Finnlines
a Grimaldi Group company

FINANCIAL STATEMENTS 2015

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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, as well as from Sweden to Germany. 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 21 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 an owned fleet of about 110 vessels, the Group provides maritime transport services for rolling cargo and containers between Northern Europe, the Mediterranean, the Baltic Sea, West Africa, North and South America. It also offers passenger services within the Mediterranean and the Baltic Sea. With 93.38 per cent (on 31 December 2015) 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 decreased by 4 per cent whereas exports increased by 3 per cent (measured in tons) compared to the same period in 2014. During the same period, private and commercial passenger traffic between Finland and Sweden increased by 1 per cent. Between Finland and Germany the corresponding traffic increased by 1 per cent (Finnish Transport Agency).

FINNLINES' TRAFFIC

As from 19 January 2015, Finnlines opened the route between Hanko and Rostock operated by MS Finnmerchant which was acquired in January 2015. The ro-ro vessel built in 2003 complements Finnlines' liner services offered to customers and strengthens the competitiveness of Finnlines' fleet.

The new stricter environmental regulations for the fuel sulphur limit came into force on 1 January 2015. During the first quarter of 2015, the installations of scrubbers and new propulsion systems continued, which caused occasional disruptions to the services provided. The majority of the installations was completed by the end of March 2015.

In June, Finnlines further expanded the service on the main routes between Germany, Finland and Russia by adding capacity to both the Travemünde and the Rostock services.

MS Finnmerchant, operating between Hanko and Rostock, was docked in September for the installation of an exhaust gas cleaning system. During the docking, MS Finneagle transferred from the Naantali-Kapellskär service to the Hanko-Rostock line.

In the fourth quarter of 2015, Finnlines entered into a slot charter agreement for the provision of slots on board Finnlines' vessels to DFDS on the route between Russia and Germany. The slot charter agreement came into effect as from 11 October 2015. Both companies will continue to independently provide maritime services, handle sales, customer service and cargo in the port terminals related to the route.

The charter agreement of MS Misana expired and the vessel was redelivered on 31 December 2015 in Hull. MS Finneagle was chartered out to the Grimaldi Group during the fourth quarter of 2015.

During the reporting period, Finnlines operated on average 22 (24 in 2014) vessels in its own traffic.

The cargo volumes transported during January-December totalled approximately 624 (638 in 2014) thousand cargo units, 156 (99) thousand cars (not including passengers' cars) and 2,032 (2,319 corrected figure) thousand tons of freight not possible to measure in units. In addition, some 575 (561) thousand private and commercial passengers were transported.

FINANCIAL RESULTS

The Finnlines Group recorded revenue totalling EUR 511.2 (532.9) million in 2015, a decrease of 4.1 per cent compared to the same period in the previous year. Shipping and Sea Transport Services generated revenue amounting to EUR 492.9 (517.4) million and Port Operations EUR 35.9 (36.9) million. The Shipping and Sea Transport Services segment's revenue decreased due to the lower bunker surcharge and lower bareboat charter income resulting from divestment of vessels. In Port Operations the revenue decreased due to the restructuring measures taken. The internal revenue between the segments was EUR 17.6 (21.3) million, which means that the external revenue of Port Operations increased during the reporting period.

Result before interest, taxes, depreciation and amortisation (EBITDA) was EUR 126.9 (115.4) million, an increase of 9.9 per cent.

Result before interest and taxes (EBIT) was EUR 70.3 (58.6) million. The increased efficiency of the operations in terms of bunker consumption, higher capacity utilisation of vessels and reduction of costs in many areas has continued to positively impact the financial performance of the Group. Despite the increased efficiency of the operations, the result was burdened by docking of several vessels for the installations of scrubbers and new propulsion systems during the first quarter.

As a result of the improved financial position, net financial expenses decreased and were EUR -17.1 (-21.9) million. Financial income was EUR 0.9 (0.5) million and financial expenses EUR -18.1 (-22.4) million. Result before taxes (EBT) improved by EUR 16.5 million and was EUR 53.2 (36.6) million. The result for the reporting period was EUR 56.8 (41.7) million and earnings per share (EPS) were EUR 1.10 (0.81).

The most important business and share related key indicators are presented in the Five-Year Key Figures on page 46.

STATEMENT OF FINANCIAL POSITION, FINANCING AND CASH-FLOW

Even though the Company has an ongoing environmental investment programme, interest-bearing debt decreased by EUR 18.7 million and amounted to EUR 533.7 (552.5) million excluding leasing liabilities EUR 17.9 (19.6) million. The equity ratio calculated from the balance sheet improved to 45.7 (41.7) per cent and gearing dropped to 97.1 (113.0) per cent. Vessel lease commitments decreased by EUR 10.4 million to EUR 0.1 million compared to the end of December 2014.

The Group's liquidity position is strong and at the end of the period, cash and cash equivalents together with unused committed credit facilities amounted to EUR 114.5 (123.1) million.

Net cash generated from operating activities improved considerably and was EUR 105.8 (82.1) million before capex and divestments.

CAPITAL EXPENDITURE

The Finnlines Group's gross capital expenditure in the reporting period totalled EUR 64.1 (36.6) million including tangible and intangible assets. Total depreciation and amortisation amounted to EUR 56.6 (56.8) million. The capital expenditures consist of the purchase of MS Finnmerchant, prepayments of two ro-ro vessels delivered at the beginning of January 2016, normal replacement costs of fixed assets, IT investments and, to a large extent, payments related to the Finnlines Group's EUR 100 million Environmental Technology Investment Programme.

As part of the Connecting Europe Facility (CEF), the European Union awarded Finnlines a funding of EUR 14.5 million for environmental technology investments on vessels in liner services. The funding is recognised as adjustment of investment costs.

The environmental investment programme was a direct response to the new stricter environmental regulations for the fuel sulphur limit which came into force on 1 January 2015. Finnlines follows a consequent and cost-efficient compliance strategy of deploying effective exhaust gas cleaning measures, achieving an even better reduction level of sulphur oxides (SOx) than required. In addition, Finnlines is investing in energy efficiency and environmental performance improvements. By upgrading several vessels' propulsion and applying special foul release paint on other vessels, significant reduction in fuel consumption is achieved and thus substantially less CO_2 is emitted.

The first phase of the environmental investment programme was initiated in 2014 when the Company ordered exhaust gas cleaning systems ("scrubbers") for ten of its ro-ro vessels and four of its ro-pax vessels as well as propulsion upgrading to six of its vessels. These retrofits were implemented in winter/spring 2015 and completed in May 2015.

In 2015, Finnlines launched the second phase of the environmental investment programme which covers scrubber orders for a further three of its ro-ro vessels and a further three of its ro-pax vessels. Moreover, additional energy efficiency investment was initiated by extending the propulsion upgrading programme to cover a further three ro-pax vessels and by applying special foul release coating ("silicon paint") to two ro-pax vessels.

The second phase of the EUR 100 million Environmental Technology Investment Programme is ongoing and scheduled to be completed in spring 2016.

PERSONNEL

The Group employed an average of 1,597 (1,701) persons during the reporting period, consisting of 698 (759) persons on shore and 899 (942) persons at sea. The average number of the shore personnel decreased mainly due to employee reductions in Port Operations. The number of the sea personnel decreased due to employee reductions made on MS Finnhansa and MS Finnsailor. The total number of persons employed at the end of the reporting period was 1,588 (1,635), of which 699 (716) on shore and 889 (919) at sea.

The Group's personnel expenses (including social costs) for the reporting period were EUR 84.2 (88.4) million.

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 2015, the focus continued to be on environmental investments in vessels.

To cost-efficiently fulfil the requirements of the EU Sulphur Directive and the MARPOL Convention, in force as from 1 January 2015, the Company launched a project for installation of scrubbers on vessels in 2014. Some of the vessels were also fitted with new propellers and others were treated with silicone anti-fouling to reduce frictional resistance. These measures will considerably reduce energy consumption and impacts on the environment. The installation work was carried out mainly in 2015 and will continue in 2016.

In 2015, the Company introduced a new operative IT system for the cargo traffic. At the same time, the systems were harmonised in different trades within the Finnlines Group and in the framework of the entire Grimaldi Group network. In 2015, the reform of operative systems in the ports was also initiated.

THE FINNLINES SHARE

The Company's registered share capital on 31 December 2015 was EUR 103,006,282 divided into 51,503,141 shares. A total of 7.1 (5.1) million shares were traded on Nasdaq Helsinki Ltd during the reporting period. The market capitalisation of the Company's stock on 31 December 2015 increased by more than 10 per cent compared to the previous year and was EUR 911.6 (824.1) million. Earnings per share (EPS) were EUR 1.10 (0.81). Shareholders' equity per share was EUR 10.89 (9.78).

The Company announced on 9 October 2015 that the Grimaldi Group has made an agreement with Mutual Pension Insurance Company Ilmarinen ("Ilmarinen") on the purchase of Ilmarinen's Finnlines shares, through which the Grimaldi Group's ownership rose to 91.32 per cent. At the end of the reporting period, the Grimaldi Group's holding and share of votes in Finnlines was 93.38 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 14 April 2015. 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 2014. It was decided to accept the proposal of the Board of Directors that no dividend be paid for 2014.

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. It was decided to pay annual compensation to the members of the Board as follows: EUR 50,000 for the Chairman, EUR 40,000 for the Vice Chairman, and EUR 30,000 for each of the other members of the Board.

The Annual General Meeting elected APA KPMG Oy Ab as the Company's auditor for the fiscal year 2015. It was decided that the external auditors 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 8 April 2014.

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 through scrapping of aging vessels, on the one hand, and the more stringent Sulphur Directive requirements, on the other.

Finnlines operates mainly in the Emissions Control Areas where the emission limits are stricter than globally. The sulphur content limit for heavy fuel oil was reduced to 0.10 per cent as from 1 January 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 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.

More 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

On 27 February 2015, the District Court of Helsinki rendered its decision on the dispute between Finnlines Plc and the State of Finland. According to Finnlines Plc, the Finnish Act on Fairway Dues in force until 1 January 2006 contained provisions which, according to EU law, were discriminatory. The Company has been charged excessive fairway dues during 2001–2004. In its decision, the District Court of Helsinki ordered the State of Finland to refund to Finnlines Plc, as plaintiffs, the fairway dues, charged in excessive extent in 2001–2004 totalling about EUR 17.0 million including interest. The Finnish State has appealed to the Helsinki Court of Appeal. The case is pending.

The Company's port operations subsidiaries have received a summons from 18 former employees. All employees claim compensation based on groundless termination of their employment contracts and compensation according to the Non-Discrimination Act. The total amount of the claims is EUR 2.2 million. The subsidiaries consider the basis of the claims to be groundless. The processes are under way.

Finnlines Plc's port operation subsidiary Finnsteve Oy Ab ("Finnsteve") has initiated legal action against the Port of Helsinki Oy ("the Port of Helsinki"). The action was initiated due to non-respect of the obligations on the part of the Port of Helsinki under the operative agreement in force between the parties concerning the rights of the subsidiary to use the operative area in the Vuosaari Harbour. In the beginning of October, the Port of Helsinki, on its part, filed an application for a temporary court order against Finnsteve in the Helsinki District Court. With the application for an interim court order the Port of Helsinki sought the right to force Finnsteve to clear certain areas in the Vuosaari Harbour which are essential to Finnsteve's business and operations and to oblige Finnsteve, on request, to provide crane services by the two cranes owned by Finnsteve to any third party designated by the Port of Helsinki. The Port of Helsinki has not given any indications that any third parties would need additional areas or crane services in the Vuosaari Harbour. The temporary court order, if granted, would be in force until a final and legally binding judgement is received in separate legal proceedings regarding the merits of allegations made by the Port of Helsinki. Finnsteve considers the claims of the Port of Helsinki unfounded and against the terms and conditions of the agreement in force since 2007 for 20 years between the Port of Helsinki and Finnsteve. The temporary court order against Finnsteve requested by the Port of Helsinki was rejected by the Helsinki District Court on 18 December 2015. The Port of Helsinki has announced its discontent with the decision. The case is pending.

