Finnlines
a Grimaldi Group company

Interim report
January–June 2016
28 July 2016

FINNLINES Q2

JANUARY-JUNE 2016: Result for the reporting period improved EUR 14.1 million

- Revenue EUR 230.7 (252.0 prev. year) million, decrease 8.5 per cent, mainly due to the reduction of cargo related bunker surcharge
- Result before interest, taxes, depreciation and amortisation (EBITDA) EUR 64.7 (51.5) million, increase 25.6 per cent
- Result for the reporting period EUR 30.5 (16.4) million, increase 85.9 per cent
- Earnings per share were 0.59 (0.32) EUR
- Interest-bearing debt decreased EUR 87.7 million and was EUR 502.4 (590.1) million at the end of the period

APRIL-JUNE 2016: Best second quarter result ever

- Revenue EUR 125.6 (135.2 prev. year) million, decrease 7.1 per cent
- Result before interest, taxes, depreciation and amortisation (EBITDA) EUR 39.4 (33.8) million, increase 16.6 per cent
- Result for the reporting period EUR 22.2 (15.8) million, increase 40.7 per cent
- Earnings per share were 0.43 (0.31) EUR

KEY FIGURES

MEUR	1-6 2016	1-6 2015	4-6 2016	4-6 2015	1-12 2015
Revenue	**230.7**	252.0	125.6	135.2	511.2
Result before interest, taxes, depreciation and amortisation (EBITDA)	**64.7**	**51.5**	**39.4**	**33.8**	**126.9**
Result before interest and taxes (EBIT)	**36.7**	24.0	25.3	20.1	70.3
% of revenue	**15.9**	9.5	20.1	14.8	13.7
Result for the reporting period	**30.5**	**16.4**	**22.2**	**15.8**	**56.8**
EPS, EUR	**0.59**	0.32	0.43	0.31	1.10
Shareholders’ equity/share, EUR	**11.49**	10.10	11.49	10.10	10.89
Equity ratio, %	**48.0**	41.1	48.0	41.1	45.7
Interest bearing debt, MEUR	**502.4**	590.1	502.4	590.1	533.7
Gearing, %	**87.5**	116.6	87.5	116.6	97.1

EMANUELE GRIMALDI, PRESIDENT AND CEO, IN CONJUNCTION WITH THE REVIEW:

Finnlines Group’s January-June result shows expected strong improvement

“The result for the reporting period of the second quarter, EUR 22.2 (15.8) million, and the result for the reporting period of January-June, EUR 30.5 (16.4) million, were according to our expectations.

We have continued our EUR 100 million Environmental Technology Investment Programme, which was initiated already in 2014, according to plan and have successfully completed scrubber installations on 18 out of 22 ro-ro and ro-pax vessels.

Through various measures - vessel optimisation, scrubber retrofits, hull silicon paint, new propulsion systems, cost reduction programmes and tonnage adjustment - Finnlines is, now, more cost-efficient and therefore more competitive. In addition, successful implementation of our Turnaround Programme, increased cash flow from operations and lower capital expenditure, resulted in that our interest bearing debt was reduced by approximately EUR 87.7 million and amounted to EUR 502.4 (590.1) million. Thus, the equity ratio rose from 41.1 per cent to 48.0 per cent at 30 June 2016.

Our EBITDA margin was over 28 per cent, our solidity is stronger than ever, our gearing improved to 87.5 (116.6) per cent, our fleet is more environmentally friendly and more sustainable than our competitors’, and even though we had a best ever operational result in 2015, we continue to strive for even better results in 2016.”

FINNLINES PLC, INTERIM REPORT JANUARY-JUNE 2016 (unaudited)

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 North Europe, the Mediterranean, the Baltic Sea, West Africa, North and South America. It also offers passenger services within the Mediterranean and Baltic Sea. With 98.32 per cent (on 30 June 2016) 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-May, the Finnish seaborne imports carried in container, lorry and trailer units increased by 7 per cent and exports increased by 3 per cent (measured in tons) compared to the same period in 2015. Private and commercial passenger traffic between Finland and Sweden increased by 1 per cent. Between Finland and Germany the corresponding traffic increased by 8 per cent (Finnish Transport Agency).

