

Press release

SIX-MONTH REPORT FOR THE PERIOD NOVEMBER 2007 – APRIL 2008

THE PERIOD IN BRIEF

During the period, Viking Line strengthened its market share on the Turku (Finland) – Mariehamn (Åland Islands, Finland) – Stockholm (Sweden) route by 5 percentage points to 57.3 per cent and on the Helsinki (Finland) – Mariehamn – Stockholm route by nearly 3 percentage points to 49.7 per cent. In cruise services between Stockholm and Mariehamn, too, Viking Line's market share increased by more than one percentage point to 51.1 per cent.

Viking Line managed to increase its market share on all routes while strengthening its net sales revenue per passenger, due to improved earnings from fares combined with higher on-board sales per passenger.

Consolidated sales increased by 13.6 million euros, from EUR 193.7 M to EUR 207.3 M (+7 per cent). Sales rose as a consequence of a larger number of passengers and better net sales revenue per passenger. The extreme increase in bunker (vessel fuel) prices affected Viking Line's trend of income during the first six months of the fiscal year 2007/2008. Viking Line was nevertheless largely able to offset higher expenses because of better net sales revenue. Income after taxes during the report period, EUR -1.2 M, was thus somewhat lower than the figure of EUR 1.5 M for the corresponding year-earlier period.

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 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. Its 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 2006/2007 sales were about EUR 436 M. The number of passengers totalled 5.7 million. The average number of employees was 2,911.

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SALES AND EARNINGS

Consolidated sales of the Viking Line Group during the period November 1, 2007 – April 30, 2008 amounted to 207.35 million euros (year-earlier period: EUR 193.71 M). Operating income was EUR -0.60 M (2.50). Consolidated income before taxes amounted to EUR -0.93 M (2.90). Income after taxes was EUR -1.21 M (1.47).

Consolidated sales increased by 7.0 per cent as a consequence of a larger number of passengers and better revenue per passenger. Passenger-related revenue increased by 7.4 per cent to EUR 190.60 M, and cargo revenue rose by 2.9 per cent to EUR 14.86 M.

Fuel expenses increased by 51.7 per cent to EUR 21.12 M due to substantially higher bunker prices. Employee expenses rose by EUR 2.33 M EUR 2.33 M, mainly as a consequence of salary adjustments according to collective agreements. Depreciation increased by EUR 1.00 M. Introductory expenses due to the placement in service of the Viking XPRS lowered Group earnings. The vessel operated for only three days during the report period. Total consolidated operating expenses rose by 8.8 per cent to EUR 208.21 M.

SERVICES AND VOLUME

The Group's vessels served the same routes as during fiscal 2006/2007. On April 28, 2008 the newbuilding Viking XPRS began service on the Helsinki (Finland) – Tallinn (Estonia) route. The Viking XPRS replaced the Rosella, which underwent dry-docking and refurbishing, then moved to the Mariehamn (Åland Islands, Finland) – Kapellskär (Sweden) route. The Rosella began service on May 30, 2008, replacing the Ålandsfärjan on the route. The Rosella will serve the Mariehamn – Kapellskär route until the autumn of 2009, when Viking Line's newbuilding is delivered from Spain.

On April 21, the Viking XPRS was handed over to Viking Line Abp by the Aker Yards shipyard in Helsinki. On April 24 the vessel was registered in the Swedish ship registry and bareboat-chartered from the same date by the subsidiary Viking Rederi AB.

On May 20, the Rosella was registered in the Swedish ship registry and bareboat-chartered from the same date by the subsidiary Viking Rederi AB.

During the first six months of fiscal 2007/2008, the number of passengers on the Group's vessels rose by 2.5 per cent to 2,670,001. Viking Line's cargo volume decreased by 2.0 per cent to 47,464 cargo units.

During the first six months of fiscal 2007/2008, Viking Line strengthened its market share on the Turku (Finland) – Mariehamn – Stockholm (Sweden) route by 5.0 percentage points to 57.3 per cent and on the Helsinki – Mariehamn – Stockholm route by 2.7 percentage points to 49.7 per cent. In cruise services between Stockholm and Mariehamn, Viking Line's market share increased by 1.1 percentage points to 51.1 per cent. On the Helsinki – Tallinn route, market share decreased by 2.7 percentage points to 22.3 per cent. The Group thus has a total market share in its service area of 37.7 per cent.

