
ANNUAL REPORT
2007
Finnlines

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FINNLINES IN 2007

Finnlines is one of Europe's largest shipping companies specialised in scheduled liner services. In addition to providing sea transport services in the Baltic Sea and North Sea areas, Finnlines provides port services, mainly in Helsinki, Turku and Kotka. These two core business areas are supported by efficient, extensive and flexible information management services. The Finnlines fleet consists of ro-pax (ro-ro passenger) and ro-ro (roll-on, roll-off) vessels, specifically designed for northern conditions. The Company has subsidiaries or sales offices in Germany, Belgium, United Kingdom, Sweden, Denmark, Norway, Russia and Poland, as well as a wide network of sales agents located throughout Europe.

- In January Finnlines' majority shareholder, the Grimaldi Group, made a mandatory bid for all shares in Finnlines Plc, offering a cash price of EUR 17.00 per share. This increased the Grimaldi Group's holding of shares and voting rights to 50.7 per cent. At year-end, Grimaldi's holding of shares and voting rights in Finnlines was 52.5 per cent.
- The AGM held on 16 March 2007 decided to distribute dividends of EUR 0.42 per share, i.e. a total of EUR 17.1 million. The dividend payment day was 28 March 2007. The AGM set the number of members of the Board of Directors at seven; Emanuele Grimaldi was re-elected, while the new members were Gianluca Grimaldi, Diego Pacella (Deputy Chairman), Heikki Laine, Antti Pankakoski, Olav K. Rakkenes and Jon-Aksel Torgersen (Chairman). Authorised Public Accounting Firm Deloitte & Touche Oy was appointed as the company's auditor.
- President and CEO Antti Lagerroos resigned from his post in February, and Board member Olav K. Rakkenes was appointed as acting President and CEO as of 24 April 2007.
- Christer Antson, Master of Science (Economics and Business Administration), was appointed Finnlines' President and CEO from 4 July 2007. Prior to this appointment, he was Executive Vice President, Financial Accounting and Administration. At the same time Seija Turunen, Master of Science (Economics and Business Administration), was appointed Deputy CEO and Chief Financial Officer (CFO). She is in charge of the Group finance, communications, human resources, administration and information technology. Prior to this appointment, she was the company's EVP Finance and Communication.
- Finnlines' third ro-pax newbuilding, the MS Finnlady, began operating between Helsinki and Travemünde in mid-February, while the fourth vessel in the series, the MS Europalink started on the Malmö–Travemünde route in March. The fifth and last newbuilding of the series, the Nordlink, was completed in July and started running between Malmö and Travemünde at the end of the month.
- The MS Finntrader was transferred to NordöLink traffic in February. Her sister vessel, MS Finnpartner, was docked for conversion in April, and started in NordöLink traffic in early September. These so-called Hansa vessels were converted to drive-through vessels with increased passenger capacity. The MS Finnclipper returned to FinnLink traffic in March, after a conversion where its cargo capacity was increased by 500 metres to 2,900 lane metres.
- In April, Finnlines agreed to sell the ro-pax vessels MS MalmöLink and MS LübeckLink, built in 1980. The first of these NordöLink vessels was replaced in late July by the MS Nordlink, and the second with the newly converted MS Finnpartner.
- In late August, Finnlines ordered six new ro-ro vessels from a Chinese shipyard called Jinling. Each vessel will have a cargo capacity of approximately 3,200 lane metres and a speed of 20 knots. The cost of the contract is approximately EUR 240 million. The vessels are to be delivered between 2010 and 2011, and will form an essential part of Finnlines' ice-strengthened fleet.
- In autumn, the Company set up a new Passenger Services business unit, which was put in charge of the passenger traffic of all group lines from the beginning of 2008.

FINNLINES (IFRS)	2007	2006
Revenue, EUR million	**685.5**	632.7
Earnings before depreciation and amortisation (EBITDA), EUR million	**121.9**	98.1
Operating profit (EBIT), EUR million	**68.8**	58.2
Profit before extraordinary items, EUR million	**34.4**	56.5
Earnings per share, EUR	**0.83**	1.38
Dividend per share, EUR	**0.00***	0.42
Equity ratio at close of period, %	**31.1**	39.7
Gearing at close of period, %	**167.4**	104.2

* Board's proposal

CHIEF EXECUTIVE OFFICER'S REVIEW

Finnlines has undergone big changes in the last year, both operationally and in its top management. With the new majority shareholder, the whole Board of Directors changed, save for one member. The new Board has a strong representation of the majority shareholder, as well as solid competence in and visions of the shipping sector.

The handover of the President and CEO's position took place gradually over the spring and summer. The appointment of the new President and CEO from within the company was a vote of confidence and continuity in the organisation and its operations.

During the period under review, the company completed its ro-pax newbuilding project and its efforts to convert older vessels. The financial results for 2007 show the impact of these projects and of the cost of bringing new vessels into operation stagewise.

Our ro-pax concept is based on an owned fleet. On the other hand, our pure cargo fleet has for a long time been entirely dependent on time-chartered vessels. During the year under review, the company initiated a programme to build six new ro-ro vessels. The new vessels will have more versatile characteristics than the existing tonnage, and thanks to their hostable car decks, they will be better suited to transporting new cars. In approximately three years, these vessels will replace a part of the company's current time-chartered fleet; or, depending on the market, they may be used to increase our ro-ro capacity.

One of the company's financial targets has been to maintain a strong balance sheet structure. In addition to already realised investments of EUR 700 million, an investment of approximately EUR 240 million is under way into vessels and, on land, into the new Port of Vuosaari. These investments are highly strategic in terms of the company's competitiveness, but naturally they will affect our solvency in the short term.

Maritime traffic is expected to continue growing rapidly in northern Europe, due particularly to the growth and increased transport needs of the Russian market. Russia's importance in terms of the group's business will grow further, and traffic to Russia, both directly and via Finland, is one of the areas on which we will focus particularly.

Finnlines' business is built around scheduled liner services. Effective use of Finnlines' comprehensive liner network can provide Finland's export industry with a regular and reliable channel to the central European market.

The new ro-pax vessels increased the group's passenger capacity considerably. All of the group's ro-pax routes will in future be marketed under the Finnlines brand. Our aim is to increase our share of Baltic Sea passenger traffic significantly.

We have been carrying out some reorganisations to respond to these new challenges. Since the beginning of 2008, the company has also had a larger Board of Management, with representatives from all of the main business units. We have also initiated a development programme to increase efficiency and channel resources more effectively to where they are needed the most.

Competent, committed staff forms one of Finnlines' main resources. I would like to thank all employees for their efforts in the past year, and motivate them to tackle future challenges with enthusiasm.

Many changes during the year under review were disruptive for our customers. I would like to take this opportunity to thank all our customers for their patience, and emphasise that I strongly believe that the new vessel concept and organisation will bring great opportunities for long-term development.

Helsinki, 20 February 2008

Christer Antson

BUSINESS CONCEPT

Finnlines promotes international commerce by providing efficient, high-quality sea transport and port services, mainly to meet the requirements of the European industrial, commercial and transport sectors as well as private travellers.

FINANCIAL GOALS

Finnlines' objective is to guarantee long-term profitability through high-quality operations, to generate added value for its shareholders and to maintain a healthy capital structure. A strong balance sheet helps the company withstand business risks and economic fluctuations in the sector. It also enables the controlled growth and development of the company through the utilisation of emerging business opportunities. The Board of Directors bases its annual dividend proposal on the company's capital structure, future outlook, and investment and development needs.

VALUES

CUSTOMER FOCUS

Our customers choose us thanks to our competence and expertise. Satisfied customers are the basis for Finnlines' enduring success. By identifying its customers' needs, the company will be able to continue developing its service products and to generate concrete added value for its customers.

PROFITABILITY

We achieve our objectives. Through the quality of our business operations, we are able to guarantee long-term profitability and generate added value.

RESPONSIBILITY

We adhere to the principles of sustainable development. Environmental responsibility forms part of our company's everyday operations. We take safety issues into consideration in all our operations.

EMPLOYEE SATISFACTION

Finnlines is a reliable and motivating employer, which treats its employees with fairness and equality.

STRATEGIC GOALS

An even stronger position in traffic in the Baltic Sea and North Sea

- We will invest in the operational efficiency of our current transport areas.
- We will open new routes according to market opportunities.
- We will actively participate in the consolidation processes taking place in our sector.

A stronger position in Baltic Sea passenger traffic

- Our fleet consists of large, powerful ro-pax vessels, which offer passengers quick and easy travel between Finland, Sweden and Germany.

A stronger position in Russian freight traffic

- We will be the leading shipping company in transit traffic.
- We will actively develop and market direct transport routes between Central Europe and Russian Baltic ports.

Increased profitability

- We will strive to improve productivity. One of the main means is to concentrate on routes with the highest possible passenger and cargo volumes in both directions.
- We will improve the efficiency of our operational management and reporting.
- We will handle environmental and safety issues efficiently.
- We will invest in the competence of our personnel.

EFFICIENT LINER SERVICES

BUSINESS ENVIRONMENT

Finnlines operates mainly in the Baltic Sea and the North Sea. Unitised cargo traffic is growing strongly in the Baltic Sea, due among other factors to increasing traffic volumes in Russia. As more and more companies cease to maintain stocks, delivery reliability in the transport chain, information management and departure frequency become ever more important. High fuel oil prices make up a major expense factor in the transport sector as a whole.

THE FINNLINES FLEET

The last three new Star-class ro-pax vessels were delivered and put into service. One of them started plying between Helsinki and Travemünde together with her two sister vessels, which were delivered in 2006, and two in Travemünde–Malmö traffic during the year under review.

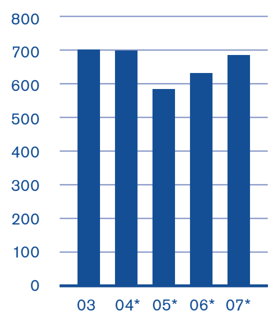
Finnlines is also renewing its purely cargo-focused ro-ro fleet, shifting the emphasis onto owned tonnage in these type of vessels as well. In 2007, the Group placed an order for six 10,500 DWT ro-ro vessels from Jinling shipyard in China. The vessels are to be delivered in 2010–2011. During the year, the Group had an average of 41 vessels in traffic, consisting of 23 ro-ro, 15 ro-pax and 3 other vessels. At year-end, the total capacity of the ro-ro liner fleet was approximately 87,000 lane metres. At year-end, the Group owned 15 vessels, which was equivalent to approximately 55 per cent of its ro-ro capacity. The average age of the Group's tonnage was approximately 8 years. The owned fleet is managed by the Group.

ROUTE NETWORK

In 2007, Finnlines operated around 70 weekly departures from Finland, covering all of Finland's major ports. The main general cargo traffic ports were Helsinki, Turku and Naantali. Other liner traffic ports for Finnlines were Kotka, Hamina, Hanko, Rauma and Kemi.

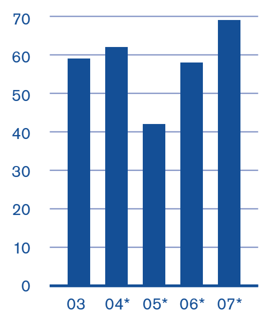
The main ports used in Sweden were Kapellskär and Malmö, while the main port in Denmark was Århus, in Poland it was Gdynia, and in Germany Lübeck/Travemünde, which was the most important port for both Finnish and Swedish routes. The main ports in the North Sea region were Antwerp and Zeebrügge in Belgium, Amsterdam in the Netherlands, and Hull in the UK. The main port in the Bay of Biscay was Bilbao, in Spain. Finnlines also had a direct link between St. Petersburg and Lübeck (TransRussiaExpress).

Revenue 2003–2007 **, EUR million



* IFRS

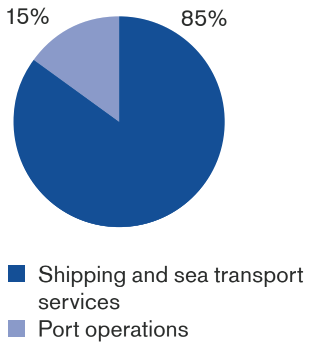
Operating profit 2003–2007 **, EUR million

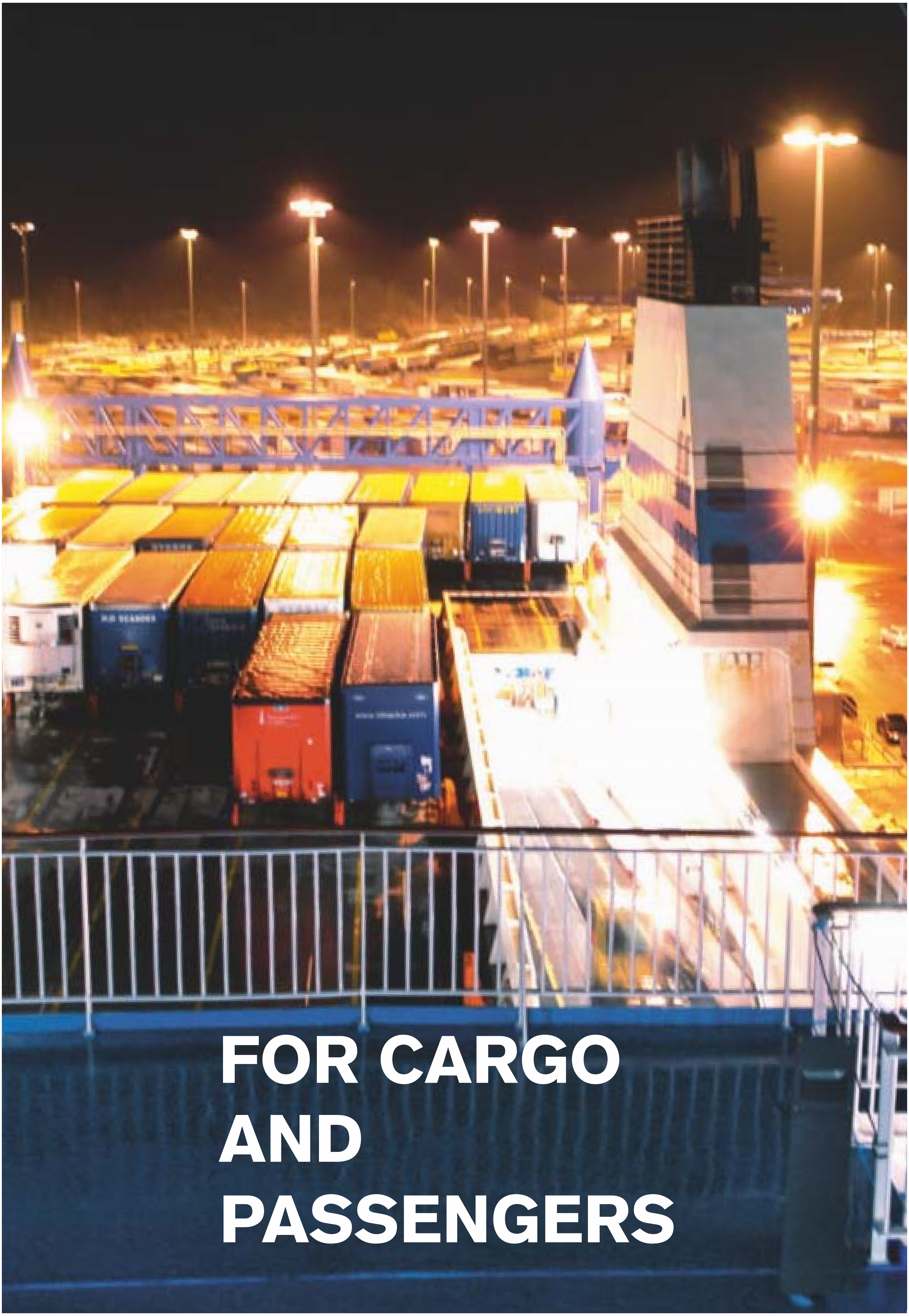


* IFRS

** Figures for 2003–2004 have not been divided into continuing and discontinuing operations.

Breakdown of revenue 2007, %





FOR CARGO AND PASSENGERS

SHIPPING AND SEA TRANSPORT SERVICES

Finnlines is one of the leading operators in the sector in the Baltic Sea. Its strong position derives from excellent services and a product concept tailored to its customers' needs. Finnlines' high frequency of departures, cargo capacity and information services contribute flexibility, reliability and predictability to customers' transport plans.

The Group operates an unmatched owned fleet of 15 ro-pax vessels, all of which can carry passengers, and an average of 20 time-chartered ro-ro vessels purely focused on cargo.

Despite tough competition, Finnlines strengthened its market-leading position on all of its ro-pax lines in 2007. The cargo volumes transported during the year totalled approximately 807,000 (743,000 in 2006) units, 96,000 (149,000) cars (not including passengers' cars) and 2,363,000 (3,117,000) tonnes of non-unitised freight. Approximately 500,000 (400,000) passengers travelled with Finnlines in 2007. The figure includes freight-related passengers.

The division's turnover for the reporting period was EUR 585.1 (539.0) million, and it employed 1,321 (1,222) people at year-end.

The company's ro-ro operations run under the Finnlines name in the Baltic Sea and North Sea, under the FinnLink name between Naantali and Kapellskär (Finland–Sweden traffic), under the NordöLink name between Malmö and Travemünde (Sweden–Germany) and under the TransRussiaExpress name between Lübeck and St. Petersburg (Germany–Russia).

FINNLINES' RO-PAX AND RO-RO TRAFFIC

Finnlines operated liner services under its own name in the Baltic Sea, the North Sea and the Bay of Biscay. The company also provided related tailor-made door-to-door and terminal services. During 2007, Finnlines' competitive position strengthened especially in German traffic, where the running-in of new Star-class vessels was completed successfully. The new capacity both increased competitiveness and improved the services offered to customers. The route with the highest frequency, Helsinki–Travemünde, had nine weekly departures in both directions at the end of the year, with three Star-class and two Hansa-class vessels.

FINNLINK TRAFFIC

FinnLink traffic operated on four ro-pax vessels offering four daily departures in both directions for unitised cargo traffic on the maritime route between Naantali (Finland) and Kapellskär (Sweden). The fast eight-hour connection and the service's schedule, tailored to the needs of freight customers, maintained the competitiveness of the route.

The number of trucks transported by FinnLink increased by 13 per cent over the year. The company's market share was approximately 50 per cent.

NORDÖLINK

NordöLink provides a nine-hour connection between Malmö (Sweden) and Travemünde (Germany). In 2007, NordöLink operated four vessels providing four daily departures in both directions.

During the year, NordöLink's transported volumes increased by 7 per cent compared to the previous year. NordöLink maintained its market-leading position on the Lübeck/Travemünde–Southern Sweden route with a 50 per cent market share.

TRANSRUSSIAEXPRESS (TRE) TRAFFIC

The Russian market has become a stable part trade in the northern Baltic and also shows increasing southbound volumes.

Due to the very positive development of cargo volumes between central Europe and Russia, a fourth vessel was added to the line between Lübeck (Germany) and St. Petersburg (Russia). With its TRE traffic, Finnlines is the biggest ro-ro operator in direct traffic to Russia via the Baltic Sea.

Finnlines owns 75 per cent of TransRussiaExpress with the remaining 25 per cent owned by Russian partners. The main problem with this service is the lack of port capacity in St. Petersburg.

OTHER TRAFFIC

Intercarriers, which is 51 per cent owned by Finnlines, offered small-tonnage traffic services from ports in Lake Saimaa and some Russian inland ports to various parts of Europe.

PASSENGER SERVICES

The arrival of the new Star-class vessels and the new cabins added to two Hansa-class vessels during the conversion significantly increased Finnlines' passenger capacity. In 2007, the company's 15 ro-pax vessels transported nearly 500,000 passengers, including freight drivers (400,000 in 2006).

Finnlines formed a separate business unit out of its passenger services and will use the Finnlines brand in consumer marketing on all ro-pax lines from the beginning of 2008. The main passenger traffic route is Helsinki–Travemünde, whose sales and marketing were outsourced in 2007 to the Nordic Ferry Center travel agency. The line has five vessels, of which three are Star vessels with capacity for 500 passengers. The line more than doubled its passenger transports over the previous year.

On the Naantali–Kapellskär line, operated by FinnLink with four vessels, the number of passengers grew by 23 per cent over 2006. Most of the passengers on the Malmö–Travemünde line consisted of NordöLink lorry drivers. The first measures were taken with the aim of increasing this line's passenger traffic in 2008. The Lübeck–St. Petersburg line (TransRussiaExpress) included one ro-pax vessel with limited passenger capacity, offering one weekly departure in each direction.

NEW PORT FOR THE HELSINKI METROPOLITAN AREA

PORT OPERATIONS

Finnlines' subsidiary Finnsteve is Finland's leading port operator for general cargo traffic. Its customers are Finnish companies involved in international trade, as well as transport operators who deal in imports, exports and transit traffic. The speed and efficiency of Finnsteve's port operations and the 24-hour availability of its services make ports handled by Finnsteve attractive even to transit operators. Finnlines uses Finnsteve's services in its own roro traffic to complement its own shipping services for managing customers' logistical chains. However, most of Finnsteve's revenue comes from work done for other customers.

Finnsteve offers port operations in the ports of Helsinki, Turku, Naantali and Kotka, as well as the industrial port of Kantvik. Helsinki, Turku and Naantali are Finland's most important ports for scheduled liner traffic. In 2007, Finnlines' Port Operations generated revenues of EUR 133.2 (123.1) million, and Finnsteve employed an average of 1,014 (974) people. Finnsteve specialises in providing services to operators of transit, regular and planned unitised cargo traffic, i.e. stevedoring, terminal services, ship clearance warehousing and container depot services.

Norsteve AS, which carries out stevedoring and terminal operations in the port of Oslo, is a wholly owned subsidiary of Finnsteve.

PORTS

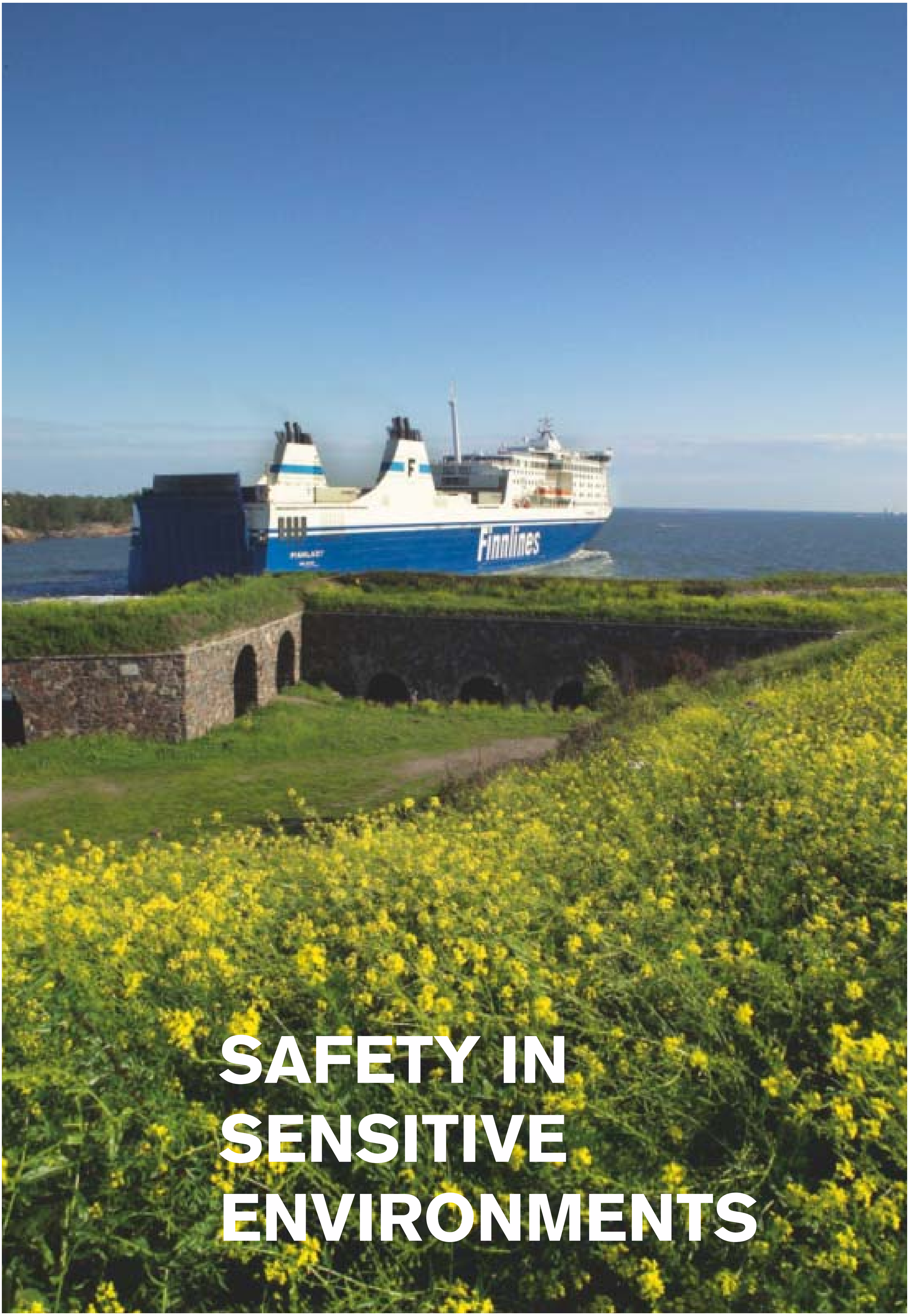
The Port of Helsinki is Finland's most important port. It provides unitised cargo traffic services for companies engaged in Finland's foreign trade. The strengths of the Port of Helsinki include a regular and frequent volume of sea traffic combined with efficient stevedoring services. Helsinki is also Finland's busiest passenger traffic port, providing a variety of links with the cities of Tallinn, Stockholm and Travemünde.

A total of 985,000 units of freight passed through the Port of Helsinki in 2007. This is equivalent to more than 11.9 million tonnes of goods; the corresponding figures for the previous year were 743,700 units and 9.9 million tonnes.

After Helsinki, Turku is Finland's second major unitised cargo and general cargo harbour. It is also Finland's only rail ferry harbour. A total of 159,300 units passed through the Port of Turku, which is equivalent to 3.9 million tonnes of freight. In the previous year, there were 158,000 units and 4.1 million tonnes.

A total of 315,000 (234,000) containers passed through the port of Mussalo in Kotka.

