Financial review
January–March 2017
17 May 2017

FINNLINES Q1

JANUARY–MARCH 2017: Result improved by approximately 35 per cent over the previous year

- Revenue EUR 120.9 (105.2 in 2016) million, increase 14.9 per cent
- Result before interest, taxes, depreciation and amortisation (EBITDA) EUR 28.0 (25.3) million, increase 10.5 per cent
- Result for the reporting period EUR 11.2 (8.3) million, increase 34.3 per cent
- Interest-bearing debt decreased by EUR 49.1 million and was EUR 486.9 (536.0) million at the end of the period

KEY FIGURES

MEUR	1–3 2017	1–3 2016	1–12 2016
Revenue	**120.9**	105.2	473.7
Result before interest, taxes, depreciation and amortisation (EBITDA)	**28.0**	**25.3**	**139.1**
Result before interest and taxes (EBIT)	**13.6**	11.4	81.5
% of revenue	**11.3**	10.8	17.2
Result for the reporting period	**11.2**	**8.3**	**68.1**
Shareholders' equity/share, EUR	**11.63**	11.05	11.42
Equity ratio, %	**49.5**	45.9	48.9
Interest bearing debt, MEUR	**486.9**	536.0	491.1
Gearing, %	**80.7**	96.9	83.8

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

"The Finnlines Group's first three months have proved, again, to be very strong. The January–March 2017 result for the period exceeded our record year's corresponding period by approximately 35 per cent, and was EUR 11.2 (8.3) million. After a long period of sluggish economic development in Europe, there are positive signs in economic growth and especially in Finland the volume of exported and imported goods has increased over 10 per cent during the first three months.

We have completed successfully our EUR 1 billion Capex Programme in 2006–2016 targeted towards the fleet renewal and our EUR 100 million Environmental Investment Programme will be completed in May. Today, we have a safe and reliable fleet which is modern and environmentally very sustainable. The superb result improvement during these past four years has brought Finnlines Group's financial and operational performance to an all-time high and is based on those past investments and, also on our ability to quickly respond to the changes in the market. Right after we have completed these major capex programmes, we are already looking beyond the horizon and at the growth opportunities. Therefore, we have started a new capex programme, the Energy Efficiency and Emission Reduction Investment Programme, where we will lengthen our existing ro-ro vessels. This investment programme will provide us with increased capacity and increased cargo flexibility in order to serve our customers even better and meet their growing demand for top quality cargo service.

Finnlines celebrated its 70th anniversary on 15 May 2017 with an extensive attendance of our important customers and other stakeholders. We are proud of the remarkable turnaround of our Company and of delivering year after year a record result. We are geared for growth and with the Finnish market finally showing a positive development we trust we continue to perform well also during the latter part of the year."

FINNLINES PLC, FINANCIAL REVIEW JANUARY–MARCH 2017 (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 public limited company, which operates under Finnish jurisdiction and legislation. 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 120 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. On 25 August 2016, Grimaldi Group S.p.A. gained title to all the shares in Finnlines Plc and the shares were thus delisted.

GENERAL MARKET DEVELOPMENT

Based on the statistics by the Finnish Transport Agency for January–February, the Finnish seaborne imports carried in container, lorry and trailer units (measured in tons) increased by 10 per cent and exports increased by 3 per cent compared to the same period in 2016. During the same period, private and commercial passenger traffic between Finland and Sweden decreased by 2 per cent. Between Finland and Germany, the corresponding traffic increased by 10 per cent (Finnish Transport Agency).

FINNLINES' TRAFFIC

In the beginning of 2017, the frequency of the Hanko–Rostock service was upgraded to four weekly sailings and the traffic is operated with two ro-ro vessels.

MS Finnfellow returned to FinnLink service in the beginning of January, after the installation of an exhaust gas scrubber. MS Finneagle left for a similar installation at the end of March.

MS Finnmaster was chartered out for six months in the beginning of 2017. Additionally, MS Finnclipper was chartered out for one month as from 14 January 2017.

During the first quarter, Finnlines operated on average 19 (21) vessels in its own traffic.

The cargo volumes transported during January–March totalled approximately 165 (153 in 2016) thousand cargo units, 32 (31) thousand cars (not including passengers' cars) and 310 (369) thousand tons of freight not possible to measure in units. In addition, some 115 (113) thousand private and commercial passengers were transported.

