

VIKING LINE

Press Release, results for the fiscal year November 2005 – October 2006

PRESS RELEASE

SALES AND EARNINGS

Consolidated sales of the Viking Line Group during the fiscal year 2005/2006 rose to EUR 406.0 million (fiscal 2004/2005: EUR 382.7 M). Operating income rose by EUR 8.6 M to EUR 13.6 M (5.0). Net financial items were EUR 0.6 M (-0.8). Consolidated income before taxes thus increased to EUR 14.2 M (4.2). Income after taxes was EUR 10.4 M (2.9).

Consolidated sales increased by 6.1 per cent, mainly as a consequence of an increased number of passengers. Net sales revenue per passenger was somewhat higher than in fiscal 2004/2005. Passenger-related revenue increased by 6.3 per cent to EUR 375.3 M, cargo revenue rose by 3.7 per cent to EUR 26.2 M and other revenue increased by 1.0 per cent to EUR 4.4 M. Fuel expenses rose by a full 24.7 per cent, or EUR 6.9 M, to EUR 35.1 M. Total consolidated operating expenses rose by 3.9 per cent to EUR 392.7 M.

VESSELS AND SERVICES

The Group's vessels served the same main routes as during 2004/2005. During the period June-August the Viking Cinderella made a total of nine (2004/2005: nine) cruises between Stockholm (Sweden) and Riga (Latvia).

The number of passengers on Viking Line vessels totalled 5,577,966 during fiscal 2005/2006, which was 3.8 per cent higher than in 2004/2005. Viking Line's cargo volume increased by 3.2 per cent to 90,092 cargo units.

The Group's seven vessels are recognized in the balance sheet at a carrying amount of EUR 139.4 M. The vessels have hull and machinery and increased value insurance totalling EUR 331.8 M. In addition, all vessels have strike insurance and protection and indemnity (P&I) insurance.

INVESTMENTS AND FINANCING

The Group's investments totalled EUR 18.8 M (5.9).

On October 31, 2006, the equity/assets ratio stood at 57.6 per cent, compared to 54.6 per cent a year earlier. The Group's long-term interest-bearing liabilities decreased during 2005/2006 to EUR 6.7 M (15.5).

At the close of fiscal 2005/2006, the Group's liquid assets amounted to EUR 45.9 M (38.9). Net cash flow from operating activities amounted to EUR 34.5 M (18.1).

At a regular Board meeting during fiscal 2005/2006, the Board of Directors adopted the following dividend policy for the Viking Line Group: "At least 40 per cent of the Group's profit that is generated through its regular business operations shall be distributed as a dividend. The dividend distribution shall take into account the need for financing, the Company's economic position as well as any capital gains."

On November 29, 2005, Viking Line ordered a new high-speed passenger ferry from Aker Finnyards for delivery in January 2008. The investment will total about EUR 130 M. Viking Line plans to place the vessel in service between Helsinki (Finland) and Tallinn (Estonia). The vessel construction contract included options for two additional vessels. After evaluation of the existing alternatives, the Board decided not to exercise these options. Instead, the Board is prioritizing the renewal of Viking Line's tonnage on the Kapellskär (Sweden) – Mariehamn (Åland Islands, Finland) route. The vessels on option were not suitable for this purpose.

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Viking Line submitted a bid in conjunction with Sea Containers Ltd's divestment of Silja Line. Sea Containers Ltd announced on June 12, 2006 that it had reached an agreement with AS Tallink Group.

IFRS

The consolidated financial statements for the 2005/2006 fiscal year have been prepared in compliance with International Financial Reporting Standards (IFRSs). The Group's comparative figures for 2004/2005 in compliance with IFRS and a description of how the transition to IFRS has affected the Group's earnings and financial position as well as its most important financial ratios were issued in Swedish and Finnish on November 14, 2006.

ORGANISATION AND PERSONNEL

The merger of the wholly-owned subsidiary Viking Line Marketing Ab Oy with the parent company, Viking Line Abp, entered into force on November 1, 2005.

The average number of Viking Line employees was 2,900 (2,886), of whom 2,064 (1,728) worked for the parent company. Land-based personnel totalled 718 (730) and shipboard personnel totalled 2,182 (2,156).