A new, modern unitised cargo handling port is being constructed in Vuosaari, Helsinki. Finnlines freight and passenger traffic currently being handled in Helsinki's West Harbour and North Harbour will be transferred to Vuosaari in late 2008. The construction project is a joint effort by the Port of Helsinki, the Finnish Maritime Administration, the Finnish Rail Administration and the Finnish Road Administration, while Finnsteve is actively involved in the port's operational planning. In February 2007, the Port of Helsinki and Finnsteve made a long-term agreement regarding the operation of the port of Vuosaari. Finnsteve has been appointed a 70-hectare operating area in the eastern part of the harbour, where it will manage the terminal, offering port services for containers, trailers and trucks. The area will contain ten berths for ro-ro vessels and 750 metres of quay for container vessels. Finnsteve is building employee rest facilities, a machine maintenance hall, an export terminal and a container terminal there, transferring all of its stevedoring equipment and machinery to the area. The largest investments into machinery and equipment were four large container cranes.



SAFETY IN SENSITIVE ENVIRONMENTS

ENVIRONMENT AND SAFETY

Environmental responsibility forms part of Finnlines' everyday operations, and safety aspects are taken into consideration in all of our activities. The environmental management system encompasses programmes and practices to minimise the environmental effects of operations.

In comparison with other transport modes, shipping is energy-efficient. Transferring the carriage of goods from road to sea also reduces congestion and noise on roads.

Finnlines focuses on optimising its transports and routes to achieve the highest possible capacity utilisation level on both southbound and northbound voyages. This minimises environmental stress per transported cargo unit.

ENVIRONMENTAL POLICY

Finnlines' environmental policy defines the targets and principles of the company's environmental work. The company's objectives for environmental matters are:

- To rank among the leading companies in the industry regarding focus on the environment.
- To provide safe, top-quality services while taking into account their environmental impact in every aspect of operations.
- To use natural resources responsibly.

The environmental management system plays an important role in implementing the principles of sustainable development. In 2007, all of Finnlines' ro-pax ships were incorporated into the environmental certificate issued by Lloyd's Register Quality Assurance. Certification complies with the requirements of the ISO 14 001 standard and covers the management and manning of ships, purchasing, planning of new vessels and operation of cargo and vessels. Many of the ship-owning companies and port operators that cooperate with Finnlines also have the ISO 14001 certificate.

All vessels have been certified in accordance with the International Safety Management Code, which also regulates pollution prevention. All vessels comply with the requirements of the International Ship and Port Facility Security (ISPS) Code. In November 2007 the European Commission carried out a maritime security inspection concerning the application of the ISPS Code within Finnlines' Ship Management and reported that Finnlines fulfilled the requirements of the ISPS.

STAKEHOLDERS

In environmental and safety matters, Finnlines' most important stakeholders are the flag and host state administration, customers, shareholders and subcontractors, as well as the inhabitants of harbour and fairway areas. In terms of environmental and safety issues, the Group's most important subcontractors are ship-owner and management companies and port operators. The development in environmental and safety issues is followed up with research institutes, maritime colleges and different organisations. The company is actively engaged in the operations of Finnish and Swedish ship-owners' associations. On MS Finnmaid, the Finnish Institute of Marine Research has installed a device for measuring temperature, salinity and algal blooms on the Helsinki-Travemünde route. Finnlines participates in a number of committees, such as the environmental committee of the Confederation of Finnish Industries.

LEGISLATION

In compliance with its environmental policy, Finnlines observes applicable legislation unconditionally. The International Maritime Organisation (IMO) manages international legislation on safety and environmental matters. The Marpol 73/78 Convention contains, among other things, regulations on the disposal of waste and sewage into the sea, and on the prevention of air emissions. Maritime safety matters are regulated by the SOLAS Convention. The European Union and HELCOM have issued their own directives and recommendations on shipping. The company's port operations comply with national legislation.

Vessels are regularly inspected and audited by the flag state administration, classification societies and certification institutions. In addition, port and host state control inspections are held on ships.

SAFETY AND SECURITY

The aim of the Safety Management System is to prevent loss of human life and damage to cargo and the environment. The system is continuously developed through internal audits and crew training. Emergency procedures are regularly rehearsed on vessels and in the shore organisation. Joint emergency simulations were held with rescue authorities in 2007.

Deck officers attended Bridge Resource Management courses and trained in the use of new navigation equipment in the bridge simulator run by Sydväst. In 2008, the simulator will be used to practise manoeuvring to the new port of Vuosaari.

Sea-going staff trained in survival techniques and the use of life-saving equipment at the Survival Training Unit of the Maritime Safety Training Centre. The training centre has the same equipment as ships, as well as adjustable conditions such as strong winds and waves, to make training situations realistic.

ENERGY CONSUMPTION AND ATMOSPHERIC EMISSIONS

Fuel combustion in diesel engines creates exhaust gases that contain carbon dioxide, carbon monoxide, hydrocarbons, sulphur, nitrogen oxides and fine particles.

The Baltic and the North Sea are both Sulphur Oxide Emission Control (SECA) areas in accordance with the Marpol Annex VI. This means that ships must use fuel with maximum 1.5 per cent sulphur content, the global limit being 4.5 per cent.

The quality of fuel is followed by taking several samples that are sent to a laboratory for testing whenever it is deemed necessary. The sulphur content of the fuel varies somewhat depending on the supplier. The sulphur content of the heavy fuel oil used by Finnlines ships varied from about 0.8 per cent to 1.45 per cent in 2007. There are risks related to the availability of low-sulphur fuel and therefore Finnlines has made longer contracts with suppliers.

In port, power is generated using auxiliary engines. As of 2010 there will be a maximum 0.1 per cent sulphur limit on all marine fuel used at berth in EU ports. Finnlines' vessels already run on non-sulphur fuel oil in port.

Fuel consumption is not only a significant environmental aspect, but also an economic factor. It can be reduced by optimising the route, load, speed, trim and engine mode for each part of the voyage. Timetable planning also has an impact on fuel consumption. An electronic route-planning tool, the Onboard Napa Power system, has been trialled on the Finnmaid and the trial will continue with a Speed Pilot system. The ships being built in China will have a better hull than previous ships in this series, and together with newly designed propellers and rudders, this will enable better fuel economy.

Air emissions from MS Finnstar were measured by the Kymenlaakso University of Applied Sciences and the report proved that the new ship is equipped with the best available engine technology.

Six vessels in Finnlines' traffic are equipped with a water emulsion system whereby water is added to the fuel to reduce nitrogen dioxide emissions.

In port, efforts to reduce emissions include regular maintenance, renewal of the machines and equipment, use of electrical heating and electric forklift trucks, production planning and training for drivers.

WASTE AND SEWAGE

Waste management companies have been consulted to provide ships with modern handling facilities. The primary target of waste management is to eliminate waste generation; the secondary target is to minimise the amount of waste to be taken to landfills. The main waste type generated on board is recyclable waste (e.g. glass, paper, cardboard, metal). Hazardous waste, including oil waste, oily filters, paint, and batteries, is separated and taken to a separate container in port. Food waste from the new ro-pax vessels is taken to a sewage treatment plant in Helsinki. Vessels in FinnLink and NordöLink traffic also separate combustible waste.

Every ship of 400 GT and above must carry a garbage management plan providing written procedures for collecting, storing, processing and disposing waste, including the use of onboard equipment. Each discharge operation must be recorded in a Garbage Record Book.

Different types of wastewater are produced onboard: black water comes from toilets, grey water comes from kitchens and showers and bilge water is wastewater from engine rooms. There are no restrictions on the discharge of grey water, but Marpol contains regulations concerning other waste waters.

Although Finnlines' ro-pax vessels have waste treatment plants, the vessels send black water to onshore municipal sewage systems whenever they are accessible. Tank vehicles are used where reception facilities are not provided. Grey water, too, is pumped to the sewage system whenever it is available.

Cargo ships are also equipped with sewage treatment plants. After treatment, the remaining slurry is taken ashore.

Bilge water is separated in separators. The limit for the oil content of water that may be discharged into the sea is 15 ppm and the remaining sludge is always taken ashore. New bilge water separators have been installed on the ro-pax vessels. A sample of the separated bilge water from the Finnhansa was analysed and it was reported that the separator efficiently removes all the oil, exceeding the regulations.

OTHER ENVIRONMENTAL ASPECTS

Recognising its environmental responsibility, Finnlines has tested the use of non-hazardous cleaning chemicals on deck and in the engine room. Biodegradable cleaning and waste treatment products that also eliminate corrosion in tanks and prevent build-up of scale have been introduced on some ships.

In addition to fuel oils, ships use lubricants and hydraulic oils. Finnlines has partly replaced the use of mineral oils with environmentally non-hazardous biological oils

In port, noise is caused by vehicles and cargo handling. Onboard, the main sources of noise are ventilators and auxiliary engines. Some ports are located close to residential and even recreational areas with lower noise level requirements. To fulfil the requirements, exhaust pipes in auxiliary engines and silencing of ventilation ducts have been improved on ships, but on old ships it is challenging to make later changes.

Micro-organisms attached to the ship's hull slow the ship down, increasing fuel consumption and air emissions. The underwater hulls of Finnlines' own vessels are painted with epoxy-based paints that do not give off toxic substances into the sea. The underwater hulls are brushed and cleaned at regular intervals. The plan is to test new toxin-free paints that reduce friction and provide a glassy coating to the hull.

	2007	2006	**2007**	2006
(In tons)	**Sea traffic**	Sea traffic	**Port operations ***	Port operations *
Fuel	**460 300**	450 000	**2 500**	2 780
Carbon dioxide emissions (CO_2)	**1 436 000**	1 407 200	**7 800**	8 700
Sulphur dioxide emissions (SO_2)	**12 200**	13 800		
Nitrogen oxide emissions (NO_x)	**24 900**	24 200		
Fuel kg/tonne-km	**0.034**	0.026		

* Figures include port operations in Helsinki and Turku.

HUMAN RESOURCES

In 2007, the last three newly built Star-class vessels came into traffic, while two Hansa-class vessels were converted and transferred from Finland–Germany traffic to NordöLink traffic. The monitoring teams in Italy (ropax vessel building) and Poland (conversions) completed their work and their members moved on to other tasks within Finnlines. These changes in the fleet have required personnel transfers and extensive training in the use of new technologies. Preparations continued for the move in late 2008 to the new harbour in Vuosaari. UK operations were centralised to Hull.

TRAINING

The aim of the company's employee training programme is to improve operations, increase expertise and maintain motivation for work. New employees take part in specifically designed orientation programmes. The whole Group also makes use of the e-learning based Finnlines Induction Game for orientation.

A new operational system called Compass was taken into use in Helsinki–Travemünde traffic to handle the whole process from bookings to invoicing. The use of Compass will be rolled out gradually to all Germany-related traffic. The implementation of the first stage was preceded by extensive user training. Training activities also included courses in business economics, IT and languages. Some managers received leadership training.

With regard to sea personnel, the most important training areas were safety and competence maintenance and development. To guarantee expertise, the company continued to use navigation bridge simulator training in cooperation with Sydväst. The simulator will be used to practise entry into the new port of Vuosaari. Emergency drills are conducted regularly on board and on land. Joint emergency simulations were organised with emergency and rescue authorities. Crews practised survival techniques and the use of life-saving equipment at the Survival Training Unit of the Maritime Safety Training Centre. Officers took part in an annual Shipping event focused on topical issues. Guided practical training also forms an important part of the company's onboard training program.

In port operations, employee training focused mainly on the imminent move to Vuosaari and its challenges. Change management training for managers began in the autumn. Operating processes have been improved and the training related to the new port will go on until 2009. Management skills are improved with a specialist qualification in management taken by some twenty management members. The professional skills of stevedores were improved with occupational safety training, as well as a hazardous materials handling course carried out toward the end of the year.

CHANGES IN THE ORGANISATION AND RECRUITMENT

According to Finnlines' human resource policy, open positions are first advertised internally; this improves job rotation and develops employee competence. Recruitment focused particularly on Finnlines' newly built vessels commissioned in 2007 – MS Europalink, MS Nordlink and MS Finnlady. The transfers of some vessels from one route to another also caused changes in personnel. In shore operations, a separate Passenger Services business unit was set up in the autumn, and a new head for it was recruited.

The Group's finance and accounting units were merged into one unit under the command of the CFO, who is also in charge of the Group's human resources and information technology. Shore-based personnel were recruited mainly for tasks requiring IT expertise and to fill temporary posts.

MENTAL AND PHYSICAL WORK ABILITY

Several measures were taken to promote the physical, mental and social work ability and health of the company's employees. Occupational health care services were used more extensively and some employees took part in events to promote occupational health. A yearly staff fitness and recreation event was organised in spring. Regular health mappings are offered to allow employees to monitor their fitness level and motivate them to take the initiative to exercise. Employee leisure and recreational activities were supported by staff associations.

SATISFACTION SURVEYS

The central issues in the company's human resources policy are leadership, recruitment, training and orientation, safety, work development, work ability and health.

The success of the human resources policy is evaluated every other year in each business unit. At the end of the year, job satisfaction surveys were conducted in Finnsteve, FinnLink, NordöLink and Finnlines Ship Management. Each unit creates its own development plan on the basis of survey results.

Key figures	2007	2006
Average number of employees	**2 335**	2 196
Revenue/employee, EUR	**293 661**	288 099
Personnel expenses/employee, EUR	**54 083**	52 808
Operating profit/employee, EUR	**22 910**	25 567
Employee turnover, %	**34**	24
Absences of personnel, change %	**3**	-6
Training days, total	**3 862**	3 798

Average number of employees per business area	2007	2006
Shore-based personnel		
Shipping and sea transport services	**456**	477
Port operations	**1 014**	974
Sea personnel	**865**	745
Continuing operations, total	**2 335**	2 196
Divestments		81
Total	**2 335**	2 277

As of 31 Dec 2007, there were 1 356 shore-based personnel and 897 sea personnel for a total of 2 253.

Employee categories	2007	2006
Office staff	**28%**	30%
Sea personnel	**37%**	34%
Stevedores	**35%**	36%

Gender distribution	Shipping	Sea operations	Port personnel
Female	48%	21%	8%
Male	52%	79%	92%

Personnel by country	2007	2006
Finland	**66%**	67%
Germany	**5%**	5%
Sweden	**23%**	22%
Other	**6%**	6%

The average age of Finnlines employees was 43 (42) years.

The average duration of employment was approximately 10 (11) years.

Personnel profit and loss account (EUR 1 000)	2007	2006
Revenue	**685 464**	632 666
Personnel expenses		
Real working time expenses	**90 605**	85 991
Personnel renewal (holidays, recruitment)	**17 221**	15 835
Personnel development	**1 349**	912
Personnel benefits and obligations	**17 109**	13 229
Total personnel expenses	**126 284**	115 967
Other operating expenses	**505 684**	460 554
Profit before other operating income (operating profit)	**53 496**	56 145
Other income from operations	**15 320**	2 078
Net operating profit	**68 816**	58 223

Quarterly figures	I/2007	II/2007	III/2007	IV/2007
Average number of employees	**2 235**	**2 328**	**2 452**	**2 308**

FINANCIAL STATEMENTS

BOARD OF DIRECTORS' REPORT

SIGNIFICANT EVENTS

For Finnlines, 2007 was marked by newbuildings and converted vessels entering service and the resulting traffic rearrangements. In early 2007, a third vessel joined the company's ro-pax traffic between Germany and Finland, after which it was possible to sell passenger services on this route to the full. The route between Naantali and Kapellskär received a fourth, converted vessel in March. During the year, the traffic rearrangements hampered particularly the company's Malmö–Travemünde route, owing to two newbuildings and two converted vessels entering service. The investment programme and vessel withdrawals from traffic for conversion burdened the whole year's operating profit.

As a result of the newbuildings, Finnlines' passenger capacity increased considerably. For this reason, a new director was appointed to be in charge of the company's passenger services. From the start of 2008, passenger services form a separate segment, including passenger operations for all of the company's operating areas. These services will be marketed under the Finnlines name, regardless of the route.

During 2007, the company's entire top management changed. The new Board of Directors was appointed in March and the new permanent President and CEO in July.

CHANGES IN THE OWNERSHIP

In January, the Grimaldi Group, Finnlines' majority shareholder made a public mandatory offer for all shares in Finnlines. The offered price was EUR 17.00 per share. Grimaldi's holding and voting rights in Finnlines rose to 50.7 per cent. At the end of the year, Grimaldi's holding and share of voting rights in Finnlines was 52.5 per cent.

ANNUAL GENERAL MEETING

Finnlines Plc's Annual General Meeting, held on 16 March 2007, decided to pay a dividend of EUR 0.42 per share, i.e. a total of EUR 17.1 million. The dividend payment day was 28 March 2007. The AGM decided that the company's Board of Directors would have seven members. The following members were elected to the Board: Emanuele Grimaldi, Gianluca Grimaldi, Diego Pacella (vice-chairman), Heikki Laine, Antti Pankakoski, Olav K. Rakkenes and Jon-Aksel Torgersen (chairman). The firm of authorised public accountants Deloitte & Touche Oy was appointed as the company's auditors, with Mikael Leskinen, APA, as the principally responsible auditor.

CHANGES IN MANAGEMENT

Antti Lagerroos, President and CEO of Finnlines Plc, resigned from his duties in February, and Board member Olav K. Rakkenes was appointed as temporary President and CEO of Finnlines Plc as of 24 April 2007.

Christer Antson (MSc, Econ), was appointed President and CEO of Finnlines Plc as of 4 July 2007. He was previously Executive Vice President and Chief Controller of Finnlines Plc.

Seija Turunen (MSc, Econ) was appointed Deputy CEO and CFO, in charge of finance, accounting, communications, personnel, administration and information technology as of 4 July 2007. She was previously Executive Vice President, Finance and Communications of Finnlines Plc.

VESSELS AND TRAFFIC

The third newbuilding, MS Finnlady, entered service between Helsinki, Finland and Travemünde, Germany in mid-February and the fourth vessel of the series, MS Europalink, started plying between Malmö, Sweden and Travemünde, Germany in March 2007. The last of the five newbuildings, MS Nordlink, was delivered in July and started operating between Malmö, Sweden and Travemünde, Germany at the end of July. The compensation dispute related to the late delivery of the newbuildings was settled with the shipyard, and the EUR 15 million received in compensation was booked to the balance sheet as a deduction from the purchase price of the vessels.

MS Finntrader started operating in NordöLink traffic in February 2007. Her sister vessel MS Finnpartner was docked for conversion in April and started plying in NordöLink traffic at the beginning of September in 2007. These Hansa-class vessels were converted into drive-through vessels with increased passenger capacity. MS Finnclipper has been back in FinnLink service since March after conversion. The cargo capacity of the vessel was increased by 500 lane metres to a total of 2,900 lane metres.

In April, the Finnlines Group agreed on the sale of the ro-pax vessels MS Malmö-Link and MS Lübeck-Link (built in 1980) to external non-related parties. The first of these NordöLink vessels was replaced by the newbuilding Nordlink at the end of July and the second was replaced, after conversion, by MS Finnpartner at the beginning of September. The sales profit, approximately EUR 12 million, is included in the Group's third quarter result.

At the end of August, Finnlines ordered six new ro-ro vessels from the Chinese Jinling shipyard. The cargo capacity of each vessel will be about 3,200 lane metres and the speed 20 knots. The contract's value is around EUR 240 million and the vessels will be delivered in 2010–2011. The vessels will form an essential part of Finnlines ice-classified core fleet.

The operations at the terminals of Lübecker Hafengesellschaft in Lübeck harbours suffered from actions of the stevedoring workers' union during the second quarter. The reason was the union's protest against the planned privatisation of Lübecker Hafengesellschaft.

The cargo volumes transported during the year totalled approximately 807,000 (743,000 in 2006) units, 96,000 (149,000) cars (not including passengers' cars) and 2,363,000 (3,117,000) tonnes of non-unitised freight. In addition, some 500,000 passengers were transported (approx. 400,000 in 2006), which includes freight-related passengers.

At the end of the year, the economic trend seemed to have changed considerably. Traffic between Finland and Continental Europe was unbalanced, as import volumes continued to grow while growth in export volumes stalled. Both segments (shipping and sea transport services and port operations) suffered from this trend, which compromised the financial performance of the last quarter.

FINANCIAL PERFORMANCE

The Finnlines Group recorded revenues totalling EUR 685.5 million (632.7 from continuing operations in 2006). This is equivalent to a growth of 8.3 per cent. Shipping and Sea Transport Services generated revenue amounting to EUR 585.1 (539.0) million and Port Operations EUR 133.2 (123.1) million. Other income from operations amounted to EUR 15.3 (2.1) million, the main part of which comes from the sales gain on the two vessels sold. Operating profit was EUR 68.8 (58.2, continuing operations) million. Financial income was EUR 5.3 (10.8) million and financial expenses totalled EUR -34.0 (-21.6) million. The increase in financial expenses is due to the investment programmes, which are financed with long-term loans. Profit before taxes was EUR 40.1 (47.7, continuing operations) million. Return on equity (ROE) was 8.0 (14.1) per cent and return on investment (ROI) was 6.9 (9.9) per cent.

INVESTMENTS AND FINANCING

The Group's investments were EUR 391.3 (238.8) million, mainly related to the delivery of three newbuildings, MS Finnlady, MS Europalink and MS Nordlink. Based on the contract with the Chinese Jinling shipyard, Finnlines paid the first instalment of EUR 72 million for the six ordered vessels in September. Interest-bearing net debt amounted to EUR 729.3 (441.4) million. The equity ratio calculated from the balance sheet was 31.1 (39.7) per cent. Gearing was 167.4 (104.2) per cent.

RESEARCH AND DEVELOPMENT

The aim of Finnlines' Research and Development activities is to find and introduce new practical solutions and operating methods, which enable the company to better and more cost-efficiently meet customer needs.

During 2006–2007, Finnlines introduced new ro-pax vessels to the company's fleet. As a result, the time schedules and operational models of the company's main routes were changed. The intention is to further improve the competitiveness and service when the new ro-ro vessels enter service in 2010–2011. In 2007, the company introduced the new Compass cargo booking system, created together with a subcontractor, which covers the information process related to freight transport all the way from cargo booking to invoicing.

Along with increased passenger capacity, the company is also improving its passenger services substantially. The renewed concept will be introduced gradually during 2008.

Development work is an integral part of the company's day-to-day activities. R&D expenses are not significant, considering the extent of the company's operations.

PERSONNEL

During the period the Group employed an average of 2,335 (2,196 continuing operations) people, consisting of 1,470 (1,451) employees on shore and 865 (745) persons at sea. The salaries and remunerations paid to the employees are presented in the notes to the financial statements under Personnel costs. The Human Resources section in the Annual Report has more detailed key figures related to personnel, as well as issues related to organisational changes, training and employees' job satisfaction.

THE FINNLINES SHARE

The Company’s registered share capital on 31 December 2007 was EUR 81,383,916 divided into 40,691,958 shares. A total of 9.4 million Finnlines shares were traded on the OMX Helsinki Exchange during the period. The market capitalisation of the Company’s stock at the end of December was EUR 620.6 million. Earnings per share (EPS) during the period were EUR 0.83 (1.38). Shareholders’ equity per share was EUR 10.67 (10.36).

RISKS

The loan portfolio of the company has increased substantially due to the five-vessel investment programme which ended in July, and due to the new investment programme of six new ro-ro vessels, at a value of approximately EUR 240 million, to be delivered in 2010–2011. The payments of this programme will be partly in USD, but this exposure is 100 per cent hedged against EUR. The vessels are financed with long-term (12–15 years) loans. Otherwise there were no material changes in the risk during the year. More detailed information on Finnlines' risks is available in the notes to the financial statements.

LITIGATION

Arbitration proceedings commenced between the owners of MS Finnmill and MS Finnpulp and Finnlines Plc. The vessels are chartered by Finnlines and the charter agreements include purchase options on each of the vessels. The main dispute concerns the validity of these purchase options.

ENVIRONMENT AND SAFETY

Environmental responsibility forms an important part of Finnlines' day-to-day operations, and safety aspects are taken into consideration in all of our activities. The environmental management system encompasses programmes and practices to minimise environmental effects of operations. Finnlines' environmental policy defines the targets and principles of the company's environmental work. The company's objective is to rank among the leading companies in the industry regarding focus on the environment, providing safe and top-quality services while taking into account their environmental impact in every aspect of operations. In addition, the company seeks to use natural resources responsibly.

In 2007, all of Finnlines ro-pax ships were incorporated into the environmental certificate issued by Lloyd's Register Quality Assurance. Certification complies with the requirements of the ISO 14 001 Standard and it covers management and manning of ships, purchasing, planning of new vessels and operation of vessels. Most ships in Finnlines' traffic have the ISO 14 001 environmental certificate.

All vessels have been certified in accordance with the International Safety Management Code, which also regulates pollution prevention. All vessels comply with the requirements of the International Ship and Port Facility Security (ISPS) Code. In November 2007, the European Commission carried out a maritime security inspection concerning the application of the ISPS Code with Finnlines' Ship Management. The commission reported that Finnlines fulfilled the requirements of the ISPS.

In compliance with its environmental policy, Finnlines observes applicable legislation unconditionally. The International Maritime Organisation (IMO) manages international legislation on safety and environmental matters. The Marpol 73/78 Convention contains, among other things, regulations on the disposal of waste and sewage into the sea, and on the prevention of air emissions. Maritime safety matters are regulated by the SOLAS Convention. The European Union and HELCOM have issued their own directives and recommendations on shipping. The company's port operations comply with national legislation. Vessels are regularly inspected and audited by the flag state administration, classification societies and certification institutions. In addition, port and host states control inspections are held on ships.

In its annual report Finnlines publishes a summary of environmental and safety issues, which deals more broadly with the company's environmental policy, legislation, safety, energy consumption and emissions, and other harmful effects and their prevention.

OUTLOOK FOR 2008

Finnlines has increased its transportation capacity and frequency considerably on its main routes and implemented a faster timetable between Finland and Germany. With its current fleet and traffic concept Finnlines has excellent potential to increase its market share on its main routes. However, the economic developments in Europe make the business environment uncertain.

The new Vuosaari harbour will most probably be operational as planned at the end of 2008. There will be some non-recurring expenses arising from the start-up phase of the new harbour. Those expenses are related mainly to transportation and relocation of machinery, equipment and personnel.

The company's expenses will be affected by new labour agreements in the sector and by the increase in bunker oil prices. Due to investments into the new vessels, vessel conversions and Vuosaari harbour, depreciation and interest expenses will continue to rise in 2008.