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 Ilmarinen a leave to appeal the decision of the Court of Appeal of Helsinki in December 2012. The action initiated by Ilmarinen was an appeal against the decision of Finnlines' Annual General Meeting held on 20 May 2008 concerning minimum dividend. Ilmarinen claimed that the decision should be amended in that the minimum dividend paid should have been EUR 17,181,000.00 instead of EUR 180,216.39. The Supreme Court of Finland sustained, on 29 December 2015, the judgment rendered by the Helsinki Court of Appeal on 29 November 2011 and dismissed all claims presented against Finnlines Plc by Ilmarinen. The Supreme Court ruled that the decision of the Annual General Meeting was not against the Companies Act's minority dividend clause. It also ordered Ilmarinen to compensate Finnlines' legal costs.

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 exited from the German tonnage tax scheme and transferred to business taxation on 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 Company's focus is on responsible use of natural resources.

During 2015, Finnlines implemented an extensive environmental technology investment programme. Exhaust gas scrubbers were installed on a total of 15 ships to comply with the Sulphur Directive and to enable use of fuel which is more inexpensive than sulphur-free fuel oil. Six ships were rebladed and fitted with rudder bulbs. Two ships were treated with silicone anti-fouling. These measures are expected to improve the ships' fuel economy. The investment programme will continue in 2016.

In 2015, Finnlines' vessel traffic consumed 301,829 tons of heavy fuel oil and diesel oil, representing a decrease of over 8 per cent compared with 2014. The fuel consumption of the port operations totalled some 746 tons, which includes the operations in Helsinki, Turku and Naantali, an increase of around 8 per cent compared with 2014.

Safety is one of the most important environmental aspects in shipping. The land-based ship management organisation and all the ships are certified in accordance with the ISM Code (International Management Code for the Safe Operation of Ships and for Pollution Prevention). All ships and port facilities also comply with the requirements of the ISPS Code (International Ship and Port Facility Security Code).

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

In January 2016, Finnlines acquired two ro-ro vessels in accordance with the purchase agreement signed earlier. The vessels were put into Finnlines' liner services in early 2016.

On 3 February 2016, the Grimaldi Group notified Finnlines of its redemption rights on the remaining Finnlines shares, for which it offers EUR 17.80 per share in the redemption proceedings. To implement the redemption of the shares the Grimaldi Group will initiate arbitration proceedings as provided in the Finnish Companies Act.

OUTLOOK AND OPERATING ENVIRONMENT

Finnlines will complete its EUR 100 million Environmental Technology Investment Programme in 2016. Finnlines Group's result before taxes is expected to improve in 2016 compared to the same period in the previous year.

DIVIDEND DISTRIBUTION PROPOSAL

The parent company Finnlines Plc's result for the reporting period was EUR 52.8 million. The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the reporting period ended on 31 December 2015 due to the ongoing extensive capital expenditure requirement for the installation of scrubbers on Finnlines' vessels during 2015 and 2016.

According to the consolidated statement of financial position, the equity attributable to parent company shareholders equals EUR 561.1 (503.6) million at the end of the reporting period.

ANNUAL GENERAL MEETING 2016

Finnlines Plc's Annual General Meeting will be held from 13:00 on Tuesday, 12 April 2016 at the National Museum of Finland, Mannerheimintie 34, 00100 Helsinki.

London, 25 February 2016

Finnlines Plc, The Board of Directors

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

EUR 1,000	Note	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
Revenue	3, 7	**511,167**	532,889
Other income from operations	8	**1,810**	6,776
Materials and services	9	**-161,264**	-191,445
Personnel expenses	10	**-84,186**	-88,418
Depreciation, amortisation and impairment losses	11	**-56,590**	-56,843
Other operating expenses	12	**-140,654**	-144,396
Total operating expenses		**-442,694**	-481,102
Result before interest and taxes (EBIT)		**70,284**	58,563
Financial income	13	**934**	483
Financial expense	13	**-18,064**	-22,412
Result before taxes (EBT)		**53,153**	36,634
Income taxes	14	**3,675**	5,079
Result for the reporting period		**56,829**	41,713
Other comprehensive income:			
Other comprehensive income to be reclassified to profit and loss in subsequent periods:			
Exchange differences on translating foreign operations		**32**	69
Tax effect, net			
Other comprehensive income to be reclassified to profit and loss in subsequent periods, total		**32**	69
Other comprehensive income not being reclassified to profit and loss in subsequent periods:			
Remeasurement of defined benefit plans		**632**	-844
Tax effect, net		**-36**	353
Other comprehensive income not being reclassified to profit and loss in subsequent periods, total		**596**	-491
Total comprehensive income for the reporting period		**57,457**	41,291
Result for the reporting period attributable to:			
Parent company shareholders		**56,841**	41,726
Non-controlling interests		**-12**	-13
		56,829	41,713
Total comprehensive income for the reporting period attributable to:			
Parent company shareholders		**57,469**	41,304
Non-controlling interests		**-12**	-13
		57,457	41,291
Result for the reporting period attributable to parent company shareholders calculated as earnings per share (EUR/share)	15		
Undiluted / diluted earnings per share		**1.10**	0.81

Most of the items recognised in the Consolidated Statement of Comprehensive Income fall under the tonnage tax scheme.

See Notes, which are an integral part the Financial Statements, starting on page 11.

(figures in EUR thousand, if not stated otherwise)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

EUR 1,000	Note	31 Dec 2015	31 Dec 2014
ASSETS			
Non-current assets			
Property, plant and equipment	17	**997,619**	983,183
Goodwill	18	**105,644**	105,644
Other intangible assets	18	**3,758**	5,500
Other financial assets	21	**4,576**	4,576
Receivables	22	**1,258**	1,434
Deferred tax assets	23	**5,792**	5,353
		1,118,645	1,105,688
Current assets			
Inventories	24	**4,333**	5,926
Accounts receivable and other receivables	25	**86,019**	75,884
Income tax receivables		**539**	1
Cash and cash equivalents	26	**6,468**	2,680
		97,359	84,490
Non-current assets held for sale	5	**15,121**	20,297
Total assets		**1,231,125**	1,210,475
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		**209**	178
Fund for invested unrestricted equity	27	**40,016**	40,016
Retained earnings		**393,313**	335,876
		561,070	503,601
Non-controlling interests		**294**	306
Total equity		**561,363**	503,907
LIABILITIES			
Long-term liabilities			
Deferred tax liabilities	23	**52,712**	56,102
Other long-term liabilities	30	**113**	163
Pension liabilities	32	**3,919**	4,705
Provisions	28	**1,810**	1,844
Loans from financial institutions	29	**367,445**	420,722
		425,999	483,536
Current liabilities			
Accounts payable and other liabilities	30	**59,191**	71,565
Current tax liabilities		**14**	72
Provisions	28	**345**	81
Loans from financial institutions	29	**176,736**	142,967
		236,287	214,685
Total liabilities		**662,286**	698,220
Liabilities related to long-term assets held for sale	29	**7,476**	8,348
Total shareholders' equity and liabilities		**1,231,125**	1,210,475

See Notes starting on page 11.

(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 2014	103,006	24,525	109	40,016	294,641	462,297	360	462,658
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
Equity 31 December 2014	103,006	24,525	178	40,016	335,876	503,601	306	503,907

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 2015	**103,006**	**24,525**	**178**	**40,016**	**335,876**	**503,601**	**306**	**503,907**
Comprehensive income for the year:								
Result for the reporting period					56,841	56,841	-12	56,829
Exchange differences on translating foreign operations			32			32		32
Remeasurement of defined benefit plans					632	632		632
Tax effect, net					-36	-36		-36
Total comprehensive income for the year			**32**		**57,437**	**57,469**	**-12**	**57,457**
Dividend								
Equity 31 December 2015	**103,006**	**24,525**	**209**	**40,016**	**393,313**	**561,070**	**294**	**561,363**

(figures in EUR thousand, if not stated otherwise)

CONSOLIDATED STATEMENT OF CASH FLOWS, IFRS

EUR 1,000	Note	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
Cash flows from operating activities			
Result for reporting period		**56,829**	41,713
Adjustments:			
Non-cash transactions	31	**56,192**	51,987
Unrealised foreign exchange gains (-) / losses (+)	31	**-3**	-28
Financial income and expenses		**17,133**	21,957
Taxes		**-3,675**	-5,079
Changes in working capital:			
Change in accounts receivable and other receivables		**-2,009**	4,855
Change in inventories		**1,592**	2,906
Change in accounts payable and other liabilities		**-2,515**	-9,435
Change in provisions		**-238**	-207
Interest paid		**-14,240**	-18,742
Interest received		**442**	141
Taxes paid *		**-81**	-3,990
Other financing items		**-3,632**	-3,970
Net cash generated from operating activities		**105,794**	82,108
Cash flows from investing activities			
Investments in tangible and intangible assets **		**-78,897**	-29,575
Sale of tangible assets		**799**	69,590
Proceeds from sale of investments			1
Dividends received		**12**	13
Net cash used in investing activities		**-78,085**	40,029
Cash flows from financing activities			
Loan withdrawals		**282,000**	169,604
Net increase (+) / decrease (-) in current interest-bearing liabilities		**32,447**	7,953
Repayment of loans		**-338,550**	-298,974
Loans granted			-900
Increase / decrease in non-current receivables		**180**	395
Dividends paid			-42
Net cash used in financing activities		**23,922**	-121,964
Change in cash and cash equivalents		**3,787**	173
Cash and cash equivalents 1 January		**2,680**	2,508
Effect of foreign exchange rate changes		**1**	-1
Cash and cash equivalents 31 December		**6,468**	2,680

* The taxes paid in 2014 include the payment of EUR 3.6 million included in Finnlines Deutschland GmbH's tax provisions due to the exit from the tonnage tax scheme.

** Investments include environmental aid granted by the European Union, of which the Group has received EUR 5.8. million during the reporting period 2015.

See Notes starting on page 11.

(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, as well as from Sweden to Germany. 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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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 25 February 2016. 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 2015. 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

The Finnlines Group has applied as from 1 January 2015 the following new and amended standards that have come into effect.

- 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 did not have any impact on Finnlines' consolidated financial statements.
- *Annual Improvements to IFRSs* (*2011–2013 cycle* and *2010–2012 cycle*) (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 vary standard by standard but are not significant.
- 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 2015.

- 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 interpretation 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 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.
- *Annual Improvements to IFRSs* (2012–2014 cycle) (effective for financial years beginning on or after 1 January 2016): 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 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 2018): 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. The Group is currently assessing the impact of IFRS 15.

- 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 will not have any 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 of 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 particular, in the relevant notes to the consolidated financial statements: Note 18. Goodwill and other intangible assets, Note 23. Deferred tax assets and liabilities.

The most significant items where management has used discretion on accounting principles concern non-current assets of Port Operations and related liabilities classified as being held for sale as well as deferred tax assets as recognition of losses. 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 the 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 the contractual joint operation agreement, Finnlines recognises the revenue from the sale of its share 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 for Sweden, where the functional currency used is euro. The Consolidated Financial Statements are presented in euro, 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 statements of comprehensive income located outside the euro area are translated into EUR using weighted average exchange rates. Statements 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 impairment 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 carrying value. They can be recognised as a separate asset only if it is likely that the future economic benefits associated with the item will flow 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 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

(figures in EUR thousand, if not stated otherwise)

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 for which hedge accounting according to IAS 39 is not applied 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.
The Group has no outstanding derivative contracts at balance sheet date 2014 or 2015.

Held-to-maturity investments are valued at amortised cost. During 2015, 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. The majority of financial assets available for sale consists of unlisted shares which are valued at the lower of acquisition cost or probable value, as their fair value cannot be reliably measured.