FINNLINES' TRAFFIC

During the first two quarters Finnlines operated on average 21 (23) vessels in its own traffic.

The cargo volumes transported during January-June totalled approximately 321 (313 in 2015) thousand cargo units, 58 (74) thousand cars (not including passengers' cars) and 776 (959) thousand tons of freight not possible to measure in units. In addition, some 280 (257) thousand private and commercial passengers were transported.

FINANCIAL RESULTS

January-June 2016

The Finnlines Group recorded revenue totalling EUR 230.7 (252.0) million. This revenue decrease of 8.5 per cent was almost entirely due to the reduction in cargo-related bunker surcharge which is a compensation passed to our clients. Shipping and Sea Transport Services generated revenue amounting to EUR 220.6 (243.0) million and Port Operations EUR 19.4 (18.0) million. The internal revenue between the segments was EUR -9.3 (-9.0) million.

Result before interest, taxes, depreciation and amortisation (EBITDA) was EUR 64.7 (51.5) million, an increase of 25.6 per cent.

Result before interest and taxes (EBIT) was EUR 36.7 (24.0) million. In 2016 most of the vessels were operated using less expensive fuel oil which had a positive impact on the result.

Net financial expenses decreased and were EUR -7.5 (-9.0) million. Financial income was EUR 0.2 (0.5) million and financial expenses EUR -7.7 (-9.5) million. The result for January-June was EUR 30.5 (16.4) million and earnings per share (EPS) were EUR 0.59 (0.32).

April-June 2016

The Finnlines Group recorded revenue totalling EUR 125.6 (135.2) million. This revenue decrease of 7.1 per cent was almost entirely due to the reduction in cargo-related bunker surcharge which is a compensation passed to our clients. Shipping and Sea Transport Services generated revenue amounting to EUR 120.3 (130.2) million and Port Operations EUR 10.2 (9.7) million. The internal revenue between the segments was EUR -4.9 (-4.6) million. Compared to the first quarter the cargo volumes and the amount of passengers have increased due to the seasonality of the trade.

Result before interest, taxes, depreciation and amortisation (EBITDA) was EUR 39.4 (33.8) million, an increase of 16.6 per cent.

Result before interest and taxes (EBIT) was EUR 25.3 (20.1) million.

Net financial expenses were EUR -3.6 (-4.8) million. Financial income was EUR 0.2 (0.1) million and financial expenses totalled EUR -3.7 (-4.9) million. The result for April-June was EUR 22.2 (15.8) million which is the best second quarter result ever. Earnings per share (EPS) rose to EUR 0.43 (0.31).

STATEMENT OF FINANCIAL POSITION, FINANCING AND CASH-FLOW

Interest-bearing debt decreased by EUR 87.7 million and amounted to EUR 502.4 (590.1) million excluding leasing liabilities EUR 17.1 (18.8) million. The equity ratio calculated from the balance sheet improved to 48.0 (41.1) per cent and gearing dropped to 87.5 (116.6) per cent. Due to the expired charter agreements and redelivery of the remaining chartered tonnage vessel lease commitments decreased by EUR 5.4 million to EUR 0.0 million compared to the end of June 2015.

At the end of the period, cash and deposits together with unused committed credit facilities amounted to EUR 155.5 (83.9) million.

Net cash generated from operating activities was EUR 61.8 (30.4) million.

CAPITAL EXPENDITURE

Finnlines Group's gross capital expenditure in the reporting period totalled EUR 34.3 (58.0) million including tangible and intangible assets. Total depreciation and amortisation amounted to EUR 28.0 (27.5) million. The investments consist of the final payments related to the purchase and delivery of MS Finncarrier and MS Finnmaster, normal replacement expenditure of fixed assets, scrubber and re-blading projects and dry-dockings of ships.