DIVIDEND DISTRIBUTION PROPOSAL

The Board of Directors will propose to the Annual Shareholders' Meeting that no dividend be paid for 2007 due to the sizeable investment into the five new vessels already in operation and commitments to the vessel renewal programme and to logistical investments.

ANNUAL GENERAL MEETING

Finnlines Plc's Annual General Meeting will be held from 12:30 on Tuesday, 15 April 2008 at the Hotel Radisson SAS Royal, Kamppi, Runeberginkatu 2, Helsinki, Finland.

CONSOLIDATED PROFIT AND LOSS ACCOUNT, IFRS

EUR 1 000	Note *	1 Jan–31 Dec 2007	1 Jan–31 Dec 2006
Continuing operations			
Revenue	6	**685 464**	632 666
Other income from operations	7	**15 320**	2 078
Materials and services	8	**-205 904**	-196 042
Personnel expenses	9	**-116 648**	-111 266
Depreciation, amortisation and other write-offs	10	**-53 082**	-39 875
Other operating expenses	11	**-256 334**	-229 337
Total operating expenses		**-631 968**	-576 521
Operating profit		**68 816**	58 223
Financial income	12	**5 258**	10 784
Financial expense	12	**-33 956**	-21 557
Share of associated companies' profits	19		274
Profit before taxes		**40 118**	47 725
Income taxes	13	**-5 725**	-9 989
Profit for the reporting period, continuing operations		**34 393**	37 736
Discontinuing operations			
Profit / loss for the reporting period, discontinuing operations	4		18 742
Profit for the reporting period		**34 393**	56 477
Distribution:			
Parent company shareholders		**33 900**	56 053
Minority interest		**493**	425
		34 393	56 477
Profit attributable to parent company shareholders			
calculated as earnings per share (EUR/share)	14		
Undiluted earnings per share		**0.83**	1.38
Diluted earnings per share		**0.83**	1.38
Profit attributable to parent company shareholders,			
continuing operations, calculated as earnings per share (EUR/share)	14		
Undiluted earnings per share		**0.83**	0.92
Diluted earnings per share		**0.83**	0.92
Profit attributable to parent company shareholders,			
discontinuing operations, calculated as earnings per share (EUR/share)	14		
Undiluted earnings per share			0.46
Diluted earnings per share			0.46

All figures of the annual report are rounded which may cause the outcome of summarising individual figures to differ from the totals presented.

* Notes from page 30.

CONSOLIDATED BALANCE SHEET, IFRS

EUR 1 000	Note *	31 Dec 2007	31 Dec 2006
ASSETS			
Non-current assets			
Property, plant and equipment	16	**1 139 576**	817 977
Goodwill	17	**108 660**	108 660
Other intangible assets	17	**9 899**	10 136
Investment properties	18	**1 584**	1 588
Share of associated companies	19	**1 526**	2 349
Other financial assets	20	**4 797**	4 892
Receivables	21	**9 173**	5 839
Deferred tax assets	22	**2 051**	617
		1 277 265	952 057
Current assets			
Inventories	23	**6 908**	5 412
Accounts receivable and other receivables	24	**91 191**	91 538
Income tax receivables		**63**	512
Bank and cash	25	**26 913**	18 436
		125 075	115 898
Total assets		**1 402 340**	1 067 956
SHAREHOLDERS' EQUITY			
Equity attributable to parent company shareholders	26		
Share capital		**81 384**	81 384
Share premium account		**24 525**	24 525
Fair value reserve		**-4 544**	
Translation differences		**152**	28
Retained earnings		**332 601**	315 791
		434 118	421 728
Minority interest		**1 534**	2 028
Total shareholders' equity		**435 652**	423 757
LIABILITIES			
Long-term liabilities			
Deferred tax liabilities	22	**103 910**	98 352
Interest-free liabilities	29	**1 314**	
Pension liabilities	31	**2 358**	2 565
Provisions	27	**2 284**	3 659
Interest-bearing liabilities	28	**593 817**	360 067
		703 682	464 643
Current liabilities			
Accounts payable and other liabilities	29	**99 459**	79 155
Income tax liabilities		**491**	430
Provisions	27	**672**	230
Current interest-bearing liabilities	28	**162 384**	99 739
		263 006	179 555
Total liabilities		**966 688**	644 199
Total shareholders' equity and liabilities		**1 402 340**	1 067 956

* Notes from page 30.

CONSOLIDATED CASH FLOW STATEMENT, IFRS

EUR 1 000	Note *	1 Jan–31 Dec 2007	1 Jan–31 Dec 2006
Cash flow from operations			
Profit for reporting period		**34 393**	56 477
Adjustments:			
Non-cash transactions	30	**39 561**	13 913
Financial income and expenses		**28 937**	10 743
Taxes		**5 725**	9 989
Changes in working capital:			
Change in accounts receivable and other receivables		**66**	4 525
Change in current assets		**-1 496**	1 228
Change in accounts payable and other liabilities		**11 766**	-11 646
Change in provisions		**197**	-2 096
Interest paid		**-20 988**	-11 473
Interest received		**1 397**	2 008
Taxes paid		**-1 087**	7 174
Other financing items		**-3 948**	-588
Net cash flow from operating activities		**94 524**	80 255
Cash flow from investing activities			
Acquisition of subsidiaries			-1 727
Sale of subsidiaries			35 708
Investments in tangible and intangible assets		**-392 780**	-231 744
Sale of tangible assets		**30 819**	1 625
Disposal of associated companies		**200**	
Proceed sale of investments		**243**	
Reduction in share capital, minority interest		**-598**	
Dividends received		**16**	34
Net cash used in investing activities		**-362 099**	-196 104
Cash flow from financing activities			
Proceeds from issue of shares			289
Borrowing		**309 307**	202 881
Net increase in current interest-bearing liabilities		**79 907**	-27 816
Repayment of loans		**-96 440**	-59 394
Increase / decrease in long-term receivables		**770**	2 190
Dividends paid		**-17 483**	-12 600
Net cash flow used in financing activities		**276 062**	105 550
Change in cash and cash equivalents		**8 487**	-10 299
Cash and cash equivalents on 1 January		**18 436**	28 735
Effect of foreign exchange rate changes		**-10**	
Cash and cash equivalents on 31 December		**26 913**	18 436

* Notes from page 30.

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY, IFRS

EUR 1 000	Equity attributable to parent company shareholders							Minority interest	Total share-holders' equity
	Share capital	Share issue	Share issue premium	Translation differences	Fair value reserves	Retained earnings	Total		Total
Shareholders' equity on 31 Dec 2005	**81 314**	**6**	**24 301**	**-1 046**		**271 946**	**376 520**	**2 002**	**378 523**
Translation differences				1 074			1 074		1 074
Profit for the reporting period						56 053	56 053	427	56 480
Total recognised income and expenses for the period				1 074		56 053	57 127	427	57 554
Dividend						-12 208	-12 208	-392	-12 600
Stock options exercised	70	-6	224				289		289
Team Lines sale								-9	-9
	70	-6	224			-12 208	-11 919	-401	-12 320
Shareholders' equity on 31 Dec 2006	**81 384**		**24 525**	**28**		**315 791**	**421 728**	**2 028**	**423 757**
Cash flow hedges					-6 141		-6 141		-6 141
Deferred tax in equity					1 597		1 597		1 597
Translation differences				124			124	3	127
Profit for the reporting period						33 900	33 900	493	34 393
Total recognised income and expenses for the period				124	-4 544	33 900	29 480	496	29 976
Dividend						-17 091	-17 091	-392	-17 483
Reduction of share capital								-598	-598
						-17 091	-17 091	-990	-18 081
Shareholders' equity on 31 Dec 2007	**81 384**		**24 525**	**152**	**-4 544**	**332 601**	**434 118**	**1 534**	**435 652**

PROFIT AND LOSS ACCOUNT, PARENT COMPANY, FAS

EUR 1 000	1 Jan–31 Dec 2007	1 Jan–31 Dec 2006
Revenue	**296 112**	253 070
Other income from operations	**4 179**	4 738
Materials and services	**67 074**	60 061
Personnel expenses	**23 308**	22 668
Depreciation, amortisation and other write-offs	**14 864**	12 354
Other operating expenses	**188 337**	147 647
Operating profit	**6 708**	15 078
Financial income and expense	**-9 938**	38 190
Profit/loss before extraordinary items	**-3 230**	53 268
Extraordinary items	**-34 002**	-7 445
Profit/loss before appropriations and taxes	**-37 232**	45 823
Appropriations	**37 624**	9 419
Income taxes	**-31**	
Profit for the reporting period	**360**	55 242

This annual report does not contain full financial statements of the parent company but this information with notes is available at www.finnlines.com.

BALANCE SHEET, PARENT COMPANY, FAS

EUR 1 000	31 Dec 2007	31 Dec 2006
ASSETS		
Non-current assets		
Intangible assets	**11 065**	11 577
Tangible assets	**223 292**	247 103
Investments		
Shares in group companies	**315 236**	317 582
Other investments	**5 646**	5 742
Total non-current assets	**555 240**	582 004
Current assets		
Inventories	**1 950**	1 111
Long-term receivables	**592 747**	248 635
Short-term receivables	**188 589**	158 592
Marketable securities	**13 363**	3 191
Bank and cash	**6 014**	7 131
Total current assets	**802 662**	418 661
Total assets	**1 357 902**	1 000 665
EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	**81 384**	81 384
Share premium account	**24 525**	24 525
Retained earnings	**92 567**	54 416
Profit for the period	**360**	55 242
Total shareholders' equity	**198 837**	215 567
Accumulated appropriations	**148 714**	186 337
Liabilities		
Long-term liabilities		
Interest-bearing	**649 713**	373 349
Interest-free	**1 168**	
Total long-term liabitilies	**650 881**	373 349
Current liabilities		
Interest-bearing	**292 139**	196 459
Interest-free	**67 331**	28 952
Total current liabilities	**359 470**	225 411
Total liabilities	**1 010 351**	598 760
Total shareholders' equity and liabilities	**1 357 902**	1 000 665

CASH FLOW STATEMENT, PARENT COMPANY, FAS

EUR 1 000	1 Jan–31 Dec 2007	1 Jan–31 Dec 2006
Cash flow from operations		
Profit for the reporting period	**360**	55 242
Adjustments for:		
Depreciation, amortisation & impairment loss	**14 864**	12 354
Gains (-) and Losses (+) of disposals of fixed assets and other non-current assets	**3 295**	-4 250
Unrealized currency differences	**490**	2 526
Financial income and expenses	**9 448**	-40 715
Income taxes	**31**	
Other adjustments	**-3 622**	-1 975
	24 867	23 182
Changes in working capital:		
Change in current assets increase (+), decrease (-)	**-839**	63
Change in accounts receivable increase (+), decrease (-)	**-716**	5 622
Change in accounts payable increase (+), decrease (-)	**82**	3 456
	23 394	32 323
Interest paid	**-29 290**	-15 016
Dividends received	**2 609**	55 409
Interest received	**26 461**	8 282
Other financing items	**-3 682**	-5 200
Income taxes paid	**438**	9 331
	-3 463	52 806
Net cash flow from operations	**19 932**	85 129
Cash flows from investing activities		
Investments in tangible and intangible assets	**-319 229**	-195 616
Proceeds from sale of tangible and intangible assets	**516**	1 129
Acquisition of subsidiaries	**-501**	
Proceeds from sale of investments	**241**	
Loans granted	**-43 580**	
Proceeds from repayments of loans	**759**	22 245
Net cash used in investing activities	**-361 794**	-172 242
Net cash before financing activities	**-341 862**	**-87 113**
Cash flows from financing activities		
Proceeds from issue of share capital		289
Proceeds from short-term borrowings	**112 731**	
Repayment of short-term borrowings		-71 119
Proceeds of long-term borrowings	**350 879**	220 857
Repayment of long-term borrowings	**-95 592**	-58 360
Dividends paid	**-17 091**	-12 208
Net cash used in financing activities	**350 927**	79 459
Change in cash and cash equivalents	**9 065**	-7 654
Cash and cash equivalents on 1 Jan	**10 322**	17 976
Effect of foreign exchange rate changes	**-10**	
Cash and cash equivalents on 31 Dec	**19 377**	10 322

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Finnlines is one of the largest European shipping companies specialised in liner cargo services. The Group's operations are centred on sea transports in the Baltic Sea and North Sea areas and on providing port services in Finland and Norway. Through its subsidiaries and associated companies, the Group has operations in eight northern European countries and in Russia. The Group's services are also offered throughout Europe via an extensive network of agents. The Group's parent company, Finnlines Plc, is a Finnish public limited company, which operates under Finnish jurisdiction and legislation. The parent company is registered in Helsinki at Porkkalankatu 20, 00181 Helsinki. Copies of financial statements can be obtained from www.finnlines.com or the company's headquarters.

These Group consolidated financial statements were authorised for issue by the Board of Directors of Finnlines Plc on 20 February 2008. According to the Finnish Companies Act, the financial statements are presented for adoption to the Annual General Meeting.

2. ACCOUNTING PRINCIPLES

BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), using the IAS and IFRS standards and SIC and IFRIC interpretations valid on 31 December 2007. The International Financial Reporting Standards mean the standards accepted to be implemented in the EU by the EU regulation (EY) No. 1606/2002, and the related interpretations. The notes to the Group financial statements also comply with the Finnish accounting and corporate legislation. Full financial statement information of the parent company is available at www.finnlines.com.

The consolidated financial statements are primarily prepared using the acquisition cost method. Exceptions to this principle are financial assets and liabilities recorded at fair value through profit or loss. Goodwill for business combinations formed before 2004 is equivalent to the book value reported in accordance with the previous accounting standards, and is used as the deemed cost in accordance with IFRS. The classification and accounting of these acquisitions were not adjusted when preparing the consolidated opening balance sheet of 2005.

IMPLEMENTATION OF STANDARDS

The changes to the IAS 39 and IAS 19 standards published by the IASB in 2004 and 2005 were implemented in 2006. The implementation of the modified standards does not have a material effect on the financial statements.

The Group has adopted the new standard IFRS 7 Financial instruments Disclosures and the related amendment to IAS 1 Presentation of Financial Statements – Capital Disclosures as of 1 January 2007. Due to the adoption of the IFRS 7 standard, additional notes relating to financial instruments have been included in the Notes to the Consolidated Financial Statements.

Interpretations of IFRIC 7, 8, 9, 10, mandatory as of 1 January 2007, did not have an impact on the Group's operations or financial statements.

Implementation of new or revised standards and interpretations in future accounting periods:

Finnlines has started investigating the impact of the new IFRS 8 standard on the segment information. The Group will apply the new standard as of 1 January 2009.

Interpretations of IFRIC 11, IFRIC 12, IFRIC 13 and IFRIC 14 will be applied as of 1 January 2009 but are not expected to be relevant to the Group's financial statements.

The Group will implement the revised IAS 23 Borrowing Costs standard for the accounting period beginning on 1 January 2009. The revised standard requires that the borrowing costs for an assets, e.g. a plant, must be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. The Group has earlier already capitalised all borrowing costs for significant assets acquired, e.g. during construction of vessels, in the balance sheet as part of the acquisition cost of the asset. The Group does not therefore expect the adoption of the new standard to have a significant impact on the future financial statements.

The Group will implement the IAS 1 standard Presentation of Financial Statements for the accounting period beginning on 1 January 2009. The revised standard will mainly change the way the financial statements are presented. The Group expects the change to have an impact mainly on the presentation of the income statement and the statement of changes in the shareholders' equity.

Of the abovementioned interpretations IFRIC 12, 13, 14, IAS 23 Amendment and IAS 1 Amendment have not yet been approved for application in the EU.

Accounting principles that require management discretion and essential uncertainties related to estimates

When preparing the financial statements, the Group's management must make estimates and assumptions, which affect their content, and use its discretion in applying the accounting principles. The most significant of these relate to the impairment of goodwill and other assets and to provisions and contingent liabilities. Bases for these estimates and assumptions are described in more detail in these accounting principles and in the following notes to the consolidated accounts. The estimates are based on the best current knowledge of the management, but the actual figures may even substantially differ from these estimates.

CONSOLIDATION PRINCIPLES

Subsidiaries

The consolidated financial statements include the parent company, Finnlines Plc, and its subsidiaries. Included are all the companies in which Finnlines Plc directly or indirectly holds more than 50 per cent of the voting rights, or of which it otherwise has control.

Mutual shareholdings are eliminated using the acquisition cost method. The acquisition cost is determined based on the fair value of the acquired assets on the acquisition date, the issued shares or the assumed liabilities, plus the direct costs incurred from the acquisition. The part of the acquisition cost, which exceeds the fair value of the acquired company's net assets, is treated as goodwill (cf. Intangible Assets, Goodwill). Subsidiaries are consolidated from the date on which control is transferred to the Company. Sold subsidiaries are consolidated until the date on which control is transferred to the buyer.

Intra-group transactions, internal receivables and liabilities, unrealised income or loss from internal transactions and the internal distribution of profit are eliminated in the consolidated financial statements. However, unrealised losses caused by impairment are not eliminated. The subsidiaries' accounting principles have in the consolidation been adjusted to correspond to the Group's accounting principles where appropriate.

The distribution of the profit for the reporting period to parent company shareholders and minority interest is recognized in the profit and loss account, and the shareholders' equity attributable to minority interest is reported separately on the balance sheet under shareholders' equity. The accrued losses attributable to minority interest are recognized in the consolidated financial statements only up to the amount of the investment.

Associated companies

Associated companies are entities in which the Group has a significant influence. A significant influence is realised if the Group holds more than 20 per cent of the voting rights or otherwise has a significant influence, without having full control. Associated companies are consolidated using the equity method. If the Group's share of associated companies' losses exceeds the book value of the investment, the investment is recognized in the balance sheet at zero value and the portion of the losses exceeding the book value is not consolidated unless the Group has agreed to meet the associated companies' obligations. Unrealised profits between the Group and its associated companies are eliminated to the extent of the Group's share of ownership. The investment in each associated company includes goodwill arising from the acquisition.

DISCONTINUED OPERATIONS AND OPERATIONS FOR SALE

A discontinued operation or an operation for sale results from a decision to divest separate, major business operations for which assets, liabilities and net result can be separated physically, operationally and for financial reporting. The result of discontinued operations and operations for sale is presented in the income statement as a separate item after the result of continued operations. The comparative income statement of the previous period is adjusted accordingly. However, the comparative balance sheet is not adjusted but the assets and liabilities of the discontinued operations are separated from the assets and liabilities of continued operations from the date they are classified as discontinued or for sale.

TRANSLATION OF FOREIGN CURRENCY ITEMS

The items in each Group unit's accounts are valued in the principal currency of the operating environment of the unit in question ("the functional currency"). The consolidated financial statements are presented in EUR, which is the parent company's functional and presentation currency.

Transactions in foreign currencies are recognized at the exchange rate valid on the transaction date. Monetary items denominated in foreign currencies are translated into EUR at the exchange rates valid on the balance sheet date. Non-monetary items denominated in foreign currencies and valued at their fair value, are translated into EUR at the exchange rates valid on the date of valuation. Other non-monetary items are valued using the exchange rate valid on the transaction date. Profits and losses arising from foreign currency valued transactions and translation of foreign currency valued monetary items are recognized in the profit and loss account. Exchange rate differences arising from transaction translations are included under operating profit in the profit and loss account, whereas exchange rate differences arising from financial assets and liabilities are included under financial items. Profits and losses arising from the translation of loans in foreign currencies are recognized under financial income and expenses.

The profit and loss accounts of subsidiaries located outside the euro area are translated into EUR using weighted average exchange rates. Balance sheets are translated at the exchange rate prevailing on the balance sheet date. Translation differences arising from investments in foreign units are recognized under shareholders' equity. Translation differences arising from shareholders' equity items emerging from the elimination of foreign subsidiaries' acquisition costs after the acquisition are recognized under shareholders' equity. When a subsidiary is wholly or partly sold, cumulative translation differences are recognized in the profit and loss account as part of the profit or loss from the sale of the subsidiary. Translation differences arising prior to 1 January 2004 were transferred to retained earnings on the date of transition to IFRS. They will not be recognized in the profit and loss account on the sale of the subsidiaries in question. Translation differences arising after the transition date during the creation of the consolidated accounts are listed as a separate item under shareholders' equity.

Goodwill arising from the acquisition of foreign units since 1 January 2004 and fair value adjustments made to the book values of those foreign units' assets and liabilities on the date of acquisition are treated as assets and liabilities of the foreign units in question and translated into EUR using the exchange rate valid on the balance sheet date. Goodwill and fair value adjustments related to acquisitions are recognized in EUR.

PROPERTY, PLANT AND EQUIPMENT

Fixed assets are valued at their direct acquisition cost deducted by depreciations and impairments. The acquisition cost includes direct expenses incurred in relation to the acquisition. Renovation and overhaul expenses of significant proportions arising at a later date are included in each asset's book value. They can be recognized as a separate asset only if it is likely that the future economic benefits associated with the item will be beneficial to the Group and if the acquisition cost of the asset can be reliably determined. Ordinary repair and maintenance expenses are recognized as expenses for the reporting period during which they were incurred.

Fixed assets are depreciated according to plan based on the estimated useful life of the asset. Land is not depreciated. The estimated useful lives are as follows:

Vessels and ship shares	30–35	years
Buildings	10–40	years
Constructions	5–10	years
Stevedoring machinery and equipment	5–15	years
Light machinery and equipment	3–5	years

Second-hand vessels are depreciated over their estimated useful lives.

The estimated useful lives and the residual values of assets are revised on each balance sheet date and, when necessary, adjusted to reflect changes that have taken place in the expected future economic benefits.

The depreciation on tangible asset stops when the asset is classified as being held for sale in accordance with the IFRS 5 standard (Non-current Assets Held for Sale and Discontinued Operations).

Gains and losses on retirements and disposals of tangible assets are recognized under other income or expenses from operations.

If the book value of an asset exceeds its current recoverable amount, the value of the asset is written off to correspond to its recoverable amount. The recoverable amount of material assets is estimated mainly as part of the cash generating unit.

Any interest and deposit charges related to long-term projects for the construction of tangible assets are capitalised as part of the fixed assets. Other interest expenses incurred in relation to asset purchases are recognized as expenses for the reporting period during which they are incurred.

GOVERNMENT GRANTS

Grants related to Shipping and Sea Transport Services are recognized as an adjustment of the personnel expenses of the vessels to which they relate.

INTANGIBLE ASSETS

Intangible assets are recognized on the balance sheet only if their acquisition costs can be reliably measured and if it is likely that the future economic benefits from the asset will flow to the Group.

The amortisation periods for intangible assets are based on the following estimated useful lives:

Software	5–10	years
Other intangible assets	5–10	years

Goodwill

Goodwill arising from the acquisitions made after 1 January 2004 corresponds to the part of the acquisition cost that exceeds the proportion attributable to the Group of the fair value of the acquired company's net assets on the acquisition date. Goodwill that has arisen prior to 1 January 2004 is calculated as the book value on the transfer date, as required by the previously used accounting standards. This value was used as the deemed cost of goodwill for the date of transition to IFRS.

Goodwill is tested annually for impairment and an impairment loss is recognized if the test shows a loss of recoverable value. For the impairment testing, goodwill is transferred to cash generating units, or, in the case of associated companies, included in the associated company's acquisition cost.

Research and development expenses

Research expenses are recognized as expenses in the reporting period in which they arise. Development expenses are capitalised when the company is able to determine the technical feasibility and commercial usability of the product under development and when the acquisition cost can be reliably calculated. Other development expenses are recognized as expenses. Development expenses that have previously been recognized as expenses cannot be capitalised later. Research and development expenses that have been recognized as expenses are included in the consolidated profit and loss account as other operating expenses.

Other intangible assets

Other intangible assets are valued at their acquisition cost excluding depreciations and impairments. They are amortised according to plan and recognized as expenses during their estimated useful lives. Intangible assets with unlimited useful lives are not amortised but are tested annually for impairment.

INVESTMENT PROPERTIES

Investment properties are properties held by the Group for the purposes of gaining rent income or for value increases. Investment properties are valued according to the acquisition cost model, as their acquisition cost excluding depreciations and impairments.

Investment properties are depreciated according to Group depreciation plans.

IMPAIRMENT

Goodwill and intangible assets with unlimited useful lives, as well as tangible assets are tested for impairment annually at the minimum.

Assets are evaluated for signs of impairment. If there are signs of impairment, the current recoverable amount of the asset in question is calculated by using higher of its current net selling price or its value in use. If the book value exceeds the current recoverable amount, the difference is recognized in the profit and loss account as an impairment loss.

Impairment losses recognized previously are reversed if the assumptions used in the calculation of the current recoverable amount change. Impairment losses are reversed only up to the amount corresponding to what the book value would have been without the impairment loss. Impairment losses recognized for goodwill are not reversed.

In accordance with IAS 39, all financial assets are evaluated on each balance sheet date to see whether there is objective evidence of impairment of an item or a group of items under the financial assets. A credit loss is recognized for accounts receivable when there is a reliable indication that it will not be possible to collect the receivable in accordance with the original terms. The amount of the credit loss is the difference between the receivables' book value and realisable value, and it corresponds to the current value of expected cash flow. Impairment losses recognized through profit or loss for investments in equity instruments classified as being held for sale are not reversed in subsequent years' profit and loss accounts.

FINANCIAL ASSETS AND LIABILITIES

Financial assets

The Group has applied the IAS 39 standard (Financial Instruments: Recognition and Measurement) since 1 January 2005.

Since the beginning of 2005, the Group's financial assets have had the following classifications in accordance with the standard: financial assets at fair value through profit or loss; held-to-maturity investments; loans and other receivables; and available-for-sale financial assets. The classification is dependent on the original purpose of the acquisition of the financial assets. The classification is determined at the time of the acquisition of the financial assets and is reviewed regularly. Transaction charges are included in the original book value of financial assets for assets that are not recognized at fair value through profit or loss. All financial asset acquisitions and sales are recognized on the transaction date.

Financial assets are written off the balance sheet when the Group loses its contractual right to their cash flow or when the Group has transferred a significant amount of the risks and profits outside the Group.

The Financial assets at fair value through profit or loss category include assets held for trading as well as assets that were originally recognized at fair value through profit or loss. The aim of financial assets held for trading is to produce profits in the short term (less than 12 months), and they are recognized under current assets. Derivatives which do not meet the conditions for hedge accounting are classified as assets held for trading. The assets in this category are valued at their fair value. Unrealised and realised profits and losses arising from changes in fair value are recognized in the profit and loss account in the reporting period during which they arise.

