,275	487	434	6,619	10,815
Fair value of plan assets	0	0	401	5,104	5,505
Net Liability	**3,275**	**487**	**33**	**1,515**	**5,310**
Change in EUR	174	24	29	378	605
Change in %	5.61%	5.18%	725.00%	33.25%	12.86%
Benefit increase rate change -0.5%					
Defined benefit obligation	2,940	441	379	5,903	9,663
Fair value of plan assets	0	0	401	5,104	5,505
Net Liability	**2,940**	**441**	**-22**	**799**	**4,158**
Change in EUR	-161	-22	-26	-338	-547
Change in %	-5.18%	-4.75%	-650.00%	-29.73%	-11.62%

The Group estimates the costs for the defined benefit plans valid on 31 December 2014 at EUR 0.3 million in 2015.

(figures in EUR thousand, if not stated otherwise)

31 Dec 2013 1000 EUR	Germany pension promise	Finland Finnsteve pension promise	Finland Finnsteve pension plan	Finland Finnlines pension plan	Total
Sensivity analysis on net defined benefit liability					
Discount rate change +0.5%					
Defined Benefit Obligation	2,632	401	334	5,012	8,378
Fair value of plan assets	0	0	349	4,256	4,604
Net Liability	2,632	401	-15	756	3,774
Change in EUR	-139	-18	1	-52	-208
Change in %	-5.00%	-4.30%	-6.30%	-6.40%	-5.20%
Discount rate change -0.5%					
Defined benefit obligation	2,922	439	379	5,584	9,324
Fair value of plan assets	0	0	396	4,692	5,088
Net Liability	2,922	439	-17	892	4,236
Change in EUR	151	20	-1	84	254
Change in %	5.50%	4.80%	6.30%	10.40%	6.40%
Benefit increase rate change +0.5%					
Defined benefit obligation	2,913	439	377	5,523	9,252
Fair value of plan assets	0	0	371	4,464	4,835
Net Liability	2,913	439	6	1,059	4,417
Change in EUR	142	20	22	251	435
Change in %	5.10%	4.80%	137.50%	31.10%	10.90%
Benefit increase rate change -0.5%					
Defined benefit obligation	2,640	400	335	5,040	8,414
Fair value of plan assets	0	0	371	4,465	4,836
Net Liability	2,640	400	-36	575	3,578
Change in EUR	-131	-19	-20	-233	-403
Change in %	-4.70%	-4.50%	-125.00%	-28.80%	-10.10%

(figures in EUR thousand, if not stated otherwise)

33. 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. The Group has no derivative instruments.

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 2014, 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 large 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 at the end of the reporting period were in EUR.

The Group had no outstanding hedging instruments in 2014 or 2013.

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 2014 and 2013, the Group had no such significant investments in foreign currencies. The tables below show the translation position at the end of 2014 and 2013.

EUR 1,000	**Investment**
Group translation exposure 2014	
GBP	**513**
DKK	**232**
PLN	**81**
	826

EUR 1,000	Investment
Group translation exposure 2013	
GBP	400
DKK	315
PLN	78
	794

Sensitivity to exchange rate fluctuations

The following table describes the Group's sensitivity to changes in the EUR/USD exchange rate. The impacts of exchange rate changes of other currencies are 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 cash equivalents, accounts receivable and accounts payable.

EUR 1,000	Change in Profit & Loss	Change in Equity
Sensitivity at closing date 2014, change in USD, weakening/strengthening 10% against EUR	+178/-218	+0/-0
Sensitivity at closing date 2013, change in USD, weakening / strengthening 10% against EUR	+263/-321	+0/-0

Change before tax effect.

(figures in EUR thousand, if not stated otherwise)

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 interest rate fluctuation impact on the results in different accounting periods, 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 balance sheet date, 60 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 25 months.

At the balance sheet date, the Group had no open interest rate swap contracts. Table in Note 29. 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 interest rate variation 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 if the above mentioned interest rate is prevailing.

EUR 1,000	Change in profit & loss
Sensitivity at closing date 2014, change in interest rates, increasing / decreasing 0.5% from valid rate of the instrument at 31 Dec 2014	
Debt portfolio	-1,506/+1,506
	-1,506/+1,506

Change before tax effect.

EUR 1,000	Change in profit & loss
Sensitivity at closing date 2013, change in interest rates, increasing / decreasing 0.5% from valid rate of the instrument at 31 Dec 2013	
Debt portfolio	-1,912/+1,912
	-1,912/+1,912

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. 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 2014 were on a low level (0.1 per cent of revenue). Note 25. Current Receivables, shows the analysis of accounts receivable by age.

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 2014, the granted but unused credit facilities totalled EUR 120.4 (63.4) million. Loans include normal equity ratio related covenants. The cash-flows in the tables below include both repayments and expected interests.

(figures in EUR thousand, if not stated otherwise)

Contractual repayments of financial liabilities, including interest, 31 December 2014

EUR 1,000	2015	2016	2017	2018	2019	2020-	Total	**Residual amount of interest-bearing liabilities as at 31 Dec 2014**
Loans from financial institutions	85,277	92,191	76,982	68,270	62,172	97,646	482,538	**444,949**
Bank overdraft facilities	368	369	14,787				15,524	**14,604**
Pension loans	8,783	8,649	7,014	5,427	1,044	5,105	36,022	**34,807**
Financial lease liabilities	2,388	2,565	2,094	12,207	544	2,528	22,327	**19,562**
Commercial paper programme	60,300						60,300	**59,650**
	157,116	103,774	100,877	85,904	63,760	105,279	616,710	**573,572**

Contractual repayments of financial liabilities, including interest, 31 December 2013

EUR 1,000	2014	2015	2016	2017	2018	2019-	Total	Residual amount of interest-bearing liabilities as at 31 Dec 2013
Loans from financial institutions	91,237	127,869	134,326	77,820	68,928	152,141	652,321	589,172
Bank overdraft facilities	1,573						1,573	1,573
Pension loans	7,830	7,706	7,581	5,955	4,375		33,447	32,134
Financial lease liabilities	2,414	2,418	2,590	2,118	12,214	3,075	24,829	21,147
Commercial paper programme	50,500						50,500	50,124
	153,554	137,993	144,497	85,893	85,517	155,216	762,670	694,149

The Group had no outstanding hedging instruments on 31 December 2014 nor on 31 December 2013.

