CONTAINERSHIPS GROUP

HALF-YEAR REPORT
JANUARY-JUNE 2017

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Containerships plc's Interim Report Half Year 2017

H1/2017: Net Sales up almost 12% and Net Profit up EUR 1.8 million
- Net Sales EUR 110.5 (EUR 98.9) million
- EBITDA EUR 7.1 (EUR 6.7) million
- Net Profit EUR 0.1 (-EUR 1.7) million

Q2/2017: Continued strong Net Sales growth, challenge from change in bunker price
- Net Sales EUR 54.8 (EUR 49.8) million
- EBITDA EUR 3.6 (EUR 3.4) million
- Net Profit -EUR 0.5 (-EUR 0.6) million

Key figures, IFRS	1-6/2017	1-6/2016	Change	4-6/2017	4-6/2016	1-12/2016
Net Sales, €m	110,5	98,9	11,7 %	54,8	49,8	197,9
EBITDA, €m	7,1	6,7	5,9 %	3,6	3,4	13,9
as % of Net Sales	6,4 %	6,8 %		6,6 %	6,8 %	7,0 %
EBIT, €m	3,2	2,7	19,7 %	1,7	1,4	5,9
as % of Net Sales	2,9 %	2,7 %		3,1 %	2,8 %	3,0 %
Net Profit, €m	0,1	-1,7		-0,5	-0,6	-1,4
as % of Net Sales	0,1 %	-1,7 %		-0,9 %	-1,2 %	-0,7 %
Equity ratio						16,8 %
Equity ratio, adjusted						21,3 %
Personnel, on average	565	532				532

Containerships discloses EBITDA and adjusted equity ratio as alternative key figures because management considers them to better describe the Group's EBIT and financial position and to improve comparability. The consolidated statement of comprehensive income shows the reconciliation of EBITDA on EBIT. Equity ratio adjusted (Equity/total assets x 100) includes a capital loan of €5 million. However, these alternative key figures do not replace key figures in accordance with IFRS.

CEO's review

Kari-Pekka Laaksonen: EBIT for the second quarter was EUR 1.7 (EUR 1.4) million, up 21.4%. This increase was attributable to the positive development in Net Sales, which rose 11.7% during the first half of the year and around 10% during the second quarter. EBIT for the first half of the year were EUR 3.2 (EUR 2.7) million, which is according to plan. Improved EBIT was particularly affected by higher fuel costs compared to the same period a year earlier. We aim to further improve business profitability through vessel optimisation, route planning and other savings programmes designed to reduce costs.

Guidance for 2017 remains unchanged. In 2017, Net Sales are expected to grow by 5-10% and EBITDA for the full year is expected to improve on the previous year.

Market conditions and significant events

CONTAINERSHIPS is a full-service logistics company providing transportation solutions to customers using various container types and logistics solutions in the Baltic Sea, North Sea and the Mediterranean regions. During the reporting period, Baltic Sea and North Sea traffic accounted for around 88% of Net Sales and the Mediterranean for around 12% of Net Sales.

There were no significant changes in the operating environment during the reporting period. The Russian market has remained challenging due to economic sanctions and the country's overall economic situation. The United Kingdom's Brexit decision has at least not yet impacted the company's business. No significant changes are estimated to occur in the operating environment in the near future.

The company continues to progress on its chosen investment path based on its environmentally friendly LNG strategy. A start has been made on building the four LNG vessels, which will be delivered to the company in 2018. The company has increased the number of LNG-fuelled trucks in Great Britain and is exploring the possibilities to increase the number of LNG-fuelled trucks also in the Netherlands and Finland.

In business in the Mediterranean region, the Group's own agency activities in Algeria began in autumn 2016 continue to show profitable growth. Business in Tunisia and Libya is being developed in partnership with local agents.

General information

Containerships Group is part of the Container Finance Group, whose parent company Container Finance Ltd Oy and domicile are in Finland. Containerhips plc's bond totalling EUR 50.5 million issued on 2 April 2015 and 28 October 2015 has been listed on Nasdaq Helsinki since 1 April 2016.