Held-to-maturity investments are valued at amortised cost. In 2007 and 2006 the Group had no financial assets in this category.

Available-for-sale financial assets are valued at fair value after their acquisition. Generally the fair value of investments in this category is determined based on quoted prices published on the active market, i.e. bid quotations on the balance sheet date. Unrealised gains and losses arising from valuation at fair value are recognized in the fair value fund under shareholders' equity. If financial assets available for sale are sold or permanently impaired, the cumulative gains and losses are recognized in the profit and loss account under financial income and expenses. Available-for-sale financial assets are included in non-current assets unless the company intends to sell them within the 12 months following the balance sheet date, in which case they are included in current assets.

Loans and other receivables are assets whose payments are fixed or can be reliably determined, and which are not listed on the active market or held for trading. This category includes financial assets that have been acquired by transferring money, goods or services to a debtor. These items are valued at amortised cost. Within Finnlines these items include accounts receivable and other receivables, granted loans and fixed-term deposits with a maturity longer than three months.

Cash and cash equivalents include cash in hand and at bank as well as other highly liquid assets with low risk of change of value and with original maturity at acquisition date of less than three months.

Financial liabilities

Financial liabilities are initially recognized at the value of the consideration received, increased by direct transaction charges incurred in relation to the acquisition or issuing of the financial liability item in question. Transaction charges are included in the original book value of financial liabilities. Later, all financial liabilities are valued at amortised cost using the effective interest method. Financial liabilities are included in both long-term and short-term liabilities and they can be either interest-bearing or non-interest-bearing.

Derivatives that do not meet the conditions of hedge accounting are classified as assets held for trading and are valued at fair value. Negative derivative fair values are recognized under short-term liabilities on the balance sheet.

Borrowing costs

Borrowing costs are recognized as costs for the accounting period during which they have arisen, except for the borrowing costs capitalised for construction contracts. The total of the capitalized costs and the items to which they have been capitalised as acquisition cost are shown in the notes to Property, plant and equipment.

DERIVATIVES AND HEDGE ACCOUNTING

Derivative contracts are recognized at an acquisition cost that corresponds to their fair value at the date of acquisition. After acquisition, derivative contracts are measured at fair value, which is determined on the basis of bid and sales quotations published in the active market. Gains and losses arising from fair value measurement are recognized based on the use of derivative contract.

Hedge accounting

The Group hedges against risks arising from changes in foreign currency rates. Such risks include acquisitions of vessels made partly or fully in a foreign currency. The Group has ordered six ro-ro vessels from the Chinese Jinling shipyard at a total price of around EUR 240 million. These ships will be paid mainly in USD but the instalments have been fully hedged against changes in the EUR/USD exchange rate. The Group applies hedge accounting in accordance with IAS 39 to these derivative contracts for the spot part of the forward exchange. It is considered as hedging of a highly probable cash flow.

At the inception of a hedge relationship, the Group documents the relationship between the hedging instruments and hedged item, as well as its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in cash flows of the hedged item.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are presented in the fair value reserve in shareholders' equity. The gains and losses recognized in shareholders' equity are transferred to the income statement for the accounting period in which the hedged item is recognized in the income statement. The ineffective portion of the hedge relationship is recognized in financial income or expenses. When the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in shareholders' equity are transferred from equity and included in the acquisition cost of the asset or liability.

The fair values of the derivative instruments used for hedging purposes are presented in the notes. The changes in the fair value reserve are presented in the calculation on changes in shareholders' equity. When the hedging instrument for a cash flow expires or is sold or no longer qualifies for hedge accounting, any cumulative gain or loss deferred in shareholders' equity at that time remains in shareholders' equity until the forecast transaction occurs. However, if the forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in shareholders' equity is recognized immediately in the profit and loss account.

Even though some hedging relationships may fulfil the requirements set by the Group's risk management on effective hedging, accounting in accordance with IAS 39 is not applied to them. Such instruments include any derivatives hedging against foreign currency risk related to operations, and interest rate derivatives hedging against interest rate risk of debt portfolio, the fair value of which is recognized in financial income and expenses. In the balance sheet these items are shown, according to their nature, either under short- or long-term receivables.

LEASES

Leases with the Group as leaseholder where a significant proportion of the risks and benefits associated with ownership remain with the lessor are classified as operating leases, and the leases paid in relation to them are recognized as expenses in the profit and loss account on a straight-line basis over the period of the lease.

Leases in which the company has assumed a significant proportion of the risks and benefits associated with ownership are classified as finance leases. Finance leases are recognized on the balance sheet as assets and liabilities on the start date of the lease period at a value equivalent to the lower of the fair value of the leased goods or the present value of the minimum lease, which are determined on the date of contract. Minimum leases are divided into financial expenses and loan repayments. Financial expenses are recognized as expenses in the profit and loss account and allocated over the reporting periods within the lease contract period to the extent that the outstanding loan in each period has an equal interest rate. Depreciation of the leased assets subject to depreciation is calculated according to the same principles as depreciation of owned assets. If there is relative certainty that the Group will receive ownership of an asset before the end of its lease period, the asset’s estimated useful life is the same as its economic life. Otherwise, the asset is depreciated within the shorter of the lease period or the useful life.

INVENTORIES

Inventories include the Group's vessels' fuel, lubricant, bulk and food supplies as well as goods sold on the vessels. Inventories are valued at the lower of their acquisition cost or their net realisation value. Acquisition costs are determined using the FIFO (first in, first out) method. The net realisation value is the estimated sale price in ordinary business transactions, from which the cost of the sale has been deducted.

SHARE CAPITAL

The share capital consists only of ordinary shares. Direct costs (minus tax) arising from a new share issue are recognized under shareholders' equity as a deduction from the income received from the issue.

When the company acquires treasury shares, the sum paid for them and all direct costs (minus any applicable taxes) are deducted from the shareholders' equity.

INCOME TAXES

The tax expenses recognized on the profit and loss account consist of income tax payable on taxable profit and of deferred taxes. Income tax on taxable profit for the reporting period is calculated using the valid tax rate of each country. Taxes are adjusted by possible taxes relating to previous periods.

Deferred tax liabilities are calculated using the balance sheet liability method, by calculating the tax from all temporary differences between book value and taxable value. Deferred taxes are calculated using the tax rates valid on the balance sheet date.

Deferred tax assets are recognized in the accounts up to the amount at which it is likely that taxable income will be generated in the future against which the tax receivables can be used. No deferred taxes are recognized for subsidiaries' undistributed earnings.

EMPLOYEE BENEFITS

Pension liabilities

The Group has various pension plans in accordance with the local regulations of each country in which it operates. A majority of the Group's pension plans are classified as defined contribution plans.

Employee pension plans are organised through external pension companies. The Finnish TEL pension insurance written by external pension insurance companies are treated as defined contribution plans as of 1 January 2006.

In defined contribution plans, the company makes fixed payments into the plan. The company has no legal or actual obligation to make additional payments if the pension insurance company is unable to pay out the benefits earned by employees in the current period or in previous periods. Payments made into defined contribution plans are recognized in the profit and loss account in the reporting period to which the payment applies.

In defined benefit plans, the employer's pension liability is based on the current value of the obligation defined in the plan and on the fair value of the assets included in the plan, which are calculated using actuarial calculations determined in the IAS 19 standard.

The Group's obligations in relation to defined benefit plans are calculated separately for each plan using the projected unit credit method. Pension costs are recognized as expenses during each employee's employment term on the basis of calculations made by authorised actuaries. In calculating the current value of a pension liability, the Group uses the market rate of return of high-quality debenture bonds issued by the companies or the interest rate of government debt obligations as the discount rate. The maturity of debenture bonds and debt obligations corresponds in all essential aspects to the maturity of the pension obligation being considered.

In the Group's defined benefit plans, the opening balance at the time of transfer includes all the accrued actuarial profits and losses. After that the acturial profits and losses are recognized through profit or loss over the average employment time.

Share-based payments

The IFRS 2 standard is applied to all share option schemes in which options have been granted after 7 November 2002, but did not vest before 1 January 2005. Expenses for any previous share option schemes have not been recognized in the profit and loss account. On the balance sheet date, the Group had no share option schemes in force.

PROVISIONS

Provisions are recognized when the company, as a consequence of previous events, has a legal or actual obligation whose monetary value can be reliably determined and whose realisation is probable. The amount recognized as provisions is equivalent to the best estimate of the expenses that will be incurred by fulfilling the obligations existing on the balance sheet date. The amount used for provisions is the current value of the expected expenses.

REVENUE RECOGNITION

The Group's revenue is mainly generated through the sale of services which are principally port operations and transports of cargo and passengers. The revenue from the sale of a service is recognized when the service has been provided. Income and expenses from incomplete voyages are recognized in proportion to their stage of completion. The stage of completion is determined by the percentage of the voyage completed during the reporting period. If it is likely that the total expenses from incomplete activities will exceed their total income, the expected loss is recognized as an expense. Revenue is adjusted with indirect taxes, revenue adjustments and exchange rate differences.

SEGMENT REPORTING

The Group's primary segment reporting is based on its business segments. Its secondary segment reporting is based on geographical segments.

3. SEGMENT INFORMATION

Segment information is reported in accordance with the Group's business and geographical segment distribution. The Group's primary segment reporting is based on business segments. Business segments are based on the Group's internal organisational structure and internal financial reporting.

PRIMARY SEGMENT REPORTING – BUSINESS SEGMENTS

The Group has two business segments, one is Shipping and Sea Transport Services and the other Port Operations.

SHIPPING AND SEA TRANSPORT SERVICES

Finnlines' Shipping and Sea Transport Services segment includes the Finnlines traffic in the Baltic Sea, the North Sea and the Bay of Biscay as well as the FinnLink, NordöLink and TransRussiaExpress traffic.

PORT OPERATIONS

Finnlines engages in port operations under the name Finnsteve in the ports of Helsinki, Turku, Naantali and Kotka in Finland, and under the name Norsteve in the port of Oslo in Norway. Finnsteve and Norsteve specialise in providing services to operators of transit, regular and planned unitised cargo traffic: stevedoring, terminal services, ship clearance as well as warehousing and container depot services.

EUR 1 000

	Shipping and Sea Transport Services	Port Operations	Eliminations	Group
Profit per segment for reporting period ending 31 Dec 2007				
Total sales from segment	585 067	133 155		718 222
Inter-segment sales	1 407	31 351	-32 758	-32 758
External sales	**583 660**	**101 804**		**685 464**
Operating profit for segment	**61 653**	**7 163**		**68 816**
Financial items				-28 698
Income taxes				-5 725
Profit before taxes, continuing operations				**34 393**
Profit for reporting period				**34 393**
Profit per segment for reporting period ending 31 Dec 2006				
Total sales from segment	538 996	123 092		662 088
Inter-segment sales	1 015	28 407	-29 422	-29 422
External sales	**537 981**	**94 685**		**632 666**
Operating profit for segment	**50 771**	**7 452**		**58 223**
Share of associated companies' profits	274			274
Financial items				-10 773
Income taxes				-9 989
Profit before taxes, continuing operations				**37 736**
Profit before taxes, discontinuing operations				**18 742**
Profit for reporting period				**56 477**

Inter-segment transfers and transactions are carried out using normal commercial conditions, equivalent to those used with external parties.
All inter-segment sales are eliminated in the consolidated financial statements.

EUR 1 000	Shipping and Sea Transport Services	Port Operations	Eliminations	Group
Expenses in the profit and loss account, no payment relating				
2007				
Depreciation	-46 318	-6 764		-53 082
Write-offs of account receivables	92	109		201
Change in provisions	-933			-933
2006				
Depreciation	-34 092	-5 783		-39 875
Write-offs of account receivables	-271	-140		-411
Change in provisions	-1 130			-1 130
Assets, liabilities and investments by segment				
2007				
Segment assets	1 265 263	101 413	-4 203	1 362 473
Investment in associated companies consolidated by the equity method	1 526			1 526
Unallocated assets				38 341
Total assets	**1 266 789**	**101 413**	**-4 203**	**1 402 340**
Segment liabilities	69 289	86 455	-67 521	88 224
Unallocated liabilities				878 465
Total liabilities	**69 289**	**86 455**	**-67 521**	**966 688**
Investments	**350 977**	**40 360**		**391 337**
2006				
Segment assets	973 627	63 440	-3 001	1 034 067
Investment in associated companies consolidated by the equity method	2 349			2 349
Unallocated assets				31 540
Total assets	**975 976**	**63 440**	**-3 001**	**1 067 956**
Segment liabilities	64 412	52 869	-40 043	77 238
Unallocated liabilities				566 961
Total liabilities	**64 412**	**52 869**	**-40 043**	**644 199**
Investments	**425 742**	**22 312**	**-209 980**	**238 074**

Segment assets consist mainly of tangible and intangible fixed assets, inventories and receivables. They do not include tax or financial items (e.g. bank and cash) or assets shared by the Group as a whole. Segment liabilities mainly consist of business-related liabilities such as accounts payable and other liabilities, accrued liabilities and received advances. They do not include tax items or loans.

Investments include additions to tangible assets (note 16) and intangible assets (note 17) without additions made through business acquisitions.

SECONDARY SEGMENT REPORTING – GEOGRAPHICAL SEGMENTS

The Group's geographical segments are Finland, other EU member states and other countries.

Revenue from the geographical segments is reported according to the location of the customers, whilst assets and investments are reported according to the location of the investing subsidiary. The Group's vessels and inventories (mainly fuel) are included in the reported assets even though they are by nature mobile and their location can be easily changed.

EUR 1 000	2007	2006
Finland	**368 688**	373 113
Other EU countries	**270 304**	223 626
Other	**46 473**	35 927
	685 464	632 666
Assets		
Finland	**895 220**	722 558
Other EU countries	**496 158**	342 317
Other	**8 166**	4 212
Internal items	**-37 595**	-32 671
Unallocated	**40 392**	31 540
	1 402 340	1 067 956
Investments		
Finland	**135 005**	232 273
Other EU countries	**252 368**	5 729
Other	**3 964**	174
Internal items		-102
	391 337	238 074

4. DISCONTINUED OPERATIONS

In 2007, there were no discontinued operations. In July 2006, Finnlines sold the German container feeder operator Team Lines GmbH & Co. KG and its subsidiaries in Finland, Sweden and Norway to a Belgian container shipping company Delphis NV. The sale was approved by the relevant competition authorities and it was finalised on 4 September 2006. TeamLines operations were classified as discontinued on 1 July 2006. Value of the sale totalled EUR 40 million (debt-free sales price).

Turnover of the Team Lines Group was EUR 188 million in 2005. Net profit of the sale was EUR 18.7 million, of which EUR 0.6 million is the January-August 2006 revenue of Team Lines companies. The Team Lines Group was included in the Shipping and Sea Transport Services segment.

INFORMATION ON THE DISCONTINUED OPERATIONS:

EUR 1 000	1 Jan–4 Sep 2006
Income statement	
Revenue	142 831
Expenses	-141 612
Operating profit (+), -loss (-)	1 219
Net financial expenses	-556
Profit (+), loss (-) before taxes	663
Income taxes	-159
Profit (+), loss (-) after taxes	504

EUR 1 000	1 Jan–4 Sep 2006
Cash flow statement	
Net cash flow from operations	-4 227
Net cash flow from investing activities	-260
Net cash flow from financing activities	4 466
Total cash flow	**-22**

EFFECT OF TEAM LINES COMPANIES SALE ON THE GROUP FINANCIAL POSITION

EUR 1 000	2006
Tangible assets	453
Goodwill	5 605
Other intangible assets	128
Shares	32
Receivables	27 878
Inventories	809
Provisions	-76
Interest-bearing liabilities	-11 763
Accounts payable and other liabilities	-14 844
Total assets and liabilities	8 221

EUR 1 000	2007	2006
Received in cash *	**4 000**	35 708
Net cash flow from disposals	**4 000**	35 708

* Cash received 2006 does not include EUR 4 million security deposit expired on 4 March 2007.
Information on the income tax of the Group allocated to discontinued operations is presented under note 13, Income Taxes.

5. ACQUIRED BUSINESS OPERATIONS

On 1 January 2006, Finnlines Plc's subsidiary Finnsteve Oy Ab acquired from Oy Saimaa Lines Ltd all shares in TBE System Oy Ltd, a company providing stevedoring, ship clearance, terminal, warehousing and container depot services in Kotka. The cash consideration of the purchase was EUR 1.7 million. Goodwill of EUR 3.0 million generated by the acquisition was due to the expected significant synergy benefits with the existing Finnsteve operations in Kotka. Finnsteve did not possess social or storage facilities in Kotka, which were acquired as part of the acquisition. TBE System was consolidated to the Finnlines Group from the beginning of the accounting period 2006 and is included in the Port Operations segment.

EUR 1 000	2006
Consideration	
Consideration paid in cash	1 700
Direct costs related to acquisitions	27
Total consideration	1 727
Fair value of the acquired net assets, negative	1 289
Goodwill	3 016

EUR 1 000	Fair value	Original carrying amount
Specification of the acquired net assets		
Goodwill		79
Other intangible assets		22
Tangible assets	2 590	3 177
Tax receivables	576	
Other receivables	931	931
Liabilities	-5 387	-5 387
Fair value of the acquired net assets	-1 289	-1 178
Consideration paid in cash	-1 700	
Capital transfer tax	-27	
Cash outflow on the acquisitions	-1 727	

6. DISTRIBUTION OF REVENUE

Revenue of the Group is generated by rendering sea transport and port operations services.

7. OTHER INCOME FROM OPERATIONS

EUR 1 000	2007	2006
Other income from operations, continuing operations		
Rent income	**1 225**	1 212
Gain from sale of fixed assets	**13 960**	725
Other income from operations	**136**	142
	15 320	2 078

Gain from sale of fixed assets mainly includes gain from sale of two vessels, MS Malmö-Link and MS Lübeck-Link.

8. MATERIALS AND SERVICES

EUR 1 000	2007	2006
Cost of goods sold, continuing operations		
Materials and supplies		
Purchases during reporting period	**-139 786**	-125 096
Change in inventories	**627**	355
Purchased services	**-66 745**	-71 301
	-205 904	-196 042

9. PERSONNEL EXPENSES

EUR 1 000	2007	2006
Employee benefit expenses, continuing operations		
Salaries	**-104 317**	-98 014
Other social costs	**-16 292**	-14 652
Pension expenses – defined contribution plans	**-14 388**	-14 735
Pension expenses – defined benefit plans	**-429**	-150
Shipping and Sea Transport Services grants	**18 777**	16 286
	-116 648	-111 266
Average number of Group employees, continuing operations		
Shipping and Sea Transport Services	**1 321**	1 222
Port Operations	**1 014**	974
	2 335	2 196

10. DEPRECIATION, AMORTISATION AND OTHER WRITE-OFF

EUR 1 000	2007	2006
Depreciation of fixed assets and of investment properties, continuing operations		
Depreciation of tangible assets, continuing operations		
Buildings and constructions	**-3 769**	-2 913
Machinery and equipment	**-5 525**	-5 164
Vessels and ship shares	**-41 801**	-29 990
Amortisation of intangible assets, continuing operations	**-1 984**	-1 805
Depreciation of investment properties	**-4**	-4
Total depreciation and amortisation	**-53 082**	**-39 875**

The new Vuosaari harbour is likely to be operational on schedule at the end of 2008. Finnsteve Oy Ab has revised the depreciation periods of the buildings located at Helsinki's West Harbour and Sompasaari to correspond to their remaining time of use.

11. OTHER OPERATING EXPENSES

EUR 1 000	2007	2006
Other operating expenses, continuing operations		
Personnel-related costs	**-9 635**	-4 691
Port expenses and other vessel voyage related costs	**-58 496**	-58 098
Lease costs	**-98 303**	-104 156
Other expenses	**-89 900**	-62 393
	-256 334	-229 337

12. FINANCIAL INCOME AND EXPENSES

EUR 1 000	2007	2006
Dividend income, investments available-for-sale	**16**	4
Profit earned from the sale of available-for-sale assets	**145**	
Debts carried at amortised cost, valuation (gain)	**168**	
Derivative valuation at fair value (gain)		
Currency derivatives, non hedge accounting	**822**	
Interest income		
Bank deposits	**867**	951
Loans and accounts receivable	**275**	585
Currency derivatives, non hedge accounting	**248**	477
Exchange rate gains		
Currency derivatives, non hedge accounting	**321**	546
Other exchange rate gains	**2 347**	8 197
Other financial income	**49**	24
Total financial income	**5 258**	10 784
Interest expenses		
Borrowings measured at amortised cost	**-26 325**	-10 454
Interest rate swaps, non hedge accounting	**-78**	
Currency derivatives, non hedge accounting	**-61**	-117
Derivative valuation at fair value (loss)		
Interest rate swaps, non hedge accounting	**-249**	
Exchange rate losses		
Loans carried at amortised cost	**-480**	-619
Currency derivatives, non hedge accounting	**-3 996**	-2 486
Other exchange rate losses	**-1 288**	-6 688
Other financial expenses	**-1 479**	-1 193
Total financial expenses	**-33 956**	-21 557
Net financial expenses	**-28 698**	-10 773

Operating profit includes EUR -0.04 million of exchange rate loss in 2007 (0.08 million gain in 2006).

13. INCOME TAXES

CONTINUING OPERATIONS

EUR 1 000	2007	2006
Tax on taxable income of the reporting period	**-1 340**	-1 289
Tax from previous periods	**-19**	-9
Change in deferred taxes	**-5 705**	-8 691
Change in tax provision (liabilities)	**1 339**	
Taxes in profit and loss account, expense (-)	**-5 725**	-9 989

Reconciliation of differences between tax on the profit and loss account and taxes calculated using Finnish tax rates (2007: 26 per cent, 2006: 26 per cent):

EUR 1 000	2007	2006
Profit before taxes, continuing operations	**40 118**	47 725
Tax calculated using Finnish tax rate *	**-10 431**	-12 408
Foreign subsidiaries' differing tax rates	**-2 709**	-9 477
Tax-exempt income and non-deductible expenses	**6 095**	11 905
Tax from previous periods	**-19**	-9
The effect of the change in tax base on 1 Jan on taxes (net) **	**1 339**	
Tax expenses in profit and loss account, continuing operations	**-5 725**	-9 989

* As of 1 January 2005 the applicable tax rate in Finland is 26 per cent.

** As of 1 January 2008 the applicable corporation tax rate in Germany will change from 25 per cent to 15 per cent.

DISCONTINUING OPERATIONS

EUR 1 000	2006
Tax on taxable income of the reporting period	-99
Change in deferred taxes	14
Taxes in profit and loss account, expense (-)	-85
Profit before taxes	18 742
Tax calculated using Finnish tax rate *	-4 873
Foreign subsidiaries' differing tax rates	-1 212
Tax-exempt income and non-deductible expenses	6 000
Tax expenses in profit and loss account, discontinuing operations	-85

* As of 1 January 2005 the applicable tax rate in Finland is 26 per cent.

14. EARNINGS PER SHARE

UNDILUTED

Undiluted earnings per share are calculated by dividing the consolidated profit for the reporting period attributable to the parent company's shareholders by the weighted average number of shares during the reporting period, minus the treasury shares purchased by the company.

EUR 1 000	2007	2006
Profit for the reporting period (EUR 1 000), continuing operations	**33 900**	37 311
Profit for the reporting period (EUR 1 000), discontinuing operations		18 742
Weighted average number of shares (1 000)	**40 692**	40 685
Undiluted earnings per share (EUR/share), continuing operations	**0.83**	0.92
Undiluted earnings per share (EUR/share), discontinuing operations		0.46

EARNINGS PER SHARE, DILUTED

Diluted earnings per share are calculated taking into account the diluting effect of the conversion into shares of all diluting potential ordinary shares. The diluting effect is no longer generated in 2007 because the number of shares outstanding has not changed during the year and there is no option programme in place.

EUR 1 000	**2007**	2006
Profit for the reporting period attributable to parent company shareholders (EUR 1 000), continuing operations	**33 900**	37 311
Profit for the reporting period attributable to parent company shareholders (EUR 1 000), discontinuing operations		18 742
Profit used for calculating diluted EPS	**33 900**	56 053
Weighted average number of shares (1 000)	**40 692**	40 685
Effect of share options (1 000)		15
Weighted average number of shares, diluted (1 000)	**40 692**	40 700
Diluted earnings per share (EUR/share), continuing operations	**0.83**	0.92
Diluted earnings per share (EUR/share), discontinuing operations		0.46

15. DIVIDENDS

In 2006, EUR 12.21 million was paid out in dividends (EUR 0.30 per share).
In 2007, EUR 17.09 million was paid out in dividends (EUR 0.42 per share).

The Board of Directors will propose to the Annual Shareholders' Meeting that no dividend be paid for 2007 due to the sizeable investment into the five new vessels already in operation and commitments to the vessel renewal programme and to logistical investments.

16. PROPERTY, PLANT AND EQUIPMENT

EUR 1 000	Land	Buildings	Vessels and ship shares	Machinery and equipment	Advance payments and acquisitions under construction	Total *
Reporting period ending on 31 Dec 2006						
Acquisition cost on 1 Jan	363	41 490	642 827	74 094	88 657	847 431
Exchange rate differences		1	6 187	-749	2	5 442
Acquisition of subsidiaries		2 880		340		3 220
Increases		103	4 923	4 261	221 183	230 470
Sales of assets				-1 254		-1 254
Disposals			-645	-1 800	-37	-2 482
Reclassifications			211 038	66	-211 038	66
Acquisition cost on 31 Dec	363	44 474	864 330	74 958	98 768	1 082 893
Accumulated depreciation, amortisation and write-offs on 1 Jan		-22 137	-160 545	-45 021		-227 704
Exchange rate differences		0	-1 883	739		-1 143
Cumulative depreciation on acquisitions		-489		-139		-628
Cumulative depreciation on reclassifications and disposals			327	1 567		1 894
Cumulative depreciation on sales of subsidiaries				801		801
Depreciation for the reporting period		-2 913	-29 990	-5 234		-38 136
Accumulated depreciation, amortisation and write-offs on 31 Dec		-25 539	-192 090	-47 287		-264 916
Book value on 31 Dec	363	18 934	672 240	27 671	98 768	817 976

EUR 1 000	Land	Buildings	Vessels and ship shares	Machinery and equipment	Advance payments and acquisitions under construction	Total *
Reporting period ending on 31 Dec 2007						
Acquisition cost on 1 Jan	363	44 474	864 330	74 958	98 768	1 082 893
Exchange rate differences		4		4		8
Increases		460	32 332	10 397	346 371	389 559
Disposals	-25	-198	-59 680	-3 560	-136	-63 598
Reclassifications			327 988	19	-327 988	19
Acquisition cost on 31 Dec	339	44 739	1 164 970	81 818	117 014	1 408 880
Accumulated depreciation, amortisation and write-offs on 1 Jan		-25 539	-192 090	-47 287		-264 916
Exchange rate differences		-1		12		11
Cumulative depreciation on reclassifications and disposals		63	43 333	3 298		46 694
Depreciation for the reporting period		-3 769	-41 801	-5 525		-51 094
Accumulated depreciation, amortisation and write-offs on 31 Dec		-29 246	-190 558	-49 501		-269 305
Book value on 31 Dec	339	15 493	974 412	32 317	117 014	1 139 575

* Balance value for vessels incl. EUR 17.9 million (17.8 million in 2006) in capitalised interest during construction.