COMMODITY RISK

The Group is exposed to commodity risk relating to availability and price fluctuations of fuel. Finnlines is undergoing a programme for reducing fuel consumption onboard its vessels and reduce incidence of fuel cost on its operations. Last year alone a consumption reduction of 7 per cent was achieved. The Group 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	**2014**	2013
Capital risk management		
Financial liabilities	**572,036**	692,474
Cash in hand and at bank	**2,680**	2,508
Financial net debt	**569,357**	689,966
Total equity	**503,907**	462,658
Leverage ratio (gearing) %	**113,0%**	149.1%

34. CONTINGENCIES AND COMMITMENTS

A significant part of the leases made by the Group comprises the land leases in the Vuosaari and Turku Harbours and the leases for the head office in Helsinki.

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

EUR 1,000	**2014**	2013
Vessel leases (Group as lessee):		
Within 12 months	**11,409**	14,007
1 - 5 years	**0**	10,644
	11,409	24,651

At year-end 2014, the Group had 3 (3) ro-ro freight vessels on charter.
The Group adjusts its vessel capacity by acting as a lessor when needed. There were no effective future lease agreements at the balance sheet date.

(figures in EUR thousand, if not stated otherwise)

EUR 1,000	2014	2013
Vessel leases (Group as lessor)		
Within 12 months	**0**	2,356
1 - 5 years	**0**	7,457
	0	9,812

In 2014, the Group's revenue includes EUR 2,551 (10,438) thousand lease revenues for vessels chartered out.

EUR 1,000	2014	2013
Other leases (Group as lessee)		
Future minimum lease payments from other leases due:		
Within 12 months	**6,366**	6,107
1 - 5 years	**17,128**	17,948
After five years	**9,274**	12,358
	32,768	36,413

The most significant lease payments are based on the land leases in the Vuosaari and Turku Harbours, on the leases for the buildings in these ports, and on the leases for the head office in Helsinki (EUR 30 million). The remaining duration of the above leases is up to 14 years.

EUR 1,000	2014	2013
Other leases (Group as lessor)		
Within 12 months	**250**	350
	250	350

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

EUR 1,000	2014	2013
Collateral given		
Loans secured by mortgages	**477,054**	561,245
	477,054	561,245

EUR 1,000	2014	2013
Vessel mortgages provided as guarantees for the above loans	**1,035,000**	1,121,000

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

EUR 1,000	2014	2013
Other collateral given on own behalf		
Pledged deposits		
Corporate mortages	**0**	606
	0	606

EUR 1,000	2014	2013
Other obligations *	**35,453**	2,375

* Other obligations include liabilities related to acquisation of scrubber and propeller systems worth EUR 33,8 million in 2014. Other obligations in 2013 include mainly unemployment fund estimates and liabilities to Customs.

EUR 1,000	2014	2013
Guarantees given by the parent company on behalf of the subsidiaries	**0**	6,000

EUR 1,000	2014	2013
VAT adjustment liability related to real estate investments	**5,322**	6,756

(figures in EUR thousand, if not stated otherwise)

Legal proceedings

In March 2010, the District Court of Helsinki rendered its judgment in the action initiated by Mutual Pension Insurance Company Ilmarinen ("Ilmarinen") against the Company, which was reversed by the Court of Appeal of Helsinki in favour of the Company in November 2011. The Supreme Court granted a leave to the appeal of Ilmarinen on the decision of the Court of Appeal of Helsinki in December 2012. The action initiated by Ilmarinen is the appeal against the decision of Finnlines' Annual General Meeting held on 20 May 2008 concerning minimum dividend and claimed that the decision be amended in that the minimum dividend paid should have been EUR 17,181,000.00 instead of EUR 180,216.39. The process is still ongoing.

In 2008, the Administrative Court of Helsinki rendered the decisions based on which it can be argued that the Finnish Act on Fairway Dues in force until 1 January 2006 contained provisions which, according to the EU legislation, were discriminatory. The Company has submitted a 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. The process is ongoing.

35. TRANSACTIONS WITH RELATED PARTIES

The Finnlines Group complies with the insider guidelines of NASDAQ OMX Helsinki Ltd completed with the internal instructions for related parties. The Company maintains its public insider register in Euroclear Finland Ltd's SIRE system.

Finnlines Plc's public insiders include, on the basis of the position they hold, the members of the Board of Directors, the President and CEO and the auditor who has the principal responsibility for the Company's audit. In addition, the Company's public insiders comprise the members of the Executive Committee who, on the basis of the position they hold, have access to inside information on a regular basis.

In addition, Finnlines Plc's related parties include the Grimaldi Group companies. The Grimaldi Group is the ultimate controlling party at Finnlines.

Employee benefits granted to key management

EUR 1,000	**2014**	2013
Salaries and other short-term benefits	**1,559**	1,167
Post-employment benefits	**271**	115
	1,830	1,282

In 2014, the key management consisted of the members of the Board of Directors and the Executive Committee. The Executive Committee comprised the President and CEO, the CFO, the Group General Counsel and Operating Officers, a total of 8 members.

Finnlines Plc's AGM held on 8 April 2014 confirmed the following compensation to the Board of Directors in 2014

EUR 1,000	**2014**	2013
Salaries and fees		
President and CEO		424
Board of Directors:	**240**	240
Chairman	**50**	50
Vice Chairman	**40**	40
Board members (each)	**30**	30

Compensation to the Board Members for 2013 was paid in May 2014.

Compensation to the Board of Directors and the President and CEO recognised as expense by person

EUR	**2014**	2013
President and CEO		
Emanuele Grimaldi, President and CEO	**0**	0
Board of Directors		
Jon-Aksel Torgersen, Chairman of the Board	**50,000**	30,000
Diego Pacella, Vice chairman of the Board	**40,000**	40,000
Christer Backman	**30,000**	30,000
Tiina Bäckman	**30,000**	30,000
Emanuele Grimaldi	**30,000**	50,000
Gianluca Grimaldi	**30,000**	30,000
Olak K.Rakkenes	**30,000**	30,000

The President and CEO, appointed on 5 November 2013, will not receive any compensation or other benefit in the form of salary, bonus or pension scheme from the Company.

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

Finnlines had no option schemes on 31 December 2014. The President and CEO, the Executive Committee or the Board of Directors have no share-based incentive programmes.

(figures in EUR thousand, if not stated otherwise)

Transactions with related parties

According to the Euroclear Finland Ltd , the Grimaldi Group companies held 79.96 per cent of all the shares in Finnlines Plc on 31 December 2014. More information about ownership of the Board of Directors and the President and CEO in Finnlines Plc can be found in Note 37. Shares and Shareholders. The ownership of the members of the Board and key management is dealt with in more detail on the corporate website (www.finnlines.com).

