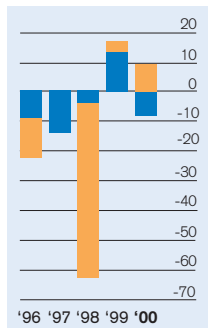




# Key Figures

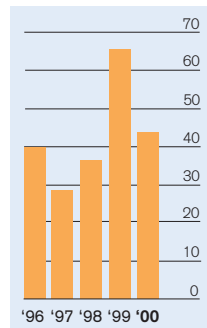
EUR m	2000	1999	1998	1997	1996
Gross revenues	526	540	593	605	669
Operating result	23	43	-20	22	18
Result after net financial items	1	17	-62	-13	-22
Cash flow from business operations	43	65	36	28	39
Interest-bearing liabilities	420	492	517	653	629
Capital employed	575	646	656	772	768
Share of risk-bearing capital, %	31	29	26	20	22

**Result after net financial items, EUR m**

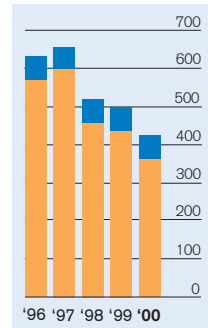


■ Operations  
■ Non-recurring items

**Cash flow from business operations, EUR m**

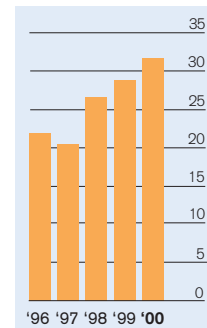


**Interest-bearing liabilities, EUR m**



■ Convertible bonds  
■ Other liabilities

**Share of risk-bearing capital, %**



# Silja in Brief



Silja Oyj Abp was founded in 1883 as Finska Ångfartygs Aktiebolaget (Finland Steamship Company Limited). The company's shares have been listed on the Helsinki Exchanges since 1912 when the Exchange commenced operations.



The Group's business idea is to offer high-quality passenger transports and experiences at sea, and also cargo transports, in the Baltic Sea area. A fifty-year long, continual development of the concept of combination tonnage, with passenger facilities and car decks on the same keel, forms the framework of operations, today and in the future.



Silja Line is the leading passenger shipping company in the Baltic Sea. Silja Line's renowned brand, built up over a long period through purposeful investment in quality in a wide sense, is based on five values, which permeate all our activities. These values are: safety - the customer - commitment - quality - profitability.



Since April 1999, the Group's principal owner is Sea Containers Ltd. of London, who holds 50 per cent of the share capital and voting rights.



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# Significant Events of the Year



5.2 million passengers were welcomed on board Silja Line's ships in the first year of the new millennium.

## 2000

### January

The cruise ship Crown Dynasty was sold to Commodore Holdings Ltd.

During a two-week dry-docking, catalytic converters were installed in the Silja Europa's main engines and the ship obtained new life-saving equipment.

### March

Mr Lars Wendelin took over responsibility for passenger services after Mrs Riitta Vermas, who resigned from the Company.

In Sweden, Silja Line was, for the eighth time running, awarded the Grand Travel Award for the best passenger ferry company.

### April

Sea Containers' fast ferry SuperSeaCat Four started her service between Helsinki and Tallinn.

### May

The Annual General Meeting decided to change the Group's name to Silja Oyj Abp as of May 30, 2000.

Labour actions disturbed services on Silja Line's ships under Finnish flag.

### June

The President of the Group, Mr Jukka Suominen, announced his intention to resign on July 31. Mr Nils-Gustaf Palmgren was appointed new President.

The Group sold its 50-per cent holding in the Oy Backman-Trummer Ab forwarding company.

Due to the heavily increased fuel prices, Silja Line introduced a bunker surcharge, which is added to the ticket prices for all regular voyages and cruises and to the freight rates.

### July

Silja Europa was out of service for five days due to propeller damage.

## August

Mr Nils-Gustaf Palmgren took up the position of President of the Silja Group on August 1.

## September

Negotiations were initiated with the authorities concerning the unprofitable Gulf of Bothnia service.

Silja Line was awarded the Volvo Transport environment prize in Sweden.

Silja Line and Scandic Hotels intensified their alliance by integrating their products, marketing and loyal customer programs.

## October

Silja issued a profit warning owing to increased costs and to losses in the Gulf of Bothnia service and informed of its plans to transfer the Silja Europa to another flag and initiate preparations to close down the Gulf of Bothnia service.

The previously introduced bunker surcharge added to ticket prices was raised.

Mr Henrik Österberg, Executive Vice President and CFO, announced his intention to leave the company at the beginning of 2001.

The Finnish Shipowners' Association and the Finnish Seamen's Union agreed on changes to the collective agreement, to be applied as from spring 2001 and resulting in cost cuts of about 15 per cent. The plans for flagging out were discontinued.

## November

A decision was made to discontinue the Gulf of Bothnia service at the turn of the year because of unsatisfactory passenger volumes and subsequent losses.

## December

A decision was made to have the Silja Europa call at Kapellskär instead of Stockholm during the period March - mid May 2001. This will give the Finnish market a better cruise product and at the same time reduce the fuel bill.



One of the highlights of the year 2000, when Helsinki was a European city of culture, was the Tall Ships' Race in July. The Finnish Minister of Culture Suvi Lindén watched the event from the bridge of the Silja Serenade.



The Swedish Government informed of a proposed bill concerning the introduction of a net salary system for passenger ships as from 2002.

Commodore Cruise Line filed a petition for Chapter 11 procedure.

# 2001

## February

Mr Henrik Österberg resigned from his position as Executive Vice President and member of the Board of Management.

Mr Sören Pettersson was appointed new CFO.

The Fennia was sold.

# To the Shareholders



The first full year of Sea Containers' investment in Silja has been a "Baptism Under Fire". Three serious problems adversely impacted earnings. First, fuel costs were EUR 19 million higher in 2000 than in 1999 and Silja was only able to recover a small part of this cost through higher fares. Second, the Vaasa-Umeå route was heavily loss making without the support of profits from duty free sales. Third, introduction of the new fast ferry service between Helsinki and Tallinn was more costly than expected.

Fortunately, we think all three problems are now behind us. We have been able to buy forward most of our 2001 fuel requirements at much lower prices. We have terminated the Vaasa-Umeå service and sold m.v. Fennia to a new operator. Sea Containers has reached agreement with the trade unions permitting employment of Estonian cabin crew at international wage rates on the fast ferry.

Crew wages has been a very sensitive issue. The Swedish government has endorsed the concept of a net wages agreement and the Finnish government is giving it serious consideration. This means the employers pay wages net of employee taxes and retain the tax benefit. In addition, we need to have productivity improvements to remain competitive under the Swedish and

Finnish flags and our seafarers have promised to co-operate in achieving them. These new arrangements should secure the jobs of our seafarers on the Sweden-Finland routes, while on the routes where we compete with low cost Baltic flag ships we need to extend the mixed manning arrangement which has been pioneered with the fast ferry service.

On the Turku-Stockholm line Silja is taking the following steps: First, the Silja Festival is being upgraded by redecoration, addition of cabins and improvement of public rooms. Second, the Silja Europa will operate between Turku and Kapellskär in winter, permitting more time on board and hence greatly improving the cruise product. Third, we are planning to replace in early 2002 the Star Wind with a much larger freight ship, also able to carry passengers.

On August 1, 2000, Nils-Gustaf Palmgren became the Managing Director of Silja, replacing Jukka Suominen. Mr Palmgren is a highly experienced veteran of Silja and its many predecessor companies. His mission is to strengthen management through promotions and recruitment, to keep Silja's image "fresh" in the marketplace, to improve systems and to increase revenue. The company owes a debt of gratitude to Jukka Suominen and Henrik Österberg, Chief Financial Officer, both of whom have stepped down recently. They both contributed significantly to Silja over the period of their association with the company.

Commodore Cruise Line, previously a Silja company, entered into a suspension of creditors in the US in December 2000 (called "Chapter XI" bankruptcy). Commodore owes Silja approximately USD 30 million in connection with the sale of two ships. These loans are secured by mortgages on the vessels. Your board has felt it prudent to set up a provision of EUR 15 million on the 2000 accounts to allow for possible loss on resale of these vessels.

Despite the difficulties of 2000, I expect Silja to emerge as a stronger company, able to expand its activities on a solid footing. The staff are to be congratulated on their dedication and loyalty.

**James B. Sherwood**

Chairman

## President's Review



The year 2000 will not go down in history as one of the most successful years, but it was eventful and therefore significant in many ways. When the year started, the Group's focusing on the core area, the Baltic Sea, was accomplished and all resources could be applied to the operation and development of the core business within Silja Line. With the exception of the year 1995, Silja Line, as an independent business, made a clear profit throughout the 1990s. However, the year 2000 proved that innovative changes are required in our business environment and that margins are too limited.

Last year there was an imbalance between revenues and costs. Prices were pressed by growing competition from the world around us in general and from shipping companies in countries with lower salary costs in particular. Ever diminishing margins from the so important duty-free sales on board also reduced revenues. When the already high salary costs in Sweden and Finland continued to go up and the fuel price soared, Silja's net result from operations became negative. Fuel costs, which in 1999 equalled about three per cent of our revenues, rose by EUR 19 million, equalling seven per cent of revenues in 2000. The proportional share of other operating costs remained unchanged, equalling 79 per cent of gross revenues.

To be able to offer a continued high service level to the benefit of Nordic trade, tourism and communications, a new cost environment is required. Shipping companies, labour organisations and authorities are beginning to agree on that. Several important and promising breakthroughs in this respect were made during the year.

In Sweden a central agreement was signed for all on-board personnel, introducing a system with a total number of working hours as a basis for the individual working schedule. This

brings about flexible, lower and more seasonally adapted salary costs as from the beginning of this year. An equivalent was achieved in Finland in a new agreement with the Seamen's Union concerning changes to the calculation of working hours and certain other outdated terms. The agreement, which will take effect this spring, is supposed to result in savings of about 10-15 per cent.

However, this progress in the agreement field is not sufficient to restore strong competitiveness to Finnish-Swedish ferry services. To achieve this, Sweden and Finland will have to follow the example of the other North European shipping nations and include passenger shipping in the net salary system introduced within the EU. A proposal to this effect already exists in Sweden, and in Finland the matter is under preparation.

The work of developing and changing operations continued during the year. It focused on increasing quality on board, for instance in connection with the dry-docking of all big ships. Quality improvement also includes upgrading in safety and environmental matters, rendering the big ships absolutely top-class. An increase in the price level was another purposeful endeavour, which was partly achieved.

The decision to close down the Gulf of Bothnia service was made after extensive negotiations with the authorities involved in order to find an economically sustainable solution. The service fell down on account of the abolition of duty-free sales and the subsequent dramatic decrease in the passenger volume, which clearly shows the importance of duty-free sales as an inducement to travel. It was the basis on which the ferry services between Finland and Sweden could grow to their present scope without any appreciable government or regional investment. The development was paid for by passengers and freight customers, offering the ships' personnel work at good terms and the regions involved high-class and reliable transports. Thanks to far-sighted politicians in the Åland Islands, duty-free sales continue on routes going via Åland. Even if duty-free sales have decreased in importance and will continue to do so, it is an advantage that Silja can benefit from on its two main routes where today's concept is still relevant and flourishing. Provided that a new cost level can be established, which we really have every reason to believe now, Silja Line's core services are developable and worth investing in.

The Group's inherent strength is proved by the fact that a zero result could be achieved despite many exceptional obstacles, foremost among them the high fuel price, the collapse of the Gulf of Bothnia service, the start-up difficulties of the fast ferry, and Commodore's suspension of payment.

It was made possible by a great deal of splendid and self-sacrificing efforts. I wish to thank all those who contributed towards this: passengers, customers, cooperation partners and, above all, the Group's personnel ashore and at sea.

Helsinki, February 2001

**Nils-Gustaf Palmgren**

## Silja Line



Solid service quality in every respect is the condition for passenger satisfaction. The Happy Lobster seafood restaurants are very popular.

The Group's operations are within Silja Line, which accounts for 96 per cent of the Group's sales.

Silja Line provides the market with high-class passenger and cargo transports and attractive cruises for the leisure and conference markets.

The company operates five passenger ferries, one of which - the Silja Europa - is on charter to the Company. The Wasa Queen, employed in the Gulf of Bothnia service in 2000, is laid up at present pending sale. The Fennia, which also had been laid up, was sold in February 2001. In addition, two combined car/train ferries, the Sea Wind and the Star Wind, are operated by the subsidiary SeaWind Line.

The Company's operations are divided into three sectors:

- **Passenger services** – with responsibility for all passenger-related operations such as transport, conference and leisure services, including shopping facilities on board
- **Cargo** – markets the ships' cargo capacity and provides other services linked to the cargo traffic.
- **Shipping** – includes the ships' management, operation of the fleet and safety and environmental technology.

### Passenger Services

The total passenger volume in the ferry services in the Northern Baltic Sea in 2000 came to 16 million passengers, or much the same as in 1999.

In 2000, Silja Line carried 5.2 million passengers, a decrease of 5 per cent compared with 1999. The reduction was due to the sharp decline in the passenger volume in the Gulf of Bothnia service following the abolition of duty-free sales as from July 1, 1999. Silja Line had a total market share of 34 per cent (33). The market share in the traffic between Finland and Sweden, including the Åland Islands, was 49 per cent (50).

Duty-free sales continued on all Silja Line routes except the Gulf of Bothnia service.

The volume and revenue development on Silja Line's main routes was satisfactory, but the heavy increase in fuel costs had a negative effect on results.

Silja Line's program for frequent travellers had a positive development. Some 268,000 households in Finland and 174,000 households in Sweden have joined the programme. Frequent travellers account for about 35 per cent of the total number of passengers.

#### Helsinki-Mariehamn-Stockholm line

As before, the line was served by the sister ships Silja Serenade and Silja Symphony. The passenger volume grew by 2 per cent to 1,467,609 (1,442,956). Silja Line is market leader on the line, with a market share of 56 per cent (56). The ships had a load factor (based on lower beds) of 102 per cent (102).

Throughout the year, the ships have been calling at Mariehamn in both directions. This enables duty-free sales in the shops on board to continue and at the same time offers a direct daily service from Helsinki and Stockholm to Mariehamn.

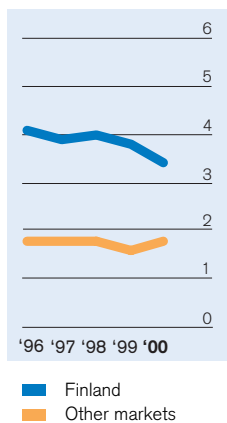
#### Turku-Åland-Stockholm line

The line was served by the Silja Europa and the Silja Festival. Silja Line's volume on the line decreased slightly to 1,927,690 passengers (2,023,946), owing to the two-week dry-docking of the Silja Europa in January and a five-day traffic suspension caused by propeller damage in July, just when the season was at its peak. The market share in the service between Turku and Stockholm was 56 per cent (56). The average load factor on the night and day departures was 73 per cent (75).

Calling at the Åland Islands, at Mariehamn in the daytime and at Långnäs at night, enables duty-free sales to continue on this line as well.