Interests booked in advance payments include interest on advance payments for six new ro-ro vessels ordered from Jinling shipyard and interests on Vuosaari harbour investments.

Balance value of advance payments include EUR 2.2 million in capitalised interest in 2007.

Capitalization is based on 2007 interest rate level of 4.3 (3.3) per cent.

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

EUR 1 000	Buildings	Total
31 Dec 2006		
Acquisition cost	7 181	7 181
Accumulated depreciation and amortisation	-1 129	-1 129
Book value	6 052	6 052
31 Dec 2007		
Acquisition cost	7 181	7 181
Accumulated depreciation and amortisation	-1 440	-1 440
Book value	5 741	5 741

Acquisition cost of property, plant and equipment does not include assets leased through finance leases in 2006–2007.

17. GOODWILL AND OTHER INTANGIBLE ASSETS

EUR 1 000	Goodwill	Advance payments for intangible assets	Other intangible assets *	Total intangible assets
Reporting period ending on 31 Dec 2006				
Acquisition cost on 1 Jan	140 123	4 345	19 635	164 104
Exchange rate differences	2 679			2 679
Acquisition of subsidiaries	3 069		62	3 131
Increases		1 618	460	2 078
Sales of assets	-6 659		-200	-6 858
Disposals			-1 711	-1 711
Reclassifications		-1 720	1 654	-66
Acquisition cost on 31 Dec	139 213	4 244	19 900	163 357
Accumulated depreciation, amortisation and write-offs on 1 Jan	-31 112		-12 046	-43 158
Exchange rate differences	-442			-442
Cumulative depreciation on acquisitions	-53		-62	-115
Cumulative depreciation on reclassifications and disposals			1 578	1 578
Cumulative depreciation on sales of subsidiaries	1 053		72	1 125
Depreciation for the reporting period			-3 550	-3 550
Accumulated depreciation, amortisation and write-offs on 31 Dec	-30 554		-14 008	-44 561
Acquisition cost on 31 Dec	108 660	4 244	5 892	118 796
Reporting period ending on 31 Dec 2007				
Acquisition cost on 1 Jan	139 213	4 244	19 900	163 357
Exchange rate differences	34			34
Increases		372	1 406	1 778
Disposals	99	-9	-333	-243
Reclassifications		-4 235	4 216	-19
Book value on 31 Dec	139 346	372	25 188	164 907
Accumulated depreciation, amortisation and write-offs on 1 Jan	-30 554		-14 008	-44 561
Exchange rate differences	-34			-34
Cumulative depreciation on reclassifications and disposals	-99		330	231
Cumulative depreciation on sales of subsidiaries				
Depreciation for the reporting period			-1 984	-1 984
Accumulated depreciation, amortisation and write-offs on 31 Dec	-30 686		-15 662	-46 348
Book value on 31 Dec	108 660	372	9 526	118 558

* Other intangible assets consist of capitalised ERP-system implementation projects and ERP-licenses.
These systems and licenses are expected to generate economic benefits over a time span longer than the reporting period.

GOODWILL IMPAIRMENT TESTING

For the purpose of impairment testing, goodwill is allocated to the cash generating units.

EUR 1 000	**2007**	2006
Allocation of goodwill to the cash generating units		
NordöLink	**68 972**	68 972
HansaLink (Finland-Germany traffic)	**36 671**	36 671
Finnsteve Kotka operations *	**3 016**	3 016
Total	**108 660**	**108 660**

* Finnsteve Oy Ab acquisition in shares in TBE System Oy Ltd on 1 January 2006.

SEGMENT-LEVEL SUMMARY OF GOODWILL ALLOCATION

EUR 1 000	Shipping and Sea Transport Services	Port Operations	Group
2007			
Finland		3 016	3 016
Other EU countries	105 644		105 644
Other countries			
	105 644	3 016	108 660
2006			
Finland		3 016	3 016
Other EU countries	105 644		105 644
Other countries			
	105 644	3 016	108 660

The current recoverable amount of cash generating units is determined based on their value in use. The calculations are based on cash flow forecasts based on extensive 5-year budgets and forecasts (in port operations on 3-year budgets and forecasts).

The Finnlines Group has recently completed an extensive investment programme, which included five ro-pax vessels, each worth about EUR 100 million. In addition to freight capacity, the new ships have substantial passenger facilities (500 passenger berths each). Two of these vessels were delivered in 2006 to Finnlines' Finland–Germany service (HansaLink) and the rest three during 2007; one to the Finland–Germany service (HansaLink) and the rest two to Malmö–Travemünde (NordöLink) traffic. In addition, two old Hansa-class vessels were placed to NordöLink's traffic after conversion, which increased their cabin capacity and made them drive-through ships. The vessels previously operating in NordöLink's traffic (Malmö-Link and Lübeck-Link) were sold in 2007. Due to the investment programme, the book values of HansaLink and NordöLink have considerably risen in goodwill impairment testing.

The budget has been drawn up based on a vessel plan, which covers the recently introduced new and converted ships. Due to its substantial increase in capacity, the Group expects its income during the five-year forecast period to slightly exceed market growth. Particularly the net revenue of the passenger services is expected to grow rapidly in the next five years. Towards the end of the forecast period, the proportion of passenger services in the units' cash flows is expected to be more significant than today.

The cash flows after the period of 3–5 years are extrapolated using the growth factors listed below. Each growth factor is extrapolated in two stages. The first stage encompasses the 3–5 years subsequent to the forecast period, and the second stage encompasses the future to infinity. The growth factors used do not exceed the actual long-term growth rate of the sector in question.

The most important factors affecting cash flows are the vessel capacity utilisation rate, risk-free rate of interest on liabilities and the equity ratio. The interest rate for 10-year government loan has been used as the risk-free rate of interest and 35 (35 in 2006) per cent as the Group's equity ratio.

Main assumptions used in calculating value in use in 2007			
	Cash generating unit		
	HansaLink	NordöLink	Finnsteve Kotka
Discount rate (pre-tax), %	6.76%	6.73%	6.7%
LTP-period	2008–2012	2008–2012	2008–2010
Length of the 2nd forecast period	2013–2015	2013–2015	2011–2013
-yearly growth rate (for 2nd forecast period), %	2.00%	2.00%	2.00%
Growth rate after 2nd forecast period	2.00%	2.00%	2.00%

Main assumptions used in calculating value in use in 2006			
	Cash generating unit		
	HansaLink	NordöLink	Finnsteve Kotka
Discount rate (pre-tax), %	6.16%	6.01%	6.18%
LTP-period	2007–2009	2007–2011	2007–2009
Length of the 2nd forecast period	2010–2012	2012–2014	2010–2012
-yearly growth rate (for 2nd forecast period), %	2.50%	2.50%	2.50%
Growth rate after 2nd forecast period	2.00%	2.00%	2.00%

In the tested units, the current recoverable amount of the Finland–Germany service (HansaLink) and Finnsteve's Kotka operations distinctly exceed (by over 25 per cent) the unit's book value. Due to the recently completed extensive investment programme, NordöLink's current recoverable amount exceeds the book value only slightly. If the capacity utilisation rate falls below the planned rate, Finnlines is, even in the short term, able to make changes to the vessel plan and transfer ships to other routes and either hire them out or sell them to outside operators.

The cash flow forecast is based on an assumption of the sector's market development in the period covered by the latest budgets. The assumptions used reflect actual development and forecasts for the future and are consistent with external data.

18. INVESTMENT PROPERTIES

EUR 1 000	**2007**	2006
Acquisition cost on 1 Jan	**1 598**	1 598
Acquisition cost on 31 Dec	**1 598**	1 598
Accumulated depreciation and amortisation on 31 Dec	**-14**	-10
On 31 Dec	**1 584**	1 588

The Group owns properties in Turku (in the form of land and small buildings). The town planning of the area has not been completed, which makes it difficult to specify the fair value of these properties. The properties in question have been valued in the balance sheet at their acquisition cost.

19. INVESTMENTS IN ASSOCIATED COMPANIES

EUR 1 000	2007	2006
Acquisition cost on 1 Jan	**2 349**	2 105
Additions		
Disposals	**-822**	-31
Acquisition cost on 31 Dec	**1 526**	2 074
Share of associated companies' profits		274
Book value on 31 Dec	**1 526**	2 349

The Group sold its 50 per cent holding in RosEuro Trans in 2007. The Group share of profits of RosEuro Trans was consolidated as an associated company up to the moment of sale.

EUR 1 000	Registered in	Assets	Liabilities	Revenue	Profit / loss	Holding (%)
2006						
RosEuro Trans *	St. Petersburg, Russia	2 168	420	15	549	50
Simonaukion pysäköinti	Helsinki	3 027	28	5	-25	50
2007						
Simonaukion pysäköinti **	Helsinki					50

* Group share of profits consolidated based on financial statement of previous year.

** Information on 2007 not yet available.

The book values for associated companies on 31 December 2007 and 31 December 2006 do not include goodwill.

20. OTHER FINANCIAL ASSETS

During the reporting period, EUR 0.15 (0.23) million sales profit have been recognized for financial assets available for sale.

EUR 1 000	2007	2006
Investments in unlisted shares	**4 797**	4 892
Available-for-sale financial assets on 31 Dec	**4 797**	4 892

Non-derivative financial assets available-for-sale include unlisted shares. Since the fair value of the shares cannot be reliably determined, they are recognized at their acquisition cost deducted by possible impairment.

In 2007 and 2006, the Group had no financial assets classified under the category held-to-maturity investments.

21. NON-CURRENT RECEIVABLES

EUR 1 000	2007		2006	
	Fair Value	**Carrying amount**	Fair Value	Carrying amount
Loans and other receivables				
Loan receivables	**3 278**	**3 397**	4 963	5 315
Pension plan receivables	**653**	**653**	435	435
Other receivables	**50**	**50**	53	53
Accrued receivables	**5 074**	**5 074**	35	35
	9 055	**9 173**	5 486	5 839

The Group has a long-term fixed-interest loan receivable in USD related to sales of vessels. The unamortized part of the loan is EUR 4.08 million on 31 December 2007 (EUR 5.32 million).

Amortizations of the loan in the following year are presented under current receivables, EUR 0.68 million.
The book value of loan receivable has been calculated using the effective interest method and the fair value is determineded by discounting the future cash flows of the loan at the interest rate that corresponds to the market interest rate prevailing on the balance sheet date 3.9–4.1 per cent (5.1–5.3 per cent), to which a risk premium has been added. The maximum credit risk related to loan asset is its book value.

The Group had no financial assets and liabilities at fair value through profit or loss on the balance sheet date 31 December 2006.

22. DEFERRED TAX ASSETS AND LIABILITIES

Changes in deferred taxes in 2006 and 2007:

EUR 1 000	1 Jan 2006	Recognised in profit and loss account	Exchange rate differences	Acquired businesses	Recognised in shareholders' equity	31 Dec 2006
Deferred tax assets						
Defined benefit pension plans	559	-454				105
Acquired businesses		-37		576		539
Other differences		78				78
Total deferred tax assets	559	-413		576		722
Deferred tax liabilities						
Property, plant and equipment	8 722	-607	-8			8 107
Depreciation difference	77 603	8 018	547			86 167
Fair value valuation gains	5	-4				1
Other differences	3 323	859				4 183
Total deferred tax liabilities	89 654	8 265	539			98 457

EUR 1 000	1 Jan 2007	Recognised in profit and loss account	Exchange rate differences	Acquired businesses	Recognised in shareholders' equity	31 Dec 2007
Deferred tax assets						
Defined benefit pension plans		**84**				**84**
Acquired businesses, fair value valuation	**142**	**-10**				**132**
Confirmed loss	**397**	**-397**				
Fair value valuation loss, IAS 32, 39		**65**				**65**
Hedge accounting					**1 597**	**1 597**
Other differences	**77**	**97**				**174**
	616	**-161**			**1 597**	**2 051**
Defined benefit pension plan, transfer from deferred tax liabilities	**105**	**-105**				
Total deferred tax assets	**722**	**-266**			**1 597**	**2 051**
Deferred tax liabilities						
Depreciation difference	**86 167**	**-1 164**				**85 003**
Group difference, vessels and equipment	**9 319**	**7 466**				**16 785**
Group difference, vessels sold	**1 478**	**-1 478**				
Fair value valuation gains, IAS 32, 39	**1**	**257**				**258**
Repurchase reserve	**1 238**					**1 238**
Defined benefit pension plans	**-105**	**275**				**170**
Other differences	**254**	**188**	**14**			**456**
	98 352	**5 544**	**14**			**103 910**
Netted against deferred tax assets	**105**	**-105**				
Total deferred tax liabilities	**98 457**	**5 439**	**14**			**103 910**

EUR 1 000	2007	2006
Deferred tax assets and liabilities		
Total deferred tax assets	**2 051**	722
Set-off against deferred tax liabilities		-105
Deferred tax assets on balance sheet	**2 051**	617
Deferred tax liabilities	**103 910**	98 457
Set-off against deferred tax assets		-105
Deferred tax liabilities on balance sheet	**103 910**	98 352

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

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

23. INVENTORIES

EUR 1 000	2007	2006
Material and equipment	**6 651**	5 031
Inventory for resale	**257**	216
Other inventories		165
	6 908	5 412

No impairment of inventories was recognized during the reporting period.

24. CURRENT RECEIVABLES

EUR 1 000	2007		2006	
	Fair Value	**Carrying amount**	Fair Value	Carrying amount
Loans and other receivables				
Loans and other receivables				
Accounts receivable	**64 949**	**64 949**	63 754	63 754
Accrued receivables *	**17 113**	**17 113**	15 788	15 788
Other receivables	**7 597**	**7 597**	11 960	11 960
Loan receivables	**710**	**710**	36	36
Financial assets at fair value through P&L				
Currency derivatives, non-hedge accountig	**822**	**822**		
	91 191	**91 191**	91 537	91 537

The tables below show the analysis of accounts receivable by age and currency. Significant items of accrued receivables are specified in the following table.

The Group has ordered six ro-ro vessels from the Chinese Jinling shipyard at a total price of around EUR 240 million. These ships will be paid partly in USD, but instalments have been fully hedged against euro. The Group applies hedge accounting in accordance with IAS 39 to the spot part of the forward exchange of the above derivative contracts. The interest portion of these forward agreements is handled outside hedge accounting and the generated positive valuation is shown in short-term receivables.

EUR 1 000	**2007**	2006
*** Significant items of accrued receivables**		
Vessel hires	**5 311**	4 790
Vessel docking costs	**3 892**	1 864
State subsidies for shipping companies	**5 209**	3 603
Other accrued receivables	**2 701**	5 532
	17 113	15 788

EUR 1 000	**2007**	**Booked as credit loss**	**Net 2007**
Aging of accounts receivable 2007			
Due	**51 339**	**31**	**51 308**
Overdue			
1–30 days	**12 569**		**12 569**
31–60 days	**1 455**		**1 455**
61–90 days	**-635**		**-635**
91–360 days	**594**	**55**	**539**
over 360 days	**-172**	**115**	**-287**
Total overdue	**13 811**	**170**	**13 641**
	65 150	**201**	**64 949**

EUR 1 000	2006	Booked as credit loss	Net 2006
Aging of accounts receivable 2006			
Due	46 022		46 022
Overdue			
1–30 days	14 243		14 243
31–60 days	3 543	1	3 542
61–90 days	-220		-220
91–360 days	147	47	100
over 360 days	429	362	67
Total overdue	18 142	411	17 732
	64 164	411	63 754

EUR 1 000	2007	2006
Accounts receivable by currency		
EUR	**54 615**	50 267
SEK	**6 918**	9 966
GBP	**1 901**	1 780
NOK	**1 396**	1 295
USD	**102**	436
DKK	**17**	9
	64 949	63 754

The book values of accounts receivable and other receivables are reasonable estimates of their fair values. In 2007, the Group has recognized EUR 0.20 (0.41) million credit losses for accounts receivable. The maximum credit risk related to accounts receivable and other receivables is their book value.

25. BANK AND CASH

EUR 1 000	2007	2006
Cash in hand and at bank	**13 227**	14 253
Financial instruments (less than 3 months)	**13 687**	4 183
	26 913	18 436

The bank and cash item does not include any cheque account overdrafts to be paid on demand.

26. NOTES ON SHAREHOLDERS' EQUITY

EUR 1 000	No. of shares outstanding (1 000)	Share capital	Share issue	Share issue premium	Total
On 1 Jan 2006	40 660	81 314	6	24 301	105 621
Registration of share options in the Trade Register (20 Jan) *		6	-6		
Subscription of share options (10 Apr)	32	64		224	289
On 31 Dec 2006	40 692	81 384		24 525	105 909
On 31 Dec 2007	40 692	81 384		24 525	105 909

* Subscription of shares with share options. Shares were not registered in the Trade Register by 31 Dec 2005.

The share capital (ordinary shares) consists of shares of one series. Each share has a nominal value of EUR 2 and carries one vote in the AGM. On 31 December 2007, the maximum number of shares was 100 million (100 million on 31 December 2006). The maximum share capital was thus EUR 200 million. All issued shares have been fully paid.

TRANSLATION DIFFERENCES

The translation difference fund contains translation differences arising from the translation of foreign units' financial statements.

SHARE OPTION SCHEMES

The IFRS 2 standard is applied to all share option schemes in which options have been granted after 7 November 2002 but did not vest before 1 January 2005. Expenses from previous share option schemes have not been recognized in the profit and loss account.

Finnlines had no share option schemes in force on the balance sheet date. In 2001 one share option programme to management was issued and that ended in 2006. The plan granted the right to subscribe a maximum of 1,400,000 Finnlines Plc shares such that two shares could be subscribed with each option. Of the options, 350,000 were Class A options and 350,000 were Class B. The calculated share subscription price (1 Jan 2006–26 March 2006) for Class A options was EUR 8.67 and for Class B options EUR 9.225. The annual dividend per share was deducted from the share subscription price on the dividend recognition date. The options gave the right to subscribe options annually between 2 January and 30 November. The subscription period ended on 26 March 2006. During the reporting period 2006, 15,000 shares were subscribed with Class A options and 17,200 shares with Class B options. The average price of the subscriptions was EUR 8.97. The Group received EUR 0.3 million from the option subscription, of which EUR 0.1 million was recognized as share capital and EUR 0.2 million was transferred to the premium fund.

EUR 1 000	**2007**		2006	
	Excercise price as weighted average, EUR/share	No. of options	Excercise price as weighted average, EUR/share	No. of options
On 1 Jan		0	8.95	71 100
Exercised options			8.97	16 100
Expired options				55 000
On 31 Dec		0		0
Exercisable options on 31 Dec		0		0

27. PROVISIONS

EUR 1 000	2007	2006
Non-current provisions	**2 284**	3 659
Current provisions	**672**	230
	2 956	3 889

	Tax provision	Other provisions	Total
On 1 Jan 2007	3 737	152	3 889
Increases in provisions	524	17	540
Used provisions	-86	-48	-134
Reversal of unused provisions	-1 339		-1 339
On 31 Dec 2007	2 836	120	2 956

The provisions mainly contain tax provisions related to German corporate taxation. They arise from differences between book values and market values that existed when the company joined the German tonnage tax system. The tax will be realised in connection with vessel sales or when the company leaves the German tonnage tax system.

Other provisions consist of several small items.

28. INTEREST-BEARING LIABILITIES

EUR 1 000	2007		2006	
	Fair Value	**Carrying amount**	Fair Value	Carrying amount
Long-term interest-bearing liabilities measured at amortized cost through P&L				
Loans from financial institutions	**571 906**	**581 345**	345 410	345 571
Pension loans	**5 572**	**5 750**	6 765	6 900
Finance lease liabilities	**5 900**	**5 900**	6 144	6 144
Instalment plan debts	**822**	**822**	1 452	1 452
	584 201	**593 817**	359 771	360 067
Current interest-bearing liabilities measured at amortized cost through P&L				
Loans from financial institutions	**120 644**	**120 644**	87 695	87 695
Pension loans	**1 150**	**1 150**	1 150	1 150
Finance lease liabilities	**244**	**244**	232	232
Accrued liabilities			236	236
Instalment plan debts	**630**	**630**	616	616
Commerial paper program	**39 384**	**39 384**	9 810	9 810
Other liabilities	**333**	**333**		
	162 384	**162 384**	99 739	99 739
Total interest-bearing liabilities	**746 586**	**756 202**	459 510	459 806

The book values of interest-bearing loans from financial institutions and pension liabilities have been calculated using the effective interest method and the fair values have been determined by discounting future cash flows of loans at the interest rate at which the Group would obtain a similar loan from external parties on the balance sheet date. The total interest comprises risk-free interest of 4.5–4.9 per cent (3.7–4.3 per cent) and company-specific risk premium. The effective interest rate of finance lease obligations is supposed to correspond to the valid interest rate of similar contracts to be made on the balance sheet date.

EUR 1 000	2007	2006
Maturity of long-term interest-bearing liabilities (not including finance lease liabilities)		
Within 12 months	**121 794**	88 845
Between one and five years	**232 604**	169 049
After five years	**354 680**	183 443
	709 078	441 337
Weightend average interest rates of the interest-bearing debts		
Loans from financial institutions	**4.77%**	3.85%
Commercial paper programme	**5.03%**	3.86%
Pension loans	**3.98%**	3.98%
Finance lease liabilities	**5.12%**	5.12%

EUR 1 000	Within 1 year	1–5 years	More than 5 years	Total
Floating rate liabilities, timing of re-pricing 2007				
Financial liabilities				
Loans from financial institutions	492 259			492 259
Finance lease liabilities		2 490	1 699	4 189
Instalment plan debts	533			533
Commerial paper programme	39 384			39 384
Effect of interest swaps	-120 000	120 000		
	412 176	122 490	1 699	536 364
Floating rate liabilities, timing of re-pricing 2006				
Financial liabilities				
Loans from financial institutions	433 266			433 266
Finance lease liabilities			4 366	4 366
Instalment plan debts	690			690
Commerial paper programme	9 810			9 810
	443 766		4 366	448 132

EUR 1 000	2007	2006
Division of short-term interest-bearing liabilities (not including accrued liabilities) into currencies		
EUR	**756 202**	408 134
SEK		51 436
	756 202	459 570

The Group's all interest-bearing liabilities were in EUR on 31 December 2007. At the end of 2006, the Group had a loan in SEK from a financial institutions. This loan hedged the Group's net investment in the Swedish companies. The Swedish companies changed their accounting currency to euro at the beginning of 2007, after which the loan was paid off.

Interest-bearing liabilities include secured liabilities. The securities for these liabilities are worth EUR 724 (461) million in assets. This is detailed in note 33. Contingencies and commitments.

FINANCIAL LEASE LIABILITIES

Finance lease liabilities consist of two pier ramp structures and one office building.

EUR 1 000	2007	2006
Future minimum lease payments due:		
Within 12 months	**553**	553
Between one and five years	**2 211**	2 211
After five years	**6 426**	6 980
	9 189	9 743
Future interest expenses on finance lease agreements	**3 021**	3 342
Current value of minimum lease payments		
Within 12 months	**538**	538
Between one and five years	**1 897**	1 897
After five years	**3 733**	3 966
	6 168	6 401

29. ACCOUNTS PAYABLE AND OTHER LIABILITIES

EUR 1 000	2007		2006	
	Fair Value	**Carrying amount**	Fair Value	Carrying amount
Interest-free liabilities, long-term				
Hedge accounting				
Currency forward contracts -hedge accounting	**1 314**	**1 314**		
	1 314	**1 314**		
Accounts payable and other liabilities				
Liabilities measured at amortized cost through P&L				
Accounts payable	**26 197**	**26 197**	17 576	17 576
Periodising of personnel costs	**16 369**	**16 369**	14 168	14 168
Periodised interest	**10 111**	**10 111**	4 635	4 635
Other accrued liabilities	**28 791**	**28 791**	28 707	28 707
Other liabilities	**14 389**	**14 389**	14 069	14 069
Financial liabilities at fair value through P&L				
Interest rate SWAPs - non hedge accounting	**249**	**249**		
Hedge accounting				
Currency forward contracts - hedge accounting	**3 353**	**3 353**		
	99 459	**99 459**	79 155	79 155

The Group has an open interest rate swap made in 2007, where the Group has swapped six-month Euribor interest for a fixed three-year interest. The nominal value of the interest rate swap is EUR 120 million and the duration is three years. This interest rate swap is measured at fair value through profit or loss, and the negative effect of the change in value is presented in the balance sheet under accounts payable and other liabilities. The Group had no financial liabilities at fair value through profit or loss on 31 December 2006.

The book value of accounts payable and other liabilities is the reasonable estimate of their fair values. The table below shows the significant items in accrued liabilities and distribution of accounts payables by currency.

EUR 1 000	2007	2006
Significant items in accrued liabilities		
Cargo handling costs	**5 688**	6 044
Port expense and voyage related costs	**2 446**	2 975
Bunker costs	**4 473**	2 347
Discounts given	**7 457**	6 349
Other accrued liabilities	**8 727**	10 992
	28 791	28 707
Division of accounts payable into currencies		
EUR	**20 589**	13 058
SEK	**1 865**	1 917
USD	**1 948**	1 423
GBP	**666**	489
NOK	**961**	410
DKK	**153**	265
CHF		14
PLN	**15**	
	26 197	17 576

30. ADJUSTMENTS TO CASH FLOW FROM OPERATIONS

EUR 1 000	2007	2006
Non-cash transactions:		
Depreciation	**53 082**	39 875
Profits/losses from the sale of assets according to plan	**-13 281**	-20 499
Exchange rate differences	**-239**	-5 500
Share of associated companies' profits		274
Other		-237
	39 561	13 913

31. PENSION LIABILITIES

Employee pension plans are organised through external pension insurance companies.