EUR 1,000	**2014**	2013
Transactions with related parties		
Income from Grimaldi companies *	**39,544**	131,428
Purchases from Grimaldi companies	**3,793**	6,162
Receivables from Grimaldi companies	**2,895**	5,449
Payables to Grimaldi companies	**3,750**	619

In October 2014, Finnlines sold MS Finnhansa to the Grimaldi Group at the market price of EUR 30 million.
In 2013, Finnlines sold MS Europalink and MS Transeuropa to the Grimaldi Group for a total of EUR 113 million.

* Income from the Grimaldi Group companies, in addition to the sale of vessels, consists mainly of vessel hires and freight revenues.

The business transactions with related parties were carried out using 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 (1 January 2014–31 December 2014).

(figures in EUR thousand, if not stated otherwise)

36. SUBSIDIARIES ON 31 DECEMBER 2014

Name of subsidiary	Holding (%)	Registered in
Domestic		
Containersteve Oy Ab	100	Helsinki
Cranesteve Oy Ab	100	Helsinki
Finnsteve Oy Ab	100	Helsinki
FS-Terminals Oy Ab	100	Helsinki
Oy Intercarriers Ltd	78.5	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	Great Britain
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

37. SHARES AND SHAREHOLDERS

Finnlines Plc has one share series. Each share carries one vote at general shareholder meetings and confers identical dividend rights. As outlined in Finnlines' Articles of Association, the Company's minimum share capital is EUR 50 million and the maximum is EUR 200 million. The share capital can be increased or decreased within these limits. The Company's paid-up and registered share capital on 31 December 2014 totalled EUR 103,006,282. The capital stock consisted of 51,503,141 shares.

Shares

Finnlines Plc shares are listed on NASDAQ OMX Helsinki Ltd. A total of 5.1 (2.2 in 2013) 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 17.00 (7.97) and the lowest was EUR 7.14 (5.76). At year-end, the shares' market capitalisation value was EUR 824.1 (386.3) million.

Shareholders

At year-end 2014, Finnlines had 1,464 shareholders. The ten largest shareholders owned 91.36 per cent of the Company's shares. 6.77 per cent of shareholders were nominee registered. At year-end, the Italian Grimaldi Group had a holding of 79.96 per cent of Finnlines' shares and voting rights.

Finnlines' share ownership structure on 31 December 2014 *	% of shares
Non-financial corporations	0.38
Financial and insurance corporations	0.32
General goverment	10.85
Households	1.51
Non-profit associations	0.19
Nominee registered	6.77
Other foreign	79.98
Total	**100.00**

(figures in EUR thousand, if not stated otherwise)

Major shareholders on 31 December 2014 *	Number of shares	% of shares
Grimaldi Group, Naples	41,181,663	79.96
Ilmarinen Mutual Pension Insurance Company	5,449,033	10.58
Kaleva Mutual Insurance Company	110,000	0.21
Yleisradion Eläkesäätiö S.r.	74,666	0.14
Sijoitusrahasto Taaleritehdas Arvo Markka Osake	60,000	0.12
Varma Mutual Pension Insurance Company Limited	50,000	0.10
Mandatum Life Insurance Company Limited	42,491	0.08
Savings Bank Finland Fund	38,634	0.08
Foundation of William and Ester Otsakorpi	27,060	0.05
Reiman Kari Juhani	18,500	0.04
10 major shareholders total	**47,052,047**	**91.36**
Nominee registered shares **	3,488,070	6.77
Other shareholders	963,024	1.87
Total number of shares	**51,503,141**	**100.00**

Holdings of Finnlines' Board of Directors and executive management on 31 December 2014 *	Number of shares	% of shares
Emanuele Grimaldi, President and CEO, member of the Board	1,000,000	1.94
Gianluca Grimaldi, member of the Board	930,000	1.81
Diego Pacella, member of the Board	23,088	0.04
Tapani Voionmaa, member of the Executive Committee	5,750	0.01
Staffan Herlin, member of the Executive Committee	15	0.00
Total	**1,958,853**	**3.80**

* Source: Euroclear Finland Ltd
** Nominee registered shares includes the holdings of the shares by Emanuele Grimaldi, Gianluca Grimaldi and Diego Pacella.

Shares outstanding 31 December 2008–31 December 2014

Transaction	Number of shares	Shares outstanding	Total number of shares
31 December 2008		40 691 958	40 691 958
25 June 2009			
Share issue	6 129 079	46 821 037	46 821 037
31 December 2009		46 821 037	46 821 037
31 December 2010		46 821 037	46 821 037
31 December 2011		46 821 037	46 821 037
31 December 2012		46 821 037	46 821 037
6 June 2013			
Share issue	4 682 104	51 503 141	51 503 141
31 December 2013		51 503 141	51 503 141
31 December 2014		51,503,141	51,503,141

38. EVENTS AFTER THE REPORTING PERIOD

Finnlines has signed a purchase agreement of two ro-ro vessels in January 2015. The vessels will be taken put into Finnlines liner traffic at the end of 2015. Furthermore in January 2015, Finnlines bought MS Finnmerchant (ex MS Dorset, ex MS Longstone), which is deployed on the route between Rostock and Hanko as from 19 January 2015. The acquired ro-ro vessels will complement Finnlines' liner services offered to the customers and strengthens the competitiveness of the Finnlines fleet.

In October, Finnlines Plc announced that it has participated in the privatisation of the Polish shipping company, Polferries. In January 2015, Ministry of Treasury of Poland announced that Finnlines Plc was accepted among the three bidders to the final stage of the privatisation negotiations.