INVESTMENTS AND FINANCING

In May the wholly owned subsidiary Viking Rederi AB signed an agreement with G.A.P Shipping Co Ltd, Barbados, on the sale of the company's vessel M/S Ålandsfärjan, built in 1972. According to the agreement, the vessel will be handed over to the buyer in mid-June 2008. The sales price is EUR 2.6 M. The capital gain has no substantial impact on the Group's earnings level.

The Group's investments totalled EUR 131.61 M (7.70), of which EUR 123.23 M consisted of final payments for Viking XPRS and advance payments for the vessel ordered from the shipyard Astilleros de Sevilla, S.A. in Spain.

As part of the financing of the Company's two newbuildings, Viking Line substantially increased its non-current interest-bearing liabilities during the report period. The new non-current loan is in euros, has an adjustable interest rate and runs for 14 years. Since the financial statements for fiscal 2006/2007 were published, no other changes have occurred that affect the Board of Directors' assessment of business operating risks.

On April 30, 2008 the Group's non-current interest-bearing liabilities amounted to EUR 119.73 M (6.73). The equity/assets ratio was 40.2 per cent, compared to 58.5 per cent on the same date in 2007.

At the end of April 2008, the Group's cash and cash equivalents amounted to EUR 18.11 M (30.42). Net cash flow from operating activities amounted to EUR 2.72 M (4.90).

FINANCIAL REPORTING

This Interim Report was prepared in compliance with International Financial Reporting Standards (IFRSs) and was drawn up as a summary of the financial statements for the period in compliance with IAS 34. Recognized income taxes are based on an estimated average tax rate, which is expected to apply throughout the fiscal year. This Interim Report is unaudited.

Since the system of government restitution of shipboard employees' taxes and social security contributions was not permanent in Finland, the Company previously chose not to take into account any future restitution related to holiday and compensation liability for shipboard employees on the Group's Finnish-registered vessels. This accounting practice has been changed now that the restitution system in Finland has no expiration date. The restitution of taxes and social security contributions that were included in holiday pay liability on January 31, 2008 and that will be received in the future has been estimated at EUR 3.17 M. To minimize the effect on comparability of this change in accounting practices, one fourth (EUR 0.79 M) is being recognized as a reduction in employee expenses each quarter during fiscal 2007/2008.

Otherwise, estimates and judgments as well as accounting principles and calculation methods are the same as in the latest annual financial statements.

ORGANIZATION AND PERSONNEL

The average number of Group employees was 2,868 (2,803), of whom 2,044 (1,999) worked for the parent company. Land-based personnel totalled 723 (698) and shipboard personnel totalled 2,145 (2,105).

ANNUAL SHAREHOLDERS' MEETING

The annual shareholders' meeting of Viking Line Abp on February 6, 2008 adopted the parent company and consolidated financial statements. This included the proposal of the Board of Directors for a dividend of EUR 1.00 per share for the fiscal year November 1, 2006 – October 31, 2007. The annual meeting discharged the Board of Directors and the Managing Director from liability for fiscal 2006/2007.

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 Auditor was Leif Hermans, Authorized Public Accountant (CGR). Erika Sjölund, Authorized Public Accountant (GRM), was elected as a new regular Auditor. Sven-Harry Boman, Authorized Public Accountant (CGR) and Sixten Söderström, Authorized Public Accountant (GRM) were elected as new Deputy Auditors.

OUTLOOK FOR THE FULL 2007/2008 FISCAL YEAR

Developments during the first half of the fiscal year, with better net sales revenue per passenger and strengthened market share on Viking Line's main routes between Finland and Sweden, were positive in the prevailing competitive situation. Extreme increases in bunker prices are having a significant adverse impact on the Group's earnings. Having placed the Viking XPRS in service and increased indebtedness, the Group's depreciation and interest expenses will be higher than in the preceding fiscal year. Developments to date do not cause any change in the outlook published with those financial statements, which stated that the Group's earnings in fiscal 2007/2008 are expected to be lower than in fiscal 2006/2007.

The next Interim Report (November 2007 – July 2008) will be published on September 11, 2008.