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 using the effective interest method. 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 17. 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 to the extent that it is likely that future taxable profit will be available, against which the tax receivables can be used. In the Group, the most significant temporary differences relate to unused tax losses and depreciation of tangible fixed assets.
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 is 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 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. An 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 in proportion to the stage of completion. Revenue is recognised at the fair value of the consideration received or receivable, adjusted by 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 dividends 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 the 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 in its 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 2015:				
Total revenue from segment	492,870	35,932		528,803
Intra-group revenue	-150	17,785	-17,635	-17,635
External revenue	493,021	18,147		511,167
Result before interest and taxes (EBIT)	72,212	-1,929		70,284
Financial items				-17,130
Income taxes				3,675
Result for reporting period				**56,829**
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

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

(figures in EUR thousand, if not stated otherwise)

SEGMENT ASSETS, LIABILITIES AND CAPITAL EXPENDITURE FOR 2015 AND 2014

EUR 1,000	Shipping and Sea Transport Services	Port Operations	Eliminations	Group
Non-cash expenses in the profit and loss account				
2015				
Depreciation	-53,871	-2,719		-56,590
Impairment losses in accounts receivable	-155	-48		-203
2014				
Depreciation	-53,049	-3,794		-56,843
Impairment losses in accounts receivable	-546	-2		-548
Assets, liabilities and capital expenditure by segment				
2015				
Segment assets	1,137,844	81,849	-965	1,218,727
Unallocated assets				12,398
Total assets				**1,231,125**
Segment liabilities	55,603	7,377	-542	62,438
Unallocated liabilities				607,324
Total liabilities				**669,762**
Capital expenditure	**63,874**	**234**		**64,107**
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 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 Port Operations segment contain EUR 15.1 million classified as assets held for sale, including EUR 7.5 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	2015	2014
Revenue		
Finland	**237,254**	242,899
Sweden	**84,630**	88,852
Germany	**59,141**	65,109
Other EU countries	**114,257**	116,434
Russia	**7,333**	9,915
Other	**8,554**	9,679
	511,167	532,889
Assets *		
Finland **	**741,132**	729,641
Sweden	**340,194**	343,747
Germany **	**41,037**	41,459
Other EU countries	**-222**	-224
	1,122,141	1,114,623

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

** Changes made between the groups in 2014.

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 holds a 25 per cent interest. Finnlines combines 75 per cent of the income and expenses from the joint operations. It has a receivable of EUR 0.8 million from the terminal service provider relating to the joint operations. Finnlines has no other financial commitments. It has been temporarily agreed between the partners that, in the Financial Statements for 2015, 2014 and 2013, Finnlines recognises 100 per cent of the joint operation's revenues and costs. From Finnlines' point of view, the joint operation is not material.

5. NON-CURRENT ASSETS HELD FOR SALE

Port Operations are negotiating a sale of port assets with the carrying value of around EUR 15.1 million. The assets related to Port Operations include liabilities of EUR 7.5 million. No impairment losses have been recognised on the carrying amount of the assets.

6. ACQUIRED NON-CONTROLLING INTERESTS

No acquisitions were made in 2015 or in 2014.

7. REVENUE

EUR 1,000	2015	2014
Revenue		
Sale of goods	**12,012**	11,080
Rendering of services	**495,668**	519,228
Vessel hires	**3,487**	2,581
	511,167	532,889

(figures in EUR thousand, if not stated otherwise)

8. OTHER INCOME FROM OPERATIONS

EUR 1,000	**2015**	2014
Other income from operations		
Rental income	**873**	1,420
Profits from sale of tangible assets	**397**	4,856
Other income from operations	**540**	501
	1,810	6,776

Profits from sale of tangible assets include sales profits derived from the sale of two vessels (MS Finnhansa and MS Finnarrow) in 2014.

9. MATERIALS AND SERVICES

EUR 1,000	**2015**	2014
Cost of services provided		
Materials and supplies		
Purchases during reporting period	**-99,976**	-130,655
Change in inventories	**-1,592**	-2,906
Purchased services	**-59,696**	-57,884
	-161,264	-191,445

10. PERSONNEL EXPENSES

EUR 1,000	**2015**	2014	2013
Employee benefit expenses			
Salaries	**-83,901**	-88,083	-97,512
Other social costs	**-10,103**	-9,997	-12,545
Pension expenses – defined contribution plans	**-9,951**	-10,891	-12,958
Pension expenses – defined benefit plans	**-156**	-177	-174
Government grants for shipping companies	**19,925**	20,731	20,603
	-84,186	-88,418	-102,584
Average number of Group employees			
Shipping and Sea Transport Services	**1,317**	1,371	1,388
Port Operations	**280**	330	473
	1,597	1,701	1,861
Number of employees on 31 Dec	**1,588**	1,635	1,806

Information on the employee benefits of the senior management is presented in Note 35. Transactions 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 19.9 (20.7) 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	**2015**	2014
Depreciation of tangible assets		
Buildings	**-2,203**	-2,370
Machinery and equipment	**-1,118**	-2,017
Vessels	**-50,749**	-51,430
Amortisation of intangible assets	**-2,520**	-1,025
Total depreciation and amortisation	**-56,590**	-56,843

(figures in EUR thousand, if not stated otherwise)

12. OTHER OPERATING EXPENSES

EUR 1,000	2015	2014
Port expenses, equipment and other voyage related costs	-50,511	-61,573
Leases	-28,449	-23,657
Manning service costs and other non-obligatory personnel costs	-760	-1,069
Vessel insurances, repairs and maintenance costs	-30,227	-27,311
Catering costs	-11,696	-11,162
IT costs	-2,369	-2,132
Sales and marketing costs	-3,944	-3,506
Real estate costs excluding rents and leases	-2,956	-3,070
Other costs	-9,742	-10,916
	-140,654	-144,396

AUDITOR'S REMUNERATION

The Group's principal auditors were KPMG Oy Ab in 2015.

EUR 1,000	2015	2014
Audit fees		
KPMG	171	193
Other	26	21
Tax consultancy and other fees		
KPMG	115	72
Deloitte & Touche		2
Other	5	4
	317	292

13. FINANCIAL INCOME AND EXPENSES

EUR 1,000	2015	2014
Dividend income, available-for-sale assets	12	13
Interest income		
Bank deposits	0	2
Loans and accounts receivable	154	139
Other receivables	455	
Exchange rate gains		
Other exchange rate gains	311	329
Other financial income	1	1
Total financial income	934	483
Interest expenses		
Borrowings measured at amortised cost	-14,122	-18,240
Other interest expenses	-3	-2
Exchange rate losses		
Other exchange rate losses	-208	-220
Other financial expenses	-3,731	-3,950
Total financial expenses	-18,064	-22,412
Net financial expenses	-17,130	-21,929

The Group's financial income and expenses include exchange rate gains and losses, most of which are related to valuation of foreign currency accounts. The main part of the other financial expenses is composed of guarantee fees and other expenses related to borrowings.

(figures in EUR thousand, if not stated otherwise)

14. INCOME TAXES

EUR 1,000	2015	2014
Tax on taxable income of the reporting period	**-221**	-142
Tax from previous periods	**32**	173
Change in deferred taxes	**3,865**	5,048
Income taxes in profit and loss, expense (-)	**3,675**	5,079

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

EUR 1,000	2015	2014
Result before taxes	**53,153**	36,634
Tax calculated using Finnish tax rate	**-10,631**	-7,327
Foreign subsidiaries' differing tax rates *	**-252**	-232
Tax-exempt income and non-deductible expenses	**-13**	101
Losses for which no deferred tax asset was recognised	**-75**	-58
Reassessment of deferred tax assets **		1,987
Impact of tonnage tax ***	**14,614**	9,961
Tax from previous periods	**32**	173
Change in deferred taxes of re-investment provision		475
Income taxes in profit and loss, expense (-)	**3,675**	5,079

* As of 1 January 2014, the applicable tax rate has been 20.0 per cent in Finland.

** Management has reassessed Finnsteve companies' unrecognised tax losses as of 31 December 2014.

*** The Finnish parent company Finnlines Plc entered into the Finnish tonnage taxation regime as from 1 January 2013. The adoption is binding at least until 31 December 2022. Current tax includes EUR 92 (87) thousand of tonnage tax to be paid in Finland.

Income tax on other comprehensive income

EUR 1,000	2015	2014
Remeasurement of defined benefit liability	**-36**	353
	-36	353

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	2015	2014
Result for the reporting period attributable to parent company shareholders, EUR 1,000	**56,841**	41,726
Weighted average no. of shares, 1,000	**51,503**	51,503
Undiluted earnings per share, EUR/share	**1.10**	0.81

16. DIVIDENDS

In 2015, as well as in 2014, 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 52.8 million. The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the reporting period ended on 31 December 2015 due to the ongoing extensive capital expenditure requirement for the installation of scrubbers on Finnlines' vessels during 2015 and 2016.

(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 2015						
Acquisition cost 1 Jan 2015	72	72,773	1,287,982	66,273	25,928	1,453,028
Exchange differences				33		33
Increases			44,934	279	18,117	63,330
Disposals			-708	-1,164		-1,872
Reclassifications between items			20,578	9	-20,586	0
Transfer to non-current assets held for sale ***		-4,369		-22,395		-26,763
Acquisition cost 31 Dec 2015	**72**	**68,404**	**1,352,785**	**43,035**	**23,459**	**1,487,755**
Accumulated depreciation and impairment losses 1 Jan 2015		-17,341	-389,749	-42,459		-449,549
Exchange differences				-30		-30
Cumulative depreciation on reclassifications and disposals			707	1,162		1,870
Depreciation for the reporting period		-2,203	-50,749	-1,118		-54,070
Accumulated depreciation and impairment losses 31 Dec 2015		-19,544	-439,791	-42,444		-501,779
Transfer to non-current assets held for sale ***		1,132		10,510		11,642
Carrying value 31 Dec 2015	**72**	**49,993**	**912,994**	**11,101**	**23,459**	**997,619**

Assets classified as held for sale 31 Dec 2015						
Acquisition cost						
Transfer to non-current assets held for sale 1 Jan 2015		4,369	21,675	22,395		48,439
Reclassification between items			-21,675			-21,675
Accumulated depreciation						
Transfer to non-current assets held for sale 1 Jan 2015		-1,132	-16,499	-10,510		-28,141
Reclassification between items			16,499			16,499
Carrying value 31 Dec 2015		**3,237**	**0**	**11,885**		**15,121**

* During the reporting period, EUR 9.3 million environmental aid granted by the European Union was allocated to environmental investments in vessels. Advance payments and acquisitions under construction include EUR 5.2 million environmental aid granted by the European Union.

** The carrying value of property, plant and equipment includes EUR 22.3 (23.4) million of capitalised borrowing costs during construction.

*** Finnlines is negotiating a sale of port operations' assets with carrying value of EUR 15.1 million. No impairment losses were recognised on the carrying values of these assets in 2014 or 2015, as according to management's estimate, the fair value of the assets classified as held for sale was higher than the carrying value at the balance sheet date 31 December 2014 and 31 December 2015. The vessel which had been classified as held for sale in the Financial Statements 2014 has been reclassified as fixed asset in 2015.

(figures in EUR thousand, if not stated otherwise)

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 2014	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
Carrying value 31 Dec 2014	72	52,196	893,057	11,930	25,928	983,183

* Finnlines sold the vessels MS Finnhansa and MS Finnarrow during the reporting period 2014.

** Finnlines negotiated 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.

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

EUR 1,000	Machinery and equipment	Buildings	Total
31 Dec 2015			
Acquisition cost	27,390	7,181	34,571
Increases during reporting period			
Accumulated depreciation	-5,717	-3,927	-9,644
Carrying value	**21,672**	**3,254**	**24,927**
31 Dec 2014			
Acquisition cost	27,390	7,181	34,571
Increases during reporting period			
Accumulated depreciation	-5,112	-3,616	-8,728
Carrying value	22,278	3,565	25,843

Assets leased through finance leases consist of machinery and equipment, an office building and two pier ramp constructions, as well as container cranes in the Vuosaari Harbour.

(figures in EUR thousand, if not stated otherwise)

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 2015				
Acquisition cost 1 Jan 2015	105,644	1,471	29,750	136,865
Additions		261	517	778
Disposals			-6,745	-6,745
Reclassifications		-1,471	1,471	0
Acquisition costs 31 Dec 2015	**105,644**	**261**	**24,993**	**130,897**
Accumulated amortisation and impairment losses 1 Jan 2015			-25,722	-25,722
Cumulative amortisation on reclassifications and disposals			6,745	6,745
Depreciation for the reporting period			-2,520	-2,520
Accumulated amortisation and impairment losses 31 Dec 2015			-21,496	-21,496
Carrying value 31 Dec 2015	**105,644**	**261**	**3,497**	**109,401**
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
Carrying value 31 Dec 2014	105,644	1,471	4,028	111,143

* 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 remained unchanged since 2014, although minor changes were made to the vessel set-up due to the fleet re-organisation during 2015. The goodwill related to Finland–Germany traffic is allocated to the HansaLink service, which is operated with a vessel system between Finland, Germany, and Poland. Goodwill related to the South Sweden–Germany traffic is allocated to the NordöLink service.

