



Financial review
January–December 2016
23 February 2017

FINNLINES Q4

JANUARY–DECEMBER 2016

- Revenue EUR 473.7 (511.2 in 2015) million, decrease 7.3 per cent, mainly due to the reduction of cargo related bunker surcharge
- Result before interest, taxes, depreciation and amortisation (EBITDA) EUR 139.1 (126.9) million, increase 9.6 per cent
- Result for the reporting period EUR 68.1 (56.8) million, increase 19.9 per cent
- Interest-bearing debt decreased EUR 42.6 million and was EUR 491.1 (533.7) million at the end of the period

OCTOBER–DECEMBER 2016

- Revenue EUR 112.6 (120.9 in 2015) million, decrease 7.0 per cent
- Result before interest, taxes, depreciation and amortisation (EBITDA) EUR 24.8 (32.1) million, decrease 22.7 per cent
- Result for the reporting period EUR 7.3 (15.7) million, decrease 53.9 per cent

KEY FIGURES

MEUR	1–12 2016	1–12 2015	10–12 2016	10–12 2015
Revenue	473.7	511.2	112.6	120.9
Result before interest, taxes, depreciation and amortisation (EBITDA)	139.1	126.9	24.8	32.1
Result before interest and taxes (EBIT)	81.5	70.3	10.1	17.3
% of revenue	17.2	13.7	8.9	14.3
Result for the reporting period	68.1	56.8	7.3	15.7
Shareholders' equity/share, EUR	11.42	10.89	11.42	10.89
Equity ratio, %	48.9	45.7	48.9	45.7
Interest bearing debt, MEUR	491.1	533.7	491.1	533.7
Gearing, %	83.8	97.1	83.8	97.1

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

"The Finnlines Group delivered a record financial performance. For the fourth year in a row, we recorded an improvement in operating profit to date even though Europe's economic growth has not yet picked up. In addition, the prevailing sanctions and counter sanctions in Russian trade continued to impact negatively on commercial activities across the Baltic Sea region.

In spite of slow growth in Europe, the Company has succeeded in improving its result year after year. In 2016, the result for the period was EUR 68.1 million, representing a 20 per cent increase over the 2015 financial year, which was then the best ever result in Finnlines' history. This superb result development and yearly result improvement has been achieved partly due to the successful implementation of our EUR 1 billion Capex Programme in 2006–2016 targeted towards fleet renewal, and partly due to our ability to react quickly to changes in the market in order to optimise the use of vessels and routes and prudently control our costs. We are running the biggest shipping line of the Baltic Sea, and we have made sure that each route gets exactly the type and number of ships it requires, with the right capacity, the right cargo flexibility and right speed.

Thanks to our large Capex Programme to renew the fleet and also thanks to our EUR 100 million Environmental Technology Investment Programme, we have been able to reduce the fuel consumption substantially and also the NOx, CO2 and SO2 emissions and therefore contributed positively to the environment. But we will also invest further to improve sustainability in our operations. We are planning to lengthen several ro-ro vessels for achieving greater operational efficiency and even better fuel economy.

Finnlines celebrates its 70th anniversary in 2017. We must, however, keep our focus on the future prospects and opportunities. I will ensure that we will remain a very strong competitor in the market and continue to provide you all with safe, reliable, efficient and environmentally sound services – with an eye to further improvements."

FINNLINES PLC, FINANCIAL REVIEW JANUARY–DECEMBER 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 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–December, the Finnish seaborne imports carried in container, lorry and trailer units increased by 4 per cent, whereas exports increased by 4 per cent (measured in tons) compared to the same period in 2015. Private and commercial passenger traffic between Finland and Sweden remained on the same level as in 2015. The corresponding traffic between Finland and Germany increased by 4 per cent (Finnish Transport Agency).

FINNLINES' TRAFFIC

MS Finneagle returned to Finnlink service in October and at the same time MS Finnfellow was docked for the installation of the exhaust gas cleaning system.