Financial performance

The company's net sales for the first half of the year were EUR 110.5 (EUR 98.9) million, up 11.7% year on year. Net Sales in the Baltic Sea and North Sea (CSL Baltic) segment accounted around 88%(88%) of net sales and the Mediterranean (CSL Med) segment for 12% (12%). Business volumes in the Baltic Sea and North Sea were up around 13%. Market conditions and competition in the Mediterranean were challenging earlier in the year and both business volumes and the price level were in retreat. Falling market prices and higher fuel prices weakened profitability in the Mediterranean market. The company developed its operations to better respond to customer needs and added a fourth vessel to its operations in the Mediterranean. This resulted in an upswing in sales during the second quarter. It is thought that driven by these actions, positive progress made in the Mediterranean will continue during the rest of the year.

Operative profitability improved slightly in the first half of the year: EBITDA showed an improvement of EUR 0.4 million and EBIT an improvement of EUR 0.5 million compared to the previous year. EBITDA for the first half of the year was EUR 7.1 million, equating to 6.4% of Net Sales (EUR 6.7 million, 6.8%). EBIT was EUR 3.2 million, equating to 2.9% of Net Sales (EUR 2.7 million, 2.7%). EBIT in the CSL Baltic segment was EUR 3.5 million (EUR 2.3) million and CSL Med segment posted an operating loss of EUR 0.3 (profit of EUR 0.4) million. Operational efficiency measures, in particular better utilisation rates, drive improved profitability. On the other hand, the rise in the price of oil on the global market and higher fuel prices added a significant increase of EUR 5.8 million to operating costs, which in turn constrained profitability improvement.

Net Profit for the first half of the year was EUR 0.1 (-EUR 1.7) million, up EUR 1.8 million. Financial income and expenses fluctuated because of movements in currency exchange rates and were higher than earlier in the second quarter, which increased deferred items. Some of the interest costs on the bond have been capitalised in the cost of building ships in accordance with IFRS reporting since the prepayments for the vessels were made in October 2016.

The equity ratio stated in IFRS reporting excludes a capital loan of around EUR 5 million. Adjusted equity is around EUR 26 million, whereas in the IFRS calculation it is around EUR 21 million.

Balance sheet, financing and cash flow

The company's operational cash flow was weaker than a year earlier and was EUR 1.6 (EUR 2.2) million positive. Cash and cash equivalents amounted to EUR 4.3 million at the end of the reporting period.

Investments

During the reporting period, Group gross investments were EUR 3.5 (EUR 3.4) million, including investments in intangible and tangible assets. Investments were allocated mainly to acquisitions of containers, machinery and equipment (EUR 0.4 million), vessels (EUR 0.5 million) and intangible assets (EUR 1.2 million). Depreciation and impairments totalled EUR 3.9 (EUR 4.0) million.

Personnel

During the reporting period, the Group employed an average of 565 (532) persons. Additional resources in the Group's service centre and Algerian company accounted for most on the increase in employee numbers.

Risks and risk management

The most significant risks in Containerships' business relate to fluctuations in the price of oil and to the political uncertainty in the Russian and Turkish markets. There have been no major changes in the Libyan payment. Risks and risk management are detailed on the company's website and in the financial statements. The company does not consider there to have been any material changes in risks during the reporting period.

Disputes

Containership plc's pending disputes are discussed in the 2016 financial statements. The Group had no material legal cases pending at 30 June 2017. Incidental legal costs have no impact on the Group's result. The Group has settled its claim for compensation with regard to faulty containers. The Group will possibly instigate arbitration proceedings with the ex-Algerian agent relating to the open payments. The Group has submitted these claims and other measures to end cooperation with the agent concerned in Algeria. Total claims are around EUR 2 million.

Events after the reporting period

There are no significant events to report after the end of the reporting period.

Outlook

Guidance for 2017 remains unchanged. In 2017, Net Sales are expected to grow by 5-10% and EBITDA for the full year is expected to improve on the previous year. EBITDA for the first half year was, as planned, slightly better than a year earlier and EBITDA for the full year is expected to improve on the previous year. Work will continue on improving operating efficiency. Efforts will be made to develop sales work in particular by focusing on those segments and regions where growth can be captured and by further improving efficiency especially in those regions. The company does not expect any major changes in market conditions. The challenging situation in the Mediterranean is expected to continue.