EUR 1,000	**2015**	2014
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 2015, minor alterations were made to the traffic patterns between Finland, Germany, and Poland. Three Star-class vessels continued to ply between Helsinki and Travemünde, and a ro-ro vessel was sailing on the direct route between Hanko and Rostock. As from January 2016, the direct route to Gdynia runs from Hanko instead of Helsinki.

NordöLink traffic continued with a large Star-class vessel and two smaller ro-pax vessels.

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 invested in exhaust gas scrubbers 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 2015

	Cash-generating unit	
	HansaLink	NordöLink
Discount rate (pre-tax)	4.9 %	4.9 %
LTP period	2016–2020	2016–2020
Growth rate after LTP period	2.0 %	2.0 %
The resulting share of terminal value of the calculated discounted cash flow	88.1 %	86.6 %

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%

Based on the forecasts, the current recoverable amounts of the Finland–Germany–Poland service (HansaLink) and NordöLink clearly exceed the carrying value at the end of 2015. 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 a period of five years, 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 shares of terminal values (cash flows after a 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 variables.

(figures in EUR thousand, if not stated otherwise)

19. SUBSIDIARIES

Finnlines Plc has 21 subsidiaries, which are specified in Note 36. Subsidiaries.

20. INVESTMENTS IN ASSOCIATED COMPANIES

The Group has no investments in associated companies.

21. OTHER FINANCIAL ASSETS

EUR 1,000	2015	2014
Investments in unlisted shares	**4,576**	4,576
Available-for-sale financial assets 31 Dec	**4,576**	4,576

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 2014 and 2015, the Group had no financial assets classified under the category held-to-maturity investments.

22. NON-CURRENT RECEIVABLES

	2015		2014	
EUR 1,000	**Fair Value**	**Carrying amount**	Fair Value	Carrying amount
Loans and other receivables				
Loan receivables	**400**	**400**	600	600
Other receivables *	**858**	**858**	834	834
	1,258	**1,258**	1,434	1,434

* Comparison figure in 2014 regrouped by reclassifying from short-term to long-term receivables.

23. DEFERRED TAX ASSETS AND LIABILITIES

Changes in deferred taxes in 2014 and 2015

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

(figures in EUR thousand, if not stated otherwise)

EUR 1,000	1 Jan 2015	Recognised in profit and loss	Recognised in other comprehensive income	31 Dec 2015
Deferred tax assets:				
Fair value valuation loss, IAS 32, 39	18	-14		**4**
Unused losses in taxation	4,235	757		**4,992**
Group difference, vessels and equipment	510	-102		**408**
Other differences	212	-166		**46**
Remeasurement of defined benefit plans	377		-36	**341**
	5,353	**475**	**-36**	**5,792**
Deferred tax liabilities:				
Depreciation difference 1 Jan 2015	14,870	1,956		**16,825**
Deferred tax liability in tonnage taxation	38,083	-5,659		**32,424**
Group difference, vessels and equipment	2,534	-131		**2,402**
Fair value valuation gains and financial lease	518	447		**965**
Repurchase reserve	0	0		**0**
Currency difference	0			**0**
Other differences	99	-2		**96**
	56,102	**-3,390**	**0**	**52,713**

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:

EUR 1,000	Deferred tax liabilities
Finnlines Plc's depreciation in excess of plan 1 Jan 2013	52,692
Difference between vessel's legal and Group value	1,340
Deferred tax liability 2013	54,033
Recognised in the income statement 1 Jan 2013	
Difference between vessel's group value and fair value	364
Recognised in the income statement 1 Jan–31 Dec 2013	
Tax relief of vessels crew's social costs	-3,352
Effect of change of tax rate on tax 1 Jan 2014	-9,376
Deferred tax liability in tonnage taxation at 31 Dec 2013	41,669
Tax relief of vessels crew's social costs (the second tonnage tax period)	-3,587
Deferred tax liability in tonnage taxation 31 Dec 2014	38,083
Recognised in more tax relief for vessels crew social costs 2013, 2014 (the third tonnage tax period)	-1,479
Tax relief of vessels crew's social costs 2015 (the third tonnage tax period)	-4,180
Deferred tax liability in tonnage taxation at 31 Dec 2015	**32,424**

EUR 1,000	2015	2014
Deferred tax assets and liabilities		
Total deferred tax assets	**5,792**	5,353
Deferred tax assets in statement of financial position	**5,792**	5,353
Deferred tax liabilities	**52,713**	56,102
Deferred tax liabilities in statement of financial position	**52,713**	56,102

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

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

The Group has recognised EUR 4.7 million deferred tax assets from Finnsteve companies' carry forward losses. This is based on Finnsteve companies' improved financial performance and estimated results for future years. The estimate also takes into account that the parent company has a possibility to give group contribution to Finnsteve companies.

(figures in EUR thousand, if not stated otherwise)

The Group did not recognise deferred income tax assets of EUR 0.5 (0.2) million because, according to management's view, utilisation of losses involves considerable uncertainty.

The Group has recognised deferred tax assets for unutilised losses in taxation EUR 5.0 (4.2) million. The tax losses will expire in 2020–2024.

24. INVENTORIES

EUR 1,000	**2015**	2014
Material and equipment	**3,644**	5,385
Inventory for resale	**689**	541
	4,333	5,926

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

25. CURRENT RECEIVABLES

	2015		2014	
EUR 1,000	**Fair Value**	**Carrying amount**	Fair Value	Carrying amount
Accounts receivable and other receivables				
Loans and other receivables				
Accounts receivable *	**55,206**	**55,206**	56,308	56,308
Accrued income and prepaid expenses	**18,151**	**18,151**	16,285	16,285
Other receivables	**12,461**	**12,461**	3,110	3,110
Loan receivables	**200**	**200**	180	180
	86,019	**86,019**	75,884	75,884

* Comparison figure in 2014 regrouped by reclassifying from short-term to long-term receivables.

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	**2015**	2014
Significant items of accrued income and prepaid expenses		
Government grants for shipping companies	**8,788**	9,293
Personnel costs	**1,018**	773
Port expenses, cargo handling and other voyage-related costs	**1,550**	1,140
Docking costs	**600**	1,129
Reimbursement of average repairs, vessels	**1,547**	777
Other accrued receivables	**4,648**	3,174
	18,151	16,286

EUR 1,000	2015	Impaired receivables	**Net 2015**
Aging of accounts receivable 2015			
Undue	45,068	1	**45,067**
Overdue			
1–30 days	7,223	2	**7,221**
31–60 days	246		**246**
61–90 days	424	8	**416**
91–360 days	2,504	105	**2,399**
over 360 days	527	670	**-143**
Total overdue	10,924	785	**10,139**
	55,992	786	**55,206**

(figures in EUR thousand, if not stated otherwise)

EUR 1,000	2014	Impaired receivables	Net 2014
Aging of accounts receivable 2014			
Undue	43,848		43,848
Overdue			
1–30 days	9,857	6	9,851
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	13,248	788	12,460
	57,096	788	56,308

EUR 1,000	2015	2014
Accounts receivable by currency		
EUR	**54,856**	55,355
SEK	**14**	18
GBP	**297**	878
USD	**32**	56
DKK	**6**	1
PLN	**0**	-1
	55,206	56,308

The carrying values of accounts receivable and other receivables are reasonable estimates of their fair values. In 2015, the Group has recognised impairment losses of EUR -203 (-548) 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	2015	2014
Cash in hand and cash equivalent	**6,468**	2,680
	6,468	2,680

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 2014	51,503	103,006
31 Dec 2015	**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 2015 (the maximum share capital was EUR 200 million on 31 December 2014). All issued shares have been fully paid.

The number of Finnlines Plc's shares amounted to 51,503,141 shares and share capital to EUR 103,006,282.

Share premium account

EUR 1,000	2015	2014
Share premium account	**24,525**	24,525

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

(figures in EUR thousand, if not stated otherwise)

Fund for unrestricted equity

EUR 1,000	2015	2014
Unrestricted equity reserve 1 Jan	**40,016**	40,016
Increase	**0**	0
Unrestricted equity reserve 31 Dec	**40,016**	40,016

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	2015	2014
Non-current provisions	**1,810**	1,844
Current provisions	**345**	81
	2,155	1,925

EUR 1,000	Tax provision	Other provisions	Total
1 Jan 2015	12	1,913	1,925
Increases in provisions	315		315
Decreases in provisions		-84	-84
31 Dec 2015	**327**	**1,828**	**2,155**

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

Other provisions contain mainly dismantling provisions for buildings in the Vuosaari Harbour. Provisions have been made because the buildings are located on a 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

	2015		2014	
EUR 1,000	**Fair Value**	**Carrying amount**	Fair Value	Carrying amount
Non-current liabilities measured at amortised cost				
Loans from financial institutions	**346,457**	**339,647**	375,962	369,190
Bank overdraft facilities			14,604	14,604
Pension loans	**18,369**	**18,153**	26,615	26,480
Finance lease liabilities	**16,049**	**16,049**	17,920	17,920
	380,875	**373,849**	435,102	428,195
Current liabilities measured at amortised cost				
Loans from financial institutions	**75,509**	**75,509**	74,223	74,223
Pension loans	**8,327**	**8,327**	8,327	8,327
Finance lease liabilities	**1,874**	**1,874**	1,642	1,642
Commercial paper programme	**92,098**	**92,098**	59,650	59,650
Financial liabilities	**177,807**	**177,807**	143,842	143,842
Loans from financial institutions	**558,682**	**551,657**	578,944	572,036

The carrying amounts 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 0.0–0.9 per cent (0.2–0.8 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 amounts.

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).

Level 3 includes unlisted shares amounting to EUR 4.6 million (4.6 in 2014), which are valued at the lower of acquisition cost or probable value, as their fair value cannot be reliably measured.

EUR 1,000	**2015**	2014
Maturity of long-term financial liabilities (not including finance lease liabilities)		
Within 12 months	**83,835**	82,550
1–5 years	**294,162**	311,990
After five years	**64,923**	99,821
	442,921	494,360

	2015	2014
Weighted average interest rates of the financial debts		
Loans from financial institutions	**2.53%**	2.67%
Bank overdraft facilities		2.49%
Commercial paper programme	**0.89%**	1.48%
Pension loans	**1.88%**	2.04%
Finance lease liabilities	**3.66%**	3.70%

(figures in EUR thousand, if not stated otherwise)

EUR 1,000	Within 1 year	1–5 years	Total
Floating rate financial liabilities, timing of re-pricing 31 Dec 2015			
Financial liabilities			
Loans from financial institutions	282,077		282,077
Bank overdraft facilities			
Pension loans	11,100		11,100
Finance lease liabilities	15,116		15,116
	308,293		**308,293**

EUR 1,000	Within 1 year	1–5 years	Total
Floating rate financial 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

All of the Group’s financial liabilities were in EUR on 31 December 2015 and on 31 December 2014.

Financial liabilities include secured liabilities. The pledge value of the related pledged assets is EUR 973 (1,035) million. This is detailed in Note 34. Contingencies and Commitments.

Finance lease liabilities

EUR 1,000	**2015**	2014
Finance lease liabilities future minimum lease payments due		
Within 12 months	2,554	2,388
1–5 years	15,385	17,410
After five years	1,979	2,528
	19,918	22,327
Future interest expenses from finance lease agreements	**1,995**	2,765
Finance lease liabilities current value of minimum lease payments		
Within 12 months	2,030	1,822
1–5 years	14,529	16,024
After five years	1,364	1,716
	17,923	19,562

Finance lease liabilities consist of four container cranes, two pier ramp constructions and an office building, as well as certain machinery and equipment related to the port operations business.