During the fourth quarter Finnlines operated on average 21 (22) vessels in its own traffic.

The cargo volumes transported during January–December totalled approximately 629 (624 in 2015) thousand cargo units, 119 (156) thousand cars (not including passengers' cars) and 1,611 (2,032) thousand tons of freight not possible to measure in units. In addition, some 602 (575) thousand private and commercial passengers were transported.

FINANCIAL RESULTS

January–December 2016

The Finnlines Group recorded revenue totalling EUR 473.7 (511.2) million in 2016, a decrease of 7.3 per cent compared to the same period in the previous year. Shipping and Sea Transport Services generated revenue amounting to EUR 453.6 (492.9) million and Port Operations EUR 38.4 (35.9) million. The Shipping and Sea Transport Services segment's revenue decreased mainly due to the lower bunker surcharge as compensation passed to our clients. In Port Operations the revenue grew due to increased external and internal cargo handling activities. The internal revenue between the segments was EUR 18.2 (17.6) million.

Result before interest, taxes, depreciation and amortisation (EBITDA) was EUR 139.1 (126.9) million, an increase of 9.6 per cent.

Result before interest and taxes (EBIT) was EUR 81.5 (70.3) million. In 2016, most of the vessels were operated using less expensive fuel oil, which had a positive impact on the result even though bunker prices started to increase globally during the fourth quarter. The result includes a gain on sale of EUR 4.4 million for MS Finnsailor.

As a result of the improved financial position, net financial expenses decreased and were EUR -14.6 (-17.1) million. Financial income was EUR 0.4 (0.9) million and financial expenses EUR -15.0 (-18.1) million. Result before taxes (EBT) improved by EUR 13.8 million and was EUR 67.0 (53.2) million. The result for the reporting period was EUR 68.1 (56.8) million.

October–December 2016

The Finnlines Group recorded revenue totalling EUR 112.6 (120.9) million in the fourth quarter, a decrease of 7.0 per cent compared to the same period in the previous year. Shipping and Sea Transport Services generated revenue amounting to EUR 107.9 (116.4) million and Port Operations EUR 9.2 (9.0) million. The internal revenue between the segments was EUR 4.6 (4.5) million. The result is affected by the seasonality of the cargo volumes, which are typically on a lower level at the turn of the year. The number of passengers is also modest during the autumn/winter period compared to the summer season.

Result before interest, taxes, depreciation and amortisation (EBITDA) was EUR 24.8 (32.1) million, a decrease of 22.7 per cent.

Result before interest and taxes (EBIT) was EUR 10.1 (17.3) million.

Net financial expenses were EUR -3.4 (-3.7) million. Financial income was EUR 0.2 (0.4) million and financial expenses totalled EUR -3.6 (-4.1) million. The result for the reporting period was EUR 7.3 (15.7) million.

STATEMENT OF FINANCIAL POSITION, FINANCING AND CASH-FLOW

Even though the Company has an ongoing Environmental Technology Investment Programme and paid dividends of EUR 41.3 million, interest-bearing debt decreased by EUR 42.6 million and amounted to EUR 491.1 (533.7) million excluding leasing liabilities of EUR 3.7 (17.9) million. The equity ratio calculated from the balance sheet improved to 48.9 (45.7) per cent and gearing dropped to 83.8 (97.1) per cent. Due to the expired charter agreements and redelivery of the remaining chartered tonnage in the first quarter 2016, vessel lease commitments decreased by EUR 0.1 million to EUR 0.0 million compared to the end of December 2015.

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 130.5 (114.5) million.

Net cash generated from operating activities improved considerably and was EUR 124.8 (105.8) million.