Work on building the LNG vessels is ongoing and delivery will take place as planned in 2018.In addition, the company will continue to focus on developing LNG-fuelled truck traffic.

Containerships will publish its Q3 report on 14 November 2017.

Containerships plc

Board of Directors

Kari-Pekka Laaksonen, CEO

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DISTRIBUTION

Nasdaq Helsinki Oy
www.containershipsgroup.com

Reporting and accounting principles

Containerships plc has reported its results in accordance with IFRS accounting principles since the start of 2016. Interim reports are prepared in accordance with IFRS accounting principles, but exclude notes to the financial statements as required under IAS 34 Interim Financial Reporting. When preparing the interim report, the company has complied with the same principles in the IFRS financial statements for 2016. The information presented in this report is unaudited.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	1.4.-30.6.2017	1.1.-30.6.2017	1.4.-30.6.2016	1.1.-30.6.2016
Revenue	**54 789**	**110 480**	**49 788**	**98 924**
Other income	1 912	2 611	675	1 564
Materials and services	-41 605	-84 753	-39 309	-77 661
Employee benefit expenses	-6 182	-12 030	-5 455	-10 817
Other expenses	-5 304	-9 215	-2 281	-5 323
EBITDA	**3 609**	**7 093**	**3 418**	**6 687**
Depreciation, amortisation and impairment losses	-1 885	-3 922	-2 064	-4 012
EBIT	**1 724**	**3 171**	**1 354**	**2 675**
Finance income	1 293	2 169	133	1 064
Finance costs	-3 199	-4 841	-2 009	-5 413
Net finance costs	**-1 906**	**-2 672**	**-1 876**	**-4 349**
Profit (-loss) before taxes	**-182**	**499**	**-522**	**-1 674**
Income taxes	-322	-408	-53	-13
Profit (-loss) for the financial year	**-504**	**91**	**-575**	**-1 687**
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss				
Foreign currency translation differences	-359	-360	-227	-718
Other comprehensive income (-loss), net of tax	-359	-360	-227	-718
Total comprehensive income (-loss) for the year	**-864**	**-269**	**-802**	**-2 405**
Profit (-loss) attributable to:				
Owners of the company	-504	95	-575	-1 687
Non-controlling interests	0	-4	0	0
	-504	**91**	**-575**	**-1 687**
Total comprehensive income (-loss) attributable to:				
Owners of the company	-863	-265	-802	-2 405
Non-controlling interests	0	-4	0	0
	-864	**-269**	**-802**	**-2 405**

CONSOLIDATED BALANCE SHEET

EUR 1,000	30.6.2017	30.6.2016
ASSETS		
Non-current assets		
Goodwill	6 333	6 676
Other intangible assets	2 591	1 558
Property, plant and equipment	55 499	42 422
Other non-current financial assets	2	2
Deferred tax assets	6 373	5 792
Other receivables	6 313	5 059
Total non-current assets	**77 110**	**61 509**
Current assets		
Inventories	1 102	877
Trade and other receivables	34 265	46 375
Other current financial assets	138	110
Current tax assets	58	0
Cash and cash equivalents	4 347	6 571
Total current assets	**39 909**	**53 932**
Total assets	**117 019**	**115 442**
EQUITY		
Share capital	80	80
Share premium	337	337
Fund for invested non-restricted equity	4 342	4 342
Translation reserve	-1 404	-1 064
Retained earnings	10 483	10 371
Hybrid capital loan	5 000	0
Equity attributable to owners of the Company	**18 838**	**14 067**
Non-controlling interests	**1 121**	**0**
Total equity	**19 958**	**14 067**
LIABILITIES		
Non-current liabilities		
Convertible capital loan	5 683	9 881
Bond	49 104	48 915
Other non-current liabilities	4 193	6 553
Trade and other payables	977	1 263
Other non-current financial liabilities	1 029	1 718
Deferred tax liabilities	1 780	1 789
Total non-current liabilities	**62 765**	**70 118**
Current liabilities		
Interest-bearing loans and borrowings	2 547	2 778
Trade and other payables	31 178	28 431
Other current financial liabilities	570	0
Current tax liabilities	0	49
Total current liabilities	**34 295**	**31 258**
Total liabilities	**97 060**	**101 376**
Total equity and liabilities	**117 019**	**115 442**