FINANCIAL RESULTS

January–March 2017

The Finnlines Group recorded revenue totalling EUR 120.9 (105.2) million, an increase of 14.9 per cent compared to the same period in the previous year. Shipping and Sea Transport Services generated revenue amounting to EUR 116.0 (100.4) million and Port Operations EUR 10.1 (9.3) million. The Shipping and Sea Transport Services segment's revenue improved due to higher cargo volumes especially in Finland-Germany trade. Also, higher bunker surcharge has increased the turnover since rising fuel prices has grown the costs. In Port Operations, the revenue grew due to increased external and internal cargo handling activities. The internal revenue between the segments was EUR 5.2 (4.4) million.

Result before interest, taxes, depreciation and amortisation (EBITDA) was EUR 28.0 (25.3) million, an increase of 10.5 per cent.

Result before interest and taxes (EBIT) was EUR 13.6 (11.4) million. The result of the first quarter is affected by the seasonality of the cargo volumes, which are typically on a lower level at the turn of the year.

As a result of the improved financial position, net financial expenses decreased and were EUR -3.1 (-3.9) million. Financial income was EUR 0.1 (0.0) million and financial expenses EUR -3.1 (-4.0) million. Result before taxes (EBT) improved by EUR 3.1 million and was EUR 10.6 (7,4) million. The result for the reporting period was EUR 11.2 (8.3) million.

STATEMENT OF FINANCIAL POSITION, FINANCING AND CASH-FLOW

Even though the Company has an ongoing Environmental Technology Investment Programme interest-bearing debt decreased by EUR 49.1 million and amounted to EUR 486.9 (536.0) million excluding leasing liabilities of EUR 3.2 (17.5) million. The equity ratio calculated from the balance sheet improved to 49.5 (45.9) per cent and gearing dropped to 80.7 (96.9) per cent. Due to the expired charter agreements, there were no vessel lease commitments in the end of March 2017 nor in 2016.

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 111.8 (78.0) million.

Net cash generated from operating activities was EUR 15.6 (20.3) million.

CAPITAL EXPENDITURE

The Finnlines Group's gross capital expenditure in the reporting period totalled EUR 6.5 (28.2) million, including tangible and intangible assets. Total depreciation and amortisation amounted to EUR 14.3 (13.9) million. The investments consist of normal replacement expenditure of fixed assets, scrubber and reblading projects and dry-dockings of ships.

In 2015, Finnlines launched the second phase of the EUR 100 million Environmental Technology 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 of the three ro-pax vessels to be rebladed and equipped with scrubbers, MS Finnfellow, started her scrubber system commissioning in February 2017. The third and last ro-pax vessel to be rebladed and equipped with scrubbers, MS Finneagle, started her retrofit end of March 2017, and will be ready and commissioned in the second quarter 2017. After this, the whole Programme will be completed.

On 31 March 2017, Finnlines signed an agreement with Remontowa S.A. shipyard in Gdansk, Poland to lengthen four of its Breeze series vessels, with an option of two additional vessels. The close to 30 per cent capacity increase will considerably reduce the energy consumption per transported unit compared to the original vessel. In other words, by adding around 1,000 lane meters to each vessel, these initiatives will improve energy efficiency further and thus contribute more to reducing emissions. In addition to the vessel lengthenings, MS Finneagle's passenger capacity will be increased to 800 by building new passenger areas.

The above Energy Efficiency and Emission Reduction Investment Programme will amount to approximately EUR 70 million if executed in full.

PERSONNEL

The Group employed an average of 1,622 (1,621) persons during the reporting period, consisting of 931 (927) persons at sea and 691 (694) persons on shore. The number of persons employed at the end of the period was 1,610 (1,622) in total, of which 921 (933) at sea and 689 (689) on shore.

The personnel expenses (including social costs) for the reporting period were EUR 22.4 (22.4) million.

THE FINNLINES SHARE

On 25 August 2016, Grimaldi Group S.p.A. gained title to all the shares in Finnlines Plc and the shares were thus delisted.

DECISIONS TAKEN BY THE ANNUAL GENERAL MEETING

Finnlines Plc's Annual General Meeting was held in Helsinki on 16 May 2017. The Annual General Meeting of Finnlines Plc approved the Financial Statements and discharged the members of the Board of Directors and President and CEO from liability for the financial year 2016. The meeting decided that the general meeting authorises the Board of Directors to decide, at its discretion, on the payment of dividend up to Finnlines Plc's result for the reporting period in 2016.