CAPITAL EXPENDITURE

The Finnlines Group's gross capital expenditure in the reporting period totalled EUR 46.3 (64.1) million, including tangible and intangible assets. Total depreciation and amortisation amounted to EUR 57.6 (56.6) 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 reblading projects, improvement of passenger areas 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 first of the three ro-pax vessels to be rebladed and equipped with scrubbers, MS Finnclipper, received her new IAPP Certificate on 18 August 2016 upon completion of scrubber system commissioning. The second ro-pax vessel to be rebladed and equipped with scrubbers, MS Finnellow, was under retrofit during the fourth quarter 2016. The last of the three ro-pax vessels to undergo the same environmental upgrade, MS Finneagle, will receive her scrubbers and new blades onboard in the first quarter 2017. After this, the whole Programme will be completed.

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. Interim payments of EUR 12.5 million had been received until the end of 2016. Furthermore in June 2016, Finnlines signed a loan from EIB with guarantees from Nordea and Finnvera to finance part of the EUR 100 million Environmental Technology Investment Programme.

During spring 2016, Finnlines initiated an extensive refurbishment programme of the passenger areas on six of its ro-pax vessels. The vessels deployed on the FinnLink route were all upgraded before the summer season. On the HansaLink vessels, the programme was divided into two phases. The first phase was completed by midsummer and the second, more extensive phase, which included refurbishment of shops, cafeterias and restaurants, started in September 2016. All passenger service area improvements were completed during the fourth quarter 2016.

PERSONNEL

The Group employed an average of 1,653 (1,597) persons during the reporting period, consisting of 957 (899) persons at sea and 696 (698) persons on shore. The number of persons employed at the end of the period was 1,627 (1,588) in total, of which 934 (889) at sea and 693 (699) on shore. The number of sea personnel increased due to the acquisition of the new vessels MS Finnmaster and MS Finncarrier, which joined the Group's fleet at the beginning of 2016.

The personnel expenses (including social costs) for the reporting period were EUR 89.8 (84.2) 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.

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.

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 is starting a new capital expenditure project on its fleet. We are in the process of lengthening several of our vessels for greater efficiency and better fuel economy. Finnlines Group's result before taxes is expected to improve over the previous year's high level.

DIVIDEND DISTRIBUTION PROPOSAL

The parent company Finnlines Plc's result for the reporting period was EUR 56.0 million. The Board of Directors proposes to the General Meeting that the General Meeting authorise 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 first financial review of 2017 for the period of 1 January–31 March 2017 will be published on Wednesday, 17 May 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 financial statement bulletin is unaudited.

REPORTING AND ACCOUNTING POLICIES

This financial statement bulletin 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 2015 Financial Statements with effect of 1 January 2016. 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 2015.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