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1,000	30.6.2017	30.6.2016
Cash flows from operating activities		
Profit before tax	499	-1 674
Adjustments:		
Other operating income	-2 611	-1 564
Depreciation, amortisation and impairment losses	3 922	4 012
Finance income	-2 169	-1 064
Finance costs	4 841	5 413
Other adjustments	256	0
Changes in working capital:		
Change in trade and other receivables	-5 531	-1 147
Change in inventories	-225	-111
Change in trade and other payables	2 971	-1 614
Interest received	179	151
Income taxes paid	-322	-219
Other financing items	-233	0
Net cash from operating activities	**1 577**	**2 183**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	475	600
Acquisition of property, plant and equipment	-537	-3 368
Loans provided	0	0
Net from investing activities	**-62**	**-2 768**
Cash flows from financing activities		
Proceeds from loans and borrowings	3	0
Proceeds from issue of convertible notes	203	0
Other receivable (Escrow-accounts)	0	0
Interest paid	-2 914	-2 574
Proceeds from settlement of derivatives	12	0
Transaction costs related to loans and borrowings	-53	0
Repayment of borrowings	0	306
Payment of finance lease liabilities	-1 217	-548
Paid finance lease interest	-363	717
Net cash from financing activities	**-4 328**	**-2 099**
Net change in cash and cash equivalents	**-2 813**	**-2 684**
Cash and cash equivalents at 1 January	6 571	9 255
Bank overdrafts in use 1 January	0	0
Net foreign exchange difference on cash held	588	0
Cash and cash equivalents 30th of June	**4 347**	**6 571**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 1,000	Share capital	Share premium	Fund for invested non-restricted equity	Translation reserve	Retained earnings	Hybrid loan	Total	Non-controlling interests	Total equity
	Equity attributable to shareholders of the parent company								
Equity at 1 January 2017	**80**	**337**	**4 342**	**-1 044**	**10 388**	**5 000**	**19 103**	**1 125**	**20 227**
Comprehensive income									
Profit for the reporting period					91		91	-4	87
Foreign currency translation differences				-360			-360		-360
Total comprehensive income for the year	**0**	**0**	**0**	**-360**	**91**	**0**	**-268**	**-4**	**-272**
Transactions with owners of the company									
Other changes					3		3		3
Total transactions with owners	**0**	**0**	**0**	**0**	**3**	**0**	**3**	**0**	**3**
Equity at 30 June 2017	**80**	**337**	**4 342**	**-1 404**	**10 483**	**5 000**	**18 838**	**1 121**	**19 958**

EUR 1,000	Share capital	Share premium	Fund for invested non-restricted equity	Translation reserve	Retained earnings	Hybrid loan	Total	Non-controlling interests	Total equity
	Equity attributable to shareholders of the parent company								
Equity at 1 January 2016	**19**	**337**	**4 403**	**-346**	**12 059**	**0**	**16 472**	**0**	**16 472**
Comprehensive income									
Profit for the reporting period					-1 687		-1 687		-1 687
Foreign currency translation differences				-718			-718		-718
Total comprehensive income for the year	**0**	**0**	**0**	**-718**	**-1 687**	**0**	**-2 405**	**0**	**-2 405**
Transactions with owners of the company									
Share capital increase	61		-61				0		0
Total transactions with owners	**61**	**0**	**-61**	**0**	**0**	**0**	**0**	**0**	**0**
Equity at 30 June 2016	**80**	**337**	**4 342**	**-1 064**	**10 371**	**0**	**14 067**	**0**	**14 067**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Accounting principles

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting in compliance with the accounting principles stated in the annual financial statements for 2016. New and amended standards and interpretations that entered into force in 2017 have no impact on this interim report. All the figures presented have been rounded which means that the sum of individual figures presented can deviate from the sum figure. The preparation and presentation of interim reports in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting principles to the reporting of assets and liabilities and the amounts of income and expenses. These estimates are based on management’s best knowledge of current actions and events, actual results may differ from the estimates. The accounting principles requiring management judgments and the key factors of uncertainty relating to estimates are the same as in the annual financial statements for 2016.