(figures in EUR thousand, if not stated otherwise)

FIVE-YEAR KEY FIGURES

EUR million	2014	2013	2012	2011	2010
	IFRS	IFRS	IFRS	IFRS	IFRS
Revenue	**532.9**	563.6	609.3	605.2	561.1
Other income from operations	**6.8**	5.3	5.7	2.5	4.3
Result before interest, taxes, depreciation and amortisation (EBITDA)	**115.4**	83.7	89.8	84.5	85.9
% of revenue	**21.7**	14.8	14.7	14.0	15.3
Result before interest and taxes (EBIT)	**58.6**	18.1	23.7	21.0	25.6
% of revenue	**11.0**	3.2	3.9	3.5	4.6
Associated companies					
Result before taxes (EBT)	**36.6**	-6.7	-1.6	-5.4	3.7
% of revenue	**6.9**	-1.2	-0.3	-0.9	0.7
Result for reporting period, continuing operations	**41.7**	6.0	-0.1	-2.5	2.2
% of revenue	**7.8**	1.1	0.0	-0.4	0.4
Result for reporting period, discontinuing operations					
Result for reporting period	**41.7**	6.0	-0.1	-2.5	2.2
% of revenue	**7.8**	1.1	0.0	-0.4	0.4
Total investments *	**36.6**	10.1	67.1	64.4	82.2
% of revenue	**6.9**	1.8	11.0	10.6	14.6
Return on equity (ROE), %	**8.6**	1.3	0.0	-0.6	0.5
Return on investment (ROI), %	**5.3**	1.5	1.8	1.6	2.2
Assets total	**1,210.5**	1,298.5	1,479.9	1,472.1	1,472.6
Equity ratio, %	**41.7**	35.7	29.0	29.1	29.1
Gearing, %	**113.0**	149.1	204.9	199.8	198.8
Average no. of employees	**1,701**	1,861	2,023	2,076	2,096

	2014	2013	2012	2011	2010
	IFRS	IFRS	IFRS	IFRS	IFRS
Earnings per share (EPS), EUR	**0.81**	0.12	0.00	-0.05	0.05
Earnings per share (EPS) less warrant dilution, EUR	**0.81**	0.12	0.00	-0.05	0.05
Shareholders' equity per share, EUR	**9.78**	8.98	9.14	9.12	9.14
Dividend per share, EUR	**0**	0.00	0.00	0.00	0.00
Payout ratio, %	**0**	0	0	0	0
Effective dividend yield, %	**0**	0.0	0.0	0.0	0.0
Price/earnings ratio (P/E)	**19.8**	62.5	n/a	n/a	166.4
Share price on stock exchange at year-end, EUR	**16.0**	7.50	7.80	7.70	7.97
Market capitalisation at year-end, EUR million	**824.1**	386.3	365.2	360.5	373.2
Adjusted average number of outstanding shares (1,000)	**51,503**	49,782	47,344	47,344	47,344
Adjusted number of outstanding shares 31 Dec (1,000)	**51,503**	51,503	47,344	47,344	47,344
Number of outstanding shares at year-end (1,000)	**51,503**	51,503	46,821	46,821	46,821

* Includes continuing and discontinuing operations.

Calculation of key ratios is presented on page 45.

CALCULATION OF KEY RATIOS, IFRS

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 / Total equity	x 100
Equity ratio, %	=	Total equity / Assets total – received advances	x 100

The recognised income taxes are based on the year's estimated average income tax rate which is expected to realise during the entire reporting period.

Finnlines Plc's Shipping and Sea Transport Services transferred to tonnage-based taxation in January 2013.

Finnlines Deutschland GmbH exited the German tonnage tax scheme at the end of January 2014 and transferred to normal income taxation as 1 February 2014.

QUARTERLY DATA, IFRS

EUR million	Q1/2014	Q1/2013	Q2/2014	Q2/2013	Q3/2014	Q3/2013	Q4/2014	Q4/2013
Revenue by segment								
Shipping and Sea Transport Services total	122.8	126.0	139.1	143.6	140.0	144.2	115.4	124.8
Sales to third parties	122.9	126.1	139.2	143.6	140.1	144.2	115.4	124.9
Sales to Port Operations	-0.1	-0.1	-0.1	-0.1	-0.1	0.0	0.0	0.0
Port Operations total	10.0	14.3	10.2	12.8	8.5	11.4	8.2	11.6
Sales to third parties	3.9	7.8	4.2	6.1	3.6	5.5	3.6	5.4
Sales to Port Operations	6.1	6.4	6.0	6.8	4.9	6.0	4.6	6.2
Group internal revenue	-6.0	-6.4	-5.9	-6.7	-4.8	-5.9	-4.6	-6.1
Revenue total	**126.8**	**133.9**	**143.3**	**149.7**	**143.7**	**149.7**	**119.1**	**130.3**
Result before interest and taxes per segment								
Shipping and Sea Transport Services	7.3	-3.6	20.4	9.8	22.1	13.5	11.9	8.2
Port Operations	-1.8	-2.2	-0.6	-3.0	0.7	-1.8	-1.4	-2.8
Result before interest and taxes (EBIT) total	**5.4**	**-5.8**	**19.8**	**6.9**	**22.8**	**11.7**	**10.5**	**5.3**
Financial income and expenses	-5.8	-6.2	-5.7	-6.5	-5.3	-6.2	-5.1	-5.9
Result before tax (EBT)	**-0.4**	**-12.1**	**14.1**	**0.4**	**17.5**	**5.6**	**5.4**	**-0.6**
Income taxes	0.7	1.2	0.6	0.5	0.6	0.6	3.2	10.5
Result for the reporting period	**0.3**	**-10.9**	**14.7**	**0.9**	**18.1**	**6.1**	**8.5**	**9.9**
Quarterly consolidated key figures								
Result before interest and taxes, (% of revenue)	4.3	-4.4	13.8	4.6	15.9	7.8	8.8	4.1
Earnings per share, EUR	0.01	-0.23	0.29	0.02	0.35	0.12	0.17	0.19
Average number of outstanding shares (1,000)	51,503	47,344	51,503	48,714	51,503	51,503	51,503	51,503

PROFIT AND LOSS ACCOUNT, PARENT COMPANY, FAS

EUR	Note	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Revenue	1	**407,439,007.76**	411,486,284.49
Other income from operations	2	**4,495,845.52**	4,848,343.44
Materials and services	3	**-176,131,401.66**	-203,047,414.09
Personnel expenses	4	**-41,320,170.61**	-42,505,152.04
Depreciation, amortisation and other write-offs	5	**-29,145,189.72**	-25,985,232.84
Other operating expenses	6	**-116,837,436.34**	-124,233,659.18
Result before interest and taxes		**48,500,654.95**	20,563,169.78
Financial income and expenses	7	**-47,795,840.12**	-31,518,431.08
Result before appropriations and taxes		**704,814.83**	-10,955,261.30
Other income taxes	8	**-86,623.89**	-107,515.63
Deferred taxes	9	**3,586,502.74**	11,022,977.00
Result for the reporting period		**4,204,693.68**	-39,799.93

See Notes starting on page 51.