EUR 1,000	10–12 2016	10–12 2015	1–12 2016	1–12 2015
Revenue	112,571	120,894	473,711	511,167
Other income from operations	289	558	6,652	1,810
Materials and services	-35,700	-34,803	-126,486	-161,264
Personnel expenses	-22,846	-21,517	-89,753	-84,186
Depreciation, amortisation and impairment losses	-14,768	-14,835	-57,587	-56,590
Other operating expenses	-29,477	-33,000	-125,009	-140,654
Total operating expenses	-102,791	-104,155	-398,835	-442,694
Result before interest and taxes (EBIT)	10,069	17,298	81,528	70,284
Financial income	174	387	412	934
Financial expenses	-3,566	-4,099	-14,978	-18,064
Result before taxes (EBT)	6,677	13,586	66,961	53,153
Income taxes	584	2,146	1,162	3,675
Result for the reporting period	7,261	15,732	68,124	56,829
Other comprehensive income:				
Other comprehensive income to be reclassified to profit and loss in subsequent periods:				
Exchange differences on translating foreign operations	1	2	-74	32
Tax effect, net			0	0
Other comprehensive income to be reclassified to profit and loss in subsequent periods, total	1	2	-74	32
Other comprehensive income not being reclassified to profit and loss in subsequent periods:				
Remeasurement of defined benefit plans	20	632	20	632
Tax effect, net	-29	-36	-29	-36
Other comprehensive income not being reclassified to profit and loss in subsequent periods, total	-8	596	-8	596
Total comprehensive income for the reporting period	7,254	16,330	68,041	57,457
Result for the reporting period attributable to:				
Parent company shareholders	7,264	15,728	68,133	56,841
Non-controlling interests	-4	4	-10	-12
Total comprehensive income for the reporting period attributable to:	7,261	15,732	68,124	56,829
Result for the reporting period attributable to parent company shareholders calculated as earnings per share (EUR/share):				
Undiluted / diluted earnings per share	0.14	0.31	1.32	1.10
Average number of shares:				
Undiluted / diluted	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	31 Dec 2016	31 Dec 2015
ASSETS		
Non-current assets		
Property, plant and equipment	982,629	997,619
Goodwill	105,644	105,644
Intangible assets	3,529	3,758
Other financial assets	4,580	4,576
Receivables	1,720	1,258
Deferred tax assets	5,646	5,792
	1,103,747	1,118,645
Current assets		
Inventories	6,700	4,333
Accounts receivable and other receivables	77,749	86,019
Income tax receivables	159	539
Cash and cash equivalents	1,943	6,468
	86,551	97,359
Non current assets held for sale	15,121	15,121
Total assets	1,205,419	1,231,125
EQUITY		
Equity attributable to parent company shareholders		
Share capital	103,006	103,006
Share premium account	24,525	24,525
Translation differences	135	209
Fund for invested unrestricted equity	40,016	40,016
Retained earnings	420,240	393,313
	587,923	561,070
Non-controlling interests	178	294
Total equity	588,100	561,363
LIABILITIES		
Long-term liabilities		
Deferred tax liabilities	51,425	52,712
Other long-term liabilities	63	113
Pension liabilities	3,817	3,919
Provisions	1,757	1,810
Loans from financial institutions	322,600	367,445
	379,663	425,999
Current liabilities		
Accounts payable and other liabilities	65,174	59,191
Current tax liabilities	9	14
Provisions	262	345
Loans from financial institutions	171,971	176,736
	237,415	236,287
Total liabilities	617,078	662,286
Liabilities related to long-term assets held for sale	241	7,476
Total equity and liabilities	1,205,419	1,231,125

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2015, IFRS

EUR 1,000	Equity attributable to parent company shareholders						Non-controlling interests	
	Share capital	Share issue premium	Translation differences	Unrestricted equity reserve	Retained earnings	Total		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					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 reporting period			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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2016, IFRS

EUR 1,000	Equity attributable to parent company shareholders						Non-controlling interests	
	Share capital	Share issue premium	Translation differences	Unrestricted equity reserve	Retained earnings	Total		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					68,133	68,133	-10	68,124
Exchange differences on translating foreign operations			-74		5	-69		-69
Remeasurement of defined benefit plans					20	20		20
Tax effect, net					-29	-29		-29
Total comprehensive income for the reporting period			-74		68,129	68,056	-10	68,046
Dividend					-41,203	-41,203	-106	-41,309
Equity 31 December 2016	103,006	24,525	135	40,016	420,240	587,923	178	588,100

CONSOLIDATED CASH FLOW STATEMENT, IFRS

EUR 1,000	1–12 2016	1–12 2015
Cash flows from operating activities		
Result for the reporting period	68,124	56,829
Adjustments:		
Non-cash transactions	52,461	56,192
Unrealised foreign exchange gains (-) / losses (+)	-11	-57
Financial income and expenses	14,577	17,187
Taxes	-1,162	-3,675
Changes in working capital		
Change in accounts receivable and other receivables	1,565	-2,009
Change in inventories	-2,367	1,592
Change in accounts payable and other liabilities	6,471	-2,515
Change in provisions	-155	-238
Interest paid	-11,394	-14,240
Interest received	299	442
Taxes paid	280	-81
Other financing items	-3,842	-3,632
Net cash generated from operating activities	124,845	105,794
Cash flow from investing activities		
Investments in tangible and intangible assets *	-38,450	-78,897
Sale of tangible assets **	8,810	799
Proceeds from sale of investments	-5	
Dividends received	13	12
Net cash used in investing activities	-29,632	-78,085
Cash flows from financing activities		
Loan withdrawals	205,000	282,000
Net increase in current interest-bearing liabilities (+) / net decrease (-)	8,035	32,447
Repayment of loans	-271,662	-338,550
Loans granted		
Increase (-) / decrease (+) in long-term receivables	200	180
Dividends paid	-41,309	
Net cash used in financing activities	-99,736	-23,922
Change in cash and cash equivalents	-4,523	3,787
Cash and cash equivalents 1 January	6,468	2,680
Effect of foreign exchange rate changes	-3	1
Cash and cash equivalents at the end of period	1,943	6,468