In 2015, Finnlines launched the second phase of the environmental investment programme which covered scrubber orders for its remaining 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.

The second phase of the EUR 100 million Environmental Technology Investment Programme is well underway with all ro-ro vessels in the Finnlines fleet now equipped with state of the art scrubber systems. The first out of three ro-pax vessels to be re-bladed and equipped with scrubbers, M/V Finnclipper, returned to traffic 19 May 2016 with new scrubber systems and propeller blades installed. The remaining ro-pax vessel installations will continue after the summer peak season.

By the end of June 2016, 18 out of 22 ro-ro and ro-pax vessels fully owned and operated by Finnlines are equipped with scrubbers. These cleaning systems enable the vessels to operate cost-efficiently in compliance with the new stricter environmental regulations for the fuel sulphur limit that came into force as from 1 January 2015.

PERSONNEL

The Group employed an average of 1,631 (1,595) persons during the period, consisting of 937 (894) persons at sea and 694 (701) persons on shore. The number of persons employed at the end of the period was 1,725 (1,669) in total, of which 1,009 (949) at sea and 716 (720) on shore. The number of sea personnel increased due to the acquisition of new vessels MS Finnmaster and MS Finncarrier, which joined the Group´s fleet in the beginning of 2016. The personnel expenses (including social costs) for the reporting period were EUR 45.3 (42.7) million.

THE FINNLINES SHARE

The Company's registered share capital on 30 June 2016 was EUR 103,006,282 divided into 51,503,141 shares. A total of 2.8 (0.4) million shares were traded on the Nasdaq Helsinki Ltd during the period. The market capitalisation of the Company's stock at the end of June was EUR 916.2 (849.8) million, an increase of 7.8 per cent. Earnings per share (EPS) were EUR 0.59 (0.32). Shareholders' equity per share was EUR 11.49 (10.10). At the end of the reporting period, the Grimaldi Group's holding and share of votes in Finnlines was 98.32 per cent.

Grimaldi Group S.p.A. ("Grimaldi"), together with Grimaldi Euromed S.p.A. and Grimaldi Deep Sea S.p.A., both of which are Grimaldi's subsidiaries, has initiated redemption proceedings in accordance with Chapter 18 of the Finnish Companies Act to acquire all the shares in Finnlines.

The Arbitral Tribunal appointed by the Redemption Committee of the Finland Chamber of Commerce rendered a separate interim award after the oral hearing on 21 June 2016. In the interim award, the Arbitral Tribunal has confirmed that Grimaldi has the right to redeem the minority shares in Finnlines. In addition, the Arbitral Tribunal confirmed that Grimaldi has the right to obtain title to the minority shares by lodging a security approved by the Arbitral Tribunal for the payment of the redemption price and the interest accruing thereon.

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 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 regulations 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.

LEGAL PROCEEDINGS

The 2015 Financial statements, published on 25 February 2016, contain a description of ongoing legal proceedings.

Finnlines Plc's subsidiary Finnsteve Oy Ab (”Finnsteve”) and the Port of Helsinki Ltd have signed a contract for the new terms of use of the container operation areas and the docks at the Vuosaari harbour. With the new agreement, Finnsteve can grow its ro-ro and container handling related port operations. Also, the contract ensures more efficient use of the harbour as well as flexibility in the operations while the container traffic is expected to grow in the future. Both parties have withdrawn their respective claims from the Helsinki District Court.

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

There are no significant events to report.

OUTLOOK AND OPERATING ENVIRONMENT

Finnlines has chartered out a vessel and the Charterers have an option right to purchase the vessel. The Charterers have exercised their purchase option under the Charter by giving on 7 June 2016 the notice for the purchase of the vessel. The transaction will take place in September 2016. The transaction will generate a profit before taxes of about EUR 4.4 million and will have the effect of further improving the average age of the Finnlines fleet.