The meeting decided that the number of Board Members be seven. The meeting re-elected the current board members Christer Backman, Tiina Bäckman, Emanuele Grimaldi, Gianluca Grimaldi, Diego Pacella, and Jon-Aksel Torgersen and elected Guido Grimaldi as the new member of the Board of Directors for the term until the close of the Annual General Meeting in 2018. The yearly compensation to the Board will remain unchanged 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 KPMG Oy Ab as the Company's auditor for the fiscal year 2017. It was decided that the external auditors will be reimbursed according to invoice.

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 has increased 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 2016 Financial Statements, published on 23 February 2017, contain a description of ongoing legal proceedings.

The District Court of Helsinki rendered its decisions in March 2017, in the cases of the Company's port operations subsidiaries' 18 former employees claiming compensation based on groundless termination and breach of Non-Discrimination Act as further described in the 2016 Financial Statements. The District Court dismissed the claims of the employees in full. The decisions are not final.

CORPORATE GOVERNANCE

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 started a new capex programme, the Energy Efficiency and Emission Reduction Investment Programme, in order to lengthen ro-ro vessels and increase passenger capacity on one ro-pax vessel. This investment is expected to provide greater efficiency and better fuel economy. In addition, Finland's export and import volumes are expected to grow and therefore Finnlines Group's result before taxes is expected to improve over the previous year's level.

The second financial review of 2017 for the period of 1 January–30 June 2017 will be published on Thursday, 27 July 2017.

Finnlines Plc
The Board of Directors

Emanuele Grimaldi
President and CEO

FURTHER INFORMATION

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ENCLOSURES

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DISTRIBUTION

Main media

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 Group has adopted new or revised IFRS standards and IFRIC interpretations from the beginning of the reporting period corresponding to those described in the 2016 Financial Statements with effect of 1 January 2017. They did not have any 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 2016.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

EUR 1,000	1–3 2017	1–3 2016	1–12 2016
Revenue	**120,886**	105,176	473,711
Other income from operations	**435**	825	6,652
Materials and services	**-39,847**	-26,932	-126,486
Personnel expenses	**-22,444**	-22,396	-89,753
Depreciation, amortisation and impairment losses	**-14,332**	-13,936	-57,587
Other operating expenses	**-31,065**	-31,362	-125,009
Total operating expenses	**-107,688**	-94,626	-398,835
Result before interest and taxes (EBIT)	**13,633**	**11,374**	**81,528**
Financial income	**60**	26	412
Financial expenses	**-3,122**	-3,962	-14,978
Result before taxes (EBT)	**10,571**	**7,438**	**66,961**
Income taxes	**595**	875	1,162
Result for the reporting period	**11,167**	**8,313**	**68,124**
Other comprehensive income:			
Other comprehensive income to be reclassified to profit and loss in subsequent periods:			
Exchange differences on translating foreign operations	**3**	-33	-74
Tax effect, net			0
Other comprehensive income to be reclassified to profit and loss in subsequent periods, total	**3**	-33	-74
Other comprehensive income not being reclassified to profit and loss in subsequent periods:			
Remeasurement of defined benefit plans			20
Tax effect, net			-29
Other comprehensive income not being reclassified to profit and loss in subsequent periods, total			-8
Total comprehensive income for the reporting period	**11,170**	**8,280**	**68,041**
Result for the reporting period attributable to:			
Parent company shareholders	**11,184**	8,330	68,133
Non-controlling interests	**-17**	-17	-10
	11,167	**8,313**	**68,124**
Total comprehensive income for the reporting period attributable to:			
Parent company shareholders	**11,187**	8,297	68,051
Non-controlling interests	**-17**	-17	-10
	11,170	**8,280**	**68,041**
Result for the reporting period attributable to parent company shareholders calculated as earnings per share (EUR/share):			
Undiluted / diluted earnings per share	**0,22**	0.16	1.32
Average number of shares:			
Undiluted / diluted	**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	31 Mar 2017	31 Mar 2016	31 Dec 2016
ASSETS			
Non-current assets			
Property, plant and equipment	974,959	1,011,825	982,629
Goodwill	105,644	105,644	105,644
Intangible assets	3,414	3,776	3,529
Other financial assets	4,580	4,581	4,580
Receivables	1,720	1,449	1,720
Deferred tax assets	5,730	6,050	5,646
	1,096,047	**1,133,325**	**1,103,747**
Current assets			
Inventories	6,257	4,374	6,700
Accounts receivable and other receivables	93,667	91,345	77,749
Income tax receivables	37	536	159
Cash and cash equivalents	6,415	1,778	1,943
	106,377	**98,034**	**86,551**
Non-current assets held for sale	15,121	15,121	15,121
Total assets	**1,217,544**	**1,246,480**	**1,205,419**
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	138	171	135
Fund for invested unrestricted equity	40,016	40,016	40,016
Retained earnings	431,424	401,649	420,240
	599,109	**569,367**	**587,923**
Non-controlling interests	161	170	178
Total equity	**599,270**	**569,537**	**588,100**
LIABILITIES			
Long-term liabilities			
Deferred tax liabilities	50,881	52,012	51,425
Other long-term liabilities	50	100	63
Pension liabilities	3,820	3,923	3,817
Provisions	1,757	1,810	1,757
Loans from financial institutions	321,132	377,889	322,600
	377,640	**435,735**	**379,663**
Current liabilities			
Accounts payable and other liabilities	71,451	65,324	65,174
Current tax liabilities	8	12	9
Provisions	201	295	262
Loans from financial institutions	168,973	168,327	171,971
	240,634	**233,957**	**237,415**
Total liabilities	**618,274**	**669,692**	**617,078**
Liabilities related to long-term assets held for sale	0	7,251	241
Total equity and liabilities	**1,217,544**	**1,246,480**	**1,205,419**