* Investments include environmental aid granted by the European Union, of which the Group has received EUR 6.7 (5.8) million during the reporting period 2016.

** Includes sale of one vessel.

REVENUE AND RESULT BY BUSINESS SEGMENTS

	10–12 2016		10–12 2015		1–12 2016		1–12 2015	
	MEUR	%	MEUR	%	MEUR	%	MEUR	%
Revenue								
Shipping and sea transport services	107.9	95.8	116.4	96.3	453.6	95.8	492.9	96.4
Port operations	9.2	8.2	9.0	7.4	38.4	8.1	35.9	7.0
Intra-group revenue	-4.6	-4.0	-4.5	-3.7	-18.2	-3.9	-17.6	-3.4
External sales	112.6	100.0	120.9	100.0	473.7	100.0	511.2	100.0
Result before interest and taxes								
Shipping and sea transport services	10.9		18.1		82.7		72.2	
Port operations	-0.8		-0.8		-1.3		-1.9	
Result before interest and taxes (EBIT) total	10.1		17.3		81.5		70.3	
Financial items	-3.4		-3.7		-14.6		-17.1	
Result before taxes (EBT)	6.7		13.6		67.0		53.2	
Income taxes	0.6		2.1		1.2		3.7	
Result for the reporting period	7.3		15.7		68.1		56.8	

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		8		-90		-82
Increases		361	36,536	2,091	7,031	46,018
Disposals ***			-22,781	-675		-23,456
Reclassifications between items			20,373		-20,373	0
Reclassifications to non-current assets held for sale ****		-4,369		-22,395		-26,763
Acquisition cost 31 December 2016	72	68,773	1,386,912	44,361	10,117	1,510,234
Accumulated depreciation, amortisation and write-offs 1 January 2016		-19,544	-439,791	-42,444		-501,779
Exchange rate differences		-7		83		76
Cumulative depreciation on reclassifications and disposals			18,903	671		19,575
Depreciation for the reporting period		-2,243	-53,645	-1,233		-57,120
Accumulated depreciation, amortisation and write-offs 31 December 2016		-21,793	-474,532	-42,923		-539,248
Reclassifications to non-current assets held for sale ****		1,132		10,510		11,642
Carrying value 31 December 2016	72	48,111	912,380	11,948	10,117	982,629
Assets classified as held for sale 31 December 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 December 2016		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.

** The carrying value of property, plant and equipment includes EUR 21.3 (22.3) million of capitalised borrowing costs during construction.

*** Includes sale of one vessel.

**** 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 31 December 2015 and 31 December 2016.

The Company's management has reassessed and changed the economic depreciation and amortisation plan of four Kalmar STS container cranes in the Vuosaari Harbour from 25 to 35 years as of 1 January 2016.

PROPERTY, PLANT AND EQUIPMENT 2015

EUR 1,000	Land	Buildings	Vessels	Machinery and equipment	Advance payments & acquisitions under construction	Total
Acquisition cost 1 January 2015	72	72,773	1,287,982	66,273	25,928	1,453,028
Exchange rate 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
Reclassifications to non-current assets held for sale *		-4,369		-22,395		-26,763
Acquisition cost 31 December 2015	72	68,404	1,352,785	43,035	23,459	1,487,755
Accumulated depreciation, amortisation and write-offs 1 January 2015		-17,341	-389,749	-42,459		-449,549
Exchange rate 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, amortisation and write-offs 31 December 2015		-19,544	-439,791	-42,444		-501,779
Reclassification to non-current assets held for sale *		1,132		10,510		11,642
Carrying value 31 December 2015	72	49,993	912,994	11,101	23,459	997,619
Assets classified as held for sale 31 December 2015						
Acquisition cost						
Transfer to non-current assets held for sale 1 January 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 January 2015		-1,132	-16,499	-10,510		-28,141
Reclassification between items			16,499			16,499
Carrying value 31 December 2015		3,237	0	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, 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 2015.

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	31 Dec 2016	31 Dec 2015
Minimum leases payable in relation to fixed-term leases:		
Vessel leases (Group as lessee):		
Within 12 months	0	58
1-5 years	0	58
Vessel leases (Group as lessor)*:		
Within 12 months	2,444	2,105
1-5 years	0	6,841
	2,444	8,946
Other leases (Group as lessee):		
Within 12 months	5,343	6,015
1-5 years	11,298	13,788
After five years	6,414	7,795
	23,055	27,598
Other leases (Group as lessor):		
Within 12 months	191	257
	191	257
Collateral given		
Loans from financial institutions	389,852	402,941
Vessel mortgages provided as guarantees for the above loans		
	940,500	973,000
Other collateral given on own behalf		
Pledges	250	
Corporate mortgages	0	1,700
	250	1,700
Other obligations *		
	6,529	36,143
VAT adjustment liability related to real estate investments		
	2,730	4,026

* Includes scrubber system, reblading obligations and vessel investments.

REVENUE AND RESULT BY QUARTER

MEUR	Q1/16	Q1/15	Q2/16	Q2/15	Q3/16	Q3/15	Q4/16	Q4/15
Shipping and sea transport services	100.4	112.9	120.3	130.2	125.1	133.4	107.9	116.4
Port operations	9.3	8.3	10.2	9.7	9.7	8.9	9.2	9.0
Intra-group revenue	-4.4	-4.4	-4.9	-4.6	-4.4	-4.1	-4.6	-4.5
External sales	105.2	116.8	125.6	135.2	130.4	138.2	112.6	120.9
Result before interest and taxes								
Shipping and sea transport services	12.1	5.0	25.1	20.2	34.7	29.0	10.9	18.1
Port operations	-0.8	-1.1	0.2	-0.1	0.1	0.1	-0.8	-0.8
Result before interest and taxes (EBIT) total	11.4	3.9	25.3	20.1	34.8	29.0	10.1	17.3
Financial items	-3.9	-4.3	-3.6	-4.8	-3.7	-4.4	-3.4	-3.7
Result before taxes (EBT)	7.4	-0.4	21.7	15.3	31.1	24.7	6.7	13.6
Income taxes	0.9	1.0	0.5	0.5	-0.8	0	0.6	2.1
Result for the reporting period	8.3	0.6	22.2	15.8	30.3	24.7	7.3	15.7
EPS (undiluted / diluted)	0.16	0.01	0.43	0.31	0.59	0.48	0.14	0.31

SHARE INFORMATION

	31 Dec 2016	31 Dec 2015
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	=	$\frac{\text{Result attributable to parent company shareholders}}{\text{Weighted average number of outstanding shares}}$	
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, %	=	$\frac{\text{Interest-bearing liabilities - cash and bank equivalents}}{\text{Total equity}}$	x 100
Equity ratio, %	=	$\frac{\text{Total equity}}{\text{Assets total - received advances}}$	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

MS Finneagle was chartered out to Grimaldi Group as from mid July 2016 and ended until beginning of October 2016. Otherwise there were no material related party transactions during the reporting period. The business transactions were carried out using market-based pricing.