There is a positive expectation of gradual recovery in Finnish economy. Although the Company is about to complete its EUR 100 million Environmental Technology Investment Programme in 2016, the annual capex is lower than previous year and therefore the cash flow will improve further and reduce the interest bearing debt. Due to improved efficiency, more suitable fleet with regard to the current operative environment and lower fuel costs, Finnlines Group's 2016 annual result before taxes is expected to improve compared to the previous year.

The third interim report of 2016 for the period of 1 January-30 September will be published on Tuesday, 8 November 2016.

Finnlines Plc
The Board of Directors

Emanuele Grimaldi
President and CEO

ENCLOSURES

- Reporting and accounting policies
- Consolidated statement of comprehensive income, IFRS
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DISTRIBUTION

Nasdaq Helsinki Ltd
Main media
www.finnlines.com

This interim report is unaudited.

REPORTING AND ACCOUNTING POLICIES

This interim report included herein is prepared in accordance with IAS 34 (Interim Financial Reporting) standard. The Company adopts new or revised IFRS standards and IFRIC interpretations from the beginning of the reporting period corresponding to those described in the 2015 Financial Statements with effect of 1 January 2016. They did not have an impact on the reported figures.

Finnlines Plc entered into the tonnage taxation regime in January 2013. In tonnage taxation, shipping operations transferred from taxation of business income to tonnage-based taxation.

All figures in the accounts have been rounded and, consequently, the sum of individual figures may deviate from the presented sum figure.

The preparation of the interim financial statements in accordance with IFRS requires management to make estimates and assumptions and use its discretion in applying the accounting principles that affect the valuation of the reported assets and liabilities and other information such as contingent liabilities and the recognition of income and expenses in the income statement. Although the estimates are based on the management's best knowledge of current events and actions, actual results may differ from the estimates. The uncertainties related to the key assumptions were the same as those applied to the consolidated financial statements at the year-end 31 December 2015.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

EUR 1,000	4-6 2016	4-6 2015	1-6 2016	1-6 2015	1-12 2015
Revenue	**125,563**	135,210	**230,739**	252,039	511,167
Other income from operations	**526**	427	**1,351**	715	1,810
Materials and services	**-31,316**	-43,099	**-58,248**	-85,998	-161,264
Personnel expenses	**-22,903**	-21,779	**-45,299**	-42,731	-84,186
Depreciation, amortisation and impairment losses	**-14,085**	-13,706	**-28,022**	-27,543	-56,590
Other operating expenses	**-32,484**	-36,994	**-63,845**	-72,528	-140,654
Total operating expenses	**-100,788**	-115,578	**-195,415**	-228,800	-442,694
Result before interest and taxes (EBIT)	**25,301**	**20,059**	**36,675**	**23,954**	**70,284**
Financial income	**151**	115	**177**	469	934
Financial expenses	**-3,718**	-4,906	**-7,680**	-9,514	-18,064
Result before taxes (EBT)	**21,734**	**15,268**	**29,172**	**14,909**	**53,153**
Income taxes	**466**	513	**1,341**	1,504	3,675
Result for the reporting period	**22,200**	**15,781**	**30,513**	**16,413**	**56,829**
Other comprehensive income:					
Other comprehensive income to be reclassified to profit and loss in subsequent periods:					
Exchange differences on translating foreign operations	**-21**	9	**-59**	48	32
Other comprehensive income to be reclassified to profit and loss in subsequent periods, total	**-21**	9	**-59**	48	32
Other comprehensive income not being reclassified to profit and loss in subsequent periods:					
Remeasurement of defined benefit plans					632
Tax effect, net					-36
Other comprehensive income not being reclassified to profit and loss in subsequent periods, total					596
Total comprehensive income for the reporting period	**22,179**	**15,790**	**30,454**	**16,461**	**57,457**
Result for the reporting period attributable to:					
Parent company shareholders	**22,194**	15,785	**30,524**	16,440	56,841
Non-controlling interests	**6**	-4	**-11**	-27	-12
	22,200	**15,781**	**30,513**	**16,413**	**56,829**
Total comprehensive income for the reporting period attributable to:					
Parent company shareholders	**22,173**	15,794	**30,465**	16,488	57,469
Non-controlling interests	**6**	-4	**-11**	-27	-12
	22,179	**15,790**	**30,454**	**16,461**	**57,457**
Result for the reporting period attributable to parent company shareholders calculated as earnings per share (EUR/share):					
Undiluted / diluted earnings per share	**0.43**	0.31	**0.59**	0.32	1.10
Average number of shares:					
Undiluted / diluted	**51,503,141**	51,503,141	**51,503,141**	51,503,141	51,503,141