(figures in EUR thousand, if not stated otherwise)

BALANCE SHEET, PARENT COMPANY, FAS

EUR	Note	31 Dec 2014	31 Dec 2013
ASSETS			
Non-current assets			
Intangible assets	10	**4,667,878.84**	4,936,531.06
Tangible assets	11	**642,930,262.24**	646,989,178.71
Investments	12		
Shares in group companies		**242,826,003.61**	276,126,003.61
Other investments		**4,379,744.61**	4,379,744.61
		894,803,889.30	932,431,457.99
Current assets			
Inventories	13	**4,915,457.90**	7,459,349.07
Long-term receivables	14	**177,785,148.58**	194,173,274.65
Short-term receivables	15	**73,371,593.53**	69,321,724.92
Bank and cash		**825,954.65**	631,226.71
		256,898,154.66	271,585,575.35
Total assets		**1,151,702,043.96**	1,204,017,033.34
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	16		
Share capital		**103,006,282.00**	103,006,282.00
Share premium account		**24,525,353.70**	24,525,353.70
Unrestricted equity reserve		**40,882,508.10**	40,882,508.10
Retained earnings		**254,874,850.73**	254,914,650.66
Result for the reporting period		**4,204,693.68**	-39,799.93
Total shareholders' equity		**427,493,688.21**	423,288,994.53
Accumulated appropriations	17		0.00
Statutory provisions			
Pension obligation, IFRS	18	**1,137,000.00**	808,000.00
Liabilities			
Long-term liabilities			
Deferred tax liability	19	**38,082,960.35**	41,669,463.09
Interest-bearing	20	**454,636,755.42**	552,357,093.77
		492,719,715.77	594,026,556.86
Current liabilities	21		
Interest-bearing		**179,580,128.16**	133,581,390.66
Interest-free		**50,771,511.82**	52,312,091.29
		230,351,639.98	185,893,481.95
Total liabilities		**723,071,355.75**	779,920,038.81
Total shareholders' equity and liabilities		**1,151,702,043.96**	1,204,017,033.34

See Notes starting on page 51.

(figures in EUR thousand, if not stated otherwise)

CASH FLOW STATEMENT, PARENT COMPANY, FAS

EUR	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Cash flows from operating activities		
Result for the reporting period	4,204,693.68	-39,799.93
Adjustments for:		
Depreciation, amortisation & impairment loss	29,145,189.72	25,985,232.84
Gains (-) and Losses (+) of disposals of fixed assets and other non-current assets	-1,443,776.04	-656,387.35
Financial income and expenses	47,795,840.12	31,518,431.08
Income taxes	-3,499,878.85	-10,915,461.37
Other adjustments		3,495.34
	76,202,068.63	45,895,510.61
Changes in working capital:		
Change in inventories, addition (-) and decrease (+)	2,543,891.17	219,134.55
Change in accounts receivable, addition (-) and decrease (+)	-3,820,976.45	-3,857,809.80
Change in accounts payable, addition (+) and decrease (-)	-6,030,986.06	3,115,634.40
Change in provisions	329,000.00	808,000.00
	69,222,997.29	46,180,469.76
Interest paid	-17,312,980.47	-20,158,390.80
Dividends received	154,200.00	48,001,400.00
Interest received	5,778,771.26	7,578,684.18
Other financing items	-3,139,221.71	-3,457,327.49
Income taxes paid	-88,653.10	-105,673.48
	-14,607,884.02	31,858,692.41
Net cash generated from operating activities	54,615,113.27	78,039,162.17
Cash flows from investing activities		
Investments in tangible and intangible assets	-48,389,719.05	-274,793,859.11
Proceeds from sale of tangible and intangible assets	30,415,992.30	420,826.36
Investment in subsidiary (SVOP)	-200,000.00	-40,000,000.00
Change in internal loans (net)	15,474,942.27	416,287,069.54
Net cash used in investing activities	-2,698,784.48	101,914,036.79
Net cash before financing activities	51,916 328.79	179,953,198.96
Cash flows from financing activities		
Proceeds from issue of share capital		28,794,939.60
Loan withdrawals	46,352,302.06	
Repayment of short-term borrowings	-353,564.56	-17,884,257.03
Proceeds of long-term borrowings	190,204,494.98	237,000,000.00
Repayment of long-term borrowings	-287,924,833.33	-441,574,836.45
Net cash used in financing activities	-51,721,600.85	-193,664,153.88
Change in cash and cash equivalents	194,727.94	-13,710,954.92
Cash and cash equivalents on 1 Jan	631,226.71	14,342,181.63
Cash and cash equivalents on 31 Dec	825,954.65	631,226.71

(figures in EUR thousand, if not stated otherwise)

PARENT COMPANY ACCOUNTING PRINCIPLES 2014

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 and internal administration fees.

Revenue recognition
The company's revenue is mainly generated through sales of services which are principally transports of cargo and passengers. Revenue is recognised as the services are rendered. Revenue from vessels time chartered is recognised based on chartered days.

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 valued 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.

Liquid assets
Liquid assets include cash in hand and at bank. The Group's bank account balances are included in other receivables.

Valuation of shares and holdings in subsidiaries
Valuation losses of shares and holdings in subsidiaries are included in financing expenses.

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

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, which 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 recognised as provisions in the balance sheet.

Income tax
Finnlines Plc entered into the Finnish tonnage tax regime as of 1 January 2013. It means that the Company switched from corporation taxation to tonnage-based taxation. The income taxes in the profit and loss account include taxes imposed on other operations than those to be taxed under the tonnage taxation system.

(figures in EUR thousand, if not stated otherwise)

NOTES TO THE FINANCIAL STATEMENTS, PARENT COMPANY

1. REVENUE

EUR	2014	2013
By segment		
Shipping and Sea Transport Services	407,439,007.76	411,486,284.49
Total	**407,439,007.76**	411,486,284.49
Intra-group revenue	887,256.74	888,320.76

2. OTHER INCOME FROM OPERATIONS

EUR	2014	2013
Gain on disposals	1,443,776.04	658,520.11
Rental income	95,598.88	26,558.23
Internal administration fees	2,956,400.40	4,092,791.06
Other	70.20	70,474.04
Total	**4,495,845.52**	4,848,343.44

3. MATERIALS AND SERVICES

EUR	2014	2013
Purchases during the reporting period		
Bunker	-102,068,205.77	-131,784,554.96
Other	-4,603,597.00	-4,205,540.01
Change in inventories	-2,543,891.17	-219,134.55
Total	**-109,215,693.94**	-136,209,229.52
External services	-66,915,707.72	-66,838,184.57
Materials and services total	**-176,131,401.66**	-203,047,414.09

