

Press release

INTERIM REPORT FOR THE PERIOD NOVEMBER 2006 – JANUARY 2007

THE PERIOD IN BRIEF

Improved earnings

The earnings of Viking Line developed favourably during the first quarter of the fiscal year 2006/2007, with a strengthening in income before taxes of 5.6 million euro compared to the year-earlier period. Sales increased by EUR 7.9 M (+9.1 per cent) to EUR 95.1 M. The improvement in earnings was mainly generated by a volume increase, combined with higher net sales revenue per passenger. A 6.4 per cent increase in cargo revenue also contributed to the strengthening of earnings.

Higher passenger revenue

Passenger-related revenue improved by 9.3 per cent to EUR 87.2 M, since both the number of passengers and net sales revenue per passenger increased. According to Nils-Erik Eklund, Managing Director and Chief Executive of Viking Line, the revenue improvements are related to a greater focus on quality and concept development, a task that will also enjoy high priority over the next several years.

Strengthening of market position

During the first quarter of fiscal 2006/2007, passenger volume developed favourably, with an increase of 51,508 passengers to 1,253,175 passengers (+4.3 per cent). This means that Viking Line has also strengthened its role as a leading brand on the northern Baltic Sea.

New vessel for the Mariehamn – Kapellskär route

During the report period, Viking Line signed a conditional contract for delivery of a new passenger ferry for the route between Mariehamn (Åland Island, Finland) and Kapellskär (Sweden). The vessel is scheduled to be delivered in March 2009.

A photo of the Company's other new vessel, *Viking XPRS*, which will begin service on the route between Helsinki (Finland) and Tallinn (Estonia) in January 2008, is available at www.vikingline.fi/download/viking_xprs.jpg.

Any questions concerning the Interim Report will be answered by Nils-Erik Eklund, Managing Director and Chief Executive.

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Viking Line is a public limited company and the market leading brand in the passenger traffic on the northern Baltic Sea with a mission to provide large-scale, affordable, safe passenger and cargo carrier services including first-class recreation, good food and shopping. Shares have been listed on the Helsinki Stock Exchange since 1995. Viking Line serves Finland, Sweden and the Baltic countries with seven vessels. During fiscal 2005/2006 sales were about EUR 406 M. The number of passengers totalled 5.6 millions. The average number of employees was 2,900.

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SALES AND EARNINGS

Consolidated sales of the Viking Line Group during the period November 1, 2006 – January 31, 2007 amounted to 95.12 million euro (year-earlier period: EUR 87.21 M). Operating income was EUR 0.87 M (-4.81). Consolidated income before taxes amounted to EUR 1.19 M (-4.44). Income after taxes was EUR 0.53 M (-3.35).

Consolidated sales increased by 9.1 per cent as a consequence of an increased number of passengers and better net sales revenue per passenger. Passenger-related revenue increased by 9.3 per cent to EUR 87.17 M, cargo revenue rose by 6.4 per cent to EUR 7.15 M. Repair and maintenance expenses rose by EUR 1.61 M. Fuel expenses fell by EUR 1.78 M to EUR 6.84 M. Total consolidated operating expenses rose by 2.4 per cent to EUR 94.34 M.

SERVICES AND VOLUME

The Group's vessels served the same routes as during fiscal 2005/2006.

During the first three months of fiscal 2006/2007, the number of passengers on the Group's vessels rose by 4.3 per cent to 1,253,175. Viking Line's cargo volume increased by 2.9 per cent to 23,921 cargo units.

INVESTMENTS AND FINANCING

The Group's investments totalled EUR 0.56 M (6.84). On January 31, 2007, the equity/assets ratio was 57.0 per cent, compared to 54.4 per cent on the same date in 2006.

At the end of January 2007, the Group's cash and cash equivalents amounted to EUR 47.97 M (28.07). Net cash flow from operating activities amounted to EUR 2.61 M (-4.30).

On January 29, 2007, Viking Line Abp signed a contract with the shipyard Astilleros de Sevilla S.A. in Spain for delivery of a new passenger ferry. The contract is conditional upon the approval of the Spanish guarantee institution PYMAR and the Board of Directors of Viking Line Abp. The investment totals about EUR 60 M and the vessel will be delivered in March 2009. Viking Line plans to place the vessel in service on its route between Mariehamn (Åland Islands, Finland) and Kapellskär (Sweden). The vessel will have a capacity of 1,500 passengers and 320 cars. It will be 133 metres long and 21.9 metres wide and will be built according to ice class 1 A. Cruising speed will be 22 knots.