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

EUR 1,000	**30 Jun 2016**	30 Jun 2015	31 Dec 2015
ASSETS			
Non-current assets			
Property, plant and equipment	**1,000,127**	1,019,115	997,619
Goodwill	**105,644**	105,644	105,644
Intangible assets	**3,673**	5,190	3,758
Other financial assets	**4,581**	4,576	4,576
Receivables	**1,449**	838	1,258
Deferred tax assets	**6,133**	5,903	5,792
	1,121,607	**1,141,265**	**1,118,645**
Current assets			
Inventories	**5,332**	7,566	4,333
Accounts receivable and other receivables	**93,530**	106,085	86,019
Income tax receivables	**250**	1	539
Cash and cash equivalents	**1,808**	2,162	6,468
	100,921	**115,814**	**97,359**
Non current assets held for sale	**18,999**	15,121	15,121
Total assets	**1,241,527**	**1,272,199**	**1,231,125**
EQUITY			
Equity attributable to parent company shareholders			
Share capital	**103,006**	103,006	103,006
Share premium account	**24,525**	24,525	24,525
Translation differences	**150**	225	209
Fund for invested unrestricted equity	**40,016**	40,016	40,016
Retained earnings	**423,843**	352,316	393,313
	591,541	**520,089**	**561,070**
Non-controlling interests	**176**	279	294
Total equity	**591,717**	**520,368**	**561,363**
LIABILITIES			
Long-term liabilities			
Deferred tax liabilities	**51,662**	55,123	52,712
Other long-term liabilities	**88**	138	113
Pension liabilities	**3,927**	4,699	3,919
Provisions	**1,781**	1,820	1,810
Loans from financial institutions	**342,861**	438,304	367,445
	400,318	**500,084**	**425,999**
Current liabilities			
Accounts payable and other liabilities	**72,555**	81,002	59,191
Current tax liabilities	**12**	5	14
Provisions	**280**	211	345
Loans from financial institutions	**169,618**	162,614	176,736
	242,464	**243,832**	**236,287**
Total liabilities	**642,783**	**743,916**	**662,286**
Liabilities related to long-term assets held for sale	**7,027**	7,916	7,476
Total equity and liabilities	**1,241,527**	**1,272,199**	**1,231,125**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2015, IFRS

EUR 1,000	Equity attributable to parent company shareholders							
	Share capital	Share issue premium	Translation differences	Unrestricted equity reserve	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 reporting period:								
Result for the reporting period					16,440	16,440	-27	16,413
Exchange differences on translating foreign operations			48			48		48
Tax effect, net								
Total comprehensive income for the reporting period			**48**		**16,440**	**16,488**	**-27**	**16,461**
Dividend distribution								
Equity 30 June 2015	**103,006**	**24,525**	**225**	**40,016**	**352,316**	**520,089**	**279**	**520,368**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2016, IFRS

EUR 1,000	Equity attributable to parent company shareholders							
	Share capital	Share issue premium	Translation differences	Unrestricted equity reserve	Retained earnings	Total	Non-controlling interests	Total equity
Reported equity 1 January 2016	**103,006**	**24,525**	**209**	**40,016**	**393,313**	**561,070**	**294**	**561,363**
Comprehensive income for the reporting period:								
Result for the reporting period					30,524	30,524	-11	30,513
Exchange differences on translating foreign operations			-59		6	-53		-53
Tax effect, net								
Total comprehensive income for the reporting period			**-59**		**30,530**	**30,471**	**-11**	**30,460**
Dividend distribution							-106	-106
Equity 30 June 2016	**103,006**	**24,525**	**150**	**40,016**	**423,843**	**591,541**	**176**	**591,717**