New and amended statements and interpretations to be applied later

Numerous new or amended IFRS standards are coming into force in the future. The Group has not yet applied the published standards in question in the preparation of these financial statements. The Group will adopt each standard and interpretation thereof as of the date they enter into force or, if this date is other than the first day of the financial year, from the beginning of the subsequent financial year.

Group assessment of the impact of new IFRS standards:

IFRS 15 Revenue from Contracts with Customers. This standard creates a comprehensive frame of reference to determine when to recognise revenue and at what amount. IFRS 15 replaces the existing guidance on recognition of revenue. IFRS 15 is effective for financial years beginning on or after 1 January 2018. IFRS 15 introduces a five-step model to determine when to recognise revenue and at what amount. Revenue is recognised when a company transfers control of goods to a customer either over time or at a point in time. IFRS 15 also increases the amount of notes to be presented. Containerships Group does not expect the application of IFRS 15 to have a material impact on its consolidated financial statements. The door-to-door transportations consisting of both shipping by container vessels and inland transportation have been identified as separate performance obligations, for which revenue will be recognised over a certain time. The Group is also following the development of interpretations within the shipping industry and plans to adopt IFRS 15 retrospectively as of 1 January 2018.

IFRS 9 Financial Instruments replaces the current guidance on IAS Financial Instruments: Recognition and Measurement. IFRS 9 is effective for financial years beginning on or after 1 January 2018. IFRS 9 includes revised guidance on the recognition and measurement of financial instruments, including a new accounting model applied to measuring expected future credit losses for calculating impairments on financial assets. The standard’s requirements applying to general hedge accounting have also been amended. The requirements of IAS 39 regarding recognition and derecognition of financial instruments in the balance sheet has been retained. The impact of the new standard on the Group will depend on the financial instruments used and on the commercial terms at the time. Containerships Group does not expect the scope of the new IFRS 9 standard to have a material impact on its consolidated financial statements.

IFRS 16 Leases* (effective for financial years beginning on or after 1 January 2019). The new standard replaces IAS 17 and related interpretations. IFRS 16 requires lessees to recognise lease agreements as right-of-use assets and lease liabilities in the balance sheet. The accounting model is similar to existing finance lease accounting under IAS 17. The exceptions available relate to short-term contracts in which the term of lease is 12 months or less and to assets valued at USD 5,000 or less. Lessors’ accounting will be largely the same as under the current IAS 17. The Group expects IFRS 16 to have an impact on the balance sheet and key figures, such as debt to equity ratio, based on it because the method of recognition under the standard will increase non-current assets and interest-bearing current and non-current liabilities. In addition, application of IFRS 16 will impact the income statement since the company will in future recognise depreciation on right-of-use assets and interest expense on lease debt.

Operating segments

Basis for segmentation

The Group's segment reporting is based on two strategic business segments which are managed as seperate businesses. The Group has two business segments: CSL Baltics and CSL MED. The Board of Directors (as CODM) reviews internal management reports on at least a quarterly basis.

Adjustments, eliminations and allocations

The Group's assets and liabilities are not allocated to operating segments since the Chief operating decision maker does not allocate resources based on segments' assets and liabilities or monitor the segments' assets and liabilites. Assets and liabilities are managed on a Group basis.

Finance income, finance costs and income taxes are not allocated to individual segments.
Inter-segment revenues are eliminated on consolidation. Inter-segment pricing is determined on a arm's lenght basis.

Segment performance is for the most part measured consistently with profit or loss in the consolidated financial statements. However, FAS-accounting principles, as described in the session covering the financial statements of the parent company, are partly used as a basis for the segment reporting.

No operating segments have been aggregated to form the reportable segments.