BOARD OF DIRECTORS, MANAGEMENT AND AUDITORS

At the annual shareholders' meeting on February 8, 2006, the number of Board members was expanded from five to seven. Ben Lundqvist was re-elected as Chairman, and Board members Carita Blomsterlund, Nils-Erik Eklund, Erik Grönberg and Dick Lundqvist were re-elected. In addition, Agneta Karlsson and Lars G Nordström were elected as new Board members. The system of personal deputy members of the Board was abolished and was replaced by a system of three deputy members, where in case an individual Board member will be absent, he or she is personally entitled to nominate the deputy who will be summoned in his/her place. Deputy members Trygve Eriksson, Stefan Lundqvist and Airi Sundman were re-elected at the annual shareholders' meeting.

The Managing Director and Chief Executive of the Company is Nils-Erik Eklund. The Deputy Chief Executive is Kent Nyström.

Leif Hermans, Authorized Public Accountant (CGR) and Markus Smeds, Authorized Public Accountant (CGR), are regular Auditors. Mikael Holmström, Authorized Public Accountant (CGR) and Erika Sjölund, Authorized Public Accountant (GRM), serve as Deputy Auditors.

OUTLOOK FOR 2007

The Group's stable organization and solid financial position will continue during 2007. Competition in Viking Line's service area will remain tough. Under the prevailing market conditions, the Group's earnings in fiscal 2006/2007 are expected to be at least at the same level as earnings in fiscal 2005/2006.

THE BOARD'S PROPOSAL ON DISTRIBUTION OF EARNINGS

According to the balance sheet of Viking Line Abp on October 31, 2006, unrestricted equity totalled EUR 52,527,608.46.

The Board of Directors proposes to the annual shareholders' meeting that:

Of the income for the fiscal year, totalling	EUR 17,338,322.71
a dividend of 0.55 euro per share shall be paid, totalling	EUR 5,940,000.00
To be carried forward	EUR 11,398,322.71

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CONSOLIDATED INCOME STATEMENT

EUR M	Nov. 1, 2005- Oct. 31, 2006	Nov. 1, 2004- Oct. 31, 2005
SALES	405.95	382.69
Other operating revenue	0.44	0.43
Expenses		
Goods and services	113.26	107.94
Employee expenses	98.47	97.75
Depreciation and impairment losses	18.55	17.66
Other operating expenses	162.46	154.75
	<u>392.74</u>	<u>378.10</u>
OPERATING INCOME	13.65	5.02
Financial income	1.79	1.14
Financial expenses	-1.19	-1.94
INCOME BEFORE TAXES	14.25	4.22
Income taxes	-3.80	-1.33
INCOME FOR THE FISCAL YEAR	10.45	2.89
Attributable to:		
Parent company shareholders	10.45	2.89
Minority interest	0.00	0.00
Earnings per share, EUR	0.97	0.27

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CONSOLIDATED BALANCE SHEET

EUR M	Oct.31, 2006	Oct.31, 2005
ASSETS		
Non-current assets		
Goodwill	-	0.47
Other intangible assets	0.73	0.27
Land	1.10	1.10
Buildings and structures	6.09	6.48
Renovation costs for rented properties	0.39	0.23
Vessels	139.35	151.92
Machinery and equipment	4.62	5.00
Advance payments	13.46	-
Financial assets	0.07	0.10
Receivables	0.02	0.03
Total non-current assets	165.83	165.62
Current assets		
Inventories	8.30	8.38
Income tax assets	0.09	0.36
Trade and other receivables	22.47	23.47
Cash and cash equivalents	45.93	38.89
Total current assets	76.78	71.09
TOTAL ASSETS	242.61	236.71
EQUITY AND LIABILITIES		
Equity		
Share capital	1.82	1.82
Reserves	0.02	0.02
Translation differences	-0.02	0.07
Retained earnings	137.91	127.38
Equity attributable to parent company shareholders	139.73	129.29
Minority interest	0.03	0.03
Total equity	139.76	129.32
Non-current liabilities		
Deferred tax liabilities	30.41	32.82
Interest-bearing liabilities	6.73	15.50
Total non-current liabilities	37.14	48.32
Current liabilities		
Interest-bearing liabilities	8.95	8.91
Income tax liabilities	3.20	-
Trade and other payables	53.55	50.16
Total current liabilities	65.70	59.07
Total liabilities	102.84	107.39
TOTAL EQUITY AND LIABILITIES	242.61	236.71

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CONSOLIDATED CASH FLOW STATEMENT