(figures in EUR thousand, if not stated otherwise)

30. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2015		2014	
EUR 1,000	**Fair Value**	**Carrying amount**	Fair Value	Carrying amount
Liabilities, non-current				
Other non-current accrued liabilities	**113**	**113**	163	163
Other non-current liabilities				
	113	**113**	163	163

	2015		2014	
EUR 1,000	**Fair Value**	**Carrying amount**	Fair Value	Carrying amount
Accounts payable and other liabilities				
Liabilities measured at cost				
Accounts payable	**18,003**	**18,003**	22,003	22,003
Accrued personnel costs	**11,447**	**11,447**	11,234	11,234
Accrued interest	**2,613**	**2,613**	2,980	2,980
Other accrued expenses and deferred income	**11,786**	**11,786**	16,290	16,290
Other liabilities	**13,563**	**13,563**	18,204	18,204
Current advances received	**1,779**	**1,779**	853	853
	59,191	**59,191**	71,565	71,565

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

EUR 1,000	**2015**	2014
Significant items in accrued expenses and deferred income		
Discounts given	**5,615**	4,747
Bunker costs	**697**	1,691
Cargo handling costs	**1,376**	2,649
Port expenses and voyage-related costs	**1,684**	1,957
Repairs, vessels	**507**	1,228
Other accrued liabilities	**1,907**	4,018
	11,786	16,290

EUR 1,000	**2015**	2014
Distribution of accounts payable by currency		
EUR	**14,581**	18,342
SEK	**1,304**	1,003
USD	**1,546**	2,084
GBP	**490**	337
NOK	**2**	125
DKK	**68**	96
CHF	**8**	
PLN	**3**	16
	18,003	22,003

31. ADJUSTMENTS TO CASH FLOW FROM OPERATIONS

EUR 1,000	**2015**	2014
Non-cash transactions		
Depreciation	**56,590**	56,843
Profits/losses from the sale of assets	**-397**	-4,856
Exchange rate differences	**-3**	-28
	56,192	51,959

(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 2015 covered a total of 191 (197) members, of whom 23 (27) 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 2015, the defined benefit pension plan in Germany covered a total of 44 (46) members, of whom 9 (11) 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 2015 or 2014, the Company did not have access to information, which would make 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 (0.5) million. Alecta's surplus can be distributed to policy holders and/or the insured. At the end of 2015, Alecta's surplus in the form of collective funding ratio amounted to 148 (146) 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 the defined benefit obligations is 11.0 years.

Assumptions 31 Dec 2015	Germany pension promise	Finland Finnsteve pension promise	Finland Finnsteve pension plan	Finland Finnlines pension plan	Average 2015	Average 2014
Discount rate	2.29%	2.20%	2.20%	2.20%	2.23%	1.85%
Rate of salary increase	2.00%	n/a	1.50%	1.50%		
Rate of benefit increase	2.00%	1.67%	1.67%	1.67%		
Rate of inflation	2.00%	1.43%	1.43%	1.43%		

1,000 EUR	**2015**	2014
Expense recognised in profit or loss		
Service cost	**64**	50
Net interest	**92**	128
Expense recognised in profit or loss	**156**	177
Remeasurements in other comprehensive income	**-632**	844
Amounts in total comprehensive income	**-476**	1,021

1,000 EUR	**31 Dec 2015**	31 Dec 2014
Liability recognised in statement of financial position		
Defined benefit obligation	**8,436**	10,210
Fair value of plan assets	**4,517**	5,505
Surplus (-) / Deficit (+)	**3,919**	4,705
Net defined benefit liability (+) / asset recognised in statement of financial position	**3,919**	4,705

(figures in EUR thousand, if not stated otherwise)

1,000 EUR	31 Dec 2015	31 Dec 2014
Changes in net defined benefit liability during the period		
Net defined benefit liability recognised in statement of financial position at beginning of period	**4,705**	3,982
Contributions during the period	**-310**	-298
Expense during the period	**156**	177
Remeasurements recognised in other comprehensive income	**-632**	844
Net defined benefit liability recognised in statement of financial position at the end of period	**3,919**	4,705

1,000 EUR	2015	2014
Remeasurements components in other comprehensive income		
Actuarial gains (-) / losses (+) on defined benefit obligation arising from changes in demographic assumptions	**-633**	0
Actuarial gains (-) / losses (+) on defined benefit obligation arising from changes in financial assumptions	**-711**	1,423
Actuarial gains (-) / losses (+) on defined benefit obligation arising from experience adjustments	**-134**	201
Actuarial gains (-) / losses (+) on plan assets and return on plan assets excluding interest income	**846**	-781
Remeasurement in other comprehensive income	**-632**	844

1,000 EUR	2015	2014
Change in defined benefit obligation		
Opening defined benefit obligation	**10,210**	8,817
Current service cost	**64**	50
Interest expense	**184**	269
Actuarial gains (-) / losses (+) on obligation	**-1,478**	1,625
Benefits paid	**-544**	-550
Defined benefit obligation at the end of the period	**8,436**	10,210

1000 EUR	2015	2014
Change in the fair value of plan assets		
Opening fair value of plan assets	**5,505**	4,835
Interest income	**92**	141
Gain on plan assets excl. item included in net interest	**-846**	781
Employer contributions	**310**	298
Benefits paid	**-544**	-550
Fair value of plan assets at the end of the period	**4,517**	5,505

(figures in EUR thousand, if not stated otherwise)

31 Dec 2015					
1000 EUR	Germany pension promise	Finland Finnsteve pension promise	Finland Finnsteve pension plan	Finland Finnlines pension plan	Total
Sensitivity analysis on net defined benefit liability					
Discount rate change +0.5%					
Defined benefit obligation	2,791	363	301	4,546	8,001
Fair value of plan assets	0	0	317	3,979	4,296
Net Liability	**2,791**	**363**	**-16**	**567**	**3,705**
Change in EUR	-149	-15	0	-50	-214
Change in %	-5.07%	-3.97%	0.00%	-8.10%	-5.46%
Discount rate change -0.5%					
Defined benefit obligation	3,103	395	338	5,077	8,913
Fair value of plan assets	0	0	355	4,403	4,758
Net Liability	**3,103**	**395**	**-17**	**674**	**4,155**
Change in EUR	162	17	-1	57	235
Change in %	5.53%	4.50%	6.25%	9.24%	6.01%
Benefit increase rate change +0.5%					
Defined benefit obligation	3,099	395	338	5,051	8,883
Fair value of plan assets	0	0	335	4,182	4,517
Net Liability	**3,099**	**395**	**3**	**869**	**4,366**
Change in EUR	159	17	19	252	447
Change in %	5.39%	4.50%	-118.75%	40.84%	11.39%
Benefit increase rate change -0.5%					
Defined benefit obligation	2,793	362	301	4,566	8,022
Fair value of plan assets	0	0	335	4,182	4,517
Net Liability	**2,793**	**362**	**-34**	**384**	**3,505**
Change in EUR	-147	-16	-18	-233	-414
Change in %	-4.99%	-4.23%	112.50%	-37.76%	-10.56%

The Group estimates the costs for the defined benefit plans valid on 31 December 2015 at EUR 0.2 million in 2016.

(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
Sensitivity 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%

(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 2015, 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 a large extent this USD risk. Currency positions are reviewed on a net basis 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 2015 or 2014.

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 2015 and 2014, the Group had no such significant investments in foreign currencies. The tables below show the translation position at the end of 2015 and 2014.

EUR 1,000	**Investment**
Group translation exposure 2015	
GBP	**466**
DKK	**180**
PLN	**80**
	726

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

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 2015, change in USD, weakening/strengthening 10% against EUR	**+135/-165**	**+0/-0**
Sensitivity at closing date 2014, change in USD, weakening / strengthening 10% against EUR	+178/-218	+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, 58 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 15 months.

At the balance sheet date, the Group had no open interest rate swaps. 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 change is assumed to be +/-0.50 percentage points 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 change 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 quoted.

EUR 1,000	Change in profit & loss
Sensitivity at closing date 2015, change in interest rates, increasing / decreasing 0.5% from valid rate of the instrument at 31 Dec 2015	
Debt portfolio	**-1,549/+1,549**
	-1,549/+1,549

Change before tax effect.

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.

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 fluctuations 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 the reporting period 2015 were on a low level (0.04 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 2015, the granted but unused credit facilities totalled EUR 108.0 (120.4) 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 2015

EUR 1,000	2016	2017	2018	2019	2020	2021-	Total	**Residual amount of interest-bearing liabilities as at 31 Dec 2015**
Loans from financial institutions	85,410	70,362	68,649	83,252	78,277	62,107	448,057	**416,441**
Bank overdraft facilities								
Pension loans	8,616	6,990	5,406	1,026	1,022	4,041	27,101	**26,480**
Financial lease liabilities	2,554	2,086	12,207	546	546	1,979	19,918	**17,923**
Commercial paper programme	92,800						92,800	**92,098**
	189,380	79,438	86,262	84,824	79,844	68,127	587,876	**552,941**

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

The Group had no outstanding hedging instruments on 31 December 2015 or on 31 December 2014.

COMMODITY RISK

The Group is exposed to commodity risk relating to availability and price fluctuations of fuel. The Finnlines Group is implementing a programme for reducing its vessels' fuel consumption and costs. Last year alone, an eight per cent reduction in consumption 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 is also dependent 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	**2015**	2014
Capital risk management		
Financial liabilities	**551,657**	572,036
Cash in hand and at bank	**6,468**	2,680
Financial net debt	**545,189**	569,357
Total equity	**561,363**	503,907
Leverage ratio (gearing) %	**97.1%**	113.0%

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	**2015**	2014
Vessel leases (Group as lessee)		
Within 12 months	**58**	11,409
1–5 years		0
	58	11,409

At year-end 2015, the Group had 1 (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	2015	2014
Vessel leases (Group as lessor)		
Within 12 months	**2,105**	0
1–5 years	**6,841**	0
	8,946	0

In 2015, the Group's revenue includes EUR 3,022 (2,551) thousand lease revenues for vessels chartered out.

EUR 1,000	2015	2014
Other leases (Group as lessee)		
Future minimum lease payments from other leases due:		
Within 12 months	**6,015**	6,366
1–5 years	**13,788**	17,128
After five years	**7,795**	9,274
	27,598	32,768

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 25.8 million). The remaining duration of the above mentioned leases is up to 13 years.

EUR 1,000	2015	2014
Other leases (Group as lessor)		
Within 12 months	**0**	250
	0	250

Rental income included in other income from operations is rental income from business premises.

EUR 1,000	2015	2014
Collateral given		
Loans secured by mortgages	**402,941**	477,054
	402,941	477,054

EUR 1,000	2015	2014
Vessel mortgages provided as guarantees for the above loans	**973,000**	1,035,000

The Group's financing agreements include customary covenants relating, inter alia, to the equity ratio.

EUR 1,000	2015	2014
Other collateral given on own behalf		
Pledged deposit	**1,700**	
	1,700	0

EUR 1,000	2015	2014
Other obligations	**36,143**	35,453

Other obligations are mainly related to the scrubber and propeller investments as well as purchase price of two vessels.

EUR 1,000	2015	2014
VAT adjustment liability related to real estate investments	**4,026**	5,322

(figures in EUR thousand, if not stated otherwise)

Legal proceedings

On 27 February 2015, the District Court of Helsinki rendered its decision on the dispute between Finnlines Plc and the State of Finland. According to Finnlines Plc, the Finnish Act on Fairway Dues in force until 1 January 2006 contained provisions which, according to EU law, were discriminatory. The Company has been charged excessive fairway dues during 2001–2004. In its decision, the District Court of Helsinki ordered the State of Finland to refund to Finnlines Plc, as plaintiffs, the fairway dues, charged in excessive extent in 2001–2004 totalling about EUR 17.0 million including interest. The Finnish State has appealed to the Helsinki Court of Appeal. The case is pending.

The Company's port operations subsidiaries have received a summons from 18 former employees. All employees claim compensation based on groundless termination of their employment contracts and compensation according to the Non-Discrimination Act. The total amount of the claims is EUR 2.2 million. The subsidiaries consider the basis of the claims to be groundless. The processes are under way.