Turnover and result per segment

	1-6/2017	%	1-6/2016	%	4-6/2017	%	4-6/2016	%	1-12/2016	%
Net sales, €m										
CSL Baltic	97,8	88,5 %	87,8	88,8 %	49,1	89,6 %	44,3	89,0 %	176,3	89,0 %
CSL MED	13,3	12,0 %	11,7	11,8 %	6,0	10,9 %	5,8	11,6 %	22,9	11,6 %
Intra segment revenue	-0,6	-0,5 %	-0,6	-0,6 %	-0,3	-0,5 %	-0,3	-0,6 %	-1,2	-0,6 %
Net sales total , €m	110,5	100,0 %	98,9	100,0 %	54,8	100,0 %	49,8	100,0 %	198,0	100,0 %
Operating profit, €m	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
CSL Baltic	3,5	109,4 %	2,3	85,0 %	1,9	111,8 %	1,1	78,6 %	5,5	93,2 %
CSL MED	-0,3	-9,4 %	0,4	15,0 %	-0,2	-11,8 %	0,3	21,4 %	0,4	6,8 %
Operating profit total, €m	3,2	100,0 %	2,7	100,0 %	1,7	100,0 %	1,4	100,0 %	5,9	100,0 %
Financial cost and revenue	-2,7		-4,3		-1,9		-1,9		-7,4	
Profit before taxes, €m	0,5		-1,7		-0,2		-0,5		-1,5	
Taxes, €m	-0,4		0,0		-0,3		-0,1		0,1	
Net profit, €m	0,1		-1,7		-0,5		-0,6		-1,4	

Property, plant and equipment

Property, plant and equipment 2017

EUR 1,000	Buildings	Containers	Machinery and equipment	Vessels*	Under construction	Total
Cost 1 Jan 2017	1 810	75 155	22 672	30 456	17 843	147 937
Increases	100	124	268	478	1 307	2 277
Disposals		-1 329	-169		-72	-1 570
Reclassification						0
Exchange rate differences	-21	-33	-214			-269
Cost 30 June 2017	**1 889**	**73 917**	**22 557**	**30 934**	**19 079**	**148 376**
Accumulated depreciation and	-1 326	-51 792	-20 040	-16 878	0	-90 036
impairment losses 1 Jan 2017						0
Depreciation for the reporting period	-13	-2 605	-306	-748		-3 672
Accumulated depreciation on disposals		680	166			846
Reclassification		-200	130			-70
Exchange rate differences	7	23	27			56
Accumulated depreciation and impairment losses 30 June 2017	**-1 332**	**-53 895**	**-20 024**	**-17 625**	**0**	**-92 877**
Carrying amount 1 Jan 2017	**485**	**23 363**	**2 632**	**13 579**	**17 843**	**57 901**
Carrying amount 30 June 2017	**556**	**20 022**	**2 532**	**13 309**	**19 079**	**55 499**

*) Carrying amount of Containerships VII was tested for impairment. The recoverable amount (value in use) of the vessel was estimated to be higher than its carrying amount. Fixed assets under construction include vessel prepayments of EUR 17 200 thousands.

Property, plant and equipment 2016

EUR 1,000	Buildings	Containers	Machinery and equipment	Vessels*	Under construction	Total
Cost 1 Jan 2016	1 791	69 260	23 335	30 435	0	124 821
Increases	26	2 783	210			3 018
Disposals		-3 043	-236	-223		-3 502
Reclassification		2 955	-952			2 004
Exchange rate differences	-81	-2	164			81
Cost 30 June 2016	**1 736**	**71 954**	**22 520**	**30 211**	**0**	**126 421**
Accumulated depreciation and impairment losses 1 Jan 2016	-1 337	-45 498	-20 589	-15 410	0	-82 834
Depreciation for the reporting period	-11	-2 852	-260	-739		-3 863
Accumulated depreciation on disposals						0
Reclassification		1 375	977			2 352
Exchange rate differences	29	1	316			346
Accumulated depreciation and impairment losses 30 June 2016	**-1 319**	**-46 975**	**-19 556**	**-16 149**	**0**	**-83 999**
Carrying amount 1 Jan 2016	**454**	**23 762**	**2 746**	**15 025**	**0**	**41 987**
Carrying amount 30 June 2016	**417**	**24 979**	**2 964**	**14 062**	**0**	**42 422**

Borrowing costs amounting to EUR 752 thousand (2016 EUR 0 thousand) were capitalized during January-June 2017 regarding construction project of new LNG vessels. The capitalisation rate used during 2016 was approximately 7,5 %.

The Group leases containers under a number of finance lease agreements. Some leases provide the Group with the option to purchase the equipment at the end of the lease period.

The Group has also entered into sale and leaseback transactions and the lease contracts have been classified as finance leases.