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					8,330	8,330	-17	8,313
Exchange differences on translating foreign operations			-39		6	-33		-33
Remeasurement of defined benefit plans								
Tax effect, net								
Total comprehensive income for the reporting period			**-39**		**8,335**	**8,297**	**-17**	**8,280**
Dividend							-106	-106
Equity 31 March 2016	**103,006**	**24,525**	**171**	**40,016**	**401,649**	**569,367**	**170**	**569,537**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2017, 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 2017	**103,006**	**24,525**	**135**	**40,016**	**420,240**	**587,923**	**178**	**588,100**
Comprehensive income for the reporting period:								
Result for the reporting period					11,184	11,184	-17	11,167
Exchange differences on translating foreign operations			3			3		3
Remeasurement of defined benefit plans								
Tax effect, net								
Total comprehensive income for the reporting period			**3**		**11,184**	**11,187**	**-17**	**11,170**
Dividend								
Equity 31 March 2017	**103,006**	**24,525**	**138**	**40,016**	**431,424**	**599,109**	**161**	**599,270**

CONSOLIDATED CASH FLOW STATEMENT, IFRS

EUR 1,000	1–3 2017	1–3 2016	1–12 2016
Cash flows from operating activities			
Result for the reporting period	**11,167**	8,313	68,124
Adjustments:			
Non-cash transactions	**14,115**	13,834	52,461
Unrealised foreign exchange gains (-) / losses (+)	**1**	0	-11
Financial income and expenses	**3,061**	3,936	14,577
Taxes	**-595**	-875	-1,162
Changes in working capital			
Change in accounts receivable and other receivables	**-15,950**	-7,140	1,565
Change in inventories	**443**	-41	-2,367
Change in accounts payable and other liabilities	**5,752**	5,564	6,471
Change in provisions	**3**	4	-155
Interest paid	**-1,748**	-2,617	-11,394
Interest received	**21**	179	299
Taxes paid	**27**	-136	280
Other financing items	**-707**	-675	-3,842
Net cash generated from operating activities	**15,589**	**20,347**	**124,845**
Cash flow from investing activities			
Investments in tangible and intangible assets *	**-6,434**	-26,770	-38,450
Sale of tangible assets **	**137**	89	8,810
Proceeds from sale of investments	**0**	-5	-5
Dividends received	**1**		13
Net cash used in investing activities	**-6,296**	**-26,686**	**-29,632**
Cash flows from financing activities			
Loan withdrawals	**36,000**	73,000	205,000
Net increase in current interest-bearing liabilities (+) / net decrease (-)	**9,190**	4,581	8,035
Repayment of loans	**-50,013**	-75,931	-271,662
Loans granted			
Increase (-) / decrease (+) in long-term receivables			200
Dividends paid			-41,309
Net cash used in financing activities	**-4,823**	**1,650**	**-99,736**
Change in cash and cash equivalents	**4,470**	-4,689	-4,523
Cash and cash equivalents 1 January	**1,943**	6,468	6,468
Effect of foreign exchange rate changes	**3**	-1	-3
Cash and cash equivalents at the end of period	**6,415**	**1,778**	**1,943**

* Investments include environmental aid granted by the European Union, of which the Group has received EUR 6.7 million during the reporting period 2016. No environmental aid has been paid during the first quarter of 2017.