Finnlines Plc's port operation subsidiary Finnsteve Oy Ab ("Finnsteve") has initiated legal action against the Port of Helsinki Oy ("the Port of Helsinki"). The action was initiated due to non-respect of the obligations on the part of the Port of Helsinki under the operative agreement in force between the parties concerning the rights of the subsidiary to use the operative area in the Vuosaari Harbour. In the beginning of October, the Port of Helsinki, on its part, filed an application for a temporary court order against Finnsteve in the Helsinki District Court. With the application for an interim court order the Port of Helsinki sought the right to force Finnsteve to clear certain areas in the Vuosaari Harbour which are essential to Finnsteve's business and operations and to oblige Finnsteve, on request, to provide crane services by the two cranes owned by Finnsteve to any third party designated by the Port of Helsinki. The Port of Helsinki has not given any indications that any third parties would need additional areas or crane services in the Vuosaari Harbour. The temporary court order, if granted, would be in force until a final and legally binding judgement is received in separate legal proceedings regarding the merits of allegations made by the Port of Helsinki. Finnsteve considers the claims of the Port of Helsinki unfounded and against the terms and conditions of the agreement in force since 2007 for 20 years between the Port of Helsinki and Finnsteve. The temporary court order against Finnsteve requested by the Port of Helsinki was rejected by the Helsinki District Court on 18 December 2015. The Port of Helsinki has announced its discontent with the decision. The case is pending.

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 Ilmarinen a leave to appeal the decision of the Court of Appeal of Helsinki in December 2012. The action initiated by Ilmarinen was an appeal against the decision of Finnlines' Annual General Meeting held on 20 May 2008 concerning minimum dividend. Ilmarinen claimed that the decision should be amended in that the minimum dividend paid should have been EUR 17,181,000.00 instead of EUR 180,216.39. The Supreme Court of Finland sustained, on 29 December 2015, the judgment rendered by the Helsinki Court of Appeal on 29 November 2011 and dismissed all claims presented against Finnlines Plc by Ilmarinen. The Supreme Court ruled that the decision of the Annual General Meeting was not against the Companies Act's minority dividend clause. It also ordered Ilmarinen to compensate Finnlines' legal costs.

35. TRANSACTIONS WITH RELATED PARTIES

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

In addition, the Finnlines Group's related parties include the parent company, subsidiaries and joint arrangement as well as the companies of the Grimaldi Group. Related parties also include the members of the Board of Directors and the Executive Committee, and their immediate family members. The Grimaldi Group is the ultimate controlling party at Finnlines.

Employee benefits granted to key management

EUR 1,000	**2015**	2014
Salaries and other short-term benefits	**1,406**	1,559
Post-employment benefits	**240**	271
	1,646	1,830

In 2015, 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 the Operating Officers, a total of eight members.

Finnlines Plc's Annual General Meeting held on 14 April 2015 confirmed the following compensation to the Board of Directors in 2015

EUR 1,000	**2015**	2014
Salaries and fees		
President and CEO		
Board of Directors:	**240**	240
Chairman	**50**	50
Vice Chairman	**40**	40
Board members (each)	**30**	30

Compensation to the Board Members for 2014 was paid in April 2015.

(figures in EUR thousand, if not stated otherwise)

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

EUR	2015	2014
President and CEO		
Emanuele Grimaldi, President and CEO	**0**	0
Board of Directors		
Jon-Aksel Torgersen, Chairman of the Board	**50,000**	50,000
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**	30,000
Gianluca Grimaldi	**30,000**	30,000
Olav 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 2015. The President and CEO, the Executive Committee or the Board of Directors have no share-based incentive programmes.

Transactions with related parties

According to Euroclear Finland Ltd's share register, the Grimaldi Group companies held 93.38 per cent of all the shares in Finnlines Plc on 31 December 2015. More information about the 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 presented in more detail on the corporate website (www.finnlines.com).

EUR 1,000	2015	2014
Transactions with related parties		
Income from Grimaldi companies *	**8,560**	39,544
Purchases from Grimaldi companies	**6,007**	3,793
Receivables from Grimaldi companies	**2,092**	2,895
Payables to Grimaldi companies	**421**	3,750

* Income from the Grimaldi Group companies, in addition to the sale of a vessel in 2014, consists mainly of vessel hires and freight revenues.

The business transactions with related parties were carried out using market-based pricing.

In October 2014, Finnlines sold MS Finnhansa to the Grimaldi Group at the market price of EUR 30 million.

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 2015–31 December 2015).

(figures in EUR thousand, if not stated otherwise)

36. SUBSIDIARIES ON 31 DECEMBER 2015

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 Belgium N.V.	100	Belgium
Finnlines Danmark A/S	100	Denmark
Finnlines Deutschland GmbH	100	Germany
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 2015 totalled EUR 103,006,282. The capital stock consisted of 51,503,141 shares.

Shares

Finnlines Plc shares are listed on Nasdaq Helsinki Ltd. A total of 7.1 (5.1 in 2014) million shares were traded during the year under review. No treasury shares were held by the Company. The highest quotation for the Finnlines share during the year was EUR 18.00 (17.00) and the lowest was EUR 14.34 (7.14). At year-end, the shares' market capitalisation value was EUR 911.6 (824.1) million.

Shareholders

At year-end 2015, Finnlines had 1,255 shareholders. The ten largest shareholders owned 93.92 per cent of the Company's shares. 4.64 per cent of the shareholders were nominee registered. At year-end, the Italian Grimaldi Group had a holding of 93.38 per cent of Finnlines' shares and voting rights.

Finnlines' share ownership structure on 31 December 2015 *	% of shares
Non-financial corporations	0.24
Financial and insurance corporations	0.00
General government	0.27
Households	1.27
Non-profit associations	0.18
Nominee registered	4.64
Other foreign	93.40
Total	**100.00**

* Source: Euroclear Finland Ltd

(figures in EUR thousand, if not stated otherwise)

Major shareholders on 31 December 2015 *	Number of shares	% of shares
Grimaldi Group, Naples	48,095,256	93.38
Yleisradion Eläkesäätiö S.r.	74,666	0.14
Varma Mutual Pension Insurance Company Limited	50,000	0.10
Savings Bank Finland Fund	38,634	0.08
Foundation of William and Ester Otsakorpi	27,060	0.05
Pakarinen Janne	26,567	0.05
Karlsson Anne Christine	18,000	0.03
The estate of Lindberg Roger Gus	14,019	0.03
Pappel Raimo Arnold	14,000	0.03
Kunsti Kari	14,000	0.03
10 major shareholders total	**48,372,202**	**93.92**
Nominee registered shares **	2,391,393	4.64
Other shareholders	739,546	1.44
Total number of shares	**51,503,141**	**100.00**

Holdings of Finnlines' Board of Directors and executive management on 31 December 2015 *	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	870,000	1.69
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	**1,898,853**	**3.69**

* Source: Euroclear Finland Ltd

** Nominee registered shares include the holdings of the shares by Emanuele Grimaldi, Gianluca Grimaldi, and Diego Pacella.

Shares outstanding 31 December 2010–31 December 2015			
Transaction	**Shares subscribed**	**Shares outstanding**	**Total number of shares**
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
31 December 2015		51,503,141	51,503,141

38. EVENTS AFTER THE REPORTING PERIOD

In January 2016, Finnlines acquired two ro-ro vessels in accordance with the purchase agreement signed earlier. The vessels were put into Finnlines' liner services in early 2016.

On 3 February 2016, the Grimaldi Group notified Finnlines of its redemption rights on the remaining Finnlines shares, for which it offers EUR 17.80 per share in the redemption proceedings. To implement the redemption of the shares the Grimaldi Group will initiate arbitration proceedings as provided in the Finnish Companies Act.

(figures in EUR thousand, if not stated otherwise)

FIVE-YEAR KEY FIGURES

EUR million	**2015**	2014	2013	2012	2011
	IFRS	IFRS	IFRS	IFRS	IFRS
Revenue	**511.2**	532.9	563.6	609.3	605.2
Other income from operations	**1.8**	6.8	5.3	5.7	2.5
Result before interest, taxes, depreciation and amortisation (EBITDA)	**126.9**	115.4	83.7	89.8	84.5
% of revenue	**24.8**	21.7	14.8	14.7	14.0
Result before interest and taxes (EBIT)	**70.3**	58.6	18.1	23.7	21.0
% of revenue	**13.8**	11.0	3.2	3.9	3.5
Associated companies					
Result before taxes (EBT)	**53.2**	36.6	-6.7	-1.6	-5.4
% of revenue	**10.4**	6.9	-1.2	-0.3	-0.9
Result for reporting period, continuing operations	**56.8**	41.7	6.0	-0.1	-2.5
% of revenue	**11.1**	7.8	1.1	0.0	-0.4
Result for reporting period, discontinuing operations					
Result for reporting period	**56.8**	41.7	6.0	-0.1	-2.5
% of revenue	**11.1**	7.8	1.1	0.0	-0.4
Total investments *	**64.1**	36.6	10.1	67.1	64.4
% of revenue	**12.5**	6.9	1.8	11.0	10.6
Return on equity (ROE), %	**10.7**	8.6	1.3	0.0	-0.6
Return on investment (ROI), %	**6.5**	5.3	1.5	1.8	1.6
Assets total	**1,231.1**	1,210.5	1,298.5	1,479.9	1,472.1
Equity ratio, %	**45.7**	41.7	35.7	29.0	29.1
Gearing, %	**97.1**	113.0	149.1	204.9	199.8
Average no. of employees	**1,597**	1,701	1,861	2,023	2,076

	2015	2014	2013	2012	2011
	IFRS	IFRS	IFRS	IFRS	IFRS
Earnings per share (EPS), EUR	**1.1**	0.81	0.12	0.00	-0.05
Earnings per share (EPS) less warrant dilution, EUR	**1.1**	0.81	0.12	0.00	-0.05
Shareholders' equity per share, EUR	**10.89**	9.78	8.98	9.14	9.12
Dividend per share, EUR	**0.00**	0.00	0.00	0.00	0.00
Payout ratio, %	**0.0**	0.0	0.0	0.0	0.0
Effective dividend yield, %	**0.0**	0.0	0.0	0.0	0.0
Price/earnings ratio (P/E)	**16.0**	19.8	62.5	n/a	n/a
Share price on stock exchange at year-end, EUR	**17.70**	16.00	7.50	7.80	7.70
Market capitalisation at year-end, EUR million	**911.6**	824.1	386.3	365.2	360.5
Adjusted average number of outstanding shares (1,000)	**51,503**	51,503	49,782	47,344	47,344
Adjusted number of outstanding shares 31 Dec (1,000)	**51,503**	51,503	51,503	47,344	47,344
Number of outstanding shares at year-end (1,000)	**51,503**	51,503	51,503	46,821	46,821

* Includes continuing and discontinuing operations.

Calculation of key ratios is presented on page 47.