During the period March-May 2001, the Silja Europa will call at Kapellskär instead of Stockholm. The purpose is to provide the Finnish market with a more attractive cruise product during the low season and to reduce fuel costs. Dur-

Passenger volumes per market, millions





Silja Line supports the Nuori Suomi youth project aiming to arrange meaningful after-school recreation activities for children. In the summer, young passengers were given special attention.



## Business Operations

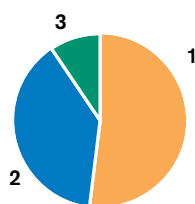
### VOLUMES AND MARKET SHARES

	Volumes			Market share %		
	2000	1999	1998	2000	1999	1998
<b>PASSENGERS</b>						
Helsinki–Mariehamn–Stockholm	1,467,609	1,442,956	1,412,180	56	56	56
Turku–Stockholm (incl. SeaWind Line)	1,927,690	2,023,946	1,993,285	56	56	56
Gulf of Bothnia service	299,730	539,494	977,127	100	100	100
	3,695,029	4,006,396	4,382,592	57	59	61
Turku/Stockholm–Åland	248,408	234,460	135,900	18	18	11
Helsinki–Tallinn	1,167,122	1,158,592	1,223,842	19	19	21
Helsinki–Tallinn–Rostock	102,840	95,634	99,460			
<b>Passengers, total <sup>1)</sup></b>	<b>5,213,399</b>	<b>5,495,082</b>	<b>5,841,794</b>	<b>34</b>	<b>33</b>	<b>35</b>
<b>CARGO UNITS</b>						
Finland–Sweden	105,959	99,361	103,040	40	40	41
Helsinki–Tallinn	11,404	18,347	19,746	10	19	18
Helsinki–Rostock	85	121	180			
<b>Cargo units, total <sup>2)</sup></b>	<b>117,448</b>	<b>117,829</b>	<b>122,966</b>	<b>31</b>	<b>34</b>	<b>34</b>
<b>PASSENGER CARS</b>						
Helsinki–Mariehamn–Stockholm	68,493	68,289	70,453	54	55	57
Turku–Stockholm (incl. SeaWind Line)	142,192	138,284	144,457	53	52	54
Gulf of Bothnia service	43,296	52,505	73,607	100	100	100
	253,981	259,078	288,517	55	56	59
Turku/Stockholm–Åland	15,377	12,017	13,149	8	7	8
Helsinki–Tallinn	62,172	18,617	22,188	26	9	12
Helsinki–Tallinn–Rostock	19,490	19,101	23,432			
<b>Passenger cars, total <sup>1)</sup></b>	<b>351,020</b>	<b>308,813</b>	<b>347,286</b>	<b>35</b>	<b>30</b>	<b>35</b>

<sup>1)</sup> In the Finland–Sweden services the market shares for Silja Line's passenger services are measured in relation to the main competitor.

<sup>2)</sup> In the Finland–Sweden services the market shares for Silja Line's cargo services are measured in relation to the two principal competing operators.

### Passenger mix, % of ticket income



- 1 Transport
- 2 Leisure
- 3 Conference

ing the peak season June–August she will again be calling at Stockholm, reverting to the low-season concept in the autumn.

#### Helsinki–Tallinn line

A daily service between Helsinki and Tallinn was operated with the Finnjet during the periods January–May and September–December and with Sea Containers' fast monohull ferry SuperSeaCat Four as from the middle of April. During her first year of operation, the SuperSeaCat Four achieved the position of market leader among the fast ferries on the route.

Although the capacity during the first quarter was smaller than in 1999, Silja Line's volumes,

including the SuperSeaCat Four, came to the same level as in 1999, 1,167,122 passengers (1,158,592).

#### Helsinki–Tallinn–Rostock line

As in 1999, the Finnjet ran on the line from the middle of June to the middle of September. The number of passengers grew to 102,840 (95,634).

Calling at Tallinn in both directions enabled duty-free sales on board to continue.

#### Gulf of Bothnia service

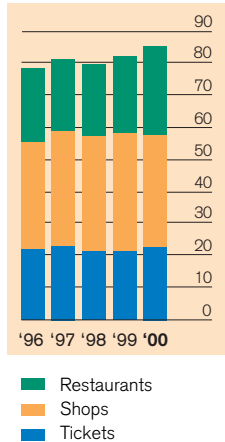
The Vaasa–Umeå service was operated throughout the year by Vaasanlaivat Oy, who had signed an agreement with the Finnish and Swedish govern-



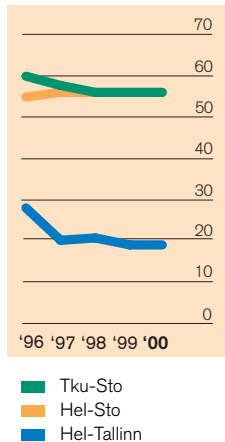
Holding conferences at sea is practical, efficient and stimulating. Silja Line's conference services have been awarded a quality certificate in accordance with the ISO 9002 standard.

## Business Operations

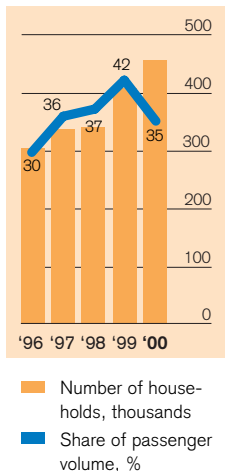
### Revenues per passenger, EUR



### Market shares, passengers, %



### Frequent traveller programme

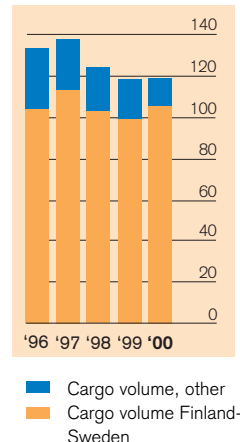


ments on a two-year financial subsidy to the service. The Wasa Queen served on the line throughout the year.

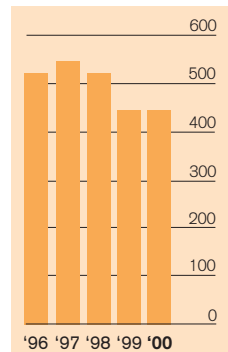
The number of passengers dropped by 44 per cent from the previous year to 299,730 (539,494) owing to the abolition of duty-free sales in shops on board as from July 1, 1999.

Negotiations were held during the year with Government representatives, aiming at a new agreement and higher subsidies in order to restore reasonable profitability in the service.

### Cargo volumes, thousands



### Cargo operations, revenues per unit, EUR



As these negotiations did not lead to the desired result, the decision was made to close down operations at the end of the year. The Wasa Queen made her last voyage on the line on December 31 and was thereafter removed from service.

### SeaCat Service, Gothenburg (SeaCat AB)

Silja Line acted as commercial agents for Sea Containers' catamaran service from Gothenburg to Fredrikshavn/Langesund (Denmark/Norway) launched for the season at the end of March, with SeaCat AB (Sea Containers) carrying responsibility for operations. The volume development during the summer season was unsatisfactory, owing to unstable weather conditions and an overall weak market, and the Norwegian service was closed down in July. The service to Denmark was discontinued for the season in the middle of August, one month earlier than planned.

## Cargo Services

The market for unitised cargoes in the northern Baltic Sea was strengthened during the year because of the prevailing good economic trend. Silja Line, including SeaWind Line, carried 117,448 units (117,829) during the year. Silja Line's share of the total market was 31 per cent (34). The Company had a 40 per cent market share (40) in the cargo service between Finland and Sweden and a 10 per cent share (19) between Finland and Estonia where the capacity was reduced. In addition to the cargo units, the Company also carried 28,000 trade cars fresh from factories in Finland and Sweden.

Of Silja Line's total cargo volume, about 60 per cent was carried on the car decks of the passenger ferries. The rest was carried by the subsidiary SeaWind Line, employing the two combined car/train ferries Sea Wind and Star Wind, which sailed on the Turku-Långnäs-Stockholm line throughout the year.



## Other Operations

The Group owns two cruise ships. The Walrus is on charter until December 2002 to Havens Pte in Singapore for cruises in the Hong Kong waters. The SuperStar Taurus (ex Leeward) is on charter to Star Cruises until October 2002 and is operated in cruise services in the Far East.

Long traditions, high competence and advanced technology form the basis of Silja Line's safety thinking. There are always two pilot-trained officers on the bridge when the ship passes through archipelago.

# The Fleet, Spring 2001

## SILJA LINE



Helsinki–Mariehamn–Stockholm

**Silja Serenade**

Built 1990 in Finland

Gross tonnage 58,376

Passengers 2,852/Cabins 986

Car deck 900 m/Passenger cars 360

Flag Finnish

Water injection technology in main engines

Catalytic converters in auxiliary engine



Helsinki–Mariehamn–Stockholm

**Silja Symphony**

Built 1991 in Finland

Gross tonnage 58,377

Passengers 2,852/Cabins 986

Car deck 900 m/Passenger cars 360

Flag Swedish

Water injection technology in main engines

Catalytic converters in auxiliary engine



Turku–Åland Islands–Stockholm/Kapellskär

**Silja Europa**

Built 1993 in Germany

Gross tonnage 59,912

Passengers 3,123/Cabins 1,152

Car deck 860 m/Passenger cars 340

Flag Finnish

Catalytic converters in main engines



Turku–Åland Islands–Stockholm

**Silja Festival**

Built 1986/92 in Finland

Gross tonnage 34,414

Passengers 1,916/Cabins 588

Car deck 885 m/Passenger cars 306

Flag Swedish

Catalytic converters in main engines



Helsinki–Tallinn

**Finnjet** (autumn, winter, spring)

Built 1977 in Finland

Gross tonnage 32,940

Passengers 1,781/Cabins 521

Car deck 715 m/Passenger cars 395

Flag Finnish

Helsinki–Tallinn–Rostock

**Finnjet** (summer)

## SEAWIND LINE



Turku–Åland Islands–Stockholm

**Sea Wind**

Built 1971/89 in Denmark

Gross tonnage 15,879

Passengers 260/Cabins 100

Car deck 1,100 m/Railway 430 m

Passenger cars 60

Flag Swedish



Turku–Åland Islands–Stockholm

**Star Wind**

Built 1977/94 in Norway

Gross tonnage 13,788

Passengers 119/Cabins 29

Car deck 850 m/Railway 622 m

Flag Swedish

## CRUISE SHIPS



**Walrus**

Built 1990 in Spain

Gross tonnage 15,270

Passengers 616/Cabins 263

Flag Panama

Chartered out until December 2002



**SuperStar Taurus (ex Leeward)**

Built 1992/95 in Finland

Gross tonnage 25,611

Passengers 1,200/Cabins 482

Flag Panama

Chartered out until October 2002

Laid up: Wasa Queen

## Environment

Silja Line's environmental management system, which has been awarded ISO 14001 certification, is an integral part of the Company's overall quality system Silja Quality Management. Silja Line's environmental policy defines the Company's goals and principles for the development of comprehensive environmental protection, at the same time forming the basis of Silja Line's environmental work where continual improvement is the watchword. Long-term targets of improvement have been set and are implemented by means of annual action programmes. The targets include reduction of NO<sub>x</sub> emissions by 75 per cent by the end of 2003, reduction of the volume of waste generated on board and more efficient at-source waste-sorting with increased recycling.

In accordance with the long-term targets for the environmental performance of the Silja ships, catalytic converters reducing NO<sub>x</sub> emissions were installed in the main engines of the Silja Europa in 2000, and at the beginning of 2001 the Silja Festival's main engines were equipped with the same technology. This reduces the NO<sub>x</sub> emissions of these ships by more than 90 per cent. As water injection technology, with a NO<sub>x</sub> purification degree of 70 per cent, was installed on the Silja Serenade

and the Silja Symphony in previous years, this means that all the big Silja ships have technology for exhaust emission control. These measures entitle Silja Line to reduced fairway and harbour dues in Sweden.

Earlier actions taken in order to improve the environment include the use of low-sulphur fuel, pumping ashore of all wastewater from the ships on the Helsinki-Stockholm and Turku-Stockholm lines, and setting-up of recycling stations in the ports for at-source waste sorting and recycling. The ships' hulls are designed to reduce wave formation and fuel consumption. Only epoxy-based bottom paints are used, which eliminates the emission of noxious particles into the sea.

Silja Line was awarded the Volvo Transport environmental prize in 2000 in Sweden.

Proceeds from the sales of duty-free plastic bags were again in 2000 used for the benefit of the Baltic Sea in the form of donations to various organisations and societies.

Silja Line issues a separate annual environmental report in Swedish, Finnish and English. The report is also available on the Company's web site.

Silja Line's environmental management is certified in accordance with the ISO 14001 standard. Recycling and waste minimizing are essential parts of environmental work on board.





# Safety

Silja Line's work for safety is based on a long tradition in the area, resulting in a safety culture deeply rooted among all employees. Silja Line's systematic safety management system SSMS (Silja Safety Management System) is built up and certified in accordance with the international ISM code. In 2000, the safety management certificate was renewed after the navigation authorities had carried out their audit with good results.

Investments in safety training continued during the year. The STCW convention (UN convention on Standard of Training, Certification and Watchkeeping), which takes effect step by step, demands that all employees have basic training and receive additional training tailor-made for their respective duties according to the ships' safety schemes. The inter-active Computer Based Training (CBT) programmes developed earlier by Silja as a preparatory measure was introduced during the year.

The training of all deck officers also continued in the simulator developed together with the Technical Research Centre of Finland. The simulator training includes training in special situations such as meetings with other ships in narrow passages, disturbances in navigation equipment and manoeuvring in strong winds, for instance when entering ports. The simulator was also used when preparations were made for the Silja Europa's calling at Kapellskär.

All Silja Line's passenger ships already comply with the stability requirements of the Stockholm Protocol, which will become effective in 2002. In January 2001 the Silja Festival was equipped with a stern sponson, which improves stability, and a middle door dividing the car deck. Silja Line's other ships are built with narrow car decks, which serve the same purpose.

Lifesaving equipment has been renewed or upgraded on all Silja Line passenger ships. The Silja Europa was equipped with a fast and efficient evacuation system of a new advanced type, consisting of so-called rescue stockings connected to life rafts accommodating 100 persons each. The ships were equipped with new, fast rescue boats, which can be launched and operated at high speed



in difficult conditions, and with systems for rescuing people from the sea. All life rafts have been replaced with rafts of the self-righting type.

Fire safety on board was also improved during the year. In accordance with the SOLAS rules, the ventilation channels on all ships were equipped with an increased number of automatic fire dampers, which prevent smoke or fire from spreading.

The safety equipment of Silja Line's ships is continually upgraded. Self-righting life rafts have replaced earlier types.

## Personnel



Training and courses are a vital part of Silja Line's investment in personnel development. Every third employee attended various training programmes during the year.

The personnel continued to decrease in 2000. The Group had an average of 3,135 employees (3,345), of which land personnel accounted for 25 per cent or 772 employees (832) and sea personnel for 2,363 employees (2,513). Slightly more than 60 per cent of the personnel worked in Finland or on Finnish-flagged ships.

The skill and proficiency of the personnel are conditions for the Company's ability to provide quality and first-class service, which is one of Silja Line's basic values. Silja Line therefore continually trains its personnel. Training focuses on customer service, leadership and teamwork.

The sea personnel are given statutory safety training and there are also training programmes that are mandatory in accordance with international rules and regulations.

The entrepreneur training continued during the year. Its objective is to create a spirit of enterprise, enhance managerial qualities and teach participants to understand economic key figures. About 120 Silja people attended this course, mainly from the sea personnel. As efficient leadership grows in importance, the Leadership training

for people in managerial posts started as a pilot programme on the Silja Europa and Silja Festival. The training covers practically everybody on board with a managerial position.

In order to improve customer service, language courses are held continually, for instance in German and Russian.

Training according to the apprenticeship system involves 160 people. At present, about 10 people are studying for an MBA degree. The total number of people attending various training programmes was close to 1,000.

Training expenses totalled slightly more than EUR 1 million.

Silja's quality thinking has been extended to co-operation partners, whose personnel are given training in Silja's values.

Silja Line has as its target to develop the quality management system. The company's conference services have been awarded the ISO 9002 certificate. The Silja Conference Service quality system is part of the Silja Quality Management system, which covers all Silja Line. A systematic development of the service process continues.

## Report of the Board of Directors

**General.** The passenger and cargo services in the northern Baltic Sea, or Silja Line's business operations, accounted for about 96 per cent of the Group's sales. At the end of 2000, Silja Line accounted for 64 per cent (56) of the capital employed.

The total market for passenger services with ferries between Finland and Sweden and Finland and Estonia decreased by 3 per cent. In 2000, Silja Line carried a total of 5.2 million passengers, a 5 per cent decrease from the previous year. The decrease is mainly attributable to the fact that the passenger volume in the Gulf of Bothnia service dropped by 44 per cent, following the abolition of duty-free sales on July 1, 1999.

Duty-free sales continued on all other lines.

The Gulf of Bothnia service was operated by the subsidiary Vaasanlaivat Oy, who had signed an agreement with the Finnish and Swedish governments on a two-year financial subsidy to the service. The passenger basis proved to be too weak and narrow compared with the expectations on which the traffic agreement was based. The service was further burdened by unforeseen cost increases, mainly due to higher fuel costs. The loss incurred by Vaasanlaivat during the first year of operation on the Vaasa-Umeå line clearly exceeded the government subsidy.

After negotiations with government representatives, held within the framework of the purchasing agreement as a consequence of the poor economic result, it was established that it was not profitable from the viewpoint of business economics to operate the service with the concept agreed upon. The service was therefore closed down on December 31, 2000. It was regrettable that a long-standing, fruitful co-operation with the region should end in this way.

The cruise ship Crown Dynasty was sold to Commodore Holdings Ltd. in January 2000 for USD 86 million, of which USD 24 million was in the form of a seller's credit, secured by means of a second mortgage in the ship. Commodore ran into liquidity problems in the autumn and in December 2000 filed a petition for Chapter 11 procedure.

The two remaining cruise ships were chartered out to international cruise operators at satisfactory rates. The Walrus is on charter until December 2002 to Havens Pte in Singapore for cruises in the Hong Kong waters. The SuperStar Taurus (ex Leeward) is on charter to Star Cruises until October 2002 and is operated in cruise services in the Far East.

At the end of the year, the cruise ships accounted for about 4 per cent of the Group's revenues and 31 per cent (39) of the capital employed.

**Trend of results.** The Group's gross revenues in 2000 came to EUR 526 million (540). The trend of revenues on Silja Line's main routes was satisfactory and Silja Line's gross revenues

amounted to EUR 506 million (515). Revenues from other operations, mainly comprising the cruise ships, were EUR 20 million (25).

The consolidated operating result dropped by EUR 20 million to EUR 23 million (43), mainly due to factors outside the Company's control. Silja Line's traffic contribution was affected by higher fuel costs, which increased by EUR 19 million to EUR 37 million (18). Although the Swedish and Finnish governments subsidised the Gulf of Bothnia service with EUR 3 million, the traffic contribution decreased by EUR 8 million due to the reduction in passenger volumes following the abolition of duty-free sales. Consequently, Silja Line's operating result decreased to EUR 10 million (37). The operating result of the cruise ships was EUR 8 million (6). EUR 2 million of the improvement arose when the accelerated depreciation plan for the SuperStar Taurus (ex Leeward) was relinquished owing to her new employment.

The operating result includes non-recurring items of EUR 9 million (3). The refund of pension contributions made by the Company's own pension fund and the Swedish pension insurance company SPP amounted to EUR 20 million. Owing to the petition for Chapter 11 procedure filed by Commodore, the amount of EUR 15 million was written off from the total EUR 30 million claim that the Group had on this company. The costs for the termination of the Gulf of Bothnia service amounted to EUR 2 million.

Net financial items amounted to EUR -22 million (-26). The consolidated result after net financial items was EUR 1 million (17).

The result per share was 0.01 euro (0.26) and equity per share was 2.33 euro (2.32).

The Group has no funds available for the payment of dividends and the Board of Directors states that no dividend can be paid for the financial year.

**Financing and solvency.** At the end of 2000, the Group's interest-bearing liabilities amounted to EUR 420 million (492), of which EUR 55 million (55) constituted a convertible subordinated bond loan. In addition to this, the Group also has a capital loan of EUR 8 million (8) entered as equity.

Of the Group's liabilities, the amount of EUR 370 million was renegotiated. The refinancing was arranged by a bank consortium consisting of Merita Bank, Skandinaviska Enskilda Banken, Landesbank Schleswig-Holstein and Bank of Nova Scotia. Repayment will take place over eight years. To ensure liquidity during the winter low season the Company has also signed an agreement with the banks and with Sea Containers concerning seasonal financing of slightly more than EUR 30 million.

Report of the Board of Directors

During 2000, the Group's interest-bearing liabilities were amortised by EUR 242 million (85), while new loans of EUR 164 million (37) were raised.

Of the Group's loans, no part is in currencies outside the euro area (in 1999: 19 per cent). At the end of 2000, the average interest rate on the Group's total loan portfolio, including the subordinated bond loan at 7 per cent, was 6.6 per cent (5.5). The Group had an equity ratio of 22 per cent (20) and the share of risk-bearing capital was 31 per cent (29).

The cash flow from operations was EUR 43 million (65). The Group's liquid funds, including unused credit facilities, were EUR 43 million (54) at year-end.

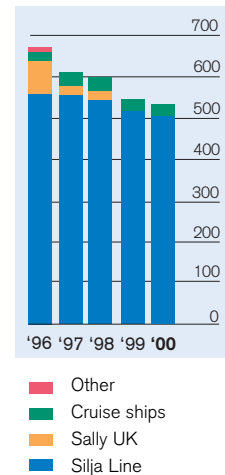
**Investments and divestments.** Assets in a total amount of EUR 88 million (9) were divested in 2000. The Crown Dynasty was sold in January 2000 to Commodore Holdings Ltd. The selling price, USD 86 million, equalled the ship's net book value. In June the Group sold its 50 per cent holding in Oy Backman-Trummer Ab. The transaction yielded a profit of just under EUR 2 million.

Investments in 2000 totalled EUR 42 million (19). Of this amount, EUR 24 million refers to the seller's credit granted in connection with the sale of the Crown Dynasty. EUR 4 million related to the dry-docking of the Silja Europa, during which catalytic converters and new life-saving equipment were installed. Upgrading of other ships amounted to EUR 5 million (7) and investments in information technology to EUR 2 million (2).

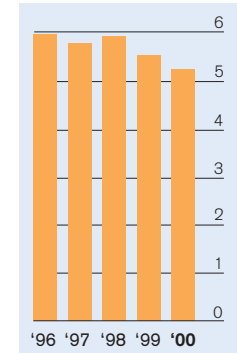
**The fleet.** At year-end 2000, the Group had a total of 11 ships at its disposal. Silja Line had seven passenger-car ferries, of which the passenger ferry Silja Europa is chartered from Fährschiff Europa Kb, where the Group has a 17 per cent holding. This ship is employed against a result-related remuneration. The Fennia was laid up in 2000, with the exception of two months in the summer when she sailed as a cargo ferry between Turku and Kapellskär. She was sold in February 2001. The Wasa Queen was laid up at year-end after the Gulf of Bothnia service was terminated. SeaWind Line operated two ro-ro ships with railway capacity. Four ships were flying the Swedish flag and five the Finnish flag. The two cruise ships, owned by the Group and chartered out to international cruise operators, were registered in Panama.

As from April 2000 Sea Containers run a service with the fast-going SuperSeaCat Four in co-operation with Silja Line. Sea Containers operated the ship while Silja Line acted as agents for ticket and on-board sales and carried the financial responsibility of the service.

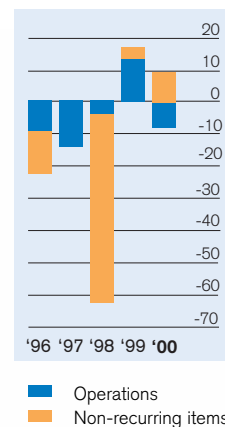
Gross revenues, EUR m



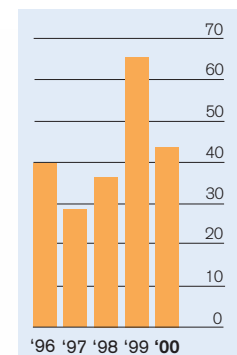
Passenger volumes, million passengers



Result after net financial items, EUR m



Cash flow from business operations, EUR m



The Company regularly monitors the market value of the fleet, although the market value does not as such affect the Company's net result from operations. The total market value exceeds the net book value of the fleet.

**Safety and environment.** Investments in safety and environmental matters were again given high priority in 2000 and several investments were made in new safety technology. All Silja passenger ships in service already now comply with the stability requirements of the Stockholm Protocol, which will become effective in 2002. The lifesaving equipment has been renewed and upgraded on all ships. This means that no further steps to comply with the tightened safety requirements that, according to the SOLAS convention, are applied retroactively on existing ships, will be required in the next few years.

During the year the navigation authorities also renewed the Company's ISM certificate for safety management for five years. In accordance with the long-term targets for the environmental performance of the Silja passenger ships, catalytic converters reducing NO<sub>x</sub> emissions were installed in the main engines of the Silja Europa in 2000, and at the beginning of 2001 the Silja Festival's main engines were equipped with the same technology. This reduces the NO<sub>x</sub> emissions by more than 90 per cent. As water injection technology was installed on the Silja Serenade and the Silja Symphony in previous years, all the big Silja ships now have the technology for exhaust emission control. These measures entitle Silja Line to reduced fairway and harbour dues in Sweden.

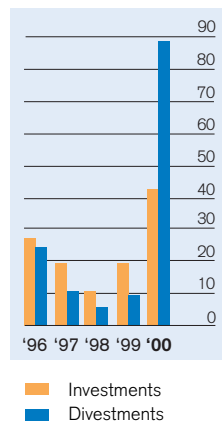
No incidents with environment-related consequences occurred during the year.

The Company knows of no cases concerning environmental responsibility that affect the Company's economy.

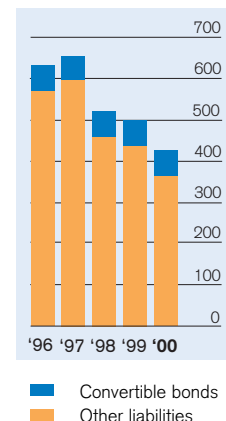
**Legal disputes.** Silja Finance Oy (merged with Silja Oyj Abp), the current holder of the rights to Rederiaktiebolaget Sally, which ordered the Viking Sally, later the Estonia, has been sued by Bureau Veritas as a co-respondent in a process in France being pursued by a group of relatives. The case was dismissed in the first instance on the grounds that a similar lawsuit is pending in Sweden (the Group is not a party in this). The decree was appealed against. It is likely that the lawsuit is being pursued purely in order to have the former owner of the ship participate in any investigations ordered by the court. No demands have been presented by the date of this Annual Report.

Proceedings have been brought in the USA against Silja Oyj Abp and its subsidiary EffJohn International B.V. concerning an oral joint venture agreement which the plaintiff claims

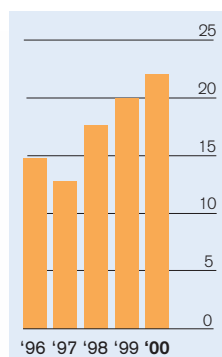
**Investments and divestments, EUR m**



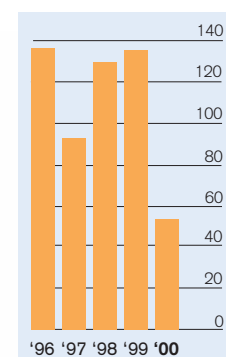
**Interest-bearing liabilities, EUR m**



**Equity ratio, %**



**Market capitalisation, Dec. 31, EUR m**



### Report of the Board of Directors

was entered into during the course of negotiations in 1993 and 1994 in connection with the sale of Commodore Cruise Line. A trial held in June 1999 was declared invalid by the judge. Both parties have appealed against the decisions of the court and proceedings continue.

At the redelivery of the Leeward from Norwegian Cruise Line (NCL), costs of EUR 11 million arose from the restoration of the ship to contractual condition. The Company has recorded a EUR 7 million claim on NCL, who refuses to pay, and initiated proceedings in order to collect its claim.

In addition to these cases, the Group is involved only in a number of minor proceedings.

**Group structure.** The Annual General Meeting held on May 11, 2000, decided to change the Company's name to Silja Oyj Abp. The new name was registered on May 30, 2000.

Simplification of the group structure proceeded according to plan during the year. A total of 23 Group companies were merged, sold, liquidated or removed from the trade register in 2000, without material impact on the result. There were 36 Group companies at year-end, of which three - Wasa Line Oy Ab, Oy Svea Line (Finland) Ab and Railscondia Oy Ab - were merged with Silja Line Oy on January 2, 2001. The simplification continues.

**Personnel.** In 2000 the Group had an average of 3,135 employees (3,345), of which 772 (832) were employed ashore and 2,363 (2,513) at sea. About 60 per cent of the sea personnel work on Finnish-flagged ships.

The out-chartered cruise ships had no personnel employed by the Group.

Facing the threat that several passenger ships would be transferred to other registers, the Finnish Shipowners' Association and the Finnish Seamen's Union signed an agreement in November 2000 concerning savings in the labour costs of passenger ships of about 10-15 per cent. The realisation of the agreement requires law amendments and the agreement is intended to take effect during the spring 2001.

The agreement is a remarkable turning point in the dialogue between the shipping companies and the Seamen's Union and also a significant step to improve competitiveness. A condition for the secured future of passenger services under the Finnish flag is that the cost level prevailing in the other North European EEA countries is achieved. This demands a government decision.

As a result of the agreement the process of transferring the Silja Europa to another register was discontinued.

**Board of Directors and Auditors.** The Annual General Meeting was held on May 11, 2000. Of the Board members due for re-election, Mr James B. Sherwood and Mr David G. Benson were re-elected. The other members of the Board are Mr Daniel J. O'Sullivan, Mr Eric D. Nilsson, Mr Tommy Nilsson, Mr Erik Stadigh and Mr Kari Toikka. Mr James B. Sherwood is Chairman of the Board of Directors and Mr David G. Benson is Vice Chairman.

Mr Jukka Suominen was President and Chief Executive Officer of the Company until July 31. Mr Nils-Gustaf Palmgren took up the position on August 1.

Mr Henrik Österberg, Executive Vice President, will leave the Company on February 23, 2001.

Tuokko Deloitte & Touche Ltd. was re-elected as auditors. Mr Kaj Kiljander, Authorised Public Accountant in Finland, is responsible auditor.

**The Euro.** The introduction of the euro as account currency has caused no appreciable extra costs or changes, as the company has traditionally dealt with various currencies in its financial systems. The Finnish markka will until further remain the Group's bookkeeping currency. All external reporting is made in euro, applying the exchange rate of 5.94573.

**Outlook.** The result of the year under review deteriorated sharply due to the high fuel price, the loss-involving Gulf of Bothnia service and the continually too high level of sea personnel costs, on the Finnish ships in particular. Price increases, the discontinuation of the Gulf of Bothnia service and the changes to the collective agreement with the Seamen's Union will reduce the drain from these loss sources. Thus the precondition for an improvement of Silja Line's net result from operations was created.

However, a permanent, decisive improvement requires that, by decision of the respective governments, the cost level on Swedish and Finnish passenger ships is placed on a par with the level of the other North European EEA countries. A decision in this question, which is of vital importance for competitiveness, is to be expected during the spring.

On the basis of the above, the 2001 result from business operations is expected to be better than the 2000 result.



# Consolidated Income Statement

EUR m	Note	2000	%	1999	%	1998	%
<b>Gross revenues</b>		526	105	540	104	593	104
<b>Net revenues</b>	1	<b>503</b>	<b>100</b>	<b>518</b>	<b>100</b>	<b>569</b>	<b>100</b>
Materials and supplies	2	-115		-121		-128	
Personnel expenses	3	-131		-131		-142	
Depreciation	4	-37		-44		-48	
Non-recurring items	5	9		3		-59	
Other operating costs	6	-205		-182		-212	
<b>Operating result</b>		<b>23</b>	<b>5</b>	<b>43</b>	<b>8</b>	<b>-20</b>	<b>-4</b>
Share in income of associated companies	7	0		1		0	
Financial income and expenses	8	-22		-27		-42	
<b>Result after net financial items</b>		<b>1</b>	<b>0</b>	<b>17</b>	<b>3</b>	<b>-62</b>	<b>-11</b>
Taxes	9	0		-1		0	
<b>Net result for the financial year</b>		<b>1</b>	<b>0</b>	<b>16</b>	<b>3</b>	<b>-62</b>	<b>-11</b>

## Result per quarter

EUR m	2000				1999				1998			
	I	II	III	IV	I	II	III	IV	I	II	III	IV
Gross revenues	108	133	153	132	119	144	151	126	124	154	178	137
Net revenues	103	128	145	127	116	138	144	120	119	148	171	131
Depreciation	-9	-9	-9	-10	-11	-12	-11	-10	-11	-12	-12	-13
Non-recurring items		8	3	-2			3	0				-59
Other operating costs	-97	-118	-124	-112	-102	-114	-112	-106	-112	-130	-131	-109
Operating result	-3	9	15	2	3	12	24	4	-4	6	28	-50
Net financial items	-5	-5	-5	-7	-8	-6	-9	-3	-9	-13	-12	-8
Result after net financial items	-8	4	10	-5	-5	6	15	1	-13	-7	16	-58

The figures in this table are unaudited.

## Consolidated Balance Sheet

EUR m	Note	Dec. 31, 2000	%	Dec. 31, 1999	%	Dec. 31, 1998	%
<b>ASSETS</b>							
<b>Fixed assets and other long-term investments</b>	10						
Intangible assets							
Other capitalised expenditure		9		7		7	
Tangible assets							
Ships		500		614		611	
Land sites		0		0		0	
Buildings and constructions		12		14		14	
Machinery and equipment		5		5		5	
		<u>517</u>		<u>633</u>		<u>630</u>	
Long-term investments							
Share in associated companies	11	0		2		2	
Other shares and participations	11	15		15		15	
Other long-term investments		33		18		24	
		<u>48</u>		<u>35</u>		<u>41</u>	
<b>Total fixed assets and other long-term investments</b>		<b>574</b>	<b>86</b>	<b>675</b>	<b>93</b>	<b>678</b>	<b>92</b>
<b>Deferred tax receivable</b>		<b>3</b>		<b>4</b>		<b>6</b>	
<b>Current assets</b>							
Inventories							
Materials and supplies		8		9		9	
Receivables	12						
Accounts receivable		19		13		20	
Other short-term receivables		17		13		9	
Accrued income and prepaid expenses		24		3		9	
		<u>60</u>		<u>29</u>		<u>38</u>	
Cash and bank deposits		27		15		16	
<b>Total current assets</b>		<b>95</b>	<b>14</b>	<b>53</b>	<b>7</b>	<b>63</b>	<b>8</b>
<b>Total assets</b>		<b>672</b>	<b>100</b>	<b>732</b>	<b>100</b>	<b>747</b>	<b>100</b>
Assets pledged	19	636		676		674	





EUR m

Note Dec. 31, 2000 % Dec. 31, 1999 % Dec. 31, 1998 %

**SHAREHOLDERS' EQUITY AND LIABILITIES**

<b>Shareholders' equity</b>	13				
Share capital		106		106	105
Share premium reserve		43		43	43
Other restricted reserves		16		17	16
Unrestricted reserves		-19		-36	30
Net result for the financial year		1		16	-62
Capital loan	14	8		8	8
<b>Total shareholders' equity</b>		<b>155</b>	<b>23</b>	<b>154</b>	<b>21</b>
				<b>140</b>	<b>19</b>
<b>Liabilities</b>					
Long-term liabilities					
Loans against convertible bonds	15	55		55	55
Loans from financial institutions	16	319		341	376
Other long-term loans	17	6		4	4
Deferred tax liability		3		4	6
		383		404	442
Short-term liabilities	18				
Loans from financial institutions	16	45		96	85
Accounts payable		20		19	19
Other short-term liabilities		29		11	7
Accrued expenses and prepaid income		40		48	55
		134		174	166
<b>Total liabilities</b>		<b>517</b>	<b>77</b>	<b>578</b>	<b>79</b>
<b>Total shareholders' equity and liabilities</b>		<b>672</b>	<b>100</b>	<b>732</b>	<b>100</b>
Contingent liabilities	19,20	5		16	21

# Consolidated Statement of Changes in Financial Position

EUR m	2000	1999	1998
<b>Business operations</b>			
Funds provided from business operations			
Operating result	23	43	-20
Adjustment for non-cash items	44	41	90
Net financial items	-24	-31	-37
Taxes	0	-1	0
	<u>43</u>	<u>52</u>	<u>33</u>
Change in funds tied up in operations			
Inventories	2	-1	0
Short-term receivables	21	-9	13
Non-interest-bearing liabilities	-22	23	-10
	<u>-0</u>	<u>13</u>	<u>3</u>
<b>Cash flow from business operations</b>	<b>43</b>	<b>65</b>	<b>36</b>
<b>Investments</b>			
Investments in ships	-5	-16	-6
Investments in other assets	-37	-3	-4
Ships divested	86	6	
Other assets divested	2	3	5
Exchange rate adjustments	-2	-16	-7
	<u>44</u>	<u>-26</u>	<u>-12</u>
<b>Cash flow from business operations after investments (operating cash flow)</b>	<b>87</b>	<b>39</b>	<b>24</b>
<b>Financing</b>			
Change in long-term receivables	4	8	16
Long-term borrowing	164	37	14
Amortisation of interest-bearing liabilities	-242	-85	-134
Share issue			83
	<u>-74</u>	<u>-40</u>	<u>-21</u>
<b>Change in liquid assets</b>	<b>13</b>	<b>-1</b>	<b>3</b>
Liquid assets, Jan. 1	15	16	13
Change in liquid assets	<u>13</u>	<u>-1</u>	<u>3</u>
<u>Liquid assets, Dec. 31</u>	<u>27</u>	<u>15</u>	<u>16</u>
Liquid assets incl. unused portion of credit facilities	43	54	73
Specification:			
Adjustments for non-cash items			
Depreciation and write-downs	55	44	48
Ships hires		0	0
Other items	-10	-2	42
	<u>45</u>	<u>41</u>	<u>90</u>

The items in the Statement of Changes in Financial Position cannot be derived directly from the Balance Sheet due to i.a. changes in currency exchange rates.



## Accounting Principles

**Unchanged accounting principles.** The fundamental accounting principles applied by the Group remained unchanged compared with previous year. The Financial Statements have been prepared in accordance with Finnish Gaap.

The consolidated accounts have been prepared in Finnish markka and are based on historical costs. The Financial Statements are presented in euro and have been converted at the exchange rate 1 EUR = 5.94573 FIM.

**Consolidation.** The consolidated financial statements include the Parent Company and those companies in which the Parent Company, directly or indirectly, owns more than 50 percent of the shares or voting rights. Subsidiaries acquired, established or divested during the year are included in the consolidated accounts only for the period of ownership.

At consolidation, all intra-group transactions are eliminated.

In preparing the consolidated financial statements, the purchase method has been used, whereby the acquisition price of shares in subsidiaries is eliminated against the purchased portion of shareholders' equity, including the equity portion of untaxed reserves, at the date of acquisition. Remaining elimination differences have been distributed among acquired assets and goodwill on the basis of individual evaluation of acquired assets. The Group has no unamortised goodwill.

Group interests in associated companies (Note 7) - companies in which the Group holds 20 to 50 per cent of the share capital or the voting rights - are reported in accordance with the equity method. The method means that the income statement shows the Group's interests in the results of associated companies in the operating result or as a financial item. In the balance sheet, the book value of shares is adjusted with amounts corresponding to the share in results for the particular year.

Dividends from associated companies are eliminated.

**Foreign subsidiaries.** For consolidation purposes, all income statements of foreign companies are translated FIM/EUR on the basis of the average exchange rate during the year and their balance sheet items according to the average bid and offer rates on the balance sheet date. Differences arising from translation impacts directly Group shareholders' equity and do not affect income for the year.

Equity hedge and exchange differences on loans between the Parent Company and foreign subsidiaries that correspond to the financing of equity are eliminated against translation differences in the Group's equity.

Restricted reserves converted into FIM/EUR when closing down operations in foreign sub-groups are retained as restricted reserves of the Group.

**Items in foreign currencies.** Transactions in foreign currencies are reported at the transaction date exchange rate. Exchange differences arising from sales are included in revenues, while exchange differences arising from purchases are included among operating costs.

Receivables and liabilities in foreign currencies are valued at the rate prevailing at the balance sheet date. Exchange differences attributable to liquid assets and loans in foreign currencies are reported in the income statement as financial items.

**Derivative agreements.** The result from bunker hedging is recorded as bunker cost. The other hedging transactions are reported as financial items.

Forward contracts or currency positions that are open on the balance sheet date have been valued individually at their fair value on the balance sheet date.

**Net revenues.** When reporting net revenues, indirect taxes, rebates and commissions, as well as exchange differences, have been deducted from gross sales.

**Pension arrangements.** Pension benefits for Group personnel are arranged on the basis of local practice in each country. The Group's pension liability in the Finnish companies is insured partly by external insurance companies and partly by the Group's company pension fund. In calculating the share of liability not covered by the fund, assets have been stated at the current value on the balance sheet date.

Any uncovered pension liability, as well as the capital value of direct pension obligations at company risk, is reported as liability in the balance sheet and the change during the year as expense.

**Expenses for research and development.** The Group has no significant expenses for research and development. The expenses are reported as annual expenses.

**Non-recurring items.** Non-recurring items can be defined as non-comparable items, such as result on sale of business activities or significant assets and restructuring costs.

**Capital loan.** The capital loan is classified as shareholders' equity and reported separately as shareholders' equity. However, the capital loan is regarded as liability when calculating key ratios.

**Inventories.** Inventories are defined as the ships' products for sale and supplies. Inventories are valued at the lower of cost or net realisable value.

**Fixed assets and depreciation.** The acquisition value of fixed assets is depreciated according to plan based on the lifetime of the assets as estimated at the acquisition date for each item. With respect to ships, the acquisition value is reduced by an estimated residual value at the end of the item's economical life. As a rule, the acquisition value of new ships calculated in accordance with the above is amortised straight-line at a rate of 4 per cent annually.

The depreciation periods of the ships have been defined with respect to each ship's special properties, earnings ability and second-hand value.

The depreciation periods applied by the Group are:

Ships	8-30 years
Buildings and constructions	5-50 years
Machinery and equipment	3-10 years
Other capitalised expenditure	2-25 years

Maintenance and repair costs are reported as annual expenses. Major repair is capitalised and depreciated according to plan for a period not exceeding the remaining life of the ship. Refitting costs are capitalised and depreciated according to plan over at least the remaining, and possibly an extended, economic lifetime of the ship. Costs for dry-docking are expensed the year they occur. The ships are dry-docked in intervals of two or three years.

**Leasing agreements.** The Group has no significant leasing agreements. By their nature, charter hires are operating leases and are thus reported as rental costs. Rentals of premises, vehicles and machinery are also reported as rental costs. Information regarding charter hires and details about future rental obligations in Note 19.

**Appropriations.** According to Finnish legislation and that of certain other countries, it is permissible for accounting and taxation purposes to charge the profit and loss account with depreciation in excess of plan and thereby accomplish a postponement of tax payments. Depreciation in excess of/below plan posted in the accounts of individual companies is reported, after deduction for deferred tax, in the consolidated profit and loss account. In the consolidated balance sheet, the cumulative depreciation in excess of plan (untaxed reserves) is split into deferred tax liability and restricted, undistributable, equity.

**Taxes.** Taxes contain actual tax and deferred tax. Deferred tax is calculated on the difference between the taxable value and the net book value of assets and liabilities.

Deferred tax receivables are accounted for only to the amount of the liability if realisation is likely.

Tax to be paid is reported under short-term liabilities and deferred tax under long-term liabilities. No deferred tax has been attributed to the undistributed equity in Finnish subsidiaries, since they can be transferred to the Parent Company as group contribution without tax consequences.

### Exchange rates

	Year-end rate Dec. 31			Average rate Jan.–Dec.		
	2000	1999	1998	2000	1999	1998
FIM	5.94573	5.94573	5.94573	5.94573	5.94573	5.94573
USD	0.9305	1.0046	1.1667	0.9214	1.0653	1.1146
GBP	0.6241	0.6217	0.7055	0.6091	0.6586	0.6719
SEK	8.8313	8.5624	9.4874	8.4437	8.8072	8.8399



# Notes to the Consolidated Financial Statements

## Note 1. Net revenues

EUR m	2000	1999	1998
Ticket income	133	120	127
Restaurant sales	128	127	128
Shop sales	182	200	210
Cargo income	52	52	64
Other income	11	16	15
Silja Line	506	515	544
Cruise ships	20	25	28
Other	0	0	21
Gross revenues	526	540	593
Less commissions and discounts <sup>1)</sup>	-23	-22	-24
	503	518	569

<sup>1)</sup> within Silja Line

## Note 2. Materials and supplies

EUR m	2000	1999	1998
Goods and supplies	113	121	127
Change in inventories	2	0	0
	115	121	128

## Note 3. Personnel expenses

EUR m	2000	1999	1998
Salaries paid, incl. benefits in kind			
Presidents and the Board of Directors	2	1	2
Sea-borne employees	82	82	86
Others	23	23	26
	107	106	114
Benefits in kind	-3	-3	-4
Less corrective items	0	1	0
	104	104	110
Pension costs	10	10	10
Other personnel costs	17	17	22
	131	131	142
Distribution of personnel expenses			
Deck and engine staff	28	27	27
Other sea-borne employees	74	76	77
Total sea-borne employees	102	103	104
Land-based employees	26	27	30
Silja Line	128	130	134
Other	3	1	8
	131	131	142

## Financial Statements

	2000	1999	1998
Number of employees in average			
sea-borne	2,363	2,513	2,674
land-based	<u>772</u>	<u>832</u>	<u>1,021</u>
	3,135	3,345	3,695
Dec. 31			
in Finland	1,872	1,932	2,096
outside Finland	<u>1,131</u>	<u>1,153</u>	<u>1,255</u>
	3,003	3,085	3,351

### Fees and remunerations to management

Salaries include bonuses to the President and the Executive Vice President EUR 0.1 m and to other members of the management EUR 0.1 m. The figures include redundancy fees to management EUR 1.2 m. No fees have been paid to Board Members of the Group Companies.

### Pension rights of the management

The presidents of Group Companies are entitled to retire at an age of 60 to 65, depending on period of service within the Group. The pension paid corresponds to 60 to 66 per cent of the salary. The liability is covered by means of insurance.

### Pension costs

The Group has a company pension fund. Due to the good development in the value of the pension fund's assets, the employer has made no transfers to the fund since 1992. The pension refund has been recorded as a non-recurring item and does not effect the pension cost of the year.

## Note 4. Depreciation

EUR m	2000	1999	1998
Intangible assets			
Other capitalised expenditure	2	2	2
Tangible assets			
Ships	22	24	25
Land sites			0
Buildings and constructions	1	1	1
Machinery and equipment	<u>2</u>	<u>2</u>	<u>3</u>
Silja Line	27	29	31
Other	<u>10</u>	<u>15</u>	<u>17</u>
	37	44	48

The depreciation period of the SuperStar Taurus (ex Leeward) has been lengthened as from the year 2000 according to her employment plan reducing the depreciation by EUR 2.2 m per year.



**Note 5. Non-recurring items**

EUR m	2000	1999	1998
Costs for restructuring and discontinuing of operations	2		-48
Gain on sales	2		
Pension refund	20		
Other non-recurring items	-15	3	-11
	9	3	-59

**Note 6. Other operating costs**

EUR m	2000	1999	1998
Charter hires	27	20	24
Bunker	37	18	17
Maintenance	16	16	19
Port expenses and fairway dues	34	37	36
Other ship operating costs	40	43	44
Marketing expenses and administration costs	48	41	46
Silja Line	203	175	186
Other	2	6	25
	205	182	212

Charter hires include hires for the Silja Europa and the SuperSeaCat Four.

In accordance with a long-term ship management agreement, Silja Line mans and maintains the Silja Europa on the Owner's account against a performance-based fee. At the same time, the ship is employed in Silja Line's service in accordance with a similar long-term charter party. The agreed performance-based fee is reported as hire. In addition, the Company has an option to acquire the ship at an agreed price, which is reduced by an amount corresponding to the Owner's amortisation of the bank financing for the ship. Moreover, the Company owns a 17 per cent interest in the company that owns the ship and has participated in its financing by providing an interest-free loan of EUR 15.5 m.

Silja Line acted as sales agent for the ticket and on board sales of the SuperSeaCat Four owned by Sea Containers. Sea Containers charged for ship operations, EUR 8.5 m, and capital cost, EUR 4.1 m which items are recorded as charter hire. Silja Line's total revenue from the service was EUR 13.7 m. Due to the high costs during the starting period the result showed a loss.

**Note 7. Share in associated companies**

Associated companies are disclosed in Note 11

EUR m	2000	1999	1998
Share in income before taxes	0	1	0
Share in taxes	0	0	0
Share in net income	0	1	0
Accumulated earnings	0	2	2
Net book value of shares	0	0	0
	0	2	2

The holding in Oy Backman-Trummer Ab was sold in June 2000.

## Financial Statements

### Note 8. Financial income and expenses

EUR m	2000	1999	1998
Income from long-term investments			
Dividends	0	0	0
Interest income	3	1	2
Other interest income and financial income			
Interest income	0	0	1
Net exchange rate differences	0	2	-3
Interest expenses and other financial expenses			
Interest expenses	-24	-29	-39
Share issue expenses			-1
Other financial expenses	-2	-1	-2
	<u>-22</u>	<u>-27</u>	<u>-42</u>

For accrued interest on capital loan, see Note 19.

### Note 9. Taxes

EUR m	2000	1999	1998
Direct taxes for the year	0	1	0
Share in taxes of associated companies	0	0	0
Deferred tax	0	0	0
	<u>0</u>	<u>1</u>	<u>0</u>
Deferred tax receivable			
from Group Companies	29	37	54
not capitalised	-26	-33	-48
	<u>3</u>	<u>4</u>	<u>6</u>
Deferred tax liability			
in untaxed reserves	-3	-4	-6
	<u>-3</u>	<u>-4</u>	<u>-6</u>

No deferred tax has been calculated upon retained earnings in Finnish subsidiaries because they can be distributed to the Parent Company without tax consequences.

According to Finnish legislation it is permissible to book depreciation in excess of plan and thereby postpone tax payments. Such depreciation may amount to approximately EUR 180 m.





## Note 10. Fixed assets and other long-term investments

EUR m	Other capitalised expenditure			Land sites		
	2000	1999	1998	2000	1999	1998
Acquisition value, Jan. 1	24	21	23	0	0	28
Investments	5	2	1			
Divestments	0		-2	0		-26
Exchange rate adjustments	0	1	-1			-2
Acquisition value, Dec. 31	29	24	21	0	0	0
Depreciation, Jan. 1	17	14	13	0	0	2
Divestments	0		-1			-3
Depreciation during the year	2	2	2			0
Exchange rate adjustments	0	1				0
Depreciation, Dec. 31	19	17	14	0	0	0
Net book value	9	7	7	0	0	0
whereof 1994 bond issue	0	1	1			
Depreciation in excess of plan	0	0	0			

EUR m	Ships			Buildings and constructions			Machinery and equipment		
	2000	1999	1998	2000	1999	1998	2000	1999	1998
Acquisition value, Jan. 1	922	897	913	22	21	39	22	24	27
Investments	5	16	6	0	0		2	2	3
Divestments	-119	-35	-1	-2		-16	0	-4	-5
Exchange rate adjustments	8	44	-21	0	1	-2	-1	1	-1
Acquisition value, Dec. 31	816	922	897	20	22	21	23	22	24
Depreciation, Jan. 1	308	286	246	8	7	13	17	19	21
Divestments	-27	-29		-1		-6	0	-4	-4
Depreciation during the year	32	39	42	1	1	1	2	2	3
Exchange-rate adjustments	3	11	-2		0	-1	-1	0	-1
Depreciation, Dec. 31	316	308	286	8	8	7	18	17	19
Net book value	500	614	611	12	14	14	5	5	5
Depreciation in excess of plan	1	4	11	0	0	0	2	0	0
Insurance value	841	804	900						

EUR m	Shares and participations			Other long-term investments		
	2000	1999	1998	2000	1999	1998
Acquisition value, Jan. 1	15	15	20	18	24	40
Investments		0	0	30		1
Divestments	-1		-5	-19	-6	-17
Exchange rate adjustments		0	0	4		
Acquisition value, Dec. 31	15	15	15	33	18	24
Share in associated companies' equity	0	2	2			
Net book value	15	17	17			
whereof						
share in associated companies	1	2	2			
non interest-bearing				16	8	8

## Financial Statements

### Note 11. Shares and participations

	Domicile	No. of shares	% of share capital/ voting rights	Currency	Par value	Book value
EUR m						
<b>Subsidiaries</b>						
Silja Line Oy	Turku	920	100	FIM	23	10
Other subsidiaries 15 units <sup>1)</sup>						
Wasa Line Oy Ab <sup>1)</sup>	Vaasa	1,000	100	FIM	10	2
Sally Ab	Mariehamn	1,000	100	FIM	10	2
EffJohn International B.V.	Amsterdam	177,000	100	NLG	111	0
Eff-Shipping Limited	Cayman Islands	50,000	100	USD	0	0
EJI Cruise Vessels N.V.	Netherl. Antilles	320,000	100	USD	0	
Crown Jewel Inc.	Panama	100	100	USD	0	
Crown Dynasty Inc.	Panama	100	100	USD	0	
Crown Cruise Line Inc. SA	Panama	10,000	100	USD	14	
Other subsidiaries 5 units						
Neptun Juridica Co. Ltd.	Helsinki	25,000	100	FIM	3	0
Vaasanlaivat Oy	Vaasa	100,000	100	FIM	1	0
Other subsidiaries 4 units						
						0
						14
<b>Associated companies</b>						
Baltic Tours AS	Tallinn	50	50	EEK	0	0
Other associated companies 4 units						
						0
Accumulated earnings in associated companies						
						0
<b>Other companies</b>						
BiljettDirekt Sverige AB	Stockholm	5,600	10	SEK	1	0
Fährschiff Europa Kb	Helsinki		17	FIM	76	13
Oy Hotelli Marina Ab	Turku	280	4	FIM	1	0
Other companies						
						2
						15
						15

A total number of 23 Group Companies have been sold, merged, removed from register or liquidated in 2000.

<sup>1)</sup> Wasa Line Oy Ab, Railscandia Oy Ab and Oy Svea Line (Finland) Ab have been merged into Silja Line Oy on Jan. 2, 2001.

The specification pertains only to significant shareholdings.

A complete specification of shareholdings and participations can be obtained from the Group controller's office.

### Note 12. Receivables

Receivables from Sea Containers Ltd. amount to EUR 0.3 m.

The Company has no other receivables from owners or management.

Accrued income consists mainly of interest income.



**Note 13. Shareholders' equity**

EUR m	2000	1999	1998
Share capital, Jan. 1	106	105	73
Reduction of share capital			-36
Share issue		1	68
Share capital, Dec. 31	106	106	105
Restricted reserves/share premium reserve, Jan. 1	43	43	43
Covering of losses			-11
Issue premium		0	11
Share premium reserve, Dec. 31	43	43	43
Other restricted reserves, Jan. 1	17	16	16
Issue account		-1	1
Translation difference	-1	2	-1
Other restricted reserves, Dec. 31	16	17	16
Unrestricted reserves, Jan. 1	-20	-32	-21
Covering of losses			48
Translation difference	1	-4	3
Unrestricted reserves before net result for the year	-19	-36	30
Net result for the year	1	16	-62
Capital loan	8	8	8
Total shareholders' equity, Dec. 31	155	154	140
Funds available for distribution			
Unrestricted reserves, Dec. 31	-18	-20	-32
Equity portion of untaxed reserves	-3	-4	-12
Accrued interest on capital loan	-1	-1	0
Total deficit in funds available for distribution	-22	-25	-44

A maximum of 848,160 shares may be subscribed for with the option certificates issued in 1997. The subscription price is EUR 5.82 (FIM 34.63) per share, and the share capital may increase by a maximum of EUR 1.4 m.

The subscription period expires in 2002. At Dec. 31, 2000, no options have been exercised.

Following full conversion of the convertible subordinated bonds, a total of 4,692,074 shares would be issued and the share capital would rise by EUR 7.9 m. Each bond with a nominal value of EUR 168.18 (FIM 1,000) may be converted into 14.25283 shares of the common stock of Silja Oyj Abp, the conversion price being EUR 11.80 (FIM 70.16). Period of conversion ceases Febr. 10, 2004. At Dec. 31, 2000, no bonds have been converted into shares.

**Note 14. Capital loan**

The capital loan is reported as equity, but it is regarded as liability when computing the key ratios. The loan granted by a financing institution is unsecured and ranks junior to the convertible subordinated bonds.

The loan can be repaid in one instalment on Feb. 19, 2004, only if the restricted equity is fully covered after the repayment as provided by the Company's adopted balance sheet and consolidated balance sheet for the last accounting period. The interest rate is 2 per cent per annum until Dec. 31, 2000. As of Jan. 1, 2001, until Feb. 19, 2004, the interest rate shall be the aggregate of the applicable margin of 2 per cent per annum and Euribor 365-interest. As from Feb. 19, 2004, the margin shall be 5 per cent. The interest shall be paid only to the extent that such amount of interest would be permitted to be used for the payment of dividend according to the Company's audited and adopted balance sheet and consolidated balance sheet for the last accounting period. The unpaid interest shall accumulate and is payable prior to dividends. The accrued amount of unpaid interest on Dec. 31, 2000, EUR 0.7 m, is included in contingent liabilities, see Note 19.

## Financial Statements

### Note 15. Loans against convertible subordinated bonds

EUR m	2000	1999	1998
Convertible bonds total	115	115	115
acquired by the Company	<u>-60</u>	<u>-60</u>	<u>-60</u>
Total loan	55	55	55

The bonds were issued 1994 and 1995 by Silja Oyj Abp (then EffJohn). The bonds have maturity to Feb. 18, 2004. The annual interest is 7 per cent. The bonds are not secured by any collateral. The bonds rank junior to other undertakings of the Company, except the capital loan. The bonds are listed on the Helsinki Exchanges. Each bond with a nominal value of EUR 168.18 (FIM 1,000) may be converted into 14.25283 shares of the common stock of Silja Oyj Abp, the conversion price being thus EUR 11.80 (FIM 70.16). The bonds shall be converted not later than Feb. 10, 2004. At Dec. 31, 2000, no bonds have been converted into shares.

### Note 16. Loans from financial institutions

EUR m	2000	1999	1998
<b>Interest-bearing liabilities</b>			
Amount falling due within			
1 year	45	96	85
1-2 years	41	85	101
2-3 years	26	146	75
3-4 years	31	76	55
4-5 years	31	16	39
later	<u>190</u>	<u>18</u>	<u>106</u>
	364	437	461
At Dec. 31, 2000, the average maturity of the loans was 5 years.			
Secured loans	362	433	457
Distributed by currency			
FIM/EUR	100%	81%	54%
USD		19%	40%
GBP			5%
SEK	0%	0%	1%
Percentage of loans with floating rate	55%	82%	73%
Average floating rate	6.5%	5.3%	6.1%
Fixed average rate	6.5%	5.9%	6.0%

### Note 17. Other long-term loans

EUR m	2000	1999	1998
<b>Non-interest-bearing</b>			
Pension liabilities	1	1	1
Option loan			0
Other long-term liabilities	<u>4</u>	<u>3</u>	<u>3</u>
	6	4	4

**Note 18. Short-term liabilities**

EUR m	2000	1999	1998
<b>Non-interest-bearing</b>			
Accounts payable	20	19	19
Other short-term liabilities <sup>1)</sup>	29	11	7
Accrued expenses and prepaid income <sup>2)</sup>	40	48	55
	89	78	81
<b>Interest-bearing</b>			
Loans from financial institutions	45	96	85
	134	174	166

<sup>1)</sup> Including payable to Sea Containers Ltd. amounting to EUR 3.5 m

<sup>2)</sup> Mainly accrued interests and personnel costs

**Note 19. Assets pledged and contingent liabilities**

EUR m	2000	1999	1998
<b>Mortgages</b>			
ships	611	637	633
real estate		17	17
other property	25	19	19
	636	673	669
<b>Other pledges</b>			
shares		3	5
	636	676	674
<b>Given as collateral for Group</b>			
liabilities to financial institutions	362	433	457
guarantees given to third party	5	6	8
unused portion of credit facilities	16	27	57
	383	466	522
<b>Contingent liabilities</b>			
Unbooked accrued interest on capital loan	5	15	21
	1	1	0
	5	16	21

Rental payments, mainly ships and premises, have a notice period of maximum twelve months.

The yearly payments are as follows:

Charter hires	27	20	31
Other rents	41	37	39
	68	57	70

Rental commitments according to leasing agreements

falling due within

1 year	2	3	4
later	2	4	3

All obligations relating to pension commitments are included in the liabilities in the balance sheet.

No pledges or other commitments have been made for the Company's management or shareholders.



### Note 20. Financial risk management

The management of financial risks is concentrated in the Group's Finance unit, which coordinates all financial matters within the Group. The Finance function is thereby responsible for all borrowing within the Group as well as all exposure linked to the currency, interest, financing, liquidity and bunker price risks. The Board of Directors' decides the finance policy of the Group.

#### Currency risk

About one third of the Group's total income and costs are in currencies other than EUR, mainly SEK and USD. The policy is to achieve a balance in each currency between inflows and outflows. The other type of currency exposure, translation risk, derives from the investments in foreign subsidiaries. Net open positions in our currency exposure are minimised by using forwards and currency options. The maturity of these contracts do not exceed one year.

#### Interest rate risk

The Group's loan portfolio represents by far the most substantial area of interest rate risk. For about half of our total loan portfolio fixed interest agreement have been entered into, agreements which in average have a maturity of 2 years. At year-end loans with fixed interest rate therefore represent close to 50 per cent of the Group's total interest-bearing liabilities. The average interest rate for the entire loan portfolio of the Group, including the convertible subordinated bond at 7 per cent, was 6.6 per cent (5.5) at year-end. The loan portfolio was exclusively in EUR. A one per cent change in the interest rate represents an effect of EUR 2 m in our financial net on a yearly basis.

#### Financing and liquidity risks

All external borrowing in the Group is managed by the Finance unit. One of the main tasks is to balance the Group's target of reducing the interest-bearing liabilities with the requirement of having a satisfactory liquidity at disposal at all times. The financing is secured through long-term loan agreements including revolving facilities in order to facilitate the seasonality in our operations.

#### Bunker price risk

The total bunker cost for the fleet represents around 15 per cent of the total ships operating costs. Changes in bunker prices follow the changes in the oil price and the USD rate of exchange. Forwards, swaps and options are used to hedge the risk related to the bunker cost.

#### Counterpart risk

The Group minimises its counterpart risk by only entering into agreements with well established and known banks and financing institutions.

Notional amounts of derivative financial instruments at year-end <sup>1)</sup>	Notional amount			Market value		
	2000	1999	1998	2000	1999	1998
Foreign exchange forward contracts <sup>2) 3)</sup>	24	17	24	0	0	0
Currency options sold <sup>2) 3)</sup>	20		34	0		0
Currency options purchased <sup>2) 3)</sup>	10		17			
Interest-rate contracts sold			168			-1
Interest-rate contracts purchased			84			
Interest-rate agreements	151	84		-2	0	
Other instruments <sup>2)</sup>	7	2	3	0	0	0
	212	103	331	-1	0	-1

<sup>1)</sup> The notional amounts of derivatives summarised here do not represent amounts exchanged by the parties and thus are not a measure of the Group's exposure.

<sup>2)</sup> Including positions that have been closed.

<sup>3)</sup> Including contracts used for hedging investments in foreign subsidiaries.

## Parent Company Income Statement

EUR m	Note	2000	1999	1998
<b>Net revenues</b>		<b>3</b>	<b>2</b>	<b>2</b>
Other operating income			2	0
Personnel expenses	1	-3	-1	-1
Depreciation		0	0	0
Non-recurring items	2	-5		
Other operating costs		-3	-2	-2
<b>Operating result</b>		<b>-8</b>	<b>1</b>	<b>-1</b>
Financial income and expenses				
Income from long-term investments	3	7	5	5
Other interest income and financial income	4	0	0	0
Net exchange rate differences		2	8	-6
Interest expenses and other financial expenses	5	-7	-5	-7
<b>Result after net financial items</b>		<b>-5</b>	<b>9</b>	<b>-9</b>
Extraordinary items				
Value adjustments of investments in subsidiaries			-11	-75
Group contribution		17	31	36
<b>Result before appropriations and taxes</b>		<b>12</b>	<b>29</b>	<b>-48</b>
Depreciation in excess of/less than plan		0		0
<b>Net result for the financial year</b>		<b>12</b>	<b>29</b>	<b>-48</b>

## Parent Company's Statement of Changes in Financial Position

EUR m	2000	1999	1998
<b>Business operations</b>			
Funds provided from business operations			
Operating result	-8	1	-1
Adjustment for non-cash items	12	0	0
Net financial items	-1	6	-5
	3	7	-6
Change in funds tied up in operations			
Short-term receivables	-3	2	5
Short-term liabilities	38	-25	0
	36	-23	5
<b>Cash flow from business operations</b>	<b>39</b>	<b>-16</b>	<b>-1</b>
<b>Investments</b>			
Investments	0	0	0
Divestments	0	3	0
	0	3	0
<b>Cash flow from business operations after investments</b>	<b>39</b>	<b>-13</b>	<b>-1</b>
<b>Financing</b>			
Change in long-term receivables	-51	-25	-96
Amortisation of long-term loans	1	2	0
Group contribution	31	36	14
Share issue			83
	-20	13	1
<b>Change in liquid assets</b>	<b>19</b>	<b>0</b>	<b>0</b>
Liquid assets, Jan. 1	0	0	0
Change in liquid assets	19	0	0
Liquid assets, Dec. 31	19	0	0
Specification:			
Adjustment for non-cash items			
Depreciation	15	0	0
Personnel expenses	0	0	0
Other items	-3	0	
	12	0	0

## Parent Company Balance Sheet

ASSETS	Note	Dec. 31 2000	Dec. 31 1999	Dec. 31 1998
<b>Fixed assets and other long-term investments</b>				
Intangible assets				
Other capitalised expenditure		0	1	1
Tangible assets				
Machinery and equipment		0	0	0
Long-term investments				
Shares and participations in Group Companies	6	14	26	29
Other investments in Group Companies		271	217	187
Shares and participations in other companies		0	0	0
Other long-term investments		2	4	10
		287	247	226
<b>Total fixed assets and other long-term investments</b>		<b>287</b>	<b>248</b>	<b>226</b>
<b>Current assets</b>				
Receivables				
Receivables from Group Companies	7	21	37	39
Other short-term receivables		5	0	1
Accrued income and prepaid expenses		5	0	0
		31	37	40
Cash and bank deposits		19	0	0
<b>Total current assets</b>		<b>50</b>	<b>37</b>	<b>40</b>
<b>Total assets</b>		<b>337</b>	<b>285</b>	<b>266</b>
Assets pledged	11	8	25	25

## SHAREHOLDERS' EQUITY AND LIABILITIES

EUR m	Note	Dec. 31 2000	Dec. 31 1999	Dec. 31 1998
<b>Shareholders' equity</b>	8			
Share capital		106	106	105
Share premium reserve		43	43	43
Other restricted reserves				1
Unrestricted reserves		-19	-48	
Net result for the financial year		12	29	-48
Capital loan		8	8	8
<b>Total shareholders' equity</b>		<b>150</b>	<b>138</b>	<b>109</b>
<b>Untaxed reserves</b>				
Depreciation in excess of plan		0	0	0
<b>Provisions for liabilities and charges</b>				
Provision for losses in foreign subsidiaries		67	67	56
<b>Liabilities</b>				
Long-term liabilities				
Loans against convertible bonds		55	55	55
Loans from Group Companies		2	2	14
Other long-term loans	9	1	1	1
		58	58	70
Short-term liabilities	10			
Loans from financial institutions		10	15	
Accounts payable		0	0	0
Liabilities to Group Companies		47	2	26
Other short-term liabilities		1	1	2
Accrued expenses and prepaid income		5	4	3
		63	22	31
<b>Total liabilities</b>		<b>121</b>	<b>80</b>	<b>101</b>
<b>Total shareholders' equity and liabilities</b>		<b>337</b>	<b>285</b>	<b>266</b>
Contingent liabilities	11	360	427	459

## Notes to Parent Company Financial Statements

### Note 1. Personnel expenses

EUR m	2000	1999	1998
Salaries paid, incl. benefits in kind			
President and the Board of Directors	1	0	0
Others	<u>1</u>	<u>1</u>	<u>1</u>
	2	1	1
Benefits in kind	0	0	0
Less corrective items	<u>0</u>	<u>0</u>	<u>0</u>
	2	1	1
Pension costs	1	0	0
Other personnel costs	<u>0</u>	<u>0</u>	<u>0</u>
	3	1	1
Number of employees			
in average	10	7	9
Dec. 31	10	7	9

### Note 2. Non-recurring items

EUR m	2000	1999	1998
Refund from Group's Pension Fund	10		
Value adjustment of investments in liquidated subsidiaries	<u>-15</u>		
	-5		

### Note 3. Income from long-term investments

EUR m	2000	1999	1998
Dividends	0	0	0
Interest income from Group Companies	6	5	4
Interest income from other companies	1	0	1
Other income	<u>7</u>	<u>5</u>	<u>5</u>

### Note 4. Other interest income and financial income

EUR m	2000	1999	1998
Interest income	0	0	0
Other financial income	<u>0</u>	<u>0</u>	<u>0</u>

### Note 5. Interest expenses and other financial expenses

EUR m	2000	1999	1998
Interest expenses to Group Companies	2	0	0
Interest expenses to other companies	5	5	6
Share issue expenses			1
Other financial expenses	<u>0</u>	<u>0</u>	<u>1</u>
	7	5	7

For accrued interest on capital loan, see Note 11.

### Note 6. Shares and participations in Group Companies

For specification see Note 11 to Consolidated Accounts.

### Note 7. Receivables from Group Companies

EUR m	2000	1999	1998
Accounts receivable		3	2
Other short-term receivables	21	31	36
Accrued income and prepaid expenses	<u>21</u>	<u>3</u>	<u>1</u>
	21	37	39

### Note 8. Shareholders' equity

EUR m	2000	1999	1998
Share capital, Jan. 1	106	105	73
Reduction of share capital			-37
Share issue		1	68
Share capital, Dec. 31	106	106	105
Restricted reserves/share premium reserve, Jan. 1	43	43	43
Covering of losses			-11
Issue premium		0	11
Share premium reserve, Dec. 31	43	43	43
Other restricted reserves, Jan. 1		1	
Issue account		-1	1
Other restricted reserves, Dec. 31		0	1
Unrestricted reserves, Jan. 1	-19	-48	-48
Covering of losses			48
Unrestricted reserves before net result for the year	-19	-48	0
Net result for the year	12	29	-48
Capital loan	8	8	8
Total shareholders' equity, Dec. 31	150	138	109
Funds available for distribution			
Unrestricted reserves, Dec. 31	-7	-19	-48
Accrued interest on capital loan	<u>-1</u>	<u>-1</u>	<u>0</u>
Total deficit in funds available for distribution	-8	-20	-48



**Note 9. Other long-term liabilities**

EUR m	2000	1999	1998
<b>Non-interest-bearing</b>			
Pension liabilities	1	1	1
Option loan			0
	<u>1</u>	<u>1</u>	<u>1</u>

**Note 10. Short-term liabilities**

EUR m	2000	1999	1998
<b>Non-interest-bearing</b>			
Accounts payable	0	0	0
Short-term liabilities to Group Companies	15	1	22
Other short-term liabilities	1	1	2
Accrued expenses and prepaid income from Group Companies	1		0
Other accrued expenses and prepaid income <sup>1)</sup>	<u>4</u>	<u>4</u>	<u>3</u>
	21	6	27
<b>Interest-bearing</b>			
Loans from financial institutions	10	15	
Short-term liabilities to Group Companies	32	1	4
Other short-term liabilities	<u>0</u>		
	63	22	31

<sup>1)</sup> Mainly accrued interests and personnel costs.

**Note 11. Assets pledged and contingent liabilities**

EUR m	2000	1999	1998
<b>Pledged assets</b>			
given as collateral for Group liabilities			
Shares in subsidiaries		25	25
Corporate mortgage	<u>8</u>	<u>25</u>	<u>25</u>
	8	25	25
<b>Contingent liabilities</b>			
on behalf of Group Companies	359	426	459
<b>Not booked accrued interest on capital loan</b>			
	<u>1</u>	<u>1</u>	<u>0</u>
	360	427	459

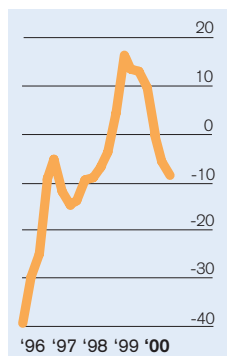
All obligations relating to pension commitments are included in the liabilities in the balance sheet.

No pledges or other commitments have been made for the Company's Management or shareholders.

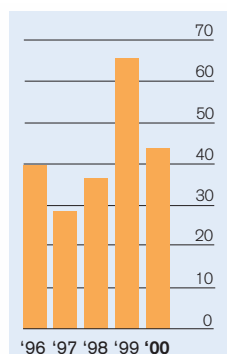


## Five-year Review

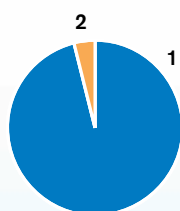
### Result after net financial items, excl. non-recurring items (rolling quarterly), EUR m



### Cash flow from business operations, EUR m



### Distribution of gross revenues



- 1 Silja Line
- 2 Cruise ships

### FINANCIAL TREND

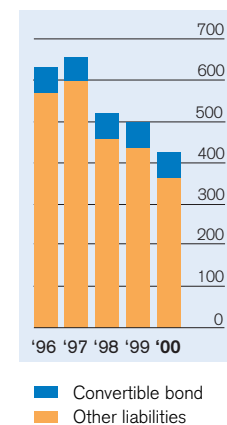
INCOME STATEMENT, EUR m	2000	1999	1998	1997	1996
Gross revenues	526	540	593	605	669
Net revenues	503	518	569	580	636
Depreciation	-37	-44	-48	-45	-47
Non-recurring items	9	3	-59		-14
Other operating costs	-451	-434	-482	-513	-557
Operating result	23	43	-20	22	18
Net financial items	-22	-26	-42	-35	-40
Result after net financial items	1	17	-62	-13	-22
Taxes	0	-1	0	0	0
	1	16	-62	-13	-22
Result from operations before taxes and non-recurring items	-8	14	-3	-13	-8

BALANCE SHEET, EUR m	2000	1999	1998	1997	1996
<b>Assets</b>					
Ships	500	614	611	667	655
Other long-term investments	77	65	73	138	153
Current assets	68	38	47	59	84
Cash and bank deposits	27	15	16	13	15
	672	732	747	878	907
<b>Shareholders' equity and liabilities</b>					
Shareholders' equity	155	154	140	119	139
Loans against convertible bonds	55	55	55	55	55
Other long-term liabilities	328	349	387	517	536
Short-term liabilities	134	174	166	187	177
	672	732	747	878	907

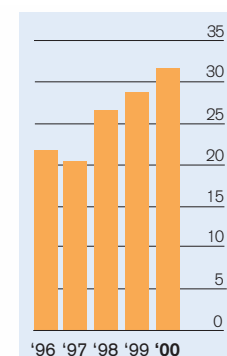
CASH FLOW, EUR m	2000	1999	1998	1997	1996
Cash flow from business operations	43	65	36	28	39
Investments	-42	-19	-10	-19	-27
Divestments	88	9	5	10	25
Exchange rate adjustments	-2	-16	-7	-6	-9
Operating cash flow	87	39	24	13	28
Change in long-term receivables	4	8	16	-3	10
Long-term borrowing	164	37	14	44	31
Amortisation of interest-bearing loans	-242	-85	-134	-56	-81
Capital market transactions			83		14
	13	-1	3	-2	2

DISTRIBUTION PER BUSINESS UNIT	2000	1999	1998	1997	1996
<b>Gross revenues, EUR m</b>					
Silja Line	506	515	544	555	559
Sally UK			21	23	80
Cruise ships	20	25	28	28	23
Group administration	0	0	0	-1	7
	<u>526</u>	<u>540</u>	<u>593</u>	<u>605</u>	<u>669</u>
<b>Operating result, EUR m</b>					
Silja Line	10	37	42	35	32
Sally UK			-13	-21	-14
Cruise ships	8	6	11	15	11
Group administration	-4	-3	-1	-7	3
Non-recurring items	9	3	-59	-7	-14
	<u>23</u>	<u>43</u>	<u>-20</u>	<u>22</u>	<u>18</u>
<b>Capital employed, EUR m</b>					
Silja Line	366	360	375	413	442
Sally UK		-4	18	53	56
Cruise ships	177	255	244	282	252
Other	32	35	19	24	18
	<u>575</u>	<u>646</u>	<u>656</u>	<u>772</u>	<u>768</u>
<b>Average number of employees</b>					
Silja Line	3,117	3,322	3,576	4,052	4,211
Sally UK		4	97	201	1,007
Cruise ships		1	1	2	4
Group administration	18	18	21	23	27
	<u>3,135</u>	<u>3,345</u>	<u>3,695</u>	<u>4,278</u>	<u>5,249</u>
<b>KEY RATIOS</b>					
Operating result of net revenues, %	4.6	8.3	-3.6	3.7	2.9
Result after financial items of net revenues, %	0.2	3.3	-10.9	-2.3	-3.5
Total shareholders' equity, EUR m	155	154	140	119	139
Return on shareholders' equity, %	0.5	11.7	-51.3	-11.0	-19.4
Capital employed, EUR m	575	646	656	772	768
Return on capital employed, %	4.4	7.0	-2.4	3.3	2.9
Net debt, EUR m	329	476	493	613	596
Gearing, %	224.8	326.4	375.9	551.8	456.3
Equity ratio, %	21.8	19.9	17.5	12.6	14.6
Share of risk-bearing capital, %	31.2	28.6	26.3	20.1	21.7
Investments, EUR m	42	19	10	19	27
Investments of net revenues, %	8.5	3.8	1.7	3.2	4.3

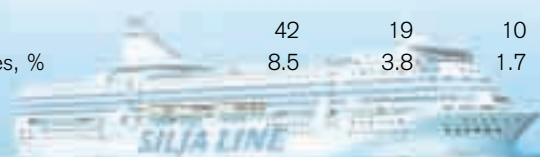
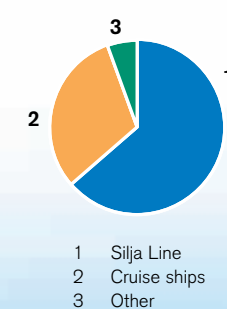
#### Interest-bearing liabilities, EUR m



#### Share of risk-bearing capital, %



#### Distribution of capital employed



## Financial Statements

PER SHARE DATA			2000	1999	1998	1997	1996
Earnings per share (EPS)		EUR	0.01	0.26	-1.97	-0.45	-1.20
Shareholders' equity per share		EUR	2.33	2.32	2.11	3.72	4.37
Dividend per share		EUR	0.00	0.00	0.00	0.00	0.00
Dividend/earnings		%	0.0	0.0	0.0	0.0	0.0
Dividend yield	(K)	%	-	-	0.0	0.0	0.0
	(A)	%	0.0	0.0	0.0	0.0	0.0
P/E-ratio (Price/Earnings)	(K)		-	-	n.a.	n.a.	n.a.
	(A)		79.5	8.4	n.a.	n.a.	n.a.
Share price trends							
highest closing price	(K)	EUR	-	3.70	5.11	6.15	4.86
	(A)	EUR	2.20	2.75	4.67	6.39	4.67
lowest closing price	(K)	EUR	-	2.20	2.52	2.77	1.72
	(A)	EUR	0.70	1.66	1.93	2.52	1.17
average price	(K)	EUR	-	2.90	3.30	5.57	3.56
	(A)	EUR	1.40	2.16	3.12	5.01	2.74
Stock exchange price, Dec. 31	(K)	EUR	-	-	2.69	3.44	4.55
	(A)	EUR	0.85	2.15	1.98	2.84	4.55
Market capitalisation, Dec. 31		EUR m	53	135	129	92	136
Volume of share trading		no.	7,169,786	7,827,951	6,955,938	4,655,334	7,431,798
	(K)	no.	-	16,230	865,904	1,122,715	307,110
	(A)	no.	7,169,786	7,811,721	6,090,034	3,532,619	7,124,688
		%	11.4	12.5	22.1	15.6	39.5
	(K)	%	-	4.1	10.4	9.8	2.7
	(A)	%	11.4	12.6	26.2	19.1	95.9
		EUR m	10	17	22	24	21
	(K)	EUR m	-	0	3	6	1
	(A)	EUR m	10	17	19	18	20
Registered number of shares, Dec. 31		no.	62,897,682	62,897,682	62,176,805	21,816,646	21,816,646
	(K)	no.	-	-	8,333,333	8,333,333	8,333,333
	(A)	no.	62,897,682	62,897,682	53,843,472	13,483,313	13,483,313
Adjusted no. of shares, Dec. 31		no.	62,897,682	62,897,682	62,176,805	29,851,112	29,851,112
	(K)	no.	-	-	8,333,333	11,402,269	11,402,269
	(A)	no.	62,897,682	62,897,682	53,843,472	18,448,843	18,448,843
Average no. of shares		no.	62,897,682	62,638,956	31,533,784	29,851,112	18,831,576
	(K)	no.	-	396,261	8,333,333	11,402,269	11,402,269
	(A)	no.	62,897,682	62,242,695	23,200,451	18,448,843	7,429,307
Adjusted no. of shares after full conversion of the convertible bonds, Dec. 31		no.	67,589,756	67,589,756	66,868,879	34,543,187	34,543,187
	(K)	no.	-	-	8,333,333	11,402,269	11,402,269
	(A)	no.	67,589,756	67,589,756	58,535,546	23,140,918	23,140,918

# Definitions

## Financial data

<i>Shareholders' equity</i>	Total shareholders' equity – capital loan	
<i>Capital employed</i>	Total assets – non-interest-bearing liabilities	
<i>Return on shareholders' equity, %</i>	Result after net financial items – taxes	x 100
	Average shareholders' equity	
<i>Return on capital employed, %</i>	Result after net financial items + interest expenses and other financial expenses	x 100
	Average capital employed	
<i>Equity ratio, %</i>	Shareholders' equity	x 100
	Total assets	
<i>Share of risk-bearing capital, %</i>	Total shareholders' equity + loans against convertible bonds	x 100
	Total assets	
<i>Net debt</i>	Interest-bearing liabilities + capital loan – interest-bearing receivables – cash and bank deposits	
<i>Gearing, %</i>	Net debt	x 100
	Shareholders' equity	

## Per share data

<i>Earnings/share (EPS)</i>	Result after net financial items – taxes	
	Average number of shares, adjusted for new share issue	
<i>Shareholders' equity/share</i>	Shareholders' equity	
	Number of shares on Dec. 31, adjusted for new share issues	
<i>Dividend/share</i>	Total dividend	
	Number of shares on Dec. 31, adjusted for new share issues	
<i>Dividend/earnings, %</i>	Dividend per share	x 100
	Earnings per share	
<i>Dividend yield, %</i>	Dividend per share, adjusted for new share issues	x 100
	Stock exchange price on Dec. 31, adjusted for new share issues	
<i>P/E (Price/Earnings) ratio</i>	Stock exchange price on Dec. 31, adjusted for new share issues	
	Earnings per share, adjusted for new share issues	
<i>Market capitalisation</i>	Number of shares x stock exchange price on Dec. 31	
<i>Average share price</i>	Total amount traded in euro	
	Total number of shares traded during the same period, adjusted for new share issues	

## Shares and Shareholders

**Shares and share capital.** Silja Oyj Abp's fully paid-in share capital reported in the Finnish Trade Register amounts to EUR 105,786,307.15.

The minimum amount of the Company's share capital is EUR 50,000,000 and the maximum amount is EUR 200,000,000, within which limits the share capital may be increased or decreased without changing the Articles of Association.

The number of shares is 62,897,682. The shares are registered in the Finnish book-entry security system. The Company has one series of shares. At General Meetings of Shareholders, each share entitles the owner to one vote. By a decision of the Annual General Meeting in 1999, the previously two series of shares were combined without vote compensation. The Company's share capital is expressed in euro. The shares have no nominal value.

**Convertible subordinated bonds.** The company has a subordinated bond loan in a total amount of EUR 55,367,970 issued in 1994-1995. The bonds accrue a fixed annual interest of 7 per cent and the loan period expires on February 18, 2004.

The conversion price is EUR 11.80 (FIM 70.16) per share. In other words, each bond with the nominal value of EUR 168.18 (FIM 1,000) may be converted into 14.25283 shares in the company.

Should the loan be converted to shares in its entirety, the number of shares would rise by 4,692,074 or 6.9 per cent of the total number of shares and voting rights. The share capital would increase by EUR 7,891,502.

Of the total loan of EUR 114,871,008, the amount of EUR 59,503,038 was repurchased in 1996. The Company is not entitled to convert repurchased bonds into shares. Any decision to sell the purchased bonds will be made by the Shareholders' Meeting.

No bonds had been converted into shares up to December 31, 2000. The bonds are listed on the Helsinki Exchanges.

**Option loan certificates.** In May 1997, the Company issued stock options as an incentive program to executive management and deviating from the pre-emptive rights of shareholders. The option certificates carry entitlement to the subscription of 848,160 shares in the Company. The subscription price

is EUR 5.82 per share (FIM 34.63), less possible dividend. The subscription period began on April 1, 1998, expiring on March 31, 2002. If all options are exercised, the share capital will increase by EUR 1,426,503 or 1.33 per cent of the total number of shares and voting rights. The new shares carry entitlement to dividend as from the fiscal year during which they were subscribed for.

No shares had been subscribed for with the option loan certificates up to December 31, 2000.

**Authorisation of the Board of Directors.** The Board of Directors has no authorisation to change the share capital, issue option loans or convertible subordinated bonds or acquire own shares.

**Shareholders.** The principal holder of the Company since April 1999 is Sea Containers Ltd. through its subsidiary Silja Holdings Limited, which holds 50.0 per cent of the shares and voting rights. The shareholders who sold the shares to Sea Containers Ltd. have the option for three years after the transaction to sell the remaining shares to the same buyer at the price of EUR 2.52 per share. In connection with the purchase, Sea Containers sold one per cent of the acquired shares to Rederi AB Gotland. Sea Containers have the option to buy back these shares.

The total number of shareholders is about 5,000. The portion of shares held by non-Finnish shareholders is 72 per cent and the portion of nominee accounts held at custodian banks is 3 per cent.

**Shares held by executive management.** On December 31, 2000, the members of the Board of Directors, the President and the Executive Vice President owned a total of 5,350 shares in the company, equalling 0.01 per cent of the total number of shares and voting rights. The options held by the President and the Executive Vice President carry entitlement to a total of 109,440 shares in the company, corresponding to 0.17 per cent of the total number of shares and voting rights.

**Share price trend.** The general index (Hex) for the Helsinki Exchanges fluctuated very much during the year, mainly due to heavy fluctuation in IT shares, as a result of which trading on

the Helsinki Exchanges doubled for the fourth year running. The portfolio index dropped by one fourth compared with the previous year-end.

The highest price of the year for the Silja share, EUR 2.20 (3.70) was quoted in January, and the lowest price, EUR 0.70 (1.66), in December. At year-end, the price was EUR 0.85 (2.15). The Company's total market value at year-end was EUR 53 million (135).

The total trading in the Company's shares came to about EUR 10 million (17) or 7,169,786 shares (7,827,951), equaling 11.4 per cent (12.5) of the share capital.

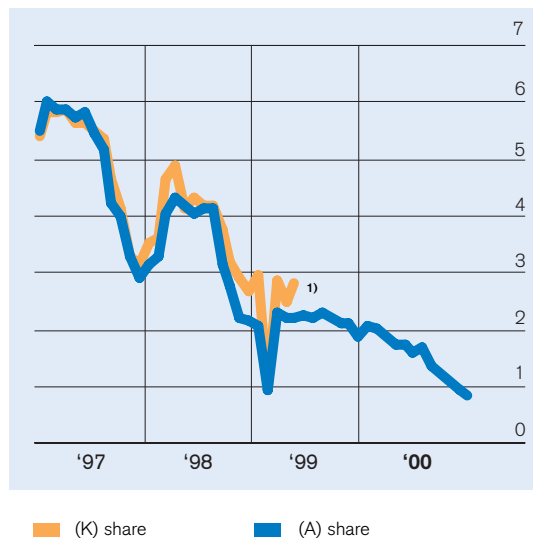
Silja Oyj Abp's shares have been quoted on the Helsinki Exchanges since the Exchange commenced in 1912. The exchange block of the share is 200 shares and its HEX code on the Helsinki Exchanges is SJA1V. The ISIN code is FI0009003651.

The total turnover of convertible subordinated bonds in 2000 was a little under EUR 3 million (6) and the price at the end of 2000 was 90 per cent (90) of the nominal value. The highest price of the year was 93 per cent (91), and the lowest was 90 per cent (82). The ISIN code of the loan is FI0002001298.

**Dividend policy.** The Board of Directors states that the Company has no funds available for distribution as dividends and proposes that no dividend be paid for the 2000 fiscal year.

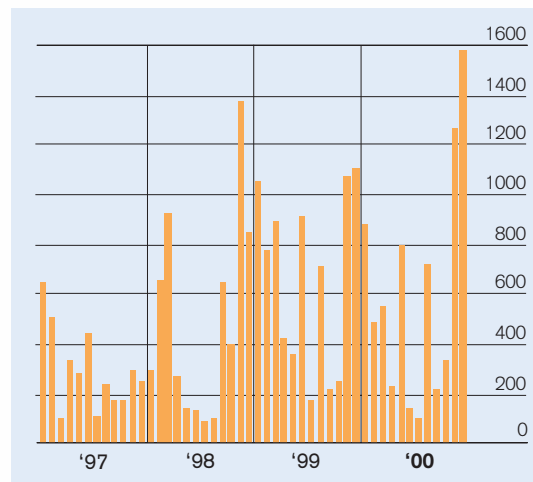
The Company's intention is to distribute at least one-third of net income to shareholders during the course of an economic cycle. The remaining net income remains in the Company and contributes towards securing the financial solvency.

Share price trends, EUR



<sup>1)</sup> Last quotation on May 11, 1999

Monthly trading volume, '000



## Financial Statements

### CHANGES IN SHARE CAPITAL

	Number of shares		Total	Total share capital	Total share capital	Total number of voting rights
	Series K	Series A		FIM	EUR	
Jan. 1, 1991	8,333,333	5,226,667	13,560,000	271,200,000		171,893,327
1996 Share issue		8,256,646	8,256,646	165,132,920		8,256,646
1998 Reduction of nominal value				-218,166,460		
1998 Share issue		40,360,159	40,360,159	403,601,590		40,360,159
1999 From issue account		720,877	720,877	7,208,770		720,877
Combining series of shares	-8,333,333	8,333,333				-158,333,327
Converting of share capital into euro				-628,976,820	105,786,307	
Dec. 31, 2000			62,897,682		105,786,307	62,897,682

### SHARE CAPITAL MAY INCREASE AS FOLLOWS

		Total number of shares	Total share capital EUR	Total number of voting rights
<b>Stock options</b>				
1997 Subscription not later than 2002		848,160	1,426,503	848,160
<b>Convertible subordinated bonds</b>				
Issued 1994–1995	114,871,008			
Purchased from the market 1996	<u>-59,503,038</u>			
Nominal value of outstanding bonds	55,367,970			
Conversion not later than 2004		4,692,074	7,891,502	4,692,074



**DISTRIBUTION OF SHARE CAPITAL, Dec. 31, 2000**

BY SHAREHOLDER CATEGORY	% of total no. of holders	% of total no. of shares and votes
Non-Finnish shareholders	2.5	69.2
Companies	5.0	10.1
Households and private persons	91.5	9.4
Financial institutions and insurance companies	0.3	7.7
Public corporations	0.1	0.3
Non-profit-making associations	0.6	0.2
Nominee accounts held at custodian banks		3.1
Not transferred to book-entry system		0.0
	100.0	100.0

BY SIZE OF HOLDING	No. of holders	% of total no. of holders	Total no. of shares	% of total no. of shares and votes	Average holding, no. of shares
1 – 500	2,801	56.7	513,018	0.8	183
501 – 5,000	1,895	38.3	3,114,211	5.0	1,643
5,001 – 10,000	145	2.9	1,065,202	1.7	7,346
10,001 – 50,000	74	1.5	1,551,430	2.5	20,965
50,001 – 100,000	6	0.1	516,430	0.8	86,072
100,001 –	21	0.4	56,123,005	89.2	2,672,524
Not transferred to book-entry system			14,386	0.0	
	4,942	100.0	62,897,682	100.0	12,727

BY SHAREHOLDERS	no. of shares	% of total no. of shares	% of total no. of votes Dec. 31, 1999
Silja Holdings Limited *)	31,448,841	50.0	50.0
NCC AB	7,139,302	11.4	11.4
The ODIN Funds	4,644,760	7.4	7.4
Nordea Plc	2,610,831	4.2	4.1
UPM-Kymmene Corporation	1,899,423	3.0	3.0
Stora Enso Oyj	1,261,211	2.0	2.0
The Industrial Insurance Group	1,288,403	2.0	2.0
Pohjola Non-Life Insurance Company Limited	1,185,156	1.9	1.9
Fortum Oil and Gas Oy	1,034,950	1.6	1.6
Oy Olympia Yhtiöt Ab	484,000	0.8	0.8
Nominee accounts held at custodian banks	1,922,189	3.1	3.5
Others	7,978,616	12.6	12.3
	62,897,682	100.0	100.0
Group Management's holding	5,350	0.0	
The Group's Mutual Insurance Company	51,430	0.1	
The Group's Pension Fund	157,460	0.3	

\*) Subsidiary of Sea Containers Ltd.



## Board of Directors' Proposal to the Annual General Meeting

### Disposition of accumulated losses

In accordance with the balance sheet at December 31, 2000, the consolidated accumulated losses amount to EUR 18,158 thousand. The Group has no funds available for distribution as dividends.

At December 31, 2000, the Parent Company balance sheet shows:

Accumulated losses from previous years	18,910,207.98 euro
Profit from the fiscal year	<u>11,581,382.04 euro</u>
A total loss of	7,328,825.94 euro

The Board notes that no dividend can be paid and proposes that the accumulated losses be carried forward.

Helsinki, February 22, 2001

*James B. Sherwood*

*David G. Benson*

*Daniel J. O'Sullivan*

*Eric D. Nilsson*

*Tommy Nilsson*

*Erik Stadigh*

*Kari Toikka*

*Nils-Gustaf Palmgren*  
President

# Auditors' Report

## To the Shareholders of Silja Oyj Abp

We have audited the accounting, the financial statements and the corporate governance of Silja Oyj Abp for the period 1.1.2000 – 31.12.2000. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on corporate governance.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of corporate governance is to examine that the members of the Board of Directors and the Managing Director have legally complied with the rules of the Companies Act.

In our opinion the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations as well as of the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the allocation of the profit is in compliance with the Companies Act.

Helsinki, February 22, 2001

*Tuokko Deloitte & Touche*  
Authorised Public Accountants

*Kaj Kiljander*  
Authorised Public Accountant

# Corporate Governance

**Organisation and administration.** Pursuant to the Companies Act and the Company's Articles of Association, the right of decision and the administration in the Company is divided between the shareholders represented by the Shareholders' Meeting, the Board of Directors and the President.

**Shareholders' Meeting.** The Shareholders' Meeting, which convenes at least once a year, generally in April-May, is the Company's highest decision-making body. According to the Companies Act, decisions in certain central matters devolve upon the Shareholders' Meeting, such as changes to the Articles of Association, approval of financial statements, determination of dividends and election of Board members and auditors. The Shareholders' Meeting also determines the fees of Board members and auditors.

**Board of Directors.** The Board of Directors is responsible for the administration of the Company and the appropriate organisation of its operations. The Board determines the principles for the Company's strategy, organisation, annual operating plans and budgets, financing and accounting and makes the decisions regarding major investments and divestments. The Board appoints the President. The Board also appoints the Executive Vice President and the members of the Board of Management.

The objective of the strategy determined by the Board is that, in the long term, the Company's operations maximise the value of the capital invested in the Company.

The Board of Directors is composed of at least five and at most twelve members. The term of office of members starts immediately after election and expires latest at the conclusion of the third Annual General Meeting following election. As far as possible members are chosen by the

Annual General Meeting so that each year one third of the membership is due to resign. Resigning members may be re-elected. If a member resigns during his term of office, the Shareholders' Meeting may elect a new member in his place for the remainder of his term of office.

A member of the Board of Directors may be removed from office only by decision of the Shareholders' Meeting.

The Board of Directors elects a Chairman and a Vice Chairman from among its members for the period ending at the conclusion of the following Annual General Meeting.

The Board of Directors has at present seven members, Mr James B. Sherwood, Mr David G. Benson, Mr Daniel J. O'Sullivan, Mr Eric D. Nilsson, Mr Tommy Nilsson, Mr Erik Stadigh and Mr Kari Toikka.

The Chairman of the Board is Mr James B. Sherwood and the Vice Chairman is Mr David G. Benson.

The Board of Directors convened eleven times during the year, of which six meetings were held over the telephone.

The fees of the Board of Directors are determined by the Shareholders' Meeting. Board members are paid a fixed annual fee and a fee for each meeting. The members of the Board committees also obtain a fee for each meeting. A total of EUR 0.1 million was paid out to Board members.

**Board Committees.** Among their number, the Board of Directors has an Audit Committee and a Remuneration Committee.

The Audit Committee consists of Mr Daniel J. O'Sullivan and Mr Kari Toikka. The Audit Committee lays down the guiding principles for accounting and internal control in the Company. It is also the duty of the Committee to acquaint itself with internal monitoring systems and internal

auditing. The Audit Committee acts as a link between the Board of Directors and the external auditors.

The Remuneration Committee consists of Mr David G. Benson, Mr Tommy Nilsson and Mr Erik Stadigh. The Remuneration Committee prepares for the Board of Directors matters concerning the salaries and benefits of the President, the Executive Vice President and the members of the Board of Management.

**President.** The Company has a President who is appointed by the Board of Directors and is responsible for current administration according to the instructions and directives of the Board of Directors. The President may have a deputy. Mr Jukka Suominen was President up to July 31, after which date Mr Nils-Gustaf Palmgren has held the position. Mr Henrik Österberg was Executive Vice President up to February 23, 2001.

The President, who is assisted by the Board of Management, is responsible for current operations and carries out the decisions of the Board of Directors. The President may take extraordinary measures only with the consent of the Board of Directors, with the exception of situations involving a risk that the Company may suffer considerable damage by the delay that may arise from obtaining the consent of the Board of Directors. In such cases the Board of Directors shall be informed of measures taken as soon as possible.

The President attends the meetings of the Board of Directors.

**Board of Management.** The Board of Management consists of the President, the Executive Vice President and the persons responsible for the essential functions. The Board of Management assists the President in the planning and operations and in preparing the matters coming up

before the Board of Directors. The Board of Management meets regularly. The members do not receive any extra fees for their membership on the Board of Management.

The Board of Management consists of the Executive Vice President, Mr Henrik Österberg up to February 23, 2001, Mr Sören Pettersson (finance), Mr Lars Wendelin (passenger services), Mr Sören Lindman (cargo services), Mr Christian Grönvall (shipping) and Mr Tuomas Nylund (corporate communications). The President, Mr Nils-Gustaf Palmgren, is Chairman of the Board of Management.

**Internal control.** As the principal duty of the external auditors is to audit the legality of accounting and administration, the Company has an internal control function whose duty is to assist the President and the Finance function in supervising the Company's operations. The duty of the function is to supervise the Company's risk management, to locate and report any defects and to propose measures for improvement.

The internal control function co-operates closely with the Company's external auditors.

**Insiders.** The Company observes the insider instructions issued by the Finnish Central Chamber of Commerce, the Confederation of Finnish Industry and Employers and the Helsinki Exchanges. The Company has defined a more extended insider circle than stipulated by the law: all members of the Board of Management are defined as permanent insiders.

## Board of Directors, President and Auditor



From left, seated: Erik Stadigh, James B. Sherwood, Kari Toikka.  
Standing: Tommy Nilsson, Daniel J. O'Sullivan, Eric D. Nilsson, David G. Benson.

	Member since/ Period of office until <sup>1)</sup>		Member since/ Period of office until <sup>1)</sup>
<b>Chairman</b>			
James B. Sherwood, born 1933 President, Sea Containers Ltd.	1999/2003	Tommy Nilsson, born 1944 Senior Vice President, NCC AB	1994/2002
<b>Vice chairman</b>			
David G. Benson, born 1944 Senior Vice President, Passenger Transport, Sea Containers Ltd.	1999/2003	Erik Stadigh, born 1928	1995/2002
		Kari Toikka, born 1950 Senior Vice President, UPM-Kymmene Corporation	1998/2002
Daniel J. O'Sullivan, born 1938 Senior Vice President, Finance, and Chief Financial Officer, Sea Containers Ltd.	1999/2001		
		<sup>1)</sup> The Board members are appointed for periods of three years, expiring at the Annual General Meeting during the year stated	
		<b>President</b>	
Eric D. Nilsson, born 1927 Honorary Chairman, Rederiaktiebolaget Gotland	1999/2001	Nils-Gustaf Palmgren, born 1936	
		<b>Auditor</b>	
		Tuokko Deloitte & Touche Ltd., responsible auditor Kaj Kiljander, Authorised Public Accountant in Finland	

## Board of Management



Nils-Gustaf Palmgren, born 1936  
President and CEO, 2000-  
Employed since 1961  
Holding: 2,600 shares,  
54,720 options



Lars Wendelin, born 1942  
Senior Vice President,  
passenger services, 2000-  
Employed since 1984  
Holding: 54,720 options



Sören Lindman, born 1940  
Senior Vice President,  
cargo services, 1999-  
Employed since 1973  
Holding: 27,360 options



Christian Grönvall, born 1945  
Senior Vice President,  
shipping, 1999-  
Employed since 1970  
Holding: 27,360 options



Sören Pettersson, born 1943  
Senior Vice President,  
CFO 2001-  
Employed since 1983  
Holding: 3,150 shares,  
27,360 options



Tuomas Nylund, born 1952  
Senior Vice President,  
Corporate Communications,  
2001-  
Employed since 1995

Mr Jukka Suominen was President and CEO until July 31, 2000.

Mrs Riitta Vermas was Senior Vice President, passenger services, until March 31, 2000.

Mr Henrik Österberg resigned from his post as Executive Vice President and CFO on February 23, 2001.

# Addresses

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# Information to Shareholders

**Annual General Meeting.** The Annual General Meeting will be held at 2 p.m. on Wednesday, May 9, 2001, in the Conference Hall of the Hotel Palace, Eteläranta 10, Helsinki. Shareholders listed in the records of the Company's shareholders maintained by the Finnish Central Security Depository Ltd. not later than April 27, 2001, are entitled to participate in the Annual General Meeting.

Shareholders whose shares have not been transferred to the Finnish book-entry system may also participate in the Annual General Meeting, on condition that such shareholders were registered in the Company's Share Register not later than March 4, 1994. In such cases, the shareholders' share certificates, or other documentation showing that ownership has not been entered in the book-entry system, must be presented at the Annual General Meeting.

Shareholders wishing to participate in the Meeting must notify their intention to attend not later than 12.00 noon on Monday, May 7, 2001, either in writing to Silja Oyj Abp, P.O. Box 659, FIN-00101 Helsinki, or by phone +358 9 180 4511.

**Financial information.** This annual report, the environmental report of the subsidiary Silja Line and all financial reports are published in Swedish and as Finnish and English translations.

The following information will be published during the 2001 fiscal year:

Interim Report Jan. 1 to March 31	May 9
Interim Report Jan. 1 to June 30	August (week beginning August 13)
Interim Report Jan. 1 to Sept. 30	November (week beginning November 5)

The result for 2001 will be published in February 2002 and the annual report for 2001 in March 2002.

As a growing number of shareholders and investors wish to obtain real-time information about companies' financial development, the importance of electronic means of communication, above all the Internet, has increased significantly. Therefore Silja will no longer issue its interim reports in printing, nor mail them to the shareholders. Instead, all result bulletins and stock exchange releases will be published in English, Finnish and Swedish in real time on the Internet at [www.silja.com](http://www.silja.com).

Paper copies of interim reports can be ordered from Silja Oyj Abp, P.O.Box 659, FIN-00101 Helsinki, phone +358 9 180 4511, or from the e-mail address [info@silja.com](mailto:info@silja.com).

**Changes of name and address.** For the purpose of registering changes of name and address, shareholders are requested to contact the bank or security registration institute managing the book-entry account.

The Company's Trade Register number in Finland is 5.916.



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