EUR M	Nov. 1, 2005- Oct. 31, 2006	Nov. 1, 2004- Oct. 31, 2005
OPERATING ACTIVITIES		
Income for the fiscal year	10.45	2.89
Adjustments		
Depreciation and impairment losses	18.55	17.66
Other items not included in cash flow	-0.03	0.09
Interest expenses and other financial expenses	0.72	0.82
Interest income and other financial income	-0.74	-0.56
Dividend income	-0.01	-0.01
Income taxes	3.80	1.33
Change in working capital		
Change in trade and other receivables	1.01	0.14
Change in inventories	0.08	-0.16
Change in trade and other payables	3.39	-0.75
Interest paid	-0.66	-0.77
Financial expenses paid	-0.05	-0.05
Interest received	0.61	0.46
Financial income received	0.12	0.10
Taxes paid	-2.75	-3.11
NET CASH FLOW FROM OPERATING ACTIVITIES	34.50	18.07
INVESTING ACTIVITIES		
Investments in vessels	-3.43	-4.25
Investments in other property, plant and equipment	-1.94	-1.69
Advance payments	-13.46	-
Divestments of other property, plant and equipment	0.06	0.16
Divestments of financial assets	0.01	-
Dividends received	0.01	0.01
NET CASH FLOW FROM INVESTING ACTIVITIES	-18.75	-5.77
FINANCING ACTIVITIES		
Increase in non-current liabilities	0.21	0.19
Amortization of non-current liabilities	-8.93	-8.98
Change in non-current receivables	0.01	0.03
Dividends paid	-	-10.80
NET CASH FLOW FROM FINANCING ACTIVITIES	-8.71	-19.57
CHANGE IN CASH AND CASH EQUIVALENTS	7.04	-7.26
Cash and cash equivalents at beginning of fiscal year	38.89	46.15
CASH AND CASH EQUIVALENTS AT END OF FISCAL YEAR	45.93	38.89

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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, Oct. 31, 2004	1.82	0.02	0.02	135.91	137.76	0.03	137.79
Effect of transition to IFRS			-0.02	-0.60	-0.62		-0.62
Adjusted equity, Nov. 1, 2004	1.82	0.02	0.00	135.31	137.14	0.03	137.17
Translation differences		0.00	0.07	-0.02	0.06	0.00	0.06
Transfer to share premium reserve		0.00		0.00	-		-
Dividend to shareholders				-10.80	-10.80		-10.80
Income for the fiscal year				2.89	2.89	0.00	2.89
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
Financial assets, change in fair value		-0.04			-0.04		-0.04
Income for the fiscal year				10.45	10.45	0.00	10.45
Equity, Oct. 31, 2006	1.82	0.02	-0.02	137.91	139.73	0.03	139.76

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PLEGGED ASSETS AND OTHER CONTINGENT LIABILITIES, EUR M	Oct. 31, 2006	Oct. 31, 2005
Contingent liabilities	17.78	26.24
Assets pledged for own debt	29.25	29.50

FINANCIAL RATIOS AND STATISTICS	2005/2006	2004/2005
Equity per share, EUR	12.94	11.97
Dividend per share, EUR	0.55	-
Number of shares, October 31	10,800,000	10,800,000
Return on equity (ROE)	7.8%	2.2%
Return on investment (ROI)	9.7%	3.1%
Equity/assets ratio, %	57.6%	54.6%

When rounding off items to the nearest EUR 1,000,000, rounding-off differences of EUR +/- 0.01 M have occurred.

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 share on October 31

Return on equity (ROE), % = (Income before taxes – income taxes) / Equity including minority interest (average for the year)

Return on investment (ROI), % = (Income before taxes + interest and other financial expenses) / (Total assets – interest-free liabilities [average for the year])

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

The above figures from the financial statements have been audited.

SHAREHOLDERS' MEETING

The annual shareholders' meeting of Viking Line Abp will be held at 12 noon on Wednesday, February 7, 2007 at the Hotel Arkipelag, Strandgatan 31 in Mariehamn, Åland, Finland.

The Annual Report for fiscal 2005/2006 will be published during the week of January 22, 2007, in Swedish and shortly thereafter in Finnish and English.

FINANCIAL INFORMATION

During fiscal 2006/2007, Viking Line Abp will issue interim reports for the periods November 1, 2006 to January 31, 2007; November 1, 2006 to April 30, 2007; and November 1, 2006 to July 31, 2007. These interim reports will be published on March 15, June 14, and September 13, 2007, respectively. The press release on the results for fiscal 2006/2007 will be published on December 20, 2007.

Mariehamn, December 21, 2006

VIKING LINE ABP

THE BOARD OF DIRECTORS

Nils-Erik Eklund
Managing Director and Chief Executive