Mariehamn, Åland, June 12, 2008

VIKING LINE ABP
The Board of Directors

CONSOLIDATED INCOME STATEMENT

EUR M	Feb. 1 , 2008– Apr. 30, 2008	Feb. 1 , 2007– Apr. 30, 2007	Nov. 1 ,2007– Apr. 30, 2008	Nov. 1 ,2006– Apr. 30, 2007	Nov. 1 ,2006– Oct. 31, 2007
SALES	106.01	98.59	207.35	193.71	436.02
Other operating revenue	0.16	0.10	0.26	0.19	0.49
Expenses					
Goods and services	29.91	26.99	57.23	53.33	120.30
Employee expenses	26.73	24.63	51.87	49.54	99.93
Depreciation and impairment losses	5.20	4.64	10.25	9.25	18.93
Other operating expenses	44.96	40.79	88.87	79.28	164.56
	106.80	97.05	208.21	191.40	403.72
OPERATING INCOME	-0.63	1.64	-0.60	2.50	32.80
Financial income	0.34	0.57	0.79	1.28	2.83
Financial expenses	-0.71	-0.50	-1.11	-0.88	-1.85
INCOME BEFORE TAXES	-1.01	1.71	-0.93	2.90	33.78
Income taxes	0.00	-0.77	-0.29	-1.43	-8.93
INCOME FOR THE PERIOD	-1.01	0.94	-1.21	1.47	24.84
Attributable to:					
Parent company shareholders	-1.01	0.94	-1.21	1.47	24.84
Minority interest	0.00	0.00	0.00	0.00	0.00
Earnings per share, EUR	-0.09	0.09	-0.11	0.14	2.30

CONSOLIDATED BALANCE SHEET

EUR M	Apr. 30, 2008	Apr. 30, 2007	Oct. 31, 2007
ASSETS			
Non-current assets			
Intangible assets	0.69	0.69	0.68
Land	1.10	1.10	1.10
Buildings and structures	5.54	5.90	5.71
Renovation costs for rented properties	0.52	0.34	0.30
Vessels	253.04	131.17	126.45
Machinery and equipment	5.78	4.58	4.45
Advance payments	27.87	20.39	34.54
Financial assets	0.07	0.07	0.07
Receivables	0.03	0.03	0.03
Total non-current assets	294.65	164.28	173.33
Current assets			
Inventories	10.96	7.73	9.61
Income tax assets	2.84	0.12	0.01
Trade and other receivables	38.68	28.66	31.86
Cash and cash equivalents	18.11	30.42	42.53
Total current assets	70.59	66.93	84.02
TOTAL ASSETS	365.23	231.21	257.35
EQUITY AND LIABILITIES			
Equity			
Share capital	1.82	1.82	1.82
Reserves	0.02	0.02	0.02
Translation differences	-0.03	0.01	0.02
Retained earnings	144.82	133.41	156.80
Equity attributable to parent company shareholders	146.63	135.27	158.65
Minority interest	0.04	0.03	0.04
Total equity	146.67	135.30	158.69
Non-current liabilities			
Deferred tax liabilities	27.65	30.41	27.65
Interest-bearing liabilities	119.73	6.73	4.52
Total non-current liabilities	147.38	37.14	32.17
Current liabilities			
Interest-bearing liabilities	2.23	2.18	2.23
Income tax liabilities	-	-	5.47
Trade and other payables	68.96	56.59	58.79
Total current liabilities	71.19	58.77	66.48
Total liabilities	218.57	95.91	98.66
TOTAL EQUITY AND LIABILITIES	365.23	231.21	257.35