FINANCIAL REPORTING

Viking Line transitioned to financial reporting in compliance with International Financial Reporting Standards (IFRSs) as of October 31, 2006. The Group's comparative figures in compliance with IFRSs for the interim periods of the 2005/2006 fiscal year were issued in Swedish and Finnish on November 14, 2006. This Interim Report was drawn up as a summary of the financial statements for the period in compliance with IAS 34. The accounting principles and calculation methods are the same as in the latest annual financial statements. Recognized income taxes are based on an estimated average tax rate, which is expected to apply throughout the fiscal year. The dividend that was adopted by the annual shareholders' meeting on February 7, 2007 is not recognized as a liability on the balance sheet date. The vessel construction contract with Asterillos de Sevilla S.A. has not gone into effect and is thus not included in the Group's contingent liabilities on January 31, 2007. This Interim Report is unaudited.

ORGANISATION AND PERSONNEL

The average number of Group employees was 2,800 (2,788), of whom 2,007 (1,988) worked for the parent company. Land-based personnel totalled 676 (690) and shipboard personnel totalled 2,124 (2,098).

ANNUAL SHAREHOLDERS' MEETING

The annual shareholders' meeting of Viking Line Abp on February 7, 2007 adopted the parent company and consolidated financial statements. This included the proposal of the Board of Directors for a dividend of EUR 0.55 per share for the fiscal year November 1, 2005 – October 31, 2006. The annual meeting discharged the Board of Directors and the Managing Director from liability for fiscal 2005/2006.

All members and deputy members of the Board of Directors were re-elected. The Company's Board of Directors until the end of the next annual shareholders' meeting thus has the following composition: Ben Lundqvist (Chairman), Carita Blomsterlund, Nils-Erik Eklund, Erik Grönberg, Agneta Karlsson, Dick Lundqvist and Lars G Nordström plus deputy members Trygve Eriksson, Stefan Lundqvist and Airi Sundman. Re-elected as the Company's Auditors were Leif Hermans, Authorized Public Accountant (CGR) and Markus Smeds, Authorized Public Accountant (CGR); also re-elected were the Company's Deputy Auditors, Mikael Holmström, Authorized Public Accountant (CGR) and Erika Sjölund, Authorized Public Accountant (GRM).

OUTLOOK FOR THE FULL 2006/2007 FISCAL YEAR

Competition in Viking Line's service area will remain tough. During the spring, vessel capacity in this service area will increase further. Viking Line will serve the same routes as in fiscal 2005/2006 with unchanged vessel capacity and will pursue continuous quality and product development in order to maintain competitiveness.

The Group's earnings are not generated evenly throughout the year. The enclosed quarterly income statements illustrate the seasonal variations in its operations. Volume and price developments during the remainder of the fiscal year are crucial to the Group's earnings. In addition, fluctuations in bunker (vessel fuel) prices have a substantial and direct impact on earnings. The current price situation is leading to considerably lower bunker expenses than in fiscal 2005/2006. Under the prevailing market conditions, the Group's earnings in fiscal 2006/2007 are expected to be better than its earnings in 2005/2006.

The next Interim Report (November 2006 – April 2007) will be published on June 14, 2007.

Mariehamn, Åland, March 15, 2007

VIKING LINE ABP
The Board of Directors

CONSOLIDATED INCOME STATEMENT

EUR M	Nov.1 ,2006– Jan. 31, 2007	Nov.1 ,2005– Jan. 31, 2006	Nov.1 ,2005– Oct. 31, 2006
SALES	95.12	87.21	405.95
Other operating revenue	0.09	0.11	0.44
Expenses			
Goods and services	26.34	25.18	113.26
Employee expenses	24.91	23.86	98.47
Depreciation and impairment losses	4.61	4.46	18.55
Other operating expenses	38.50	38.63	162.46
	94.34	92.13	392.74
OPERATING INCOME	0.87	-4.81	13.65
Financial income	0.71	0.74	1.79
Financial expenses	-0.39	-0.36	-1.19
INCOME BEFORE TAXES	1.19	-4.44	14.25
Income taxes	-0.66	1.09	-3.80
INCOME FOR THE PERIOD	0.53	-3.35	10.45
Attributable to:			
Parent company shareholders	0.53	-3.34	10.45
Minority interest	0.00	0.00	0.00
Earnings per share, EUR	0.05	-0.31	0.97