The Group's obligations in relation to defined benefit plans are calculated separately for each plan using the projected unit credit method. Pension costs are recognized as expenses during each employee's employment term on the basis of calculations made by authorised actuaries. In calculating the current value of a pension liability, the Group uses the market rate of return of high-quality debenture bonds issued by the companies or the interest rate of government debt obligations as the discount rate. The maturity of debenture bonds and debt obligations corresponds in all essential aspects to the maturity of the pension obligation being considered.

EUR 1 000	2007	2006
Post-employment benefits		
Defined benefit pension plans (receivable)	**-695**	-435
Defined benefit pension plans (liability)	**2 400**	2 565
	1 705	2 130

EUR 1 000	2007 Defined benefit plans	2006 Defined benefit plans
Balance sheet reconciliation		
On 1 Jan	**2 130**	4 202
Net income (-)/expenses (+) recognised in profit and loss account	**480**	158
Payments to the plan	**-904**	-2 230
On 31 Dec	**1 705**	2 130
Pension liabilities on balance sheet		
Present value of funded liabilities	**9 132**	7 052
Fair value of plan assets	**-6 191**	-3 704
Unrecognised actuarial profits (+) and losses (-)	**-1 236**	-1 218
Total liabilities (receivables)	**1 705**	2 130

EUR 1 000	2007	2006
Pension costs in profit and loss account		
Service cost of current period	**-296**	-233
Interest expenses	**-292**	-263
Expected income from plan assets	**164**	148
Actuarial profits (+)/losses (-)	**-30**	-77
Gains and losses on curtailments and settlements	**-26**	267
Total in personnel costs	**-480**	-158
Main actuarial assumptions		
Finland		
Discount rate, %	**5.00**	4.30
Expected return on assets, %	**4.30**	4.30
Expected salary increase rate, %	**4.26**	4.00
Rate of inflation %	**2.00**	2.00
Expected remaining employment time in years	**6.00**	7.00
Main actuarial assumptions		
Germany		
Discount rate, %	**5.40**	4.50
Expected return on assets, %	**n/a**	n/a
Expected salary increase rate, %	**3.00**	2.00
Future increases in pensions, %	**2.00**	1.70
Rate of inflation %	**2.00**	1.70
Expected remaining employment time in years	**13.00**	12.00
Main actuarial assumptions		
Norway		
Discount rate, %	**4.75**	4.50
Expected return on assets, %	**n/a**	n/a
Expected salary increase rate, %	**4.50**	3.00
Future increases in pensions, %	**5.75**	5.50
Rate of inflation %	**2.00**	2.00
Expected remaining employment time in years	**13.00**	13.00

Calculation on the present value of defined benefit obligations

EUR 1 000	2007	2006	2005
Present value of the obligation	**9 132**	7 052	6 163
Fair value of plans assets	**-6 191**	-3 704	-802
	2 941	3 348	5 361

The Group estimates to reimburse EUR 0.5 million in 2008 relating to the defined benefit plans valid on 31 December 2007.

32. FINANCIAL RISK MANAGEMENT

The management of financial risks aims to reduce the volatility in earnings, the balance sheet and cash flow, while securing effective and competitive financing for the Group. The main financial risks are currency risk, interest rate risk, credit risk, liquidity risk, funding risk and fuel price risk. For risk management the Group uses currency forwards, currency loans, interest rate swaps and fuel price clauses included in customer contracts. The Group's risk management principles are approved by the Board of Directors, and the responsibility for their implementation lies with the finance unit, with the exception of the fuel price clauses, which are the responsibility of the business units.

CURRENCY RISK

The Group operates internationally and is therefore exposed to transaction risks through different currency positions. The main foreign currencies used by the Group are USD and SEK. Currency risks arise from commercial transactions, monetary balance sheet items and net investments in foreign subsidiaries.

Transaction risk

In 2007, around 90 per cent of sales were invoiced in EUR, and the rest in SEK, DKK, NOK and GBP.
Purchases are mainly paid in EUR. Fuel oil purchases are made in USD. Fuel price clauses included in customer contracts cover part of this USD risk. Currency positions are reviewed for each currency every 12 months when annual budgets are made. In 2007, the currency risk arising from the cash flow in foreign currencies resulting from operations was hedged for the next 3-month-period fully against USD and SEK. In 2007, the Swedish companies changed over to mainly use EUR as their invoicing currency. For 2008, no transaction risk has been hedged separately by derivative financial instruments.

The Group's business units may make internal derivative contracts with the finance unit to hedge a specific activity. In such cases the finance unit also decides on any hedging to be made with an external counterpart based on the whole Group's net currency position according to the principles set by the Board of Directors.

All of the Group's interest-bearing liabilities on the balance sheet date are in EUR. The Group has USD-denominated interest-bearing loan assets worth approximately EUR 4.1 million.

Hedge accounting

The Group has ordered six ro-ro vessels from the Chinese Jinling shipyard at a total price of approximately EUR 240 million. These vessels will be paid partly in USD but the instalments have been fully hedged against EUR. The Group applies hedge accounting in accordance with IAS 39 to the these derivative contracts for the spot part of the currency forward. It is considered as hedging of cash flow from a highly probable transaction. The following table shows the duration and fair values.

EUR 1 000	Fair value	Spot-portion *	Interest element **
Hedge accounting 2007			
Jinling vessel order USD / EUR-hedging			
Due 2007	-1473	-1 091	
Due 2008	-3 097	-2 481	-616
Due 2010	-278	-332	54
Due 2011	-470	-640	170
	-5 318	-4 544	-392

* Spot-portion (net) of the currency forward contract, booked in shareholders' equity including a gross value of EUR -6.14 million of the instruments and deferred tax of EUR +1.60 million.

** Interest element of the currency forward contract, non-hedge accounting, through P&L.

Changes in fair value from instruments other than derivatives under hedge accounting are recognized through profit or loss and presented under financial items.

Translation risk

The Group has net investments abroad and is thus exposed to risks which arise when investments in NOK, GPB and DKK are converted into the parent company's functional currency (in 2006 also investments in SEK). The Group's principle is to hedge significant net investments made in foreign subsidiaries through foreign currency loans. In 2007, the Group had no such significant investments in foreign currencies. The acquisition value of the shares in the Group's Swedish subsidiary was hedged though a loan in SEK until 31 December 2006. At the beginning of 2007, the subsidiary's accounting currency was changed to EUR and the loan hedging the investment was paid off. The tables below show the translation position at the end of 2006 and 2007.

EUR 1 000	Investment	Hedge	Hedge %	Hedging instrument
Group translation exposure 2007				
NOK	1 704		0%	
GBP	-956		0%	
DKK	167		0%	
PLN	76		0%	
	990		0%	
Group translation exposure 2006				
SEK	56 074	51 436	92%	Currency debt
NOK	2 676		0%	
GBP	-1 665		0%	
DKK	88		0%	
	57 173	51 436	90%	

The Group's sensitivity to interest rate fluctuations

The following table describes the Group's sensitivity to changes in the EUR/USD exchange rate. The impact of exchange rate changes of other currencies is not material.

Assumptions in estimating sensitivity:

- The variation in EUR/USD-rate is assumed to be +/- 10 per cent.
- The position includes USD-denominated financial liabilities, deposits, loan assets, accounts receivable, accounts payable and derivative contracts.
- The position excludes future USD-denominated cash flows and future USD-denominated instalments for the ro-ro vessels ordered from the Jinling shipyard.

EUR 1 000	Change in Profit & Loss	Change in Equity
Sensitivity at closing date 2007, change in USD, weakening / strenghtening 10% against euro	**-677 / +827**	**-4 815 / +5 885**
Sensitivity at closing date 2006, change in USD, weakening / strenghtening 10% against euro	-422 / +516	-298 / +382

INTEREST RATE RISK

The interest-bearing debt exposes the Group to interest risk, i.e. re-pricing and price risk caused by interest rate movements. Management of interest rate risk is centralised to the Group Treasury. The objective of the interest rate risk management is to reduce the fluctuation of the interest expense, enabling more stable net income. The Group manages interest rate risk by selection of debt interest periods and by using interest rate forwards and interest rate swaps. The level of hedging against interest rates risks and the duration of the debt portfolio is settled annually by the Board of Directors when making the budget. On the balance sheet date, 55 per cent of the Group's loans were floating-rate and the rest were fixed-rate loans (including loans from financial institutions, pension loans, commercial papers and interest forwards handled as fixed-rate). The duration (average interest rate period) of the debt portfolio (including debt and derivative instruments) was approximately 36 months.

The Group has an open interest rate swap made in 2007, where the Group has swapped six-month Euribor interest for fixed three-year interest. The nominal value of the interest rate swap is EUR 120 million and its duration is three years. The Group does not apply hedge accounting in accordance with IAS 39 to this interest rate swap but it is measured to fair value through profit or loss and the negative effect of the change in value is recognized in the balance sheet under accounts payable and other liabilities. The Group had no financial instruments at fair value through profit or loss on 31 December 2006.

The table in note 28, Interest-Bearing Liabilities, shows the date of interest rate change of the Group's variable-rate liabilities and the effective interest rates of liabilities.

The following table shows the Group's sensitivity to changes in market interest rates. The following assumptions were made when calculating the sensitivity:

- The variation of interest rate is assumed to be +/- 0.50 per cent from the interest rate of individual instruments on the balance sheet date.
- The analysis includes the instruments with an interest adjustment date within the following 12 months.
- The position includes variable-rate loans from financial institutions, commercial papers and interest derivative instrument, the change in the fair value of which is shown separately in the table.
- The position exludes finance lease obligations and instalment debts, because the change in finance costs caused by the interest rate change is not relevant to these.
- When calculating the sensitivity, it is assumed that the variable-rate debt portfolio remains unchanged for the whole year (no instalments, no new debt) and that the interest rate changes as stated above on the following interest change date of the debt instrument.
- If the variable-rate instrument was fully amortized within the next 12 months, it is assumed that this instrument would be reacquired at a new prevailing interest rate according to the above.

EUR 1 000	Change in Profit & Loss	Change in Equity
Sensitivity on closing date 2007, change in interest rates, increasing / decreasing 0.5% from the vaild rate of the instrument on 31 Dec 2007		
Debt portfolio	**-2 357 / +2 357**	**-1 744 / +1 744**
Interest rate SWAP	**+1 358 / -1 162**	**+1 005 / -860**
	-999 / +1 195	**-739 / +884**
Sensitivity on closing date 2006, change in interest rates, increasing / decreasing 0.5% from the valid rate of the instrument on 31 Dec 2006		
Debt portfolio	-1 935 / +1 935	-1 432 / +1 432
	-1 935 / +1 935	-1 432 / +1 432

The sensitivity of the Group's debt portfolio has grown mainly due an increase in liabilities. At the same time, the Group has, however, entered into more fixed-rate debt agreements proportionally and also made an interest rate swap. These actions extend the duration of the debt portfolio, which reduces the Group's sensitivity to market interest changes within the following 12 months.

The Group has no significant interest-bearing assets, and therefore the Group's profit for the period, generated from the assets, and cash flows is not substantially exposed to changes in market interest rates.

CREDIT RISK

The Group is exposed to credit risk from its commercial receivables and receivables from financial institutions based on short-term investment of liquid funds as well as derivative transactions. The Group policy implemented in 2007 sets out the credit rating requirements and investment principles related to customers, investment transactions and derivative contract counterparts. The Group has no significant concentrations of credit risk, since it has a broad clientele distributed across various sectors. The Group makes derivative contracts and investment transactions only with counterparts with high credit ratings. The credit ratings and credit limits of credit customers are constantly monitored. Credit losses in 2007 were immaterial. Note 24, Current receivables, shows the analysis of accounts receivable by age and realised credit losses.

LIQUIDITY RISK

The Group continuously strives to evaluate and monitor the amount of financing required for its operations to ensure that it will have sufficient liquid assets to finance its business activities and investments and to repay loans. The Group seeks to finance vessel investments with credit agreements with the longest possible terms. The Group aims to guarantee the availability and flexibility of financing by unutilised credit facilities and by employing several banks and methods for funding. On 31 December 2007 the granted but non-utilised credit facilities totalled EUR 240 (635) million.

The contractual cash flow of interest bearing liabilities as of 31 December 2007

EUR 1 000	2008	2009	2010	2011	2012	2013–	Total
Loans from financial institutions	120 644	58 307	58 305	58 304	53 088	353 530	702 178
Pension loans	1 150	1 150	1 150	1 150	1 150	1 150	6 900
Finance lease liabilities	553	553	553	553	553	6 402	9 165
Instalment plan debts	630	593	130	85	14		1 452
Commerial paper programme	39 384						39 384
	162 361	60 603	60 138	60 092	54 805	361 082	759 079

The contractual cash flow of interest bearing liabilities as of 31 December 2006

EUR 1 000	2008	2009	2010	2011	2012	2013–	Total
Loans from financial institutions	87 695	50 366	38 030	38 027	38 026	181 143	433 287
Pension loans	1 150	1 150	1 150	1 150	1 150	2 300	8 050
Finance lease liabilities	553	553	553	553	553	6 955	9 718
Instalment plan debts	616	630	593	130	85	14	2 068
Commerial paper programme	9 810						9 810
	99 824	52 699	40 326	39 860	39 814	190 412	462 933

The contractual cash flow of derivatives as of 31 December 2007

EUR 1 000	2008	2009	2010	2011	2012	2013–	Total
Loans from financial institutions							
Interest rate swaps	109	110	110				329
Currency forward contracts, interest elements	255		171	395			821
Hedge accounting							
Currency forward contracts (w/o interest element)	-3 352		-448	-866			-4 666
	-2 988	110	-167	-471			-3 516

COMMODITY RISK

The Group is exposed to commodity risk relating to availability and price fluctuations of fuel. It seeks to minimise this risk by making framework agreements with known counterparts and by including fuel price clauses in its contracts with customers. In the long term, these clauses can hedge more than 50 per cent of this risk, but in the short term the hedging level fluctuates considerably and also depends on the utilisation rate of the Group's vessels.

COUNTRY RISK

The Group revenue contains around 5 per cent sales of traffic to the Port of St. Petersburg. This Russian traffic is estimated to be exposed to a risk of interruption since the contracts with the Port of St. Petersburg are short term.

CAPITAL MANAGEMENT

The Group's objective when managing capital is to secure normal operating conditions in all circumstances and to enable optimal capital costs. The capital structure of the Group is reviewed by the Board of Directors regularly.

The Group monitors its capital structure on the basis of gearing. The gearing ratio is calculated by dividing the interest-bearing net liabilities by shareholders' equity. Net liabilities include interest-bearing liabilities less interest-bearing receivables and cash.

EUR 1 000	2007	2006
Capital risk management		
Total borrowings	**756 202**	459 806
Bank and Cash	**26 914**	18 436
Interest-bearing net debt	**729 288**	441 370
Total equity	**435 652**	423 757
Leverage ratio (gearing), %	**167.4%**	104.2%

33. CONTIGENCIES AND COMMITMENTS

FINNSTEVE'S LEASEHOLD AGREEMENT

When the new Vuosaari harbour is operational, Finnsteve Oy Ab will transfer its port operations from Helsinki's West Harbour and Sompasaari to Vuosaari. Finnsteve and the Port of Helsinki have made a leasehold agreement, which obliges the leaseholder to dismantle and remove any buildings, plants and equipment (including foundations) located in the area. The extent of the liabilities arising from this depends on future city planning and is therefore difficult to estimate. According to the management's current view, the amount is not, however material.

OTHER LEASE COMMITMENTS WITH THE GROUP AS LEASEHOLDER

Most of the leases made by the Group are time charter parties of vessels. At year-end 2007, the Group had 22 (25) ro-ro freight vessels on time charter.

Minimum lease payable in relation to fixed-term leases:

EUR 1 000	2007	2006
Vessel leases (Group as a lessee)		
Within 12 months	**89 899**	88 258
Between one and five years	**51 614**	102 301
	141 513	190 559

The Group adjusts its vessel capacity by subleasing some of the vessels when needed. On 31 December 2007 future lease receivables based on the sublease contracts divided as follows:

EUR 1 000	2007	2006
Vessel leases (Group as a leaser)		
Within 12 months	**11 547**	15 899
Between one and five years	**7 213**	11 653
	18 760	27 551

The 2007 Group profit and loss includes EUR 14.97 (4.69) million lease revenues from the sublet vessels.

Other leases		
Future minimum lease payments from other leases due:		
Within 12 months	**5 673**	5 515
Between one and five years	**21 537**	11 899
After five years	**42 689**	9 937
	69 899	27 351

The most significant lease payments are based on the land leaseholds of Vuosaari and Oslo harbours (EUR 20 million), and on leases of the buildings in these harbours as well as on the leases of the head office in Helsinki's Ruoholahti (EUR 44 million). The binding duration of the above leases is 10–20 years.

Collateral given		
Borrowings secured by given mortgages		
Loans from financial institutions	**531 461**	300 367
	531 461	300 367

Vessel mortgages provided as guarantees for the above loans	**723 500**	461 000
	723 500	461 000

The Group's financing agreements include customary covenants relating to the equity ratio and operations.

Other guarantees given on behalf of the Group		
Collateral	**3 717**	3 512
Security deposits (outstanding installment, TeamLines sale)		4 000
Mortgages	**606**	431
Other obligations	**197 238**	239 883
	201 561	247 826

Other obligations are binding order contracts related to vessels and Vuosaari Harbour. Based on the contract made with the Chinese Jinling shipyard, Finnlines paid the first instalment of EUR 72 million for the ordered six ro-ro vessels in September and the unpaid purchase price on the balance sheet date was EUR 163 million. The binding obligations related to cranes and buildings at Vuosaari Harbour were EUR 34 million on 31 December 2007.

Guarantees given on behalf of the subsidiaries	**6 000**	6 000
	6 000	6 000

EUR 1 000	31 Dec 2007		31 Dec 2006	
Derivative contracts	Nominal value	Fair value *	Nominal value	Fair value *
Currency derivatives	**64 126**	**-3 845**		
Interest rate swaps	**120 000**	**-327**		
	184 126	**-4 172**		

* Net effect had the derivatives been sold at the market rate at year-end.

AUDITOR'S REMUNERATION

In 2006, the Group's principal auditors were PricewaterhouseCoopers Oy. In 2007, the Group's principal auditors have been Deloitte & Touche Oy. In 2007, EUR 0.32 (0.34) million was paid to the auditors in remuneration for the audit of the consolidated, parent company and subsidiary financial statements and EUR 0.05 (0.07) million for other consulting services not directly related to auditing.

LEGAL PROCEEDINGS

A dispute between the owners of MS Finnmill and MS Finnpulp and Finnlines Plc was submitted to arbitration. Currently, the vessels are on time charter to Finnlines and the charter agreements include a purchase option on these ships. The dispute concerns the validity of purchase option and its terms and conditions.

34. TRANSACTIONS WITH RELATED PARTIES

The following transactions were made with the Group's related parties:

EMPLOYEE BENEFITS GRANTED TO KEY MANAGEMENT

EUR 1 000	2007	2006
Salaries and other short-term benefits *	**1 957**	1 546
Post-employment benefits	**800**	472
	2 757	2 018

Includes benefits granted to the Board of Directors, the President and CEO and the members of the Board of Management.
* Includes social security payments (also for options granted in 2001).

Salaries and fees		
President and CEO **		
President and CEO 1.1.–23.4.2007	**462**	593
President and CEO 4.7.–31.12.2007	**134**	
Deputy CEO 4.7.–31.12.2007 **	**117**	
Board of Directors: *		
Chairman	**40**	40
Vice-Chairman	**30**	30
Board members (each)	**25**	25

* Remuneration paid yearly afterwards in March.
** Including remuneration for the period the person has been in the nominated position.

Finnlines' President and CEO, Antti Lagerroos, resigned from his duties in February and Olav K. Rakkenes, a member of the Board of Directors, was appointed temporary President and CEO on 24 April 2007. Olav K. Rakkenes was paid no remuneration for his position as Finnlines' President and CEO.

The current President and CEO and Deputy CEO are entitled to full retirement at the age of 60. In the event the company decides to give notice of termination to the President and CEO or the Deputy CEO, they are entitled to compensation equalling 18 months' salary, in addition to 6 months' salary for the term of notice.

The Group's Board of Management has a group life insurance, on the basis of which the retirement age of the members of the Board of Management is 60–63 years. The annual premiums of the insurance are tied to the Group's performance.

Finnlines had no option schemes on 31 December 2007. In 2006, Finnlines had one option scheme launched. The suscription period ended on 26 March 2006. No costs for this plan have been presented in the income statement. The Group has no option rights plans under IFRS 2 Standard, which would have been granted after 7 November 2002 and not vested before 1 January 2005. The President and CEO, the Deputy CEO, the Board of Management or the Board of Directors have no share incentive plans.

TRANSACTIONS WITH RELATED PARTIES

According to information received by the company, the Grimaldi Group companies hold 52.5 per cent of all shares in Finnlines Plc on 31 December 2007.

EUR 1 000	2007	2006
Transactions with related parties		
Receivables from associated companies		71
Income from Grimaldi companies	**3 112**	2 556
Purchases from Grimaldi companies	**217**	
Receivables from Grimaldi companies	**602**	485
Business transactions with the key management	**62**	

Transactions with the Group's related parties are carried out using ordinary, market-based pricing.

LOANS, GUARANTEES AND OTHER SECURITIES TO RELATED PARTIES

The Group has granted no loans, guarantees or other securities to its key personnel or related parties (1 January 2006–31 December 2007).

35. SUBSIDIARIES ON 31 DECEMBER 2007

Name of subsidiary	Holding (%)	Registered in
Domestic		
Finncare Oy	100	Helsinki
Oy Finnlink Ab	100	Naantali
Finnsteve Oy	100	Helsinki
Hanseatic Shipping Oy	100	Helsinki
Oy Intercarriers Ab	51	Helsinki
Kantvikin Satama Oy	100	Kirkkonummi
Kiinteistö Levin-Tuvat Oy	100	Kittilä
Metropolitan Port Oy Ab	100	Kirkkonummi
Ropax Oy Eagle	100	Helsinki
Ropax Oy Fellow	100	Helsinki
Ropax Oy Star	100	Helsinki
Ropax Oy Maid	100	Helsinki
Strömsby-Invest Oy Ab	100	Kirkkonummi
TBE System Oy Ltd	100	Kotka
Foreign		
Finanglia Ferries Limited	100	United Kingdom
Finland Terminal London Ltd	100	United Kingdom
Finncarriers (UK) Limited	100	United Kingdom
Finncarriers GmbH	100	Germany
Finncarriers Limited	100	United Kingdom
Finnlines (Cyprus) Ltd	100	Cyprus
Finnlines Belgium N.V.	100	Belgium
Finnlines Danmark A/S	100	Denmark
Finnlines Deutschland GmbH	100	Germany
Finnlines Eesti OÜ	100	Estonia
Finnlines GmbH	100	Germany
Finnlines Holland B.V.	100	The Netherlands

Name of subsidiary	Holding (%)	Registered in
Finnlines Limited	100	United Kingdom
Finnlines Polska Sp.z.o.o	100	Poland
Finnlines Russia ZAO	100	Russia
AB Finnlines Scandinavia Ltd	100	Sweden
Finnlines Schiffahrt GmbH	100	Germany
Finnlines Ship Management AB	100	Sweden
Finnlines UK Limited	100	United Kingdom
Finnlink AB	100	Sweden
Finnwest N.V.	66.7	Belgium
Hansa Link GmbH	100	Germany
Norsteve A/S	100	Norway
Norsteve Drammen A/S	100	Norway
Norsteve Filipstad A/S	100	Norway
Rederi AB Nordö-Link	100	Sweden
Ropax I Aktiebolaget Clipper	100	Sweden
Ropax II EuropaLink AB	100	Sweden
Ropax III NordLink AB	100	Sweden
Ropax IV Arrow AB	100	Sweden
Skandinavien-Link GmbH	100	Germany

36. EVENTS AFTER THE BALANCE SHEET DATE

The Group’s management is not aware of any events after the balance sheet date that could have a material impact on the Group's financial position or the figures or calculations reported in these financial statements.

BOARD'S PROPOSAL FOR THE USE OF THE PROFIT AND SIGNATURES TO THE BOARD OF DIRECTORS' REPORT AND TO THE FINANCIAL STATEMENTS

According to the parent company's balance sheet on 31 December 2007:

Profit from previous financial years	EUR	92,567,140.07
Profit for reporting period	EUR	360,432.79
Non-restricted equity	EUR	92,927,572.86

The Board of Directors proposes that no dividend be paid out from the distributable funds.

Helsinki, 20 February 2008

Jon-Aksel Torgersen
Chairman

Emanuele Grimaldi

Gianluca Grimaldi

Heikki Laine

Diego Pacella

Antti Pankakoski

Olav K. Rakkenes

Christer Antson
President and CEO

AUDITOR'S REPORT

Translation from Finnish original

TO THE SHAREHOLDERS OF FINNLINES PLC

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Finnlines Plc Group for the period 1 January–31 December 2007. The Board of Directors and the Managing Director have prepared the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, as well as the report of the Board of Directors and the parent company's financial statements, prepared in accordance with prevailing regulations in Finland, containing the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, as well as on the parent company's financial statements, the report of the Board of Directors, and the administration.

The audit has been conducted in accordance with generally accepted auditing standards. In our audit we have examined the bookkeeping and accounting principles, contents and presentation sufficiently enough in order to evaluate that the financial statements and the report of the Board of Directors are free of material misstatements or deficiencies. In our audit of the administration we have evaluated if the actions of the members of the Board of Directors and the Managing Directors of the parent company have legally complied with the rules of the Companies` Act.

CONSOLIDATED FINANCIAL STATEMENTS

In our opinion the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view, as defined in those standards and in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position.

PARENT COMPANY'S FINANCIAL STATEMENTS, REPORT OF THE BOARD OF DIRECTORS AND ADMINISTRATION

In our opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The parent company's financial statements give a true and fair view, as defined in the Finnish Accounting Act, of the parent company's result of operations and of the financial position.

In our opinion the report of the Board of Directors has been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The report of the Board of Directors is consistent with the consolidated financial statements and the parent company's financial statements, and gives a true and fair view, as defined in the Finnish Accounting Act, of the parent company's result of operations and of the financial position.