CONSOLIDATED CASH FLOW STATEMENT

EUR M	Nov. 1 ,2007– Apr. 30, 2008	Nov. 1 ,2006– Apr. 30, 2007	Nov. 1 ,2006– Oct. 31, 2007
OPERATING ACTIVITIES			
Income for the period	-1.21	1.47	24.84
Adjustments			
Depreciation and impairment losses	10.25	9.25	18.93
Other items not included in cash flow	-0.02	0.01	-0.05
Interest expenses and other financial expenses	0.74	0.49	0.70
Interest income and other financial income	-0.62	-0.68	-1.44
Dividend income	-	-	0.00
Income taxes	0.29	1.43	8.93
Change in working capital			
Change in trade and other receivables	-6.87	-6.19	-9.36
Change in inventories	-1.35	0.56	-1.31
Change in trade and other payables	9.93	3.05	5.26
Interest paid	-0.18	-0.32	-0.53
Financial expenses paid	-0.33	-0.18	-0.19
Interest received	0.62	0.63	1.27
Financial income received	0.06	0.05	0.14
Taxes paid	-8.58	-4.66	-9.35
NET CASH FLOW FROM OPERATING ACTIVITIES	2.72	4.90	37.84
INVESTING ACTIVITIES			
Investments in vessels	-107.54	-0.17	-4.08
Investments in other property, plant and equipment	-2.49	-0.60	-1.22
Advance payments	-21.58	-6.92	-21.07
Divestments of other property, plant and equipment	0.06	0.01	0.03
Divestments of financial assets	-	0.00	0.00
Dividends received	-	-	0.00
NET CASH FLOW FROM INVESTING ACTIVITIES	-131.55	-7.68	-26.34
FINANCING ACTIVITIES			
Increase in non-current liabilities	115.27	0.03	-
Amortization of non-current liabilities	-0.06	-6.80	-8.94
Change in non-current receivables	0.00	-0.02	-0.01
Dividends paid	-10.80	-5.94	-5.94
NET CASH FLOW FROM FINANCING ACTIVITIES	104.40	-12.73	-14.89
CHANGE IN CASH AND CASH EQUIVALENTS	-24.43	-15.51	-3.39
Cash and cash equivalents at beginning of period	42.53	45.93	45.93
CASH AND CASH EQUIVALENTS AT END OF PERIOD	18.11	30.42	42.53

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, 2007	1.82	0.02	0.02	156.80	158.65	0.04	158.69
Translation differences		0.00	-0.05	0.04	-0.01		-0.01
Dividend to shareholders				-10.80	-10.80		-10.80
Income for the period				-1.21	-1.21	0.00	-1.21
Equity, Apr. 30, 2008	1.82	0.02	-0.03	144.82	146.63	0.04	146.67
Equity, Nov. 1, 2006	1.82	0.02	-0.02	137.91	139.73	0.03	139.76
Translation differences		0.00	0.03	-0.02	0.01	0.00	0.01
Dividend to shareholders				-5.94	-5.94		-5.94
Income for the period				1.47	1.47	0.00	1.47
Equity, Apr. 30, 2007	1.82	0.02	0.01	133.41	135.27	0.03	135.30

QUARTERLY CONSOLIDATED INCOME STATEMENT

EUR M	2007/2008 Q2	2007/2008 Q1	2006/2007 Q4	2006/2007 Q3
SALES	106.01	101.34	113.71	128.60
Other operating revenue	0.16	0.10	0.18	0.12
Expenses				
Goods and services	29.91	27.31	31.57	35.40
Employee expenses	26.73	25.14	25.04	25.36
Depreciation and impairment losses	5.20	5.05	5.03	4.65
Other operating expenses	44.96	43.91	44.04	41.24
	106.80	101.41	105.67	106.65
OPERATING INCOME	-0.63	0.03	8.22	22.07
Financial income	0.34	0.45	1.00	0.55
Financial expenses	-0.71	-0.40	-0.65	-0.32
INCOME BEFORE TAXES	-1.01	0.08	8.58	22.30
Income taxes	0.00	-0.29	-2.01	-5.50
INCOME FOR THE PERIOD	-1.01	-0.21	6.57	16.81
Attributable to:				
Parent company shareholders	-1.01	-0.21	6.57	16.81
Minority interest	0.00	0.00	0.00	0.00
Earnings per share, EUR	-0.09	-0.02	0.61	1.56

PLEGDED ASSETS AND CONTINGENT LIABILITIES

EUR M	Apr. 30, 2008	Apr. 30, 2007	Oct. 31, 2007
Contingent liabilities	123.57	10.95	8.72
Assets pledged for own debt	141.31	11.20	11.20
Investment commitments not included in the accounts	33.40	107.93	156.28
– contractual amount	60.84	127.32	188.21

FINANCIAL RATIOS AND STATISTICS

	Nov. 1 ,2007– Apr. 30, 2008	Nov. 1 ,2006– Apr. 30, 2007	Nov. 1 ,2006– Oct. 31, 2007
Equity per share, EUR	13.58	12.52	14.69
Equity/assets ratio	40.2 %	58.5 %	61.7 %
Investments, EUR M	131.61	7