CONSOLIDATED CASH FLOW STATEMENT, IFRS

EUR 1,000	**1-6 2016**	1-6 2015	1-12 2015
Cash flows from operating activities			
Result for the reporting period	**30,513**	16,413	56,829
Adjustments:			
Non-cash transactions	**27,659**	27,412	56,192
Unrealised foreign exchange gains (-) / losses (+)	**0**	-8	-57
Financial income and expenses	**7,503**	9,053	17,187
Taxes	**-1,341**	-1,504	-3,675
Changes in working capital:			
Change in accounts receivable and other receivables	**-8,090**	-29,623	-2,009
Change in inventories	**-999**	-1,641	1,592
Change in accounts payable and other liabilities	**12,110**	17,054	-2,515
Change in provisions	**-21**	-80	-238
Interest paid	**-4,275**	-5,037	-14,240
Interest received	**202**	296	442
Taxes paid	**166**	-1	-81
Other financing items	**-1,666**	-1,906	-3,632
Net cash generated from operating activities	**61,761**	**30,427**	**105,794**
Cash flow from investing activities			
Investments in tangible and intangible assets *	**-34,129**	-64,374	-78,897
Proceeds from sale of tangible assets	**236**	95	799
Purchase of investments	**-5**		0
Dividends received	**13**	12	12
Net cash used in investing activities	**-33,885**	**-64,267**	**-78,085**
Cash flows from financing activities			
Loan withdrawals	**125,000**	185,000	282,000
Net increase in current interest-bearing liabilities (+) / net decrease (-)	**0**	23,872	32,447
Repayment of loans	**-157,427**	-175,644	-338,550
Increase (-) / decrease (+) in long-term receivables		90	180
Dividends paid	**-106**		
Net cash used in financing activities	**-32,534**	**33,318**	**-23,922**
Change in cash and cash equivalents	**-4,658**	**-521**	**3,787**
Cash and cash equivalents 1 January	**6,468**	2,680	2,680
Effect of foreign exchange rate changes	**-2**	3	1
Cash and cash equivalents at the end of period	**1,808**	**2,162**	**6,468**

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

REVENUE AND RESULT BY BUSINESS SEGMENTS

	4-6 2016		4-6 2015		1-6 2016		1-6 2015		1-12 2015	
	MEUR	%	MEUR	%	MEUR	%	MEUR	%	MEUR	%
Revenue										
Shipping and sea transport services	120.3	95.8	130.2	96.3	220.6	95.6	243.0	96.4	492.9	96.4
Port operations	10.2	8.1	9.7	7.1	19.4	8.4	18.0	7.2	35.9	7.0
Intra-group revenue	-4.9	-3.9	-4.6	-3.4	-9.3	-4.0	-9.0	-3.6	-17.6	-3.4
External sales	**125.6**	**100.0**	**135.2**	**100.0**	**230.7**	**100.0**	**252.0**	**100.0**	**511.2**	**100.0**
Result before interest and taxes										
Shipping and sea transport services	25.1		20.2		37.2		25.2		72.2	
Port operations	0.2		-0.1		-0.5		-1.2		-1.9	
Result before interest and taxes (EBIT) total	**25.3**		**20.1**		**36.7**		**24.0**		**70.3**	
Financial items	-3.6		-4.8		-7.5		-9.0		-17.1	
Result before taxes (EBT)	**21.7**		**15.3**		**29.2**		**14.9**		**53.2**	
Income taxes	0.5		0.5		1.3		1.5		3.7	
Result for the reporting period	**22.2**		**15.8**		**30.5**		**16.4**		**56.8**	