The consolidated financial statements and the parent company's financial statements can be adopted and the members of the Board of Directors and the Managing Directors of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the treatment of the distributable funds is in compliance with the Companies Act.

Helsinki, 20 February 2008

Deloitte & Touche Ltd
Authorized Public Audit Firm

Mikael Leskinen
APA

QUARTELY DATA

EUR million	Q1/2007	Q2/2007	Q3/2007	Q4/2007
Revenue by segment				
Shipping and Sea Transport Services total	132.5	146.4	150.6	155.6
Sales to third parties	132.2	146.1	150.3	155.0
Sales to Port Operations	0.3	0.3	0.2	0.5
Port Operations total	33.3	33.6	33.5	32.8
Sales to third parties	25.3	25.3	26.2	25.0
Sales to Shipping and Sea Transport Services	8.1	8.2	7.3	7.8
Group internal revenue	-8.4	-8.5	-7.6	-8.3
Revenue total	**157.4**	**171.5**	**176.5**	**180.1**
Operating profit per segment				
Shipping and Sea Transport Services	11.0	14.9	24.5	11.2
Port Operations	2.5	2.0	2.2	0.4
Operating profit total	**13.5**	**16.9**	**26.7**	**11.6**
Financial income and expenses	-5.2	-6.7	-9.4	-7.4
Share of associated companies' profits				
Profit before tax	8.3	10.2	17.3	4.2
Direct taxes	-1.7	-2.2	-3.6	1.8
Profit for the reporting period	**6.6**	**8.1**	**13.7**	**6.0**
Quarterly consolidated key figures				
Operating profit, continuing operations (% of revenue)	8.6	9.9	15.1	6.5
Return on equity (ROE), %	6.3	7.8	12.8	5.5
Return on investment (ROI), %	5.7	6.5	9.7	4.4
Earnings per share, EUR	0.16	0.20	0.33	0.14
Average number of outside shares (1 000)	40 692	40 692	40 692	40 692

FIVE-YEAR KEY FIGURES

	2007 IFRS	2006 IFRS	2005 IFRS	2004 * IFRS	2003 * FAS
Revenue, EUR million	**685.5**	632.7	584.1	698.1	701.4
Other income from operations, EUR million	**15.3**	2.1	3.5	8.7	3.4
Profit before tax, depreciation and amortisation (EBITDA), EUR million	**121.9**	98.1	75.8	96.6	103.4
% of revenue	**17.8**	15.5	13.0	13.8	14.7
Operating profit (EBIT), EUR million	**68.8**	58.2	42.0	62.7	59.7
% of revenue	**10.0**	9.2	7.2	9.0	8.5
Associated companies, EUR million		0.3	0.3		-0.2
Profit/loss before taxes (EBT), EUR million	**40.1**	47.7	36.3	55.0	40.4
% of revenue	**5.9**	7.5	6.2	7.9	5.8
Profit for reporting period, continuing operations, EUR million *	**34.4**	37.7	28.6		
% of revenue	**5.0**	6.0	4.9		
Profit for reporting period, discontinuing operations, EUR million *		18.7	-1.4		
Profit for reporting period, EUR million	**34.4**	56.5	27.1	46.0	23.2
% of revenue	**5.0**	8.9	4.6	6.6	3.3
Total investments, EUR million **	**391.3**	238.8	73.0	68.8	88.5
% of revenue	**57.1**	37.7	12.5	9.9	12.6
Return on Equity (ROE), %	**8.0**	14.1	7.2	12.2	6.1
Return on investment (ROI), %	**6.9**	9.9	6.0	9.3	8.3
Balance sheet total, EUR million	**1 402.3**	1 068.0	908.1	893.2	940.8
Equity ratio, %	**31.1**	39.7	41.7	41.6	40.6
Gearing, %	**167.4**	104.2	82.8	76.5	67.5
Average number of employees *	**2 335**	2 196	2 090	2 101	2 161

	2007 IFRS	2006 IFRS	2005 IFRS	2004 IFRS	2003 FAS
Earnings per share (EPS), EUR	**0.83**	1.38	0.66	1.15	0.59
Earnings per share (EPS) less warrant dilution, EUR	**0.83**	1.38	0.66	1.14	
Shareholders' equity per share, EUR	**10.67**	10.36	9.26	9.38	9.58
Dividend per share, EUR ***	**0.00**	0.42	0.30	0.75	1.25
Payout ratio, % ***	**0.0**	30.5	45.3	65.3	214
Effective dividend yield, % ***	**0.0**	2.4	2.1	5.9	8.7
Price/earnings ratio (P/E)	**18.3**	12.5	21.7	11.1	24.7
Share price on stock exchange at year-end, EUR	**15.25**	17.20	14.40	12.80	14.38
Market capitalisation at year-end, EUR million	**620.6**	699.9	585.5	504.3	571.2
Adjusted average number of outstanding shares (1 000)	**40 692**	40 685	40 236	39 531	39 734
Adjusted number of outstanding shares on 31 Dec (1 000)	**40 692**	40 692	40 660	39 402	39 734
Number of outstanding shares at year-end (1 000)	**40 692**	40 692	40 660	39 958	39 958

* Figures for 2003–2004 have not been divided into continuing and discontinuing operations.
** Includes continuing and discontinuing operations.
*** In 2007 according to the proposal by the Board of Directors'.

CALCULATION OF KEY RATIOS, IFRS

Earnings per share (EPS), EUR	=	Profit attributable to parent company shareholders / Weighted average number of outside shares	
Shareholders' equity per share, EUR	=	Shareholders' equity attributable to parent company shareholders / Number of shares on 31 Dec adjusted for share issue	
Dividend per share, EUR	=	Dividend paid for the year / Number of shares on 31 Dec adjusted for share issue	
Payout ratio, %	=	Dividend paid for the year / Profit before tax +/- minority interests of Group profit +/- change in deferred tax liabilities – taxes for the period	x 100
Effective dividend yield, %	=	Dividend per share / Share price on stock exchange on 31 Dec adjusted for share issue	x 100
P/E ratio	=	Share price on stock exchange on 31 Dec / Earnings per share	
Return on Equity (ROE), %	=	Profit before tax - taxes for the period – change in deferred tax liability / Shareholders' equity + minority interests (average)	x 100
Return on investment (ROI), %	=	Profit before tax + interest expense + other liability expenses / Balance sheet total - interest-free liabilities (average)	x 100
Gearing, %	=	Interest-bearing liabilities - cash and bank equivalents / Shareholders' equity + minority interests	x 100
Equity ratio, %	=	Shareholders' equity + minority interests / Balance sheet total - received advances	x 100

SHARES AND SHAREHOLDERS

Finnlines Plc has one share series. Each share carries one vote at general shareholder meetings and confers identical dividend rights. As outlined in Finnlines' Articles of Association, the company's minimum share capital is EUR 50 million and the maximum is EUR 200 million. The share capital can be increased or decreased within these limits. The company's paid-up and registered share capital on 31 December 2007 totalled EUR 81,383,916. The capital stock consisted of 40,691,958 shares.

SHARES

Finnlines Plc's shares are listed on the OMX Helsinki Exchange in Helsinki. A total of 9.4 million shares were traded during the year. No treasury shares were held by the company. The highest quoted price of the share during the year was EUR 17.79 and the lowest was EUR 13.07.

At year-end, the shares' market capitalisation value was EUR 650.6 million.

SHAREHOLDERS

At the end of 2007, Finnlines had approximately 2,350 shareholders. The ten largest shareholders owned 70.7 per cent of the company's shares. 16.7 per cent of shareholders were nominee-registered.

At year-end, the Italian Grimaldi Group had a 52.5 per cent holding of Finnlines shares and voting rights.

Finnlines' share ownership structure on 31 December 2007	% of shares
Private companies	55.53
Public entities	11.91
Financial and insurance companies	6.75
Non-profit associations	4.85
Households	3.89
Nominee registered	16.74
Other	0.33
Total	100.00

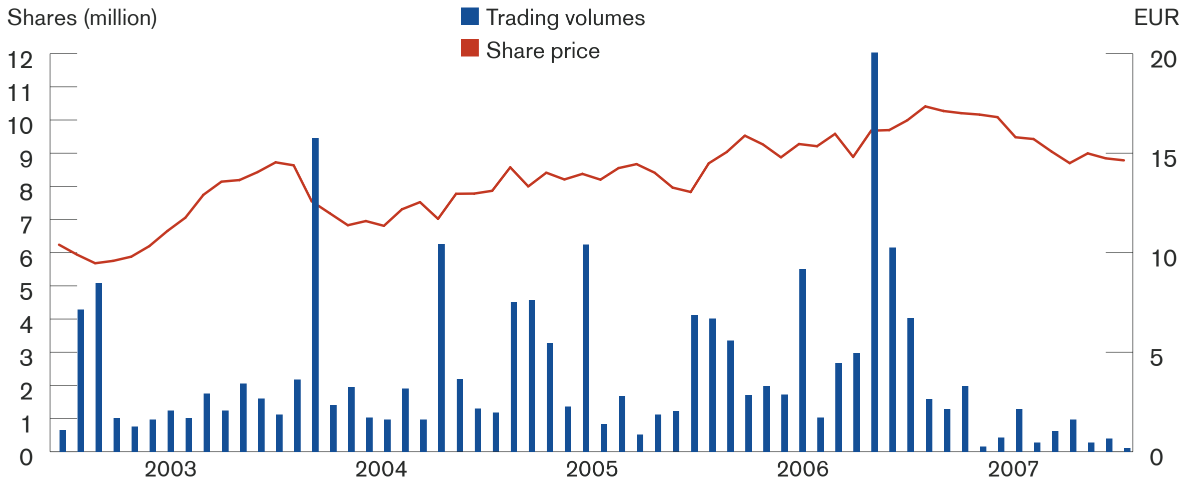
Shares outstanding on 31 December 2003 – 31 December 2007

Transaction	Option series	Options exercised	Amount of shares	Shares outstanding	Own shares	Total amount of shares
On 31 Dec 2003				19 866 479 *	112 500 *	19 978 979 *
On 1 Nov 2004						
Bonus issue (1/2)				39 401 958	556 000	39 957 958
On 31 Dec 2004				39 401 958	556 000	39 957 958
On 18 Jan 2005	2001A	154 600	309 200			
Exercise of options	2001B	21 300	42 600	39 753 758	556 000	40 309 758
On 11 Mar 2005	2001A	76 300	152 600			
Exercise of options	2001B	199 500	399 000	40 305 358	556 000	40 861 358
On 8 Apr 2005						
Cancellation of own shares			-556 000	40 305 358		40 305 358
On 30 Sep 2005				40 305 358		40 305 358
On 9 Nov 2005	2001A	84 100	168 200			
Exercise of options	2001B	91 600	183 200	40 656 758		40 656 758
On 31 Dec 2005				40 656 758		40 656 758
On 20 Jan 2006						
Exercise of options	2001B	1 500	3 000	40 659 758		40 659 758
On 10 Apr 2006	2001A	7 500	15 000			
Exercise of options	2001B	8 600	17 200	40 691 958		40 691 958
On 31 Dec 2006				40 691 958		40 691 958
On 31 Dec 2007				40 691 958		40 691 958

* Amounts not corrected for Bonus Issue.

Principal shareholders on 31 December 2007	Number of shares	%
Grimaldi Group Naples	21 359 590	52.49
Ilmarinen Mutual Pension Insurance Company	4 106 000	10.09
Svenska Litteratursällskapet i Finland	690 000	1.70
Sampo Life Insurance Company Limited	663 000	1.63
Sigrid Jusélius Foundation	470 000	1.16
Nordea Life Assurance Finland Ltd.	361 683	0.89
Nordea Fennia Fund	299 032	0.73
Pohjola Non-Life Insurance Company Ltd.	290 000	0.71
Nordea Pro Finland Fund	285 717	0.70
Aktia Capital Fund	256 393	0.63
10 largest total	28 781 415	70.73
Nominee Registered	6 812 281	16.74
Other shareholders	5 098 262	12.53
Total amount of shares	40 691 958	100.00

MONTHLY SHARE PRICE DEVELOPMENT AND TRADING VOLUMES, 2003–2007



CORPORATE GOVERNANCE

Finnlines Plc applies the guidelines and provisions of the Finnish Companies Act, the OMX Helsinki Exchange in Helsinki, and its own Articles of Association. Finnlines also applies the recommendations for listed companies' corporate governance and resource planning systems provided by the OMX Helsinki Exchange, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry and Employers.

Finnlines is governed by its Board of Directors and the President and CEO. The company also has a Deputy CEO. The company's other administrative units assist and support these management bodies. The company is managed from its headquarters in Finland. Finnlines Plc (the parent company) prepares its financial statements in accordance with the Finnish Accounting Act and other applicable Finnish provisions and regulations. The Finnlines Group prepares consolidated financial statements in accordance with IFRS. Financial statements are published in Finnish and English.

ANNUAL GENERAL MEETING

The General Meeting of Shareholders of Finnlines Plc convenes annually, no later than the end of June. The General Meeting of Shareholders has exclusive authority over certain important functions such as amending the Articles of Association, approving the Financial Statements, determining the amount of dividends to be paid, appointing members to the Board of Directors and selecting the company's auditors. The company provides shareholders with advance information on the AGM in the invitation to attend the AGM, in other communiqués and on its website. The invitation to attend the AGM and the agenda are published in a national newspaper chosen by the Board, as well as on the company's website, at the earliest two months and at the latest one week before the AGM tallying date as stipulated in the Finnish Accounting Act.

BOARD OF DIRECTORS

Responsibility for the management of the company and proper organization of its operations lies with the company's Board of Directors, which has at least five (5) and at most eleven (11) members. The members of the Board are appointed by the Annual General Meeting for one year at a time. The Board selects the Chairman and the Deputy Chairman from among its members. Since 15 March 2007, the Board has had seven members.

The President and CEO is not a member of the Board. The names of candidates for membership of the Board of Directors, put forward by the Board of Directors or by shareholders with a minimum holding of 10 per cent of the company's voting rights, are published in the invitation to attend the AGM, if the candidates have agreed in writing to their names being put forward. Any candidates put forward after the publication of the invitation to attend the AGM will be published separately.

The Board handles all issues in the presence of the entire Board. The Board does not have any separate committees. The Board steers and supervises the company's operations, and decides on policies, goals and strategies of major importance. The Board considers all the matters stipulated to be the responsibility of a board of directors by legislation, other provisions and the company's Articles of Association.

The most important of these are:

- the annual and interim financial statements
- the matters to be put before General Meetings of Shareholders
- the appointment of the President and CEO
- the appointment of the Deputy CEO
- the organisation of the company's financial supervision
- approval of the Group's strategic plan and long-term goals
- approval of the Group's annual business plan and budget
- decisions concerning investments, acquisitions, or divestments that are significant or that deviate from the Group's strategy
- decisions on raising long-term loans and the granting of security or similar collateral commitments
- risk management principles
- the Group's organisational structure
- appointment of the company's Board of Management and approval of their remuneration and pension benefits
- monitoring and assessment of the performance of the President and CEO
- approval of the company's management principles and steering systems.

In addition to matters requiring decisions, Board meetings are given updates on the Group's operations, financial position and risks.

The Board of Directors prepares written rules of procedure for its operations and reviews its operations and working methods annually through an internal self-assessment process. The Board convened 8 times in 2007. The average attendance level at these Board meetings was 94 per cent.

PRESIDENT AND CEO AND DEPUTY CEO

The Board of Directors appoints a President for the Group who is also its Chief Executive Officer. The President and CEO is responsible for managing the company's day-to-day administration in accordance with the company's Articles of Association, the Finnish Companies Act and the instructions of the Board of Directors. He is assisted in this work by the Management Board.

As of 4 July 2007, the President and CEO of the company is Christer Antson, MSc (Economics and Business Administration).

If necessary, the Board of Directors can appoint a Deputy CEO. The Company's Deputy CEO is Chief Financial Officer Seija Turunen, MSc (Economics and Business Administration).

BOARD OF MANAGEMENT

The Company's Board of Management consists of the President and CEO, the Chief Financial Officer and the directors in charge of the largest business units. The members are appointed by the Board of Directors, which also approves their remuneration and other terms of employment. The Board of Management convenes 1–2 times a month.

The Board of Management is chaired by the President and CEO. It considers strategic issues related to the Group and its business, as well as investments, service products, the Group's structure and the corporate steering system, and supervises the company's operations. The heads of the business units are responsible for the sales volumes and profitability of their respective units.

MANAGEMENT CONTRACTS, REMUNERATION AND BENEFITS

The Annual General Meeting appoints the Board of Directors and approves the Board members' remuneration. The Board of Directors appoints the President and CEO and the Deputy CEO, if applicable, and approves their remuneration. The Board or its Chairman appoints and decides on the remuneration of Directors who report directly to the President. The Board also decides on any separate performance-based compensation plans for management.

The remuneration of the President and CEO and the other members of the Board of Management consists of a monthly salary and a bonus. The Board of Directors determines the terms for bonus payment. Bonuses are paid to the President and CEO and the Board of Management in relation to the fulfilment of the company's profit targets.

The CEO and the Deputy CEO are entitled to full pension at a retirement age of 60. In the event the company decides to give notice of termination to the President and CEO or the Deputy CEO, they are entitled to compensation equalling 18 months' salary, in addition to 6 months' salary for the term of notice.

Other members of the Board of Management have a collective pension plan in which the members' retirement age is defined as 60-63. The annual payments are linked to the Group's profits.

CONTROL SYSTEMS

The Board of Directors is responsible for the company's administration and for making the required operative arrangements. In practice it is the President and CEO's task to ensure the proper organisation of the company's internal supervision, risk management, internal auditing and accounting supervision mechanisms, assisted by the Board of Management. The instructions and guidelines apply to the entire Group. The company's financial progress is reviewed monthly with a Group-wide reporting system.

RISK MANAGEMENT AND INTERNAL AUDITS

The Board of Directors is responsible for ensuring that internal auditing principles have been established in the company and that the effectiveness of the auditing is assessed. Risk management forms part of the company's assessment process.

Responsibilities for the Group's investment assets, working capital, investments, financing, finances, human resources, communications and information systems are centralised to the Group Management. The Group's payment transactions, external and internal accounting are managed centrally by the Financial Shared Service Center, which reports to the CFO. The Group's foreign exchange and interest exposure is reviewed by the Board of Directors in each budgeting period. External long-term loan arrangements are also submitted to the Board for approval.

The Corporate Legal Affairs and Insurance unit is responsible for risks associated with the company's fixed assets and any interruptions in operations, as well as for the management and coordination of the Group's insurance policies. The majority of the Group's invested capital consists of its fleet. The fleet is always insured to its full value. Accidents and engine damage can result in interruptions to operations, which are covered by loss-of-earnings policies. The financial position and creditworthiness of the Group's customers are monitored continuously in order to minimise the risk of customer credit losses. The proper functioning of Finnlines' information systems is guaranteed through extensive and thorough security programmes and emergency systems.

The Group's internal auditing is organised through a controller system, by which each business unit is appointed a responsible controller who reports to the CFO. The Directors of Finnlines' business units are responsible for the profit and working capital of their units. They set the operational targets for their units and ensure that resources are used efficiently and that operations are evaluated and improved.

INSIDER MANAGEMENT

Finnlines Plc complies in all aspects with the insider guidelines of the OMX Helsinki Exchange in Helsinki.

Members of Finnlines' Board of Directors, the company's President and CEO and the Deputy CEO, the company's auditors and the Management Board are always considered to be Finnlines insiders. In addition, the Group has a company-specific insider register, which includes the heads of the business units and key sales and accounting personnel. Project-specific insider lists are drawn up for major projects such as mergers and acquisitions, and include all those who participate in planning and organising the projects. The decision to draw up a project-specific insider list rests with the President and CEO. A "silent period" is set during which insiders are not allowed to trade in the company's stocks. The period begins two weeks before the publication of the financial statements for a reporting period. The company's insider register is maintained by the parent company's communication unit, which is responsible for keeping the information updated. Information on the interests and holdings of the company's permanent insiders and related parties is available from the SIRE system of the Finnish Central Securities Depository Ltd.

EXTERNAL AUDITING

The company's auditors are appointed by the Annual General Meeting on the basis of a proposal made by the Board of Directors. The Board's proposal for auditors is published in the invitation to attend the AGM. The auditors must be a Authorised Public Accounting Firm, which appoints a head auditor.

COMMUNICATIONS

The principal information on Finnlines' administration and management is published on the company's website. All stock exchange releases and press releases are published on the company's website as soon as they are made public.

BOARD OF DIRECTORS

JON-AKSEL TORGERSEN

Chairman
Member of Finnlines Board since 2007
Born 1952
Master in Business Administration, University of St. Gallen, Switzerland

Current positions:
- CEO of Astrup Fearnley AS
- Chairman of the Board of Atlantic Container Line AB
- Board Member of I.M. Skaugen ASA. and Norske Energy Corp. ASA
- Chairman and Board Member of a number of private companies

DIEGO PACELLA

Vice-Chairman
Member of Finnlines Board since 2007
Born 1960
Degree in Mechanics Engineering, University of Naples, Italy

Current positions:
- Managing Director of Industria Armamento Meridionale (INARME)
- Finance Director of Grimaldi Group
- Board Member of Grimaldi Compagnia di Navigazione, Atlantica S.p.a. di Navigazione, Atlantic Container Line AB, Malta Motorways of the Sea Ltd, Grimaldi Agencies UK and Grimaldi Belgium
- Vice-Chairman of Trive SL, Spain and Trive Portugal
- Member of the Finance and Corporate Law Commission of the Italian Shipowners' Association (Confitarma)

EMANUELE GRIMALDI

Member of Finnlines Board since 2006
Born 1956
Degree in Economics and Commerce, University of Naples, Italy
General Certificate of Education, Military School of Nunziatella in Naples, Italy

Current positions:
- Managing Director of the Atlantica S.p.a. di Navigazione
- President of Malta Motorways of the Sea Ltd
- Member of the Council for the United States and Italy
- Member of the General Motors Logistics Supplier Council
- Board Member of the European Community Shipowners' Associations, Wallhamn AB, Atlantic Container Line AB, Antwerp Euro Terminal n.v. and Grimaldi Belgium n.v.
- Vice President of Confitarma (the Italian Shipowners' Association)
- President of Euro-Med Ireland Logistics Ltd and Grimaldi Logística España
- Chairman of the Sea-Transportation Commission (International Chamber of Commerce, Italy)
- Member of the Maritime Transport Commission of the International Chamber of Commerce
- Director of Strandbergs, Gothenburg (Sweden)

GIANLUCA GRIMALDI

Member of Finnlines Board since 2007
Born 1955
Degree in Economics and Commerce, University of Naples, Italy

Current positions:
- Managing Director of Grimaldi Compagnia di Navigazione S.p.a. (Naples)
- President of Antwerp Euro Terminal n.v.
- Board Member of Atlantica S.p.a. di Navigazione, Industria Armamento Meridionale S.p.a., Atlantic Container Line AB and Grimaldi Germany
- Chairman of Grimaldi Belgium n.v., Grimaldi Maritime Agencies Sweden, Grimaldi UK Agencies Ltd, Ports and Terminal Multiservices Ltd (Nigeria) and Grimaldi Portugal Lda

HEIKKI LAINE

Member of Finnlines Board since 2007
Born 1948
Degree on International Business, Finnish Institute in Management

Current positions:
- Managing Director of Paihia Oy
- Board member of Cargomasters-group Oy (Evergreen) and HMO Financial Management Oy

ANTTI PANKAKOSKI

Member of Finnlines Board since 2007
Born 1954
Master of Laws, University of Helsinki, Finland

Current positions:
- CEO of Altia Corporation
- Board Member of eQ Oyj and Kristina Cruises Oy

OLAV K. RAKKENES

Member of Finnlines Board since 2007
Born 1945
Master's Licence, Maritime College of Tromso, Norway

Current positions:
- Board Member of Atlantic Container Line AB and EUKOR Carriers Inc.
- Vice Chairman of European Liner Association
- Founding member of the World Shipping Council
- Chairman of the Trans-Atlantic Conference Agreement (TACA)

BOARD OF MANAGEMENT FROM 1 JANUARY 2008

CHRISTER ANTSON

President and CEO 2007-
Board of Management member 1999-
Born 1958
MSc (Econ), Authorised Public Accountant

HANS MARTIN

President, Port Services 1991-
Board of Management member 1991-
Finnsteve Oy Ab, Managing Director 1990-
Born 1945
Business School Graduate

SEIJA TURUNEN

Deputy CEO and Chief Financial Officer (CFO) 2007-
Administration, Finance, Communication, HR & IT
Board of Management member 1993-
Born 1953
MSc (Econ)

HÅKAN MODIG

Executive Vice President, Fleet Management 2004-
Board of Management member 2008-
Born 1964
MSc (Econ)

SIMO AIRAS

President, Baltic and North Sea Liner Services 2008-
Board of Management member 2006-
Born 1947
BSc (Econ)

GUNTHER RANKE

President, Russia Liner Services 2008-
Board of Management member 2008-
Finnlines Deutschland GmbH, Managing Director 1996-
Born 1950

CHRISTER BACKMAN

President, Link Services 2008-
Board of Management member 2008-
Finnlink Oy Ab Managing Director 1988-
Born 1945
M.Pol.Sc

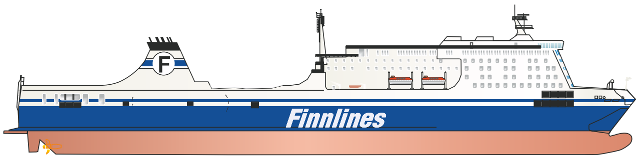
MARJA VESA

President, Passenger Services 2008-
Board of Management member 2008-
Born 1952
MSc (Econ)

STAFFAN HERLIN

Executive Vice President, Liner Services Marketing and Sales 2008-
Board of Management member 2008-
Born 1958
MSc (Econ)

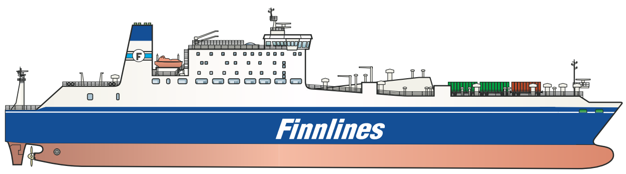
THE FLEET ON 1 JANUARY 2008



STAR-CLASS (5 VESSELS)

FINNSTAR (2006)
Helsinki–Travemünde
FINNMAID (2006)
Helsinki–Travemünde
FINNLADY (2007)
Helsinki–Travemünde
EUROPALINK (2007)
Malmö–Travemünde
NORDLINK (2007)
Malmö–Travemünde

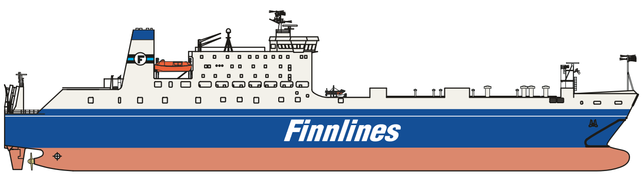
LOA	218 m
Breadth, moulded	30.5 m
DWT	9 650 t
GT	45 923
Lane metres	4 200 m
Passengers	500
Capacity for passengers cars	110
Service speed	25 knots
Ice class	1A Super



HANSA-CLASS (4 VESSELS)

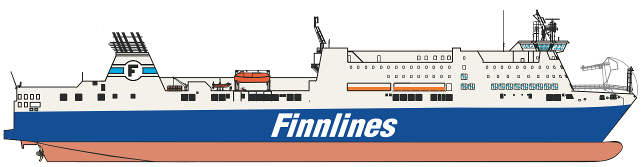
FINNHANSA (1994)
Helsinki–Travemünde
TRANSEUROPA (1995)
Helsinki–Travemünde

LOA	183 m
Breadth, moulded	28.7 m
DWT	11 600 t
GT	32 531
Lane metres	3 200 m
Passengers	114
Service speed	21 knots
Ice class	1A Super



FINNPARTNER (1995/2007)
Malmö–Travemünde
FINNTRADER (1995/2007)
Malmö–Travemünde

LOA	183 m
Breadth, moulded	28.7 m
DWT	8 865 t
GT	33 313
Lane metres	3 050 m
Passengers	274
Service speed	21 knots
Ice class	1A Super



CLIPPER-CLASS (3 VESSELS)

FINNCLIPPER (1999)
Naantali–Kapellskär
FINNFELLOW (2000)
Naantali–Kapellskär

LOA	188 m
Breadth, moulded	28.7 m
DWT	7 800 t
GT	33 958 / 33 724
Lane metres	3 118 m
Passengers	440
Service speed	22 knots
Ice class	1A

FINNEAGLE (1999)

Naantali–Kapellskär

LOA	188 m
Breadth, moulded	28.7 m
DWT	7 800 t
GT	29 841
Lane metres	2 459 m
Passengers	400
Service speed	22 knots
Ice class	1A

NEWBUILDINGS (6 VESSELS, 2010–2011)

LOA	187 m
Breadth, moulded	26.5 m
DWT	10 500 t
GT	27 120
Lane metres	3 245 m
Service speed	20 knots
Ice class	1A

Finnlines has ordered six ro-ro newbuildings from the Chinese Jinling Shipyard in Nanjing. They are to be delivered during 2010–2011. Each of the vessels will have about 3,200 lane meters and the speed will be 20 knots.