4. PERSONNEL AND PERSONNEL EXPENSES

EUR	2014	2013
Employees		
Average number of employees		
Shore-based personnel	215	224
Sea personnel	625	583
	840	807
Personnel expenses		
Wages and salaries	-45,642,787.73	-44,121,878.56
Social costs		
Pension costs	-5,978,393.03	-6,591,681.82
Other social costs	-3,231,778.49	-3,124,063.47
State subsidies	13,532,788.64	11,332,471.81
Total	**-41,320,170.61**	-42,505,152.04
Salaries and remunerations to		
President and CEO		-223,633.76
Salaries and remunerations		-223,633.76
Board of Directors	-240,000.00	-240,000.00

(figures in EUR thousand, if not stated otherwise)

5. DEPRECIATION, AMORTISATION AND WRITE-OFFS

EUR	**2014**	2013
Depreciation and amortisation according to plan	**-29,145,189.72**	-25,985,232.84
Total	**-29,145,189.72**	-25,985,232.84

6. OTHER OPERATING EXPENSES

EUR	**2014**	2013
Vessel hires, internal	**-3,497,980.45**	-18,155,390.79
Vessel hires, external	**-16,227,572.59**	-10,171,042.28
Other leases	**-2,800,058.69**	-2,732,611.21
Port expenses and fairway dues	**-36,599,704.67**	-36,935,536.39
Commissions	**-9,001,293.97**	-9,067,605.65
Cargo handling equipment related costs	**-2,654,161.75**	-3,206,509.27
Vessel insurances, repairs and maintenance	**-23,566,055.29**	-21,452,007.29
Auditors' fees		
KPMG Oy Ab	**-103,870.39**	-99,012.10
Deloitte & Touche Oy		-37,650.00
Tax consultancy and other fees		
KPMG Oy Ab	**-12,461.27**	-97,681.73
Deloitte & Touche Oy		-47,300.00
PricewaterhouseCoopers Oy		-750.00
Loss on sale		-2,132.76
Other	**-22,374,277.27**	-22,228,429.71
Total	**-116,837,436.34**	-124,233,659.18

(figures in EUR thousand, if not stated otherwise)

7. FINANCIAL INCOME AND EXPENSES

EUR	2014	2013
Dividends		
From group companies	**153,000.00**	48,000,000.00
From others	**1,200.00**	1,400.00
Dividends total	**154,200.00**	48,001,400.00
Interest income from investments		
From others	**22,947.42**	842.50
Interest income from investments	**22,947.42**	842.50
Other interest and financial income		
From group companies	**5,710,668.25**	7,448,870.03
From others	**45,155.59**	128,971.65
Other interest and financial income total	**5,755,823.84**	7,577,841.68
of which interest income total	**5,755,823.84**	7,577,841.68
Dividends and interest income total	**5,932,971.26**	55,580,084.18
Exchange gains and losses		
From others		
Gains	**157,940.18**	138,436.03
Losses	**-45,223.12**	-167,561.79
Exhange rate differences total	**112,717.06**	-29,125.76
Impairment losses on investments under non-current assets *	**-33,500,000.00**	-64,000,000.00
Impairment losses total	**-33,500,000.00**	-64,000,000.00
Interest and other financial expenses		
To group companies	**-393,891.07**	-287,408.56
To others	**-19,947,637.37**	-22,781,980.94
Interest and other financial expenses total	**-20,341,528.44**	-23,069,389.50
of which interest expenses total	**-17,042,446.61**	-19,631,809.86
Financial income and expenses total	**-47,795,840.12**	-31,518,431.08

* Shares in group companies.

(figures in EUR thousand, if not stated otherwise)

8. TAXES

EUR	2014	2013
Tonnage tax	**-86,623.89**	-107,515.63
Total	**-86,623.89**	-107,515.63

9. CHANGE IN DEFERRED TAX LIABILITIES

EUR	2014	2013
Change in deferred tax liabilities	**3,586,502.74**	11,022,977.00
Total	**3,586,502.74**	11,022,977.00

10. INTANGIBLE ASSETS

EUR	Other capitalised expenditures	Advance payments	Total
Acquisition cost on 1 Jan 2014	**26,882,970.85**	**783,240.49**	**27,666,211.34**
Increases		687,901.57	687,901.57
Disposals	-322,182.89		-322,182.89
Reclassifications between items			
Acquisition cost on 31 Dec 2014	**26,560,787.96**	**1,471,142.06**	**28,031,930.02**
Accumulated depreciation and impairments on 1 Jan 2014	-22,729,680.28		-22,729,680.28
Accumulated depreciation on disposals and reclassifications	322,182.89		322,182.89
Depreciation for the reporting period	-956,553.79		-956,553.79
Accumulated depreciation on 31 Dec 2014	**-23,364,051.18**		**-23,364,051.18**
Book value on 31 Dec 2014	**3,196,736.78**	**1,471,142.06**	**4,667,878.84**
Book value on 31 Dec 2013	4,153,290.57	783,240.49	4,936,531.06

11. TANGIBLE ASSETS

EUR	Buldings and constructions	Vessels	Cargo handling equipment	Machinery and equipment	Advance payments and acquisitions under constructon	Total
Acquisition cost on 1 Jan 2014	**3,441,787.91**	**762,488,923.52**	**24,880,737.72**	**3,457,864.98**	**0.00**	**794,269,314.13**
Increases		32,207,077.66		122,631.83	20,736,523.17	53,066,232.66
Disposals	-3,399,843.91	-30,600,000.00	-432,283.34	-125,407.43	-208,266.94	-34,765,801.62
Reclassifications between items						
Acquisition cost on 31 Dec 2014	**41,944.00**	**764,096,001.18**	**24,448,454.38**	**3,455,089.38**	**20,528,256.23**	**812,569,745.17**
Accumulated depreciation and write-offs on 1 Jan 2014	-3,441,787.91	-118,297,010.76	-22,671,010.11	-2,870,326.64		-147,280,135.42
Accummulated depreciation on disposals and reclassifications	3,399,843.91	1,874,713.18	429,323.90	125,407.43		5,829,288.42
Depreciation for the reporting period		-27,356,995.34	-700,455.36	-131,185.23		-28,188,635.93
Accumulated depreciation on 31 Dec 2014	**-41,944.00**	**-143,779,292.92**	**-22,942,141.57**	**-2,876,104.44**		**-169,639,482.93**
Book value on 31 Dec 2014	**0.00**	**620,316,708.26**	**1,506,312.81**	**578,984.94**	**20,528,256.23**	**642,930,262.24**
Book value on 31 Dec 2013	0.00	644,191,912.76	2,209,727.61	587,538.34	0.00	646,989,178.71