** Includes sale of one vessel in 2016.

REVENUE AND RESULT BY BUSINESS SEGMENTS

	1–3 2017		1–3 2016		1–12 2016	
	MEUR	%	MEUR	%	MEUR	%
Revenue						
Shipping and sea transport services	116.0	96.0	100.4	95.4	453.6	95.8
Port operations	10.1	8.3	9.3	8.8	38.4	8.1
Intra-group revenue	-5.2	-4.3	-4.4	-4.2	-18.2	-3.9
External sales	**120.9**	**100.0**	**105.2**	**100.0**	**473.7**	**100.0**
Result before interest and taxes						
Shipping and sea transport services	13.5		12.1		82.7	
Port operations	0.1		-0.8		-1.3	
Result before interest and taxes (EBIT) total	**13.6**		**11.4**		**81.5**	
Financial items	-3.1		-3.9		-14.6	
Result before taxes (EBT)	**10.6**		**7.4**		**67.0**	
Income taxes	0.6		0.9		1.2	
Result for the reporting period	**11.2**		**8.3**		**68.1**	

PROPERTY, PLANT AND EQUIPMENT 2017

EUR 1,000	Land	Buildings	Vessels *	Machinery and equipment	Advance payments & acquisitions under construction *	Total
Acquisition cost 1 January 2017	72	73,142	1,386,912	66,755	10,117	1,536,998
Exchange rate differences		-8		9		2
Increases		12	4,546	118	1,871	6,547
Disposals			-246	-74		-320
Reclassifications between items			1,788	110		1,898
Reclassifications to non-current assets held for sale **		-4,369		-22,395		-26,763
Acquisition cost 31 March 2017	**72**	**68,776**	**1,393,000**	**44,524**	**11,988**	**1,518,361**
Accumulated depreciation, amortisation and write-offs 1 January 2017	0	-21,793	-474,532	-42,923	0	-539,248
Exchange rate differences		7		-8		-1
Cumulative depreciation on reclassifications and disposals			246	74	-1,898	-1,578
Depreciation for the reporting period		-551	-13,265	-401		-14,217
Accumulated depreciation, amortisation and write-offs 31 March 2017	**0**	**-22,337**	**-487,551**	**-43,258**	**-1,898**	**-555,044**
Reclassifications to non-current assets held for sale **		1,132		10,510		11,642
Carrying value 31 March 2017	**72**	**47,571**	**905,450**	**11,776**	**10,091**	**974,959**
Assets classified as held for sale 31 March 2017						
Acquisition cost						
Transfer to non-current assets held for sale 1 January 2017		4,369		22,395		**26,763**
Reclassification between items						
Accumulated depreciation						
Transfer to non-current assets held for sale 1 January 2017		-1,132		-10,510		-11,642
Reclassification between items						
Carrying value 31 March 2017		**3,237**		**11,885**		**15,121**

* During 2016, EUR 14.5 million environmental aid granted by the European Union was allocated to environmental investments in vessels.

** 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 2016 nor 2017, 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 March 2017.