CONSOLIDATED BALANCE SHEET

EUR M	Jan. 31, 2007	Jan. 31, 2006	Oct. 31, 2006
ASSETS			
Non-current assets			
Goodwill	-	0.47	-
Other intangible assets	0.71	0.24	0.73
Land	1.10	1.10	1.10
Buildings and structures	5.99	6.39	6.09
Renovation costs for rented properties	0.37	0.21	0.39
Vessels	135.29	148.00	139.35
Machinery and equipment	4.60	5.12	4.62
Advance payments	13.65	6.31	13.46
Financial assets	0.07	0.14	0.07
Receivables	0.03	0.03	0.02
Total non-current assets	161.81	168.02	165.83
Current assets			
Inventories	7.81	8.05	8.30
Income tax assets	0.24	-	0.09
Trade and other receivables	28.36	27.69	22.47
Cash and cash equivalents	47.97	28.07	45.93
Total current assets	84.38	63.80	76.78
TOTAL ASSETS	246.19	231.82	242.61
EQUITY AND LIABILITIES			
Equity			
Share capital	1.82	1.82	1.82
Reserves	0.02	0.07	0.02
Translation differences	0.02	-0.02	-0.02
Retained earnings	138.40	124.13	137.91
Equity attributable to parent company shareholders	140.26	125.99	139.73
Minority interest	0.04	0.03	0.03
Total equity	140.30	126.02	139.76
Non-current liabilities			
Deferred tax liabilities	30.41	31.72	30.41
Interest-bearing liabilities	6.73	15.67	6.73
Total non-current liabilities	37.14	47.40	37.14
Current liabilities			
Interest-bearing liabilities	8.96	9.02	8.95
Income tax liabilities	3.20	-	3.20
Trade and other payables	56.59	49.39	53.55
Total current liabilities	68.75	58.40	65.70
Total liabilities	105.89	105.80	102.84
TOTAL EQUITY AND LIABILITIES	246.19	231.82	242.61

CONSOLIDATED CASH FLOW STATEMENT

EUR M	Nov.1 ,2006– Jan. 31, 2007	Nov.1 ,2005– Jan. 31, 2006	Nov.1 ,2005– Oct. 31, 2006
OPERATING ACTIVITIES			
Income for the period	0.53	-3.35	10.45
Adjustments			
Depreciation and impairment losses	4.61	4.46	18.55
Other items not included in cash flow	-0.01	-0.02	-0.03
Interest expenses and other financial expenses	0.33	0.28	0.72
Interest income and other financial income	-0.38	-0.15	-0.74
Dividend income	-	0.00	-0.01
Income taxes	0.66	-1.09	3.80
Change in working capital			
Change in trade and other receivables	-5.87	-2.56	1.01
Change in inventories	0.48	0.33	0.08
Change in trade and other payables	3.04	-0.78	3.39
Interest paid	-0.16	-0.17	-0.66
Financial expenses paid	-0.17	-0.11	-0.05
Interest received	0.33	0.12	0.61
Financial income received	0.02	0.03	0.12
Taxes paid	-0.80	-1.30	-2.75
NET CASH FLOW FROM OPERATING ACTIVITIES	2.61	-4.30	34.50
INVESTING ACTIVITIES			
Investments in vessels	-0.11	-0.06	-3.43
Investments in other property, plant and equipment	-0.27	-0.46	-1.94
Advance payments	-0.19	-6.31	-13.46
Divestments of other property, plant and equipment	0.00	0.03	0.06
Divestments of financial assets	0.00	-	0.01
Dividends received	-	0.00	0.01
NET CASH FLOW FROM INVESTING ACTIVITIES	-0.56	-6.80	-18.75
FINANCING ACTIVITIES			
Increase in non-current liabilities	0.03	0.31	0.21
Amortization of non-current liabilities	-0.03	-0.02	-8.93
Change in non-current receivables	-0.01	0.00	0.01
NET CASH FLOW FROM FINANCING ACTIVITIES	-0.01	0.29	-8.71
CHANGE IN CASH AND CASH EQUIVALENTS	2.04	-10.82	7.04
Cash and cash equivalents at beginning of period	45.93	38.89	38.89
CASH AND CASH EQUIVALENTS AT END OF PERIOD	47.97	28.07	45.93