(figures in EUR thousand, if not stated otherwise)

12. INVESTMENTS

EUR	Shares in group companies	Investments in group companies (SVOP)	Receivables from group companies	Total group companies	Other shares	Total
Acquisition cost on 1 Jan 2014	**264,227,826.78**		**84,658,176.83**	**348,886,003.61**	**4,379,744.61**	**353,265,748.22**
Increases			200,000.00	200,000.00		200,000.00
Acquisition cost on 31 Dec 2014	**264,227,826.78**		**84,858,176.83**	**349,086,003.61**	**4,379,744.61**	**353,465,748.22**
Accumulated impairments on 1 Jan 2014	-72,760,000.00			-72,760,000.00		-72,760,000.00
Impairments for the reporting period	-33,500,000.00			-33,500,000.00		-33,500,000.00
Accumulated impairments on 31 Dec 2014	**-106,260,000.00**			**-106,260,000.00**		**-106,260,000.00**
Book value on 31 Dec 2014	**157,967,826.78**		**84,858,176.83**	**242,826,003.61**	**4,379,744.61**	**247,205,748.22**
Book value on 31 Dec 2013	151,467,826.78	40,000,000.00	84,658,176.83	276,126,003.61	4,379,744.61	280,505,748.22

13. INVENTORIES

EUR	**2014**	2013
Bunker	**3,074,381.49**	5,420,432.52
Other inventories	**1,841,076.41**	2,038,916.55
Total	**4,915,457.90**	7,459,349.07

14. LONG-TERM RECEIVABLES

EUR	**2014**	2013
Loan receivables		
Loan receivables from group companies	**175,869,658.69**	192,059,399.61
Total	**175,869,658.69**	192,059,399.61
Other receivables	**195,072.59**	92.10
Accrued income and prepaid expenses	**1,720,417.30**	2,113,782.94
Total long-term receivables	**177,785,148.58**	194,173,274.65

(figures in EUR thousand, if not stated otherwise)

15. SHORT-TERM RECEIVABLES

EUR	2014	2013
Accounts receivable		
From group companies	**225,560.12**	959,087.40
From others	**42,452,591.93**	40,621,788.01
Total	**42,678,152.05**	41,580,875.41
Loan receivables		
From group companies	**13,687,624.29**	12,972,825.64
Total	**13,687,624.29**	12,972,825.64
Other receivables	**832,496.63**	495,738.73
Accrued income and prepaid expenses		
From group companies	**469,476.84**	793,731.71
From others	**15,703,843.72**	13,478,553.43
Total	**16,173,320.56**	14,272,285.14
Total short-term receivables	**73,371,593.53**	69,321,724.92
Significant items of accrued income and prepaid expenses		
Sea freight revenue	**94,893.39**	275,624.00
State subsidies	**7,561,242.00**	7,463,256.00
Vessel hires	**413,387.80**	186,074.61
Docking costs	**4,209,906.41**	2,411,574.47
Passenger income	**469,740.96**	403,843.85
Insurances	**177,791.12**	186,915.40
Port expenses	**456,755.54**	434,790.54
Legal expenses	**544,055.59**	538,303.79
Other	**2,245,547.75**	2,371,902.48
Total	**16,173,320.56**	14,272,285.14

(figures in EUR thousand, if not stated otherwise)

16. SHAREHOLDERS' EQUITY

EUR	**2014**	2013
Restricted equity		
Share capital on 1 Jan	**103,006,282.00**	93,642,074.00
Share issue		9,364,208.00
Share capital on 31 Dec	**103,006,282.00**	103,006,282.00
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	**40,882,508.10**	21,451,776.50
Share issue		19,430,731.60
Unrestricted equity reserve 31 Dec	**40,882,508.10**	40,882,508.10
Retained earnings on 1 Jan	**254,874,850.73**	92,535,906.69
Accumulated shareholders' equity of appropriations, transfer to tonnage taxation regime		162,378,743.97
Result for the reporting period	**4,204,693.68**	-39,799.93
Total shareholders' equity	**427,493,688.21**	423,288,994.53
Calculation of distributable funds		
Retained earnings	**254,874,850.73**	254,914,650.66
Unrestricted equity reserve	**40,882,508.10**	40,882,508.10
Result for the reporting period	**4,204,693.68**	-39,799.93
Parent company's distributable funds on 31 Dec	**299,962,052.51**	295,757,358.83

17. ACCUMULATED APPROPRIATIONS

EUR	**2014**	2013
Accumulated depreciation in excess on plan 1 Jan		215,067,688.72
Change in the reporting period		-215,067,688.72
Accumulated depreciation in excess on plan 31 Dec		0,00

The depreciation difference of EUR 215.1 million recorded in the opening balance as per 1 January 2013 has been split into two part: the depreciation difference of EUR 162.4 million (75.5 per cent) and the deferred tax liability of EUR 52.7 million (24.5 per cent). The depreciation difference has been entered in the distributable funds of equity and the deferred tax has been entered in the deferred tax liability.

18. STATUTORY PROVISIONS

EUR	**2014**	2013
Pension obligation	**1,137,000.00**	808,000.00
Total	**1,137,000.00**	808,000.00

Pension costs are recognised in the profit and loss account according to the established practice in Finland.
The uncovered pension liability is recognised as an expense and liability in accordance with IFRS.