PROPERTY, PLANT AND EQUIPMENT 2016

EUR 1,000	Land	Buildings	Vessels	Machinery and equipment	Advance payments & acquisitions under construction	Total
Acquisition cost 1 January 2016	72	72,773	1,352,785	65,430	23,459	1,514,518
Exchange rate differences				-42		-42
Increases			21,540	20	6,469	28,029
Disposals			-169	-91		-260
Reclassifications between items			6,798		-6,798	0
Reclassifications to non-current assets held for sale *		-4,369		-22,395		-26,763
Acquisition cost 31 March 2016	**72**	**68,404**	**1,380,953**	**42,923**	**23,130**	**1,515,482**
Accumulated depreciation, amortisation and write-offs 1 January 2016		-19,544	-439,791	-42,444		-501,779
Exchange rate differences				38		38
Cumulative depreciation on reclassifications and disposals			169	91		260
Depreciation for the reporting period		-550	-12,995	-274		-13,819
Accumulated depreciation, amortisation and write-offs 31 March 2016		**-20,093**	**-452,617**	**-42,589**		**-515,299**
Reclassification to non-current assets held for sale *		1,132		10,510		11,642
Carrying value 31 March 2016	**72**	**49,443**	**928,337**	**10,844**	**23,130**	**1,011,825**
Assets classified as held for sale 31 March 2016						
Acquisition cost						
Transfer to non-current assets held for sale 1 January 2016		4,369		22,395		26,763
Reclassification between items						
Accumulated depreciation						
Transfer to non-current assets held for sale 1 January 2016		-1,132		-10,510		-11,642
Reclassification between items						
Carrying value 31 March 2016		**3,237**		**11,885**		**15,121**

* Finnlines negotiated a sale of assets concerning Port Operations, with book value of EUR 15.1 million. No impairment was made to the book values of these assets in 2015 nor 2016, 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 March 2016.

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 2016), 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	31 Mar 2017	31 Mar 2016	31 Dec 2016
Minimum leases payable in relation to fixed-term leases:			
Vessel leases (Group as lessor)*:			
Within 12 months	**1,229**	2,099	2,444
1-5 years		6,324	0
	1,229	**8,423**	**2,444**
Other leases (Group as lessee):			
Within 12 months	**5,517**	5,566	5,343
1-5 years	**10,783**	13,123	11,298
After five years	**6,184**	7,397	6,414
	22,484	**26,086**	**23,055**
Other leases (Group as lessor):			
Within 12 months	**253**	239	191
	253	**239**	**191**
Collateral given			
Loans from financial institutions	**367,530**	394,432	389,852
Vessel mortgages provided as guarantees for the above loans	**940,500**	973,000	940,500
Other collateral given on own behalf			
Pledges	**250**	0	250
	250	**0**	**250**
Other obligations *	**46,427**	**5,475**	**6,529**
VAT adjustment liability related to real estate investments	**2,406**	**3,702**	**2,730**

* Includes lengthening of vessels, scrubber systems, reblading obligations and vessel investments.

REVENUE AND RESULT BY QUARTER

MEUR	Q1/17	Q1/16	Q2/17	Q2/16	Q3/17	Q3/16	Q4/17	Q4/16
Shipping and sea transport services	116.0	100.4		120.3		125.1		107.9
Port operations	10.1	9.3		10.2		9.7		9.2
Intra-group revenue	-5.2	-4.4		-4.9		-4.4		-4.6
External sales	**120.9**	**105.2**		**125.6**		**130.4**		**112.6**
Result before interest and taxes								
Shipping and sea transport services	13.5	12.1		25.1		34.7		10.9
Port operations	0,1	-0.8		0.2		0.1		-0.8
Result before interest and taxes (EBIT) total	**13.6**	**11.4**		**25.3**		**34.8**		**10.1**
Financial items	-3.1	-3.9		-3.6		-3.7		-3.4
Result before taxes (EBT)	**10.6**	**7.4**		**21.7**		**31.1**		**6.7**
Income taxes	0.6	0.9		0.5		-0.8		0.6
Result for the reporting period	**11.2**	**8.3**		**22.2**		**30.3**		**7.3**
EPS (undiluted / diluted)	0.22	0.16		0.43		0.59		0.14

SHARE INFORMATION

	31 March 2017	31 March 2016
Number of shares	**51,503,141**	51,503,141

On 25 August 2016, Grimaldi Group S.p.A. gained title to all the shares in Finnlines Plc and the shares were thus delisted.

EVENTS AFTER THE REPORTING PERIOD

There are no significant events to report.

CALCULATION OF RATIOS

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	=	$\dfrac{\text{Shareholders' equity attributable to parent company shareholders}}{\text{Undiluted number of shares at the end of period}}$	
Gearing, %	=	$\dfrac{\text{Interest-bearing liabilities - cash and bank equivalents}}{\text{Total equity}}$	x 100
Equity ratio, %	=	$\dfrac{\text{Total equity}}{\text{Assets total - received advances}}$	x 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.

RELATED PARTY TRANSACTIONS

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