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

EUR M	Equity attributable to parent company shareholders					Minority interest	Total equity
	Share capital	Reserves	Translation differences	Retained earnings	Total		
Equity, Nov. 1, 2006	1.82	0.02	-0.02	137.91	139.73	0.03	139.76
Translation differences		0.00	0.04	-0.04	0.00	0.00	0.00
Income for the period				0.53	0.53	0.00	0.53
Equity, Jan. 31, 2007	1.82	0.02	0.02	138.40	140.26	0.04	140.30
Equity, Oct. 31, 2005	1.82	0.02	0.07	127.38	129.29	0.03	129.32
Effect of IAS 39		0.04			0.04		0.04
Adjusted equity, Nov. 1, 2005	1.82	0.06	0.07	127.38	129.32	0.03	129.36
Translation differences		0.00	-0.09	0.09	0.00	0.00	0.00
Financial assets, change in fair value		0.01			0.01		0.01
Income for the period				-3.34	-3.34	0.00	-3.35
Equity, Jan. 31, 2006	1.82	0.07	-0.02	124.13	125.99	0.03	126.02

CONSOLIDATED INCOME STATEMENT

EUR M	2006/2007 Q1	2005/2006 Q4	2005/2006 Q3	2005/2006 Q2
SALES	95.12	106.04	117.75	94.95
Other operating revenue	0.09	0.15	0.08	0.10
Expenses				
Goods and services	26.34	29.83	32.09	26.16
Employee expenses	24.91	24.54	24.95	25.12
Depreciation and impairment losses	4.61	5.13	4.53	4.43
Other operating expenses	38.50	40.33	41.97	41.54
	94.34	99.83	103.53	97.25
OPERATING INCOME	0.87	6.36	14.30	-2.21
Financial income	0.71	0.51	0.23	0.32
Financial expenses	-0.39	-0.30	-0.07	-0.45
INCOME BEFORE TAXES	1.19	6.56	14.46	-2.34
Income taxes	-0.66	-1.51	-3.70	0.31
INCOME FOR THE PERIOD	0.53	5.06	10.77	-2.03
Attributable to:				
Parent company shareholders	0.53	5.05	10.77	-2.03
Minority interest	0.00	0.00	0.00	0.00
Earnings per share, EUR	0.05	0.47	1.00	-0.19

PLEGGED ASSETS AND CONTINGENT LIABILITIES

EUR M	Jan. 31, 2007	Jan. 31, 2006	Oct. 31, 2006
Contingent liabilities	17.17	26.38	17.78
Assets pledged for own debt	28.76	29.64	29.25
Investment commitments not included in the accounts	114.36	120.48	113.84
– contractual amount	127.42	126.79	126.82

FINANCIAL RATIOS AND STATISTICS

	Nov.1 ,2006– Jan. 31, 2007	Nov.1 ,2005– Jan. 31, 2006	Nov.1 ,2005– Oct. 31, 2006
Equity per share, EUR	12.99	11.67	12.94
Equity/assets ratio	57.0 %	54.4 %	57.6 %
Investments, EUR M	0.56	6.84	18.83
– as % of sales	0.6 %	7.8 %	4.6 %
Passengers	1,253,175	1,201,667	5,577,966
Cargo units	23,921	23,241	90,092
Average number of employees, full time equivalent	2,800	2,788	2,900

Earnings per share = (Income before taxes – income taxes +/- minority interest) / Average number of shares

Equity per share = Equity attributable to parent company shareholders / Number of shares on balance sheet date

Equity/assets ratio, % = (Equity including minority interest) / (Total assets – advances received)

When rounding off items to the nearest EUR 1,000,000, rounding-off differences of EUR +/- 0,01 M have occurred.