(figures in EUR thousand, if not stated otherwise)

19. DEFERRED TAX LIABILITY

EUR	2014	2013
Deferred tax liability of excess depreciations, tonnage taxation 1 Jan 2014	**41,669,463.09**	52,692,440.09
Recognised in profit and loss account 1 Jan–31 Dec 2014		
Deferred tax liability from the difference between the book value and the fair value 1 Jan 2014		1,704,178.17
Tax relief	**-3,586,502.74**	-3,351,525.97
Effect of changed tax rate 1 Jan 2014		-9,375,629.20
Total recognised in profit and loss account 1 Jan–31 Dec 2014	**-3,586,502.74**	-11,022,977.00
Deferred tax liability, tonnage taxation 31 Dec 2014	**38,082,960.35**	41,669,463.09

20. LONG-TERM LIABILITIES

EUR	2014	2013
Long-term interest-bearing liabilities		
Loans from financial institutions	**358,726,260.44**	498,949,093.77
Bank overdraft facilities	**14,604,494.98**	
Pension loans	**5,706,000.00**	8,408,000.00
Other long-term interest-bearing liabilities		
Debts to group companies	**75,600,000.00**	45,000,000.00
Total	**454,636,755.42**	552,357,093.77

Maturity of loans		
Year		
2013		
2014		72,924,833.33
2015	**72,924,833.33**	112,924,833.33
2016	**81,924,833.33**	121,924,833.33
2017	**82,729,328.31**	68,124,833.33
2018	**60,467,690.43**	60,467,690.43
2019 and later for 2013	**59,094,388.54**	188,914,903.35
2020 and later for 2014	**170,420,514.81**	
Total	**527,561,588.75**	625,281,927.10

Long-term loans due after five years		
Loans from financial institutions	**94,820,514.81**	143,914,903.35
Debts to group companies	**75,600,000.00**	45,000,000.00
Total	**170,420,514.81**	188,914,903.35

(figures in EUR thousand, if not stated otherwise)

21. CURRENT LIABILITIES

EUR	2014	2013
Interest-bearing current liabilities		
Loans from financial institutions	**70,222,833.33**	70,222,833.33
Bank overdraft facilities		1,572,937.40
Pension loans	**2,702,000.00**	2,702,000.00
Commercial papers	**59,650,388.06**	50,124,110.20
Other interest-bearing current liabilities		
To group companies	**47,004,906.77**	8,959,509.73
Total interest-bearing liabilities	**179,580,128.16**	133,581,390.66
Interest-free current liabilities		
Accounts payable		
To group companies	**1,675,161.62**	1,194,254.60
To others	**15,906,678.56**	11,980,164.13
Total	**17,581,840.18**	13,174,418.73
Other interest-free liabilities to others		
To group companies	**294,313.52**	
To others	**12,706,589.28**	12,643,960.70
Total	**13,000,902.80**	12,643,960.70
Accrued expenses and deferred income		
To group companies	**899,300.18**	6,103,516.04
To others	**19,289,468.66**	20,390,195.82
Total	**20,188,768.84**	26,493,711.86
Total interest-free current liabilities	**50,771,511.82**	52,312,091.29
Total current liabilities	**230,351,639.98**	185,893,481.95
Significant items of accrued expenses and deferred income		
Agent commmisions paid, internal	**453,652.73**	3,477,975.32
Purchased services, internal	**188,998.20**	2,331,527.13
Annual rebates	**3,449,384.85**	3,600,470.48
Personnel expenses	**4,476,593.47**	4,282,183.54
External services / Cargo handling costs	**1,665,302.10**	1,188,039.61
Port expenses and voyage related costs	**1,342,532.70**	1,410,557.78
Interest expenses	**2,847,925.43**	3,511,763.60
Bunker costs	**1,577,950.07**	4,099,404.88
Other	**4,186,429.29**	2,591,789.52
Total	**20,188,768.84**	26,493,711.86

(figures in EUR thousand, if not stated otherwise)

CONTINGENCIES AND COMMITMENTS

	2014		2013	
EUR 1,000	**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	**347,337**	**748,000**	416,475	812,000
Vessel mortgages provided by subsidiaries as guarantees for loans				
Loans from financial institutions	**100,216**	**217,500**	119,870	239,500
	447,554	**965,500**	536,345	1,051,500
Other contingent liabilities		**27,049**		1,993
Leasing liabilities				
Due within 12 months		**1,022**		895
Due between one and five years		**714**		1,264
Leasing liabilities total		**1,736**		2,159
Vessel leases (Group as a lessee)				
Due within 12 months		**11,409**		14,007
Due between one and five years		**0**		10,644
Vessel leases (Group as a lessee) total		**11,409**		24,651
Other leases				
Due within 12 months		**701**		680
Due between one and five years		**2,623**		2,536
Due after five years		**1,093**		1,691
Other leases total		**4,417**		4,907
Guarantees given on behalf of the subsidiaries				
Guarantees given on behalf of the subsidiaries		**13,629**		23,085
Guarantees for rental contracts		**2,537**		2,948
Guarantees given on behalf of the subsidiaries total		**16,166**		26,032

DERIVATIVE CONTRACTS

	31 Dec 2014		31 Dec 2013	
EUR 1,000	**Nominal value**	**Fair value**	Nominal value	Fair value
Currency derivatives	**0**	**0**	0	0

(figures in EUR thousand, if not stated otherwise)

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	78.5
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	Great Britain	100
Other shares and holdings		
Domestic		
Steveco Oy	Kotka	19.1
Other companies (4)		

(figures in EUR thousand, if not stated otherwise)

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 2014:		
Retained earnings	EUR	**254,874,850.73**
Unrestricted equity reserve	EUR	**40,882,508.10**
Result for the reporting period	EUR	**4,204,693.68**
Distributable funds total	EUR	**299,962,052.51**

The Board of Directors proposes to the Annual General Meeting that no dividend is paid for the reporting period ended on 31 December 2014.

London, 24 February 2015

Jon-Aksel Torgersen
Chairman of the Board

Christer Backman

Tiina Bäckman

Gianluca Grimaldi

Diego Pacella

Olav K. Rakkenes

Emanuele Grimaldi
President and CEO

THE AUDITOR'S NOTE

Our auditor's report has been issued today.

Helsinki, 24 February 2015

KPMG Oy Ab

Pauli Salminen
Authorized Public Accountant

(figures in EUR thousand, if not stated otherwise)

PARENT COMPANY'S ACCOUNTING BOOKS, VOUCHER CATEGORIES AND ARCHIVING

Accounting books	Archiving
General journals	Computerised accounting journals
General ledgers	Computerised accounting journals
Profit and loss account and balance sheet	Computerised 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 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 OYJ

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Finnlines Oyj for the year ended 31 December, 2014. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

RESPONSIBILITY OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director 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 report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director 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 report of the Board of Directors 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 report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director 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 report of the Board of Directors. 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 report of the Board of Directors 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 report of the Board of Directors.

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 REPORT OF THE BOARD OF DIRECTORS

In our opinion, the financial statements and the report of the Board of Directors 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 report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

OTHER OPINIONS

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors and the Managing Director should be discharged from liability for the financial period audited by us.

Helsinki, 24 February 2015
KPMG OY AB

Pauli Salminen
Authorized Public Accountant

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