PROPERTY, PLANT AND EQUIPMENT 2016

EUR 1,000	Land	Buildings	Vessels	Machinery and equipment	Advance payments & acquisitions under constr. *	Total
Acquisition cost 1 January 2016	72	72,773	1,352,785	65,430	23,459	1,514,518
Exchange rate differences				-65		-65
Increases			24,233	273	9,673	34,179
Disposals			-309	-91		-400
Reclassifications			6,907		-6,907	0
Reclassification to non-current assets held for sale **		-4,369	-21,675	-22,395		-48,439
Acquisition cost 30 June 2016	**72**	**68,404**	**1,361,941**	**43,152**	**26,225**	**1,499,795**
Accumulated depreciation, amortisation and write-offs 1 January 2016		-19,544	-439,791	-42,444	0	-501,779
Exchange rate differences				60		60
Cumulative depreciation on reclassifications and disposals			308	91		399
Depreciation for the reporting period		-1,097	-26,167	-524		-27,788
Accumulated depreciation, amortisation and write-offs 30 June 2016		-20,640	-465,649	-42,818	0	-529,107
Reclassification to non-current assets held for sale **		1,132	17,797	10,510		29,440
Book value 30 June 2016	**72**	**48,896**	**914,089**	**10,845**	**26,225**	**1,000,127**

Assets classified as held for sale 1 Jan 2016						
Acquisition cost						
Transfer to non-current assets held for sale		4,369	21,675	22,395		48,439
Accumulated depreciation						
Transfer to non-current assets held for sale		-1,132	-17,797	-10,510		-29,440
Carrying value 30 June 2016		**3,237**	**3,878**	**11,885**		**18,999**

* Includes mainly advance payments for the scrubber systems.

** 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 2015 or 2016, 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 30 June 2015 and 30 June 2016.

Finnlines has chartered out a vessel. The Charterers have an option right to purchase the vessel. The Charterers have exercised their purchase option under the Charter by giving on 7 June 2016 the notice for the purchase of the vessel.

PROPERTY, PLANT AND EQUIPMENT 2015

EUR 1,000	Land	Buildings	Vessels	Machinery and equipment	Advance payments & acquisitions under constr.	Total
Acquisition cost 1 January 2015	72	72,773	1,287,982	66,273	25,928	1,453,028
Exchange rate differences				51		51
Increases			42,237	172	15,354	57,763
Disposals			-215	-158		-373
Reclassifications			20,578	9	-20,586	0
Reclassification to non-current assets held for sale		-4,369		-22,395		-26,763
Acquisition cost 30 June 2015	**72**	**68,404**	**1,350,581**	**43,953**	**20,696**	**1,483,706**
Accumulated depreciation, amortisation and write-offs 1 January 2015		-17,341	-389,749	-42,459		-449,549
Exchange rate differences				-47		-47
Cumulative depreciation on reclassifications and disposals			215	158		373
Depreciation for the reporting period		-1,101	-25,346	-564		-27,011
Accumulated depreciation, amortisation and write-offs 30 June 2015		-18,442	-414,879	-42,912		-476,234
Reclassification to non-current assets held for sale		1,132		10,510		11,642
Book value 30 June 2015	**72**	**51,094**	**935,702**	**11,551**	**20,696**	**1,019,115**

Assets classified as held for sale 1 Jan 2015						
Acquisition cost						
Transfer to non-current assets held for sale		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		-1,132	-16,499	-10,510		-28,141
Reclassification between items			16,499			16,499
Carrying value 30 June 2015		**3,237**	**0**	**11,885**		**15,121**

Due to the long-term charter contract in February 2015 of the vessel, which was classified as asset held for sale in the Financial Statement as of 31.12.2014, the classification had been ceased during the reporting period. A part of the Port Operations' assets, book value of 15.1 million euros, were continued to be classified as assets held for sale.

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 belonging to level 2. There is no material difference between carrying values and fair values of these instruments.

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 2015), which are valued at the lower of acquisition cost or probable value, as their fair value cannot be reliably measured.