CALCULATION OF KEY RATIOS, IFRS

Earnings per share (EPS), EUR $= \dfrac{\text{Result attributable to parent company shareholders}}{\text{Weighted average number of outstanding shares}}$

Shareholders' equity per share, EUR $= \dfrac{\text{Shareholders' equity attributable to parent company shareholders}}{\text{Undiluted number of shares at the end of period}}$

Dividend per share, EUR $= \dfrac{\text{Dividend paid for the year}}{\text{Number of shares at the end of period}}$

Payout ratio, % $= \dfrac{\text{Dividend paid for the year}}{\text{Result before tax +/– non-controlling interests of Group result +/– change in deferred tax liabilities – taxes for the period}} \times 100$

Effective dividend yield, % $= \dfrac{\text{Dividend per share}}{\text{Share price on stock exchange at the end of period}} \times 100$

P/E ratio $= \dfrac{\text{Share price on stock exchange at the end of period}}{\text{Earnings per share}}$

Return on equity (ROE), % $= \dfrac{\text{Result for the reporting period}}{\text{Total equity (average)}} \times 100$

Return on investment (ROI), % $= \dfrac{\text{Result before tax + interest expense + other liability expenses}}{\text{Assets total – interest-free liabilities (average)}} \times 100$

Gearing, % $= \dfrac{\text{Interest-bearing liabilities – cash and bank equivalents}}{\text{Total equity}} \times 100$

Equity ratio, % $= \dfrac{\text{Total equity}}{\text{Assets total – received advances}} \times 100$

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 from 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	Q1/2015	Q1/2014	Q2/2015	Q2/2014	Q3/2015	Q3/2014	Q4/2015	Q4/2014
Revenue by segment								
Shipping and Sea Transport Services total	112.9	122.8	135.2	139.1	133.4	140.0	116.4	115.4
Sales to third parties	112.9	122.9	130.2	139.2	133.5	140.1	116.4	115.4
Sales to Port Operations	0.0	-0.1	0.0	-0.1	0.0	-0.1	0.0	0.0
Port Operations total	8.3	10.0	9.7	10.2	8.9	8.5	9.0	8.2
Sales to third parties	3.9	3.9	5.0	4.2	4.8	3.6	4.5	3.6
Sales to Port Operations	4.4	6.1	4.7	6.0	4.2	4.9	4.5	4.6
Group internal revenue	-4.4	-6.0	-4.6	-5.9	-4.1	-4.8	-4.5	-4.6
Revenue total	**116.8**	**126.8**	**135.2**	**143.3**	**138.2**	**143.7**	**120.9**	**119.1**
Result before interest and taxes per segment								
Shipping and Sea Transport Services	5.0	7.3	20.2	20.4	29.0	22.1	18.1	11.9
Port Operations	-1.1	-1.8	-0.1	-0.6	0.1	0.7	-0.8	-1.4
Result before interest and taxes (EBIT) total	**3.9**	**5.4**	**20.1**	**19.8**	**29.0**	**22.8**	**17.3**	**10.5**
Financial income and expenses	-4.3	-5.8	-4.8	-5.7	-4.4	-5.3	-3.7	-5.1
Result before tax (EBT)	**-0.4**	**-0.4**	**15.3**	**14.1**	**24.7**	**17.5**	**13.6**	**5.4**
Income taxes	1.0	0.7	0.5	0.6	0	0.6	2.1	3.2
Result for the reporting period	**0.6**	**0.3**	**15.8**	**14.7**	**24.7**	**18.1**	**15.7**	**8.5**
Quarterly consolidated key figures								
Result before interest and taxes, (% of revenue)	3.3	4.3	14.8	13.8	21.0	15.9	14.3	8.8
Earnings per share, EUR	0.01	0.01	0.31	0.29	0.48	0.35	0.31	0.17
Average number of outstanding shares (1,000)	51,503	51,503	51,503	51,503	51,503	51,503	51,503	51,503

PROFIT AND LOSS ACCOUNT, PARENT COMPANY, FAS

EUR	Note	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
Revenue	1	**399,551,256.21**	407,439,007.76
Other income from operations	2	**3,725,094.27**	4,495,845.52
Materials and services	3	**-146,434,213.23**	-176,131,401.66
Personnel expenses	4	**-40,143,206.84**	-41,320,170.61
Depreciation, amortisation and other write-offs	5	**-30,459,737.88**	-29,145,189.72
Other operating expenses	6	**-127,048,262.92**	-116,837,436.34
Result before interest and taxes		**59,190,929.61**	48,500,654.95
Financial income and expenses	7	**-11,159,462.11**	-47,795,840.12
Result before appropriations and taxes		**48,031,467.50**	704,814.83
Extraordinary items	8	**-800,000.00**	
Profit/Loss before tax		**47,231,467.50**	704,814.83
Other income taxes	9	**-91,640.81**	-86,623.89
Deferred taxes	10	**5,658,883.85**	3,586,502.74
Result for the reporting period		**52,798,710.54**	4,204,693.68

See Notes starting on page 53.

(figures in EUR thousand, if not stated otherwise)

BALANCE SHEET, PARENT COMPANY, FAS

EUR	Note	31 Dec 2015	31 Dec 2014
ASSETS			
Non-current assets			
Intangible assets	11	**2,819,329.37**	4,667,878.84
Tangible assets	12	**657,686,704.02**	642,930,262.24
Investments	13		
Shares in group companies		**249,480,069.61**	242,826,003.61
Other investments		**4,606,744.61**	4,379,744.61
		914,592,847.61	894,803,889.30
Current assets			
Inventories	14	**3,552,504.96**	4,915,457.90
Long-term receivables	15	**163,954,523.75**	178,381,270.29
Short-term receivables	16	**86,869,122.08**	72,775,471,82
Bank and cash		**4,969,672.37**	825,954.65
		262,345,823.16	256,898,154.66
Total assets		**1,176,938,670.77**	1,151,702,043.96
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	17		
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		**259,079,544.41**	254,874,850.73
Result for the reporting period		**52,798,710.54**	4,204,693.68
Total shareholders' equity		**480,292,398.75**	427,493,688.21
Statutory provisions			
Pension obligation, IFRS	18	**617,000.00**	1,137,000.00
Liabilities			
Long-term liabilities			
Deferred tax liability	19	**32,424,076.50**	38,082,960.35
Interest-bearing	20	**435,935,998.57**	454,636,755.42
		468,360,075.07	492,719,715.77
Current liabilities	21		
Interest-bearing		**183,621,891.28**	179,580,128.16
Interest-free		**44,047,305.67**	50,771,511.82
		227,669,196.95	230,351,639.98
Total liabilities		**696,029,272.02**	723,071,355.75
Total shareholders' equity and liabilities		**1,176,938,670.77**	1,151,702,043.96

See Notes starting on page 53.

(figures in EUR thousand, if not stated otherwise)

CASH FLOW STATEMENT, PARENT COMPANY, FAS

EUR	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
Cash flows from operating activities		
Result for the reporting period	52,798,710.54	4,204,693.68
Adjustments for:		
Depreciation, amortisation & impairment loss	30,459,737.88	29,145,189.72
Gains (-) and Losses (+) of disposals of fixed assets and other non-current assets	-213,011.25	-1,443,776.04
Financial income and expenses	11,159,462.11	47,795,840.12
Income taxes	-5,567,243.04	-3,499,878.85
Other adjustments	800,000.00	
	89,437,656.24	76,202,068.63
Changes in working capital:		
Change in inventories, addition (-) and decrease (+)	1,362,952.94	2,543,891.17
Change in accounts receivable, addition (-) and decrease (+)	-7,337,715.55	-3,820,976.45
Change in accounts payable, addition (+) and decrease (-)	-1,874,403.58	-6,030,986.06
Change in provisions	-520,000.00	329,000.00
	81,068,490.05	69,222,997.29
Interest paid	-13,062,957.89	-17,312,980.47
Dividends received		154,200.00
Interest received	4,704,721.07	5,778,771.26
Other financing items	-2,867,949.17	-3,139,221.71
Income taxes paid	-79,863.97	-88,653.10
	-11,306,049.96	-14,607,884.02
Net cash generated from operating activities	69,762,440.09	54,615,113.27
Cash flows from investing activities		
Investments in tangible and intangible assets	-55,993,336.25	-48,389,719.05
Proceeds from sale of tangible and intangible assets	308,453.31	30,415,992.30
Investment in subsidiary (SVOP)	-6,685,566.00	-200,000.00
Change in internal loans (net)	12,210,720.34	15,474,942.27
Net cash used in investing activities	-50,159,728.60	-2,698,784.48
Net cash before financing activities	19,602,711.49	51,916,328.79
Cash flows from financing activities		
Loan withdrawals	-726,284.84	46,352,302.06
Repayment of short-term borrowings	-517,666.32	-353,564.56
Proceeds of long-term borrowings	298,400,000.00	190,204,494.98
Repayment of long-term borrowings	-311,815,042.57	-287,924,833.33
Received and paid group contributions	-800,000.00	
Net cash used in financing activities	-15,458,993.73	-51,721,600.85
Change in cash and cash equivalents	4,143,717.76	194,727.94
Cash and cash equivalents on 1 Jan	825,954.66	631,226.71
Cash and cash equivalents on 31 Dec	4,969,672.42	825,954.65

(figures in EUR thousand, if not stated otherwise)

PARENT COMPANY ACCOUNTING PRINCIPLES 2015

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	2015	2014
By segment		
Shipping and Sea Transport Services	399,551,256.21	407,439,007.76
Total	**399,551,256.21**	407,439,007.76
Intra-group revenue	553,576.07	887,256.74

2. OTHER INCOME FROM OPERATIONS

EUR	2015	2014
Gain on disposals	307,876.02	1,443,776.04
Rental income	128,274.56	95,598.88
Internal administration fees	2,823,975.94	2,956,400.40
Other	464,967.75	70.20
Total	**3,725,094.27**	4,495,845.52

3. MATERIALS AND SERVICES

EUR	2015	2014
Purchases during the reporting period		
Bunker	-75,360,080.91	-102,068,205.77
Other	-5,157,760.02	-4,603,597.00
Change in inventories	-1,362,952.94	-2,543,891.17
Total	**-81,880,793.87**	-109,215,693.94
External services	-64,553,419.36	-66,915,707.72
Materials and services total	**-146,434,213.23**	-176,131,401.66

4. PERSONNEL AND PERSONNEL EXPENSES

EUR	2015	2014
Employees		
Average number of employees		
Shore-based personnel	219	215
Sea personnel	583	625
	802	840
Personnel expenses		
Wages and salaries	-44,674,148.62	-45,642,787.73
Social costs		
Pension costs	-4,748,264.13	-5,978,393.03
Other social costs	-3,163,304.46	-3,231,778.49
State subsidies	12,442,510.37	13,532,788.64
Total	**-40,143,206.84**	-41,320,170.61
Salaries and remunerations to		
President and CEO		
Salaries and remunerations		
Board of Directors	-240,000.00	-240,000.00

(figures in EUR thousand, if not stated otherwise)

5. DEPRECIATION, AMORTISATION AND WRITE-OFFS

EUR	2015	2014
Depreciation and amortisation according to plan	-30,459,737.88	-29,145,189.72
Total	-30,459,737.88	-29,145,189.72

6. OTHER OPERATING EXPENSES

EUR	2015	2014
Vessel hires, internal	-8,848,951.68	-3,497,980.45
Vessel hires, external	-22,048,870.04	-16,227,572.59
Other leases	-2,782,414.77	-2,800,058.69
Port expenses and fairway dues	-31,846,008.53	-36,599,704.67
Commissions	-9,771,727.02	-9,001,293.97
Cargo handling equipment related costs	-3,355,969.79	-2,654,161.75
Vessel insurances, repairs and maintenance	-26,510,489.37	-23,566,055.29
Auditors' fees		
KPMG Oy Ab	-93,433.67	-103,870.39
Tax consultancy and other fees		
KPMG Oy Ab	-41,007.60	-12,461.27
Other	-21,749,390.45	-22,374,277.27
Total	-127,048,262.92	-116,837,436.34

7. FINANCIAL INCOME AND EXPENSES

EUR	2015	2014
Dividends		
From group companies		153,000.00
From others		1,200.00
Dividends total		154,200.00
Other interest and financial income		
From group companies	4,600,224.77	5,710,668.25
From others	272,342.41	68,103.01
Other interest and financial income total	4,872,567.18	5,778,771.26
of which interest income total	4,872,567.18	5,778,771.26
Dividends and interest income total	4,872,567.18	5,932,971.26
Exchange gains and losses		
From others		
Gains	185,490.71	157,940.18
Losses	-80,844.48	-45,223.12
Exchange rate differences total	104,646.23	112,717.06
Impairment losses on investments under non-current assets *		-33,500,000.00
Impairment losses total		-33,500,000.00
Interest and other financial expenses		
To group companies	-170,223.95	-393,891.07
To others	-15,966,451.57	-19,947,637.37
Interest and other financial expenses total	-16,136,675.52	-20,341,528.44
of which interest expenses total	-13,142,536.20	-17,042,446.61
Financial income and expenses total	-11,159,462.11	-47,795,840.12

* Shares in group companies.

(figures in EUR thousand, if not stated otherwise)

8. EXTRAORDINARY ITEMS

EUR	**2015**	2014
Group contribution	**-800,000.00**	
Total	**-800,000.00**	

9. OTHER TAXES

EUR	**2015**	2014
Tonnage tax	**-91,640.81**	-86,623.89
Total	**-91,640.81**	-86,623.89

10. CHANGE IN DEFERRED TAX LIABILITIES

EUR	**2015**	2014
Tonnage tax relief	**5,658,883.85**	3,586,502.74
Total	**5,658,883.85**	3,586,502.74

11. INTANGIBLE ASSETS

EUR	Other capitalised expenditures	Advance payments	Total
Acquisition cost on 1 Jan 2015	**26,560,787.96**	**1,471,142.06**	**28,031,930.02**
Increases	517,170.38	88,406.97	605,577.35
Disposals	-6,734,544.73		-6,734,544.73
Reclassifications between items	1,471,142.06	-1,471,142.06	0.00
Acquisition cost on 31 Dec 2015	**21,814,555.67**	**88,406.97**	**21,902,962.64**
Accumulated depreciation and impairments on 1 Jan 2015	-23,364,051.18		-23,364,051.18
Accumulated depreciation on disposals and reclassifications	6,734,544.73		6,734,544.73
Depreciation for the reporting period	-2,454,126.82		-2,454,126.82
Accumulated depreciation on 31 Dec 2015	**-19,083,633.27**	**0.00**	**-19,083,633.27**
Carrying value on 31 Dec 2015	**2,730,922.40**	**88,406.97**	**2,819,329.37**
Carrying value on 31 Dec 2014	3,196,736.78	1,471,142.06	4,667,878.84

(figures in EUR thousand, if not stated otherwise)

12. TANGIBLE ASSETS

EUR	Buildings and constructions	Vessels	Cargo handling equipment	Machinery and equipment	Advance payments and acquisitions under construction	Total
Acquisition cost on 1 Jan 2015	**41,944.00**	**764,096,001.18**	**24,448,454.38**	**3,455,089.38**	**20,528,256.23**	**812,569,745.17**
Increases		29,088,348.78		173,440.91	13,500,840.44	42,762,630.13
Disposals	0.00	0.00	-708,068.49	-703,697.41		-1,411,765.90
Reclassifications between items		16,277,858.88		4,322.00	-16,282,180.88	0.00
Acquisition cost on 31 Dec 2015	**41,944.00**	**809,462,208.84**	**23,740,385.89**	**2,929,154.88**	**17,746,915.79**	**853,920,609.40**
Accumulated depreciation and write-offs on 1 Jan 2015	-41,944.00	-143,779,292.92	-22,942,141.57	-2,876,104.44	0.00	-169,639,482.93
Accumulated depreciation on disposals and reclassifications	0.00	0.00	707,491.20	703,697.41	0.00	1,411,188.61
Depreciation for the reporting period		-27,252,267.45	-603,017.65	-150,325.96	0.00	-28,005,611.06
Accumulated depreciation on 31 Dec 2015	**-41,944.00**	**-171,031,560,37**	**-22,837,668.02**	**-2,322,732.99**	**0.00**	**-196,233,905.38**
Carrying value on 31 Dec 2015	**0.00**	**638,430,648.47**	**902,717.87**	**606,421.89**	**17,746,915.79**	**657,686,704.02**
Carrying 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

13. 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 2015	**224,227,826.78**	**40,000,000.00**	**84,858,176.83**	**349,086,003.61**	**4,379,744.61**	**353,465,748.22**
Increases	6,685,566.00	0.00	0.00	6,685,566.00	227,000.00	6,912,566.00
Decreases	-31,500.00			-31,500.00		-31,500.00
Acquisition cost on 31 Dec 2015	**230,881,892.78**	**40,000,000.00**	**84,858,176.83**	**355,740,069.61**	**4,606,744.61**	**360,346,814.22**
Accumulated impairments on 1 Jan 2015	-106,260,000.00			-106,260,000.00		-106,260,000.00
Accumulated impairments on 31 Dec 2015	**-106,260,000.00**	**0.00**	**0.00**	**-106,260,000.00**	**0.00**	**-106,260,000.00**
Carrying value on 31 Dec 2015	**124,621,892.78**	**40,000,000.00**	**84,858,176.83**	**249,480,069.61**	**4,606,744.61**	**254,086,814.22**
Carrying value on 31 Dec 2014	117,967,826.78	40,000,000.00	84,858,176.83	242,826,003.61	4,379,744.61	247,205,748.22

14. INVENTORIES

EUR	**2015**	2014
Bunker	**1,886,513.79**	3,074,381.49
Other inventories	**1,665,991.17**	1,841,076.41
Total	**3,552,504.96**	4,915,457.90

(figures in EUR thousand, if not stated otherwise)

15. LONG-TERM RECEIVABLES

EUR	2015	2014
Loan receivables		
Loan receivables from group companies	**161,812,642.10**	175,869,658.69
Total	**161,812,642.10**	175,869,658.69
Other receivables	**814,829.99**	791,194.30
Accrued income and prepaid expenses	**1,327,051.66**	1,720,417.30
Total long-term receivables	**163,954,523.75**	178,381,270.29

16. SHORT-TERM RECEIVABLES

EUR	2015	2014
Accounts receivable		
From group companies	**168,680.84**	225,560.12
From others	**43,550,013.89**	41,856,470.22
Total	**43,718,694.73**	42,082,030.34
Loan receivables		
From group companies	**15,533,920.54**	13,687,624.29
Total	**15,533,920.54**	13,687,624.29
Other receivables	**10,412,757.75**	832,496.63
Accrued income and prepaid expenses		
From group companies	**429,962.33**	469,476.84
From others	**19,773,786.73**	15,703,843.72
Total	**20,203,749.06**	16,173,320.56
Total short-term receivables	**89,869,122.08**	72,775,471.82
Significant items of accrued income and prepaid expenses		
Sea freight revenue	**970,474.87**	94,893.39
State subsidies	**6,903,865.37**	7,561,242.00
Vessel hires	**351,350.00**	413,387.80
Docking costs	**6,950,766.97**	4,209,906.41
Passenger income	**497,587.36**	469,740.96
Insurances	**932,641.61**	177,791.12
Port expenses	**687,732.43**	456,755.54
Legal expenses	**36,334.31**	544,055.59
Reimbursement of average repairs, vessels	**1,270,873.92**	776,990.90
Other	**1,602,122.22**	1,468,556.85
Total	**20,203,749.06**	16,173,320.56

(figures in EUR thousand, if not stated otherwise)

17. SHAREHOLDERS' EQUITY

EUR	2015	2014
Restricted equity		
Share capital on 1 Jan	**103,006,282.00**	103,006,282.00
Share issue		
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**	40,882,508.10
Share issue		
Unrestricted equity reserve 31 Dec	**40,882,508.10**	40,882,508.10
Retained earnings on 1 Jan	**259,079,544.41**	254,874,850.73
Retained earnings on 31 Dec	**259,079,544.41**	254,874,850.73
Result for the reporting period	**52,798,710.54**	4,204,693.68
Total shareholders' equity	**480,292,398.75**	427,493,688.21
Calculation of distributable funds		
Retained earnings	**259,079,544.41**	254,874,850.73
Unrestricted equity reserve	**40,882,508.10**	40,882,508.10
Result for the reporting period	**52,798,710.54**	4,204,693.68
Parent company's distributable funds on 31 Dec	**352,760,763.05**	299,962,052.51

18. STATUTORY PROVISIONS

EUR	2015	2014
Pension obligation	**617,000.00**	1,137,000.00
Total	**617,000.00**	1,137,000.00

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.

19. DEFERRED TAX LIABILITY

EUR	2015	2014
Deferred tax liability of excess depreciations, tonnage taxation 1 Jan	**38,082,960.35**	41,669,463.09
Recognised in profit and loss account 1 Jan–31 Dec		
Tonnage tax relief	**-5,658,883.85**	-3,586,502.74
Deferred tax liability, tonnage taxation 31 Dec	**32,424,076.50**	38,082,960.35

(figures in EUR thousand, if not stated otherwise)

20. LONG-TERM LIABILITIES

EUR	2015	2014
Long-term interest-bearing liabilities		
Loans from financial institutions	**340,931,998.57**	358,726,260.44
Bank overdraft facilities	**0.00**	14,604,494.98
Pension loans	**3,004,000.00**	5,706,000.00
Other long-term interest-bearing liabilities		
Debts to group companies	**92,000,000.00**	75,600,000.00
Total	**435,935,998.57**	454,636,755.42

Maturity of loans		
Year		
2015		72,924,833.33
2016	**78,210,547.61**	81,924,833.33
2017	**64,410,547.61**	82,729,328.31
2018	**63,610,547.61**	60,467,690.43
2019	**79,094,388.54**	59,094,388.54
2020 and later for 2014	**75,897,435.73**	170,420,514.81
2021 and later for 2015	**152,923,079.08**	
Total	**514,146,546.18**	527,561,588.75

Long-term loans due after five years		
Loans from financial institutions	**60,923,079.08**	94,820,514.81
Debts to group companies	**92,000,000.00**	75,600,000.00
Total	**152,923,079.08**	170,420,514.81

(figures in EUR thousand, if not stated otherwise)

21. CURRENT LIABILITIES

EUR	2015	2014
Interest-bearing current liabilities		
Loans from financial institutions	75,508,547.61	70,222,833.33
Pension loans	2,702,000.00	2,702,000.00
Commercial papers	92,097,768.95	59,650,388.06
Other interest-bearing current liabilities		
To group companies	13,313,574.72	47,004,906.77
Total interest-bearing liabilities	183,621,891.28	179,580,128.16
Interest-free current liabilities		
Accounts payable		
To group companies	907,395.80	1,675,161.62
To others	13,580,080.48	15,906,678.56
Total	14,487,476.28	17,581,840.18
Other interest-free liabilities to others		
To group companies	0.00	294,313.52
To others	11,743,571.70	12,706,589.28
Total	11,743,571.70	13,000,902.80
Accrued expenses and deferred income		
To group companies	1,132,916.05	899,300.18
To others	16,683,341.64	19,289,468.66
Total	17,816,257.69	20,188,768.84
Total interest-free current liabilities	44,047,305.67	50,771,511.82
Total current liabilities	227,669,196.95	230,351,639.98
Significant items of accrued expenses and deferred income		
Agent commissions paid, internal	678,135.37	453,652.73
Purchased services, internal	194,603.72	188,998.20
Annual rebates	4,229,438.30	3,449,384.85
Personnel expenses	4,497,728.32	4,476,593.47
External services / Cargo handling costs	927,946.63	1,665,302.10
Port expenses and voyage related costs	1,399,151.78	1,342,532.70
Interest expenses	2,534,138.10	2,847,925.43
Bunker costs	696,872.39	1,577,950.07
Other	2,658,243.08	4,186,429.29
Total	17,816,257.69	20,188,768.84

(figures in EUR thousand, if not stated otherwise)

CONTINGENCIES AND COMMITMENTS

	2015		2014	
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	301,809	748,000	347,337	748,000
Vessel mortgages provided by subsidiaries as guarantees for loans				
Loans from financial institutions	90,031	217,500	100,216	217,500
	391,840	965,500	447,554	965,500
Pledged deposit	0	1,700	0	0
Other contingent liabilities	0	29,654	0	27,049
Leasing liabilities				
Due within 12 months	0	669	0	1,022
Due between one and five years	0	240	0	714
Leasing liabilities total	0	909	0	1,736
Vessel leases (Group as a lessee)				
Due within 12 months	0	58	0	11,409
Due between one and five years	0	0	0	0
Vessel leases (Group as a lessee) total	0	58	0	11,409
Other leases				
Due within 12 months	0	715		701
Due between one and five years	0	2,702		2,623
Due after five years	0	450		1,093
Other leases total	0	3,867	0	4,417
Guarantees given on behalf of subsidiaries				
Guarantees given on behalf of the subsidiaries	0	10,164		13,629
Guarantees for rental contracts	0	2,193		2,537
Guarantees given on behalf of subsidiaries total	0	12,357	0	16,166

DERIVATIVE CONTRACTS

The Company has no valid derivative contracts in 2015 or 2014.

(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 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
Finnlines Belgium N.V.	Belgium	100
Other shares and holdings		
Domestic		
Steveco Oy	Kotka	19.1
Asunto Oy Laurinkivi	Espoo	-
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 2015:		
Retained earnings	EUR	**259,079,544.41**
Unrestricted equity reserve	EUR	**40,882,508.10**
Result for the reporting period	EUR	**52,798,710.54**
Distributable funds total	**EUR**	**352,760,763.05**

The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the reporting period ended on 31 December 2015.

London, 25 February 2016

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, 25 February 2016

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 GAtlas	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, 2015. 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, 25 February 2015
KPMG OY AB

Pauli Salminen
Authorized Public Accountant

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a Grimaldi Group company

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