Other owned vessels	GT / Lane metres / Passengers	Year of delivery
Finnarrow	25 996 / 2 400 / 200	1996
Finnsailor	20 921 / 1 350 / 119	1987/96
Translubeca	24 727 / 2 100 / 84	1990

Chartered vessels	GT / Lane metres	Year of delivery
Antares	19 963 / 2 090	1988
Astrea	9 528 / 860	1991
Amber	6 719 / 1 260	1992
Baltica	21 224 / 2 170	1990
Finnforest	15 525 / 2 100	1978
Finnkraft	11 530 / 1 899	2000
Finnmaster	11 530 / 1 899	2000
Finnreel	11 530 / 1 899	2000
Finnhawk	11 530 / 1 899	2001
Finnmill	25 654 / 2 681	2002
Finnpulp	25 654 / 2 681	2002
Finlandia	19 524 / 2 240	1981
Inowroclaw	14 786 / 1 403	1980
Birka Carrier	12 251 / 1 775	1998
Birka Express	12 251 / 1 775	1997
Birka Trader	12 251 / 1 775	1998
Birka Exporter	6 620 / 1 278	1991
Birka Shipper	6 620 / 1 278	1992
Birka Transporter	6 620 / 1 274	1998
Global Carrier	13 117 / 1 700	1978
Global Freighter	13 145 / 1 700	1977
Envoy	18 653 / 1 934	1979
Vasaland	20 544 / 2 170	1984
Runner	20 729 / 1 975	1990

INFORMATION FOR SHAREHOLDERS

REPORT PUBLICATION SCHEDULE AND KEY EVENTS IN 2008

Record date for Annual General Meeting: Friday 4 April 2008
Registration period for Annual General Meeting ends on 11 April 2008
Annual General Meeting: Tuesday 15 April 2008

INTERIM REPORTS

January–March 2008, Wednesday 7 May 2008
January–June 2008, Thursday 31 July 2008
January–September 2008, Tuesday 28 October 2008

REGISTERING FOR ATTENDANCE AT THE AGM

Finnlines Plc's Annual General Meeting will be held from 12:30 pm on Tuesday 15 April 2008 at the Radisson SAS Royal Hotel, Runeberginkatu 2, Helsinki. All shareholders registered in the shareholder list maintained by Finnish Central Securities Depository Ltd by 4 April 2008 have the right to attend the meeting. Shareholders who wish to attend the meeting must register by 4 pm on 11 April 2008, either in writing to Finnlines Plc, Share Register, P.O. Box 197, FI-00181 Helsinki, Finland, by telephone on +358 (0)10 343 4404, by email at IR@finnlines.com, or by fax on +358 (0)10 343 4425.

ADDRESS CHANGES

Please send details of any address changes to the bank where you hold your book-entry account.

FINANCIAL PUBLICATIONS

Interim reports and other financial reports are published in Finnish and English. The Annual Report, interim reports and other important reports are also published on Finnlines' website at www.finnlines.com.

TO ORDER ANY OF THESE PUBLICATIONS, PLEASE CONTACT:

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P.O. Box 197, FI-00181 Helsinki, Finland
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This Annual Report has been translated into English from the Finnish version. In case of discrepancies the Finnish version shall prevail.

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www.finnlines.com

PARENT COMPANY – ACCOUNTING PRINCIPLES 2007

The financial statements are prepared in conformity with the Finnish Accountancy Act and other regulations and provisions in force in Finland.

REVENUES

Revenues comprise sales income and exchange rate differences related to sales, excluding discounts and indirect sales taxes such as VAT.

OTHER OPERATING INCOME

Other operating income includes profits on the sale of property and other fixed assets as well as other regular income not directly related to the company's sales, such as rents and leases.

FOREIGN CURRENCY ITEMS

Receivables and payables denominated in foreign currencies are valued at the exchange rates prevailing on the balance sheet date. Exchange rate differences on accounts receivable are recognised under revenue and exchange rate differences on accounts payable under operating expenses. Exchange rate differences on financing operations are recognised under financial items.

DERIVATIVE FINANCIAL INSTRUMENTS

The gains of losses arising from derivative financial instruments such as forward foreign exchange and option contracts and currency swaps are recognised under financial items. The interest received or payable under derivative financial instruments used to cover the company against interest rare risks is accrued over the duration of the contract and recorded as an adjustment to the interest income or expenses of the designated asset or liability.

Finnlines also covers itself against changes in fuel prices by including bunker clauses in its freight contracts and by using commodity derivative instruments. The gains and losses arising from the commodity derivative instruments used to cover the company against fluctuations in fuel prices are recognised under operating expenses.

FIXED ASSETS AND DEPRECIATION

Fixed assets are capitalised to their direct acquisition cost excluding depreciation and other deductions, along with any revaluations allowed by local accounting practices. Financial items falling due during ship construction are capitalised to the acquisition cost of the vessels. Fixed assets subject to wear and tear are depreciated according to plan based on the economic life span of the asset and its estimated salvage value as well as the estimated residual value.

Depreciation periods:

Other long-term expenditure	5 – 10	years
Buildings	10 – 40	years
Constructions	5 – 10	years
Vessels and ship shares	30 – 35	years
Stevedoring machinery and equipment	5 – 15	years
Other machinery and equipment	3 – 5	years

Second-hand vessels are depreciated over their estimated economic service life.

LEASING

Leasing payments are recognised as expenses regardless of the form of leasing.

STOCKS

Vessel stocks of fuel, lubricating oil, materials, provisions and sales items are recognised under stocks. Stocks are valued on a first-in, first-out basis at their direct acquisition cost or lower probable net realisable value.

PENSION COSTS

Pension costs are charged to the profit and loss account according to the local practice in each country of operation. The entire unsecured pension liability is recorded as an expense and liability.

EXTRAORDINARY ITEMS

Extraordinary income and expenses are essential and non-recurring events unrelated to the company's regular business activities, such as income and expenses arising from the termination of operations.

PROVISIONS

Expenses and losses that no longer accrue corresponding revenues in the foreseeable future and that the Group is committed or obliged to settle and whose monetary value can reasonably be assessed are recongised as expenses in the profit and loss account, and included as a provision in the balance sheet.

PROFIT AND LOSS ACCOUNT, PARENT COMPANY, FAS

EUR 1 000	Note	1 Jan–31 Dec 2007	1 Jan–31 Dec 2006
Revenue	1	**296 112**	253 070
Other income from operations	2	**4 179**	4 738
Materials and services	3	**67 074**	60 061
Personnel expenses	4	**23 308**	22 668
Depreciation, amortisation and other write-offs	5	**14 864**	12 354
Other operating expenses	6	**188 337**	147 647
Operating profit		**6 708**	15 078
Financial income and expense	7	**-9 938**	38 190
Profit/loss before extraordinary items		**-3 230**	53 268
Extraordinary items	8	**-34 002**	-7 445
Profit/loss before appropriations and taxes		**-37 232**	45 823
Appropriations	9	**37 624**	9 419
Income taxes	10	**-31**	
Profit for the reporting period		**360**	55 242

BALANCE SHEET, PARENT COMPANY, FAS

EUR 1 000	Note	31 Dec 2007	31 Dec 2006
ASSETS			
Non-current assets			
Intangible assets	11	11 065	11 577
Tangible assets	12	223 292	247 103
Investments	13		
Shares in group companies		315 236	317 582
Other investments		5 646	5 742
Total non-current assets		555 240	582 004
Current assets			
Inventories	14	1 950	1 111
Long-term receivables	15	592 747	248 635
Short-term receivables	16	188 589	158 592
Marketable securities	17	13 363	3 191
Bank and cash		6 014	7 131
Total current assets		802 662	418 661
Total assets		1 357 902	1 000 665
EQUITY AND LIABILITIES			
Shareholders' equity	18		
Share capital		81 384	81 384
Share premium account		24 525	24 525
Retained earnings		92 567	54 416
Profit for the period		360	55 242
Total shareholders' equity		198 837	215 567
Accumulated appropriations	19	148 714	186 337
Liabilities			
Long-term liabilities	20		
Interest-bearing		649 713	373 349
Interest-free		1 168	
Total long-term liabitilies		650 881	373 349
Current liabilities	21		
Interest-bearing		292 139	196 459
Interest-free		67 331	28 952
Total current liabilities		359 470	225 411
Total liabilities		1 010 351	598 760
Total shareholders' equity and liabilities		1 357 902	1 000 665

CASH FLOW STATEMENT, PARENT COMPANY, FAS

EUR 1 000	1 Jan–31 Dec 2007	1 Jan–31 Dec 2006
Cash flow from operations		
Profit for the reporting period	**360**	55 242
Adjustments for:		
Depreciation, amortisation & impairment loss	**14 864**	12 354
Gains (-) and Losses (+) of disposals of fixed assets and other non-current assets	**3 295**	-4 250
Unrealized currency differences	**490**	2 526
Financial income and expenses	**9 448**	-40 715
Income taxes	**31**	
Other adjustments	**-3 622**	-1 975
	24 867	23 182
Changes in working capital:		
Change in current assets increase (+), decrease (-)	**-839**	63
Change in accounts receivable increase (+), decrease (-)	**-716**	5 622
Change in accounts payable increase (+), decrease (-)	**82**	3 456
	23 394	32 323
Interest paid	**-29 290**	-15 016
Dividends received	**2 609**	55 409
Interest received	**26 461**	8 282
Other financing items	**-3 682**	-5 200
Income taxes paid	**438**	9 331
	-3 463	52 806
Net cash flow from operations	**19 932**	85 129
Cash flows from investing activities		
Investments in tangible and intangible assets	**-319 229**	-195 616
Proceeds from sale of tangible and intangible assets	**516**	1 129
Acquisition of subsidiaries	**-501**	
Proceeds from sale of investments	**241**	
Loans granted	**-43 580**	
Proceeds from repayments of loans	**759**	22 245
Net cash used in investing activities	**-361 794**	-172 242
Net cash before financing activities	**-341 862**	**-87 113**
Cash flows from financing activities		
Proceeds from issue of share capital		289
Proceeds from short-term borrowings	**112 731**	
Repayment of short-term borrowings		-71 119
Proceeds of long-term borrowings	**350 879**	220 857
Repayment of long-term borrowings	**-95 592**	-58 360
Dividends paid	**-17 091**	-12 208
Net cash used in financing activities	**350 927**	79 459
Change in cash and cash equivalents	**9 065**	-7 654
Cash and cash equivalents on 1 Jan	**10 322**	17 976
Effect of foreign exchange rate changes	**-10**	
Cash and cash equivalents on 31 Dec	**19 377**	10 322

PARENT COMPANY – NOTES TO THE FINANCIAL STATEMENTS

1. REVENUE

EUR 1 000	2007	2006
By division		
Shipping and Sea Transport Services	**296 112**	253 070
Total	**296 112**	253 070
Intragroup revenue	**94 372**	73 822

2. OTHER INCOME FROM OPERATIONS

EUR 1 000	2007	2006
Gain on disposals	**3 696**	4 250
Rental income	**455**	488
Other	**28**	0
Total	**4 179**	4 738

3. MATERIALS AND SERVICES

EUR 1 000	2007	2006
Purchases during period		
Bunker	**31 773**	29 272
Other	**488**	357
Change in inventories	**-839**	63
Total	**31 422**	29 692
External services	**35 652**	30 369
Materials and services total	**67 074**	60 061

4. PERSONNEL EXPENSES

EUR 1 000	2007	2006
Employees		
Average number of employees		
Shore-based personnel	**199**	215
Sea personnel	**282**	218
	481	433
Personnel expenses		
Wages and salaries	**22 880**	21 497
Social costs		
Pension costs	**3 385**	3 384
Other social costs	**1 606**	1 754
State subsidies	**-4 562**	-3 966
Total	**23 308**	22 668
Salaries and remunerations to		
President and CEO	**713**	552
Board of Directors	**170**	145

5. DEPRECIATION, AMORTISATION AND WRITE-OFFS

EUR 1 000	2007	2006
Depreciation and amortisation according to plan	**14 104**	12 354
Write-offs	**760**	0
Total	**14 864**	12 354

6. OTHER OPERATING EXPENSES

EUR 1 000	2007	2006
Vessel hires	**108 458**	68 822
Other	**79 880**	78 825
Total	**188 337**	147 647

7. FINANCIAL INCOME AND EXPENSES

EUR 1 000	2007	2006
Dividends		
From group companies	**2 608**	55 408
From others	**1**	1
Total	**2 609**	55 409
Interest income from long-term investments		
From others	**140**	177
Long-term interest income from investments	**140**	177
Other interest and financial income		
From group companies	**25 477**	6 797
From others	**838**	1 303
Other interest and financial income total	**26 315**	8 100
of which interest income total	**26 315**	8 100
Dividends and interest income total	**29 064**	63 686
Exchange gains and losses		
From group companies		
Gains		378
Losses		-37
From others		
Gains	**2 228**	1 290
Losses	**-4 883**	-7 274
Exhange rate differences total	**-2 656**	-5 643
Interest and other financial expenses		
To group companies	**-5 891**	-4 235
To others	**-30 455**	-15 619
Interest and other financial expenses total	**-36 347**	-19 854
of which interest expenses total	**-34 754**	-17 771
Financial Income and Expenses total	**-9 938**	38 190

8. EXTRAORDINARY ITEMS

EUR 1 000	2007	2006
Group contribution received		16 781
Group contribution paid	**-34 002**	-24 225
Total	**-34 002**	-7 445

9. APPROPRIATIONS

EUR 1 000	2007	2006
Change in difference between depreciation in taxation and planned depreciation	**37 624**	9 419

10. TAXES

EUR 1 000	2007	2006
Taxes on operations	**-8 871**	-1 936
Taxes on extraordinary items	**8 840**	1 936
Total	**-31**	
Taxes for the period		
Taxes from previous periods	**-31**	
Total	**-31**	

11. INTANGIBLE ASSETS

EUR 1 000	Other capitalised expenditures	Advance payments	Total
Acquisition cost on 1 Jan 2007	17 372	4 244	21 616
Increases	1 237	372	1 610
Disposals	-330	-9	-339
Reclassifications between items	4 216	-4 235	-19
Acquisition cost on 31 Dec 2007	22 495	372	22 868
Accumulated depreciation and write-offs on 1 Jan 2007	-10 040		-10 040
Accumulated depreciation on disposals and reclassifications	330		330
Depreciation for the reporting period	-2 092		-2 092
Accumulated depreciation on 31 Dec 2007	-11 802		-11 802
Book value on 31 Dec 2007	10 693	372	11 065
Book value on 31 Dec 2006	7 333	4 244	11 577

12.TANGIBLE ASSETS

EUR 1 000	Buildings and constructions	Vessels and ship shares	Machinery and equipment	Advance payments and acquisitions under construction	Total
Acquisition cost on 1 Jan 2007	4 793	223 408	6 712	58 157	293 069
Increases		1 993	431	315 196	317 619
Disposals		-156 928	-416	-200 311	-357 655
Reclassifications between items		100 015	19	-100 015	19
Acquisition cost on 31 Dec 2007	4 793	168 488	6 746	73 026	253 053
Accumulated depreciation and					
write-offs on 1 Jan 2007	-2 852	-37 759	-5 355		-45 966
Accummulated depreciation on disposals and reclassifications		27 928	289		28 217
Depreciation for the reporting period	-170	-11 408	-433		-12 012
Accumulated depreciation on 31 Dec 2007	-3 022	-21 239	-5 500		-29 761
Book value on 31 Dec 2007	1 771	147 249	1 246	73 026	223 292
Book value on 31 Dec 2006	1 941	185 649	1 356	58 157	247 103

13. INVESTMENTS

EUR 1 000	Group owned shares	Investments in associated companies	Other shares	Receivables from group companies	Total
Acquisition cost on 1 Jan 2007	232 924	1 514	4 228	84 658	323 325
Increases	501				501
Disposals	-2 087		-96		-2 182
Reclassifications between items					
Acquisition cost on 31 Dec 2007	231 338	1 514	4 133	84 658	321 643
Accumulated depreciation and					
write-offs on 1 Jan 2007					
Disposals					
Depreciation for the financial period					
Write-offs	-760				-760
Accumulated depreciation on 31 Dec 2007	-760				-760
Book value on 31 Dec 2007	230 578	1 514	4 133	84 658	320 883

14. INVENTORIES

EUR 1 000	2007	2006
Bunker	**1 520**	740
Other inventories	**430**	371
Total	**1 950**	1 111

15. LONG-TERM RECEIVABLES

EUR 1 000	2007	2006
Group receivables		
Loan receivables	**584 222**	242 329
Total	**584 222**	242 329
Loan receivables	**3 397**	5 315
Other receivables	**653**	435
Accrued income and prepaid expenses	**4 475**	556
Total long-term receivables	**592 747**	248 635

16. SHORT-TERM RECEIVABLES

EUR 1 000	2007	2006
Accounts receivable	**10 657**	8 583
Group receivables		
Accounts receivable	**204**	39
Loan receivables	**165 505**	135 849
Other receivables	**1**	0
Accrued income and prepaid expenses	**0**	2 748
Total	**165 710**	138 636
Loan receivables	**679**	0
Other receivables	**2 364**	2 811
Accrued income and prepaid expenses	**9 179**	8 563
Total short-term receivables	**188 589**	158 592
Significant items of accrued income and prepaid expenses		
State subsidies	**1 994**	2 625
Vessel hires	**5 307**	4 285
Docking costs	**1 021**	0
Interest income	**14**	21
Taxes	**4**	474
Other	**838**	1 158
Total	**9 179**	8 563

17. MARKETABLE SECURITIES

EUR 1 000	2007	2006
Book value	**13 363**	3 191

18. SHAREHOLDERS' EQUITY

EUR 1 000	2007	2006
Share capital on 1 Jan	**81 384**	81 314
Share issue	**0**	70
Share capital on 31 Dec	**81 384**	81 384
Share issue on 1 Jan	**0**	6
Registration of shares in the Trade Register	**0**	-6
Share issue on 31 Dec	**0**	0
Share issue premium on 1 Jan	**24 525**	24 301
Share issue premium	**0**	224
Share issue premium on 31 Dec	**24 525**	24 525
Retained earnings on 1 Jan	**109 658**	66 623
Dividend distribution	**-17 091**	-12 208
Retained earnings on 31 Dec	**92 567**	54 416
Profit for the reporting period	**360**	55 242
Total shareholders' equity	**198 837**	215 567
Calculation of distributable funds		
Retained earnings on 31 Dec	**92 928**	109 658
Parent company´s distributable funds on 31 Dec	**92 928**	109 658

19. ACCUMULATED APPROPRIATIONS

EUR 1 000	2007	2006
Accumulated depreciation in excess on plan	**148 714**	186 337

20 LONG-TERM LIABILITIES

EUR 1 000	2007	2006
Debts to group companies		
Other debts	**63 597**	20 857
Total	**63 597**	20 857
of which interest bearing	**62 429**	20 857
Loans from financial institutions	**581 534**	345 592
Pension loans	**5 750**	6 900
	587 284	352 492
Total	**650 881**	373 349
of which interest-bearing	**649 713**	373 349
Maturity of loans		
Year		
2007		88 845
2008	**121 794**	51 516
2009	**59 457**	39 180
2010	**59 454**	39 177
2011	**59 454**	39 177
2012	**54 238**	183 443
2012 and later	**354 680**	
Total	**709 078**	441 337
Long-term loans due after five years		
Loans from financial institutions	**353 530**	181 143
Pension loans	**1 150**	2 300
	354 680	183 443

21. CURRENT LIABILITIES

EUR 1 000	2007	2006
Loans from financial institutions	**120 644**	87 695
Pension loans	**1 150**	1 150
Accounts payable	**7 482**	5 564
Commercial papers	**39 384**	9 810
Total	**168 659**	104 219
of which interest-bearing	**161 177**	98 655
Debts to group companies		
Accounts payable	**72**	155
Other debts	**164 955**	97 835
Accrued expenses and deferred income	**437**	5 017
Total	**165 464**	103 007
of which interest-bearing	**130 962**	97 804

EUR 1 000	**2007**	2006
Other short-term debt	**5 099**	5 085
Accrued expenses and deferred income	**20 249**	13 099
Total	**359 470**	225 411
of which interest-bearing	**292 139**	196 459
Significant items of accrued expenses and deferred income		
Personnel expenses	**3 389**	3 771
Cargo handling costs	**901**	1 581
Voyage costs	**983**	917
Interest expenses	**10 075**	4 611
Rents	**598**	311
Bunker costs	**1 650**	460
Other	**2 653**	1 448
	20 249	13 099

CONTINGENCIES AND COMMITMENTS

EUR 1 000		2007		2006
Contingencies and commitments				
Pledges and commitments given on own account	**Debt**	**Value of collateral**	Debt	Value of collateral
Vessel mortgages provided as guarantees for loans				
Loans from financial institutions	**141 392**	**244 000**	75 083	139 000
Vessel mortgages provided by subsidiaries as guarantees for loans				
Loans from financial institutions	**390 069**	**479 500**	225 284	322 000
	531 461	**723 500**	300 367	461 000
Pledges given to cover other own commitments				
Pledges		**1 200**		1 200
	0	**1 200**	0	1 200
Collateral given	**531 461**	**724 700**	300 367	462 200
Other contingent liabilities		**163 062**		239 760
Leasing liabilities				
Due within 12 months		**254**		275
Due between one and five years		**233**		192
Due after five years		**0**		0
Leasing liabilities total		**487**		467
Vessel leases (Group as a lessee)				
Due within 12 months		**89 899**		84 973
Due between one and five years		**51 614**		102 301
Due after five years		**0**		0
Vessel leases (Group as a lessee) total		**141 513**		187 274
Other leases				
Due within 12 months		**1 577**		1 871
Due between one and five years		**6 158**		7 265
Due after five years		**3 978**		6 487
Other leases total		**11 713**		15 623
Guarantees given on behalf of the subsiadiaries				
Guarantees given on behalf of the subsiadiaries		**6 000**		6 000
		6 000		6 000
Pledges and other contingent liabilities total	**531 461**	**1 047 475**	300 367	911 324

SHARES AND HOLDINGS

Name of subsidiary	Registered in	Holding (%)
Domestic		
Oy Finnlink Ab	Naantali	100
Ropax Oy Star (former Finnfellows Oy Ltd)	Helsinki	100
Finnsteve Oy Ab	Helsinki	100
Ropax Oy Eagle (former Optar Oy)	Helsinki	100
Metropolitan Port Oy Ab	Kirkkonummi	100
Oy Intercarriers Ltd	Helsinki	51
Ropax Oy Maid (former Railship Oy Ab)	Helsinki	100
Ropax Oy Fellow (former North Wind Oy)	Helsinki	100
Kiinteistö Oy LevinTuvat	Kittilä	20
Foreign		
Finnlines Deutschland GmbH	Germany	100
Finnlines (Cyprus) Ltd	Cyprus	100
Finnlines Limited	United Kingdom	100
Finnlines Holland B V	The Netherlands	100
Finnlines UK Limited	United Kingdom	100
Finanglia Ferries Ltd	United Kingdom	100
Finncarriers UK Limited	United Kingdom	100
Finncarriers Limited	United Kingdom	100
Finland Terminal London Limited	United Kingdom	100
AB Finnlines Scandinavia Ltd	Sweden	100
Finnlines Polska Sp.z.o.o.	Poland	100
Associated companies		
Domestic		
Simonaukion Pysäköinti Oy	Helsinki	50
Other shares and holdings		
Domestic		
Steveco Oy	Hamina	19.1
Other companies (4)		