CONTINGENCIES AND COMMITMENTS

EUR 1,000	**30 Jun 2016**	30 Jun 2015	31 Dec 2015
Minimum leases payable in relation to fixed-term leases:			
Vessel leases (Group as lessee):			
Within 12 months	**0**	5,366	58
	0	**5,366**	**58**
Vessel leases (Group as lessor):			
Within 12 months	**2,099**	2,105	2,105
1-5 years	**5,800**	7,899	6,841
	7,899	**10,004**	**8,946**
Other leases (Group as lessee):			
Within 12 months	**6,048**	6,409	6,015
1-5 years	**13,173**	15,250	13,788
After five years	**6,999**	9,244	7,795
	26,220	**30,903**	**27,598**
Other leases (Group as lessor):			
Within 12 months	**289**	261	257
1-5 years	**0**	17	
	289	**278**	**257**
Collateral given			
Loans from financial institutions	**370,914**	484,384	402,941
Vessel mortgages provided as guarantees for the above loans	**985,000**	**973,000**	**973,000**
Other collateral given on own behalf			
Cash deposit	**0**	850	
Corporate mortgages		0	1,700
	0	**850**	**1,700**
Other obligations *	**10,153**	**28,903**	**36,143**
VAT adjustment liability related to real estate investments	**3,378**	**4,674**	**4,026**

* Includes scrubber system, re-blading obligations and vessel investments.

REVENUE AND RESULT BY QUARTER

MEUR	Q1/16	Q1/15	Q2/16	Q2/15
Shipping and sea transport services	100.4	112.9	120.3	130.2
Port operations	9.3	8.3	10.2	9.7
Intra-group revenue	-4.4	-4.4	-4.9	-4.6
External sales	**105.2**	**116.8**	**125.6**	**135.2**
Result before interest and taxes				
Shipping and sea transport services	12.1	5.0	25.1	20.2
Port operations	-0.8	-1.1	0.2	-0.1
Result before interest and taxes (EBIT) total	**11.4**	**3.9**	**25.3**	**20.1**
Financial items	-3.9	-4.3	-3.6	-4.8
Result before taxes (EBT)	**7.4**	**-0.4**	**21.7**	**15.3**
Income taxes	0.9	1.0	0.5	0.5
Result for the reporting period	**8.3**	**0.6**	**22.2**	**15.8**
EPS (undiluted / diluted)	0.16	0.01	0.43	0.31

SHARES, MARKET CAPITALISATION AND TRADING INFORMATION

	30 Jun 2016	30 Jun 2015
Number of shares	**51,503,141**	51,503,141
Market capitalisation, EUR million	**916.2**	849.8

	1-6 2016	1-6 2015
Number of shares traded, million	**2.8**	0.4

	1-6 2016			
	High	Low	Average	Close
Share price	18.68	17.15	17.95	17.79

EVENTS AFTER THE REPORTING PERIOD

There are no significant events to report.

CALCULATION OF RATIOS

Earnings per share (EPS), EUR

$$= \frac{\text{Result attributable to parent company shareholders}}{\text{Weighted average number of outstanding shares}}$$

Shareholders' equity per share, EUR

$$= \frac{\text{Shareholders' equity attributable to parent company shareholders}}{\text{Undiluted number of shares at the end of period}}$$

Gearing, %

$$= \frac{\text{Interest-bearing liabilities - cash and bank equivalents}}{\text{Total equity}} \times 100$$

Equity ratio, %

$$= \frac{\text{Total equity}}{\text{Assets total - received advances}} \times 100$$

Income tax expense is recognised based on the best estimate of the weighted-average annual income tax rate expected for the full financial year. In January 2013, the shipping operations of Finnlines Plc transferred to tonnage-based taxation.

At the end of January 2014, Finnlines Deutschland GmbH transferred from tonnage-based taxation to business taxation. The company entered into business taxation as from 1 February 2014.

RELATED PARTY TRANSACTIONS

There were no material related party transactions during the reporting period. The business transactions were carried out using market-based pricing.