Intangible assets

Intangible assets 2017

EUR 1,000	Goodwill	Other intangible assets	Total
Acquisition cost 1 Jan 2017	6 469	6 571	13 040
Increases		1 202	1 202
Disposals		-370	-370
Reclassification		0	0
Exchange rate differences	-136	0	-136
Acquisition cost 30 June 2017	**6 333**	**7 403**	**13 736**
Accumulated amortisation and impairment losses 1 Jan 2017	0	-4 564	-4 564
Amortisation for the reporting period		-249	-249
Reclassification		0	0
Exchange rate differences		0	0
Accumulated amortisation and impairment losses 30 June 2017	**0**	**-4 813**	**-4 813**
Kirjanpitoarvo 1.1.2017	**6 469**	**2 007**	**8 476**
Kirjanpitoarvo 30.6.2017	**6 333**	**2 591**	**8 923**

Intangible assets 2016

EUR 1,000	Goodwill	Other intangible assets	Total
Acquisition cost 1 Jan 2016	7 065	5 645	12 710
Increases		389	389
Disposals		-61	-61
Reclassification		-11	-11
Exchange rate differences	-389	-0,019	-389
Acquisition cost 30 June 2016	**6 676**	**5 962**	**12 638**
Accumulated amortisation and impairment losses 1 Jan 2016	0	-4 266	-4 266
Amortisation for the reporting period		-149	-149
Reclassification		11	11
Exchange rate differences		0	0
Accumulated amortisation and impairment losses 30 June 2016	**0**	**-4 404**	**-4 404**
Carrying amount 1 Jan 2016	**7 065**	**1 379**	**8 444**
Carrying amount 30 June 2016	**6 676**	**1 558**	**8 234**

Other intangible assets include development costs of the following IT-systems: Vessel Fleet Management, Quoting and Pricing, Sales Order Management, Business Intelligence, Container Fleet Management and Transport Management system. The costs meeting the criteria for development costs are capitalized and amortised over five years.

Classification of financial assets and liabilities

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

30 June 2017

	Carrying amount			
EUR 1,000	**Financial assets and liabilities at fair value through profit or loss**	**Loans and receivables**	**Other financial liabilities**	**Total**
Financial assets measured at fair value				
Foreign exchange forward contracts	0			0
Commodity forward contracts	138			138
Equity securities	2			2
Total	**140**			**140**
Financial assets not measured at fair value				
Trade and other receivables		30 162		30 162
Loans to the ultimate parent company		4 936		4 936
Cash and cash equivalents		4 347		4 347
Total		**39 444**		**39 444**
Financial liabilities measured at fair value				
Foreign exchange forward contracts	570			570
Interest rate swaps	1 029			1 029
Commodity forward contracts	0			0
Total	**1 599**			**1 599**
Financial liabilities not measured at fair value				
Bond issue			49 104	49 104
Convertible capital loan - liability component			5 683	5 683
Finance lease liabilities			6 116	6 116
Trade payables			22 683	22 683
Total			**83 586**	**83 586**

Operating leases

The Group as a lessee

Minimum lease payments on non-cancellable operating leases are payable as follows:

EUR 1,000	1.1.-30.6.2017	1.1.-30.6.2016	31.12.2016
Within 12 months	2 183	2 990	3 414
1 - 5 years	7 112	8 051	8 263
After five years	338	351	364
Total	**9 633**	**11 392**	**12 041**

Amounts recognised in profit or loss

EUR 1,000	1.1.-30.6.2017	1.1.-30.6.2016	31.12.2016
Lease expense	2 091	1 782	3 873
Total	**2 091**	**1 782**	**3 873**

The Group leases a number of office facilities and one land premise under operating leases.
The Group has also entered into operating leases on certain office supplies, IT machinery, trucks and cars with lease terms mostly between three and five years. The Group has an option, under some of its leases, to lease the assets for additional terms of three to five years.

Collaterals

EUR 1,000	1.1.-30.6.2017	31.12.2016
Collaterals for own commitments		
Pledges	203	203
Customs' guarantee	1 414	1 414
Vessel mortgage	23 000	23 000
Loan from financial institutions		
Company mortgage	96 000	96 000
Corporate mortgages	5 000	5 000
Collaterals for subsidiary company commitments		
Pledges	0	0
Customs' guarantee		0
Loan from financial institutions	0	0
Total	**125 414**	**125 414**

Commitments

At 2017, the Group had commitments of EUR 125 414 thousand mainly relating to the completion of the bond issue to finance the new vessel investments and secure daily operations.

Company has a general pledge of EUR 5 000 thousand with the financial institution for the financing of the working capital.

During 2016 company has obtained a bond financing.
The bond financing is secured with all the assets of the company as follows:

(a) a first ranking pledge over all of the shares currently issued by the Issuer, provided that any shares issued as a result of a conversion of the Equity Contribution are not required to be pledged by the Equity Investors
(b) a floating charge over the assets in the Issuer in the amount of EUR 96 000 thousand with priority after the EUR 5 000 thousand floating charge provided to Nordea Bank Finland plc
(c) a first priority mortgage in the amount of EUR 23 000 thousand over the Existing Vessel
(d) the Vessel Funding Account Pledge Agreement;

During 2016 the Group entered into a construction and sale & leaseback contract regarding four new LNG vessels. These vessels are being built for the Group and vessel construction phase is scheduled for compeltion during 2018. Lease period begins after the completion of construction project, upon delivery of the vessels and execution of sale & leaseback transaction. Lease period is 12 years and the Group has obligation to purchase the vessels for fixed price at the latest 12 years from the commencement of lease period. The total undiscounted lease commitment for four LNG vessels is approximately EUR 139 000 thousand including the purchase obligations. These amounts are not included in the table above at the end of the financial period 2016.

Related party disclosures

The Group's related parties include Group's ultimate parent company Container Finance Ltd Oy and its subsidiaries and related party companies such as Positen Oy. Container Finance Ltd Oy is jointly owned by Karita, Harri and Kimmo Nordström.

In addition the related parties include key management personnel of the Containerhips Group comprising the Board of Directors, the CEO and the members of the Containerships' Group Management team including their family members.

Transactions and outstanding balances with related parties

EUR 1,000	1.1.-30.6.2017	1.1.-30.6.2016
Rendering of services and other income	12	189
Purchases from related parties	9 347	9 462
Interest income	175	180
Interest expense	0	136
Receivables	1 368	724
Liabilities	2 820	2 025
Loans from related parties	5 000	5 000
Loans to related parties	4 936	4 936

Sales and purchases from related parties are made on terms equivalent to those that prevail in arm's lenght transactions.

Loans from / to related parties

The Hybrid capital loan and the Interests are subordinated to all other debts in the liquidation and bankruptcy of the company.

The parent company has granted a loan to the ultimate parent company of EUR 4 936 thousand

Terms: Interest: 3 months Euribor (minimum 0%) plus 7,5%. Interest paid quartely.

Maturity: April 2, 2019. The Borrower is entitled to prepay the loan prematurely either in installments or in one payment anytime.

Turnover and result per quarter

Key figures, IFRS	Q1/2017	Q1/2016	Q2/2017	Q2/2016	Q3/2017	Q3/2016	Q4/2017	Q4/2016	1-6/2017	1-12/2016
Net sales, €m										
CSL Baltic	48,4	43,2	48,8	44,0					97,2	175,1
CSL MED	7,3	5,9	6,0	5,8					13,3	22,9
Net sales total , €m	55,7	49,1	54,8	49,8	0,0	0,0	0,0	0,0	110,5	198,0
Operating profit, €m										
CSL Baltic	1,6	1,2	1,9	1,1					3,5	5,5
CSL MED	-0,1	0,1	-0,2	0,3					-0,3	0,4
Operating profit total, €m	1,5	1,3	1,7	1,4	0,0	0,0	0,0	0,0	3,2	5,9
Financial cost and revenue	-0,8	-2,4	-1,9	-1,9					-2,7	-7,4
Profit before taxes, €m	0,7	-1,2	-0,2	-0,5	0,0	0,0	0,0	0,0	0,5	-1,5
Taxes, €m	-0,1	0,1	-0,3	-0,1					-0,4	0,1
Net profit, €m	0,6	-1,1	-0,5	-0,6	0,0	0,0	0,0	0,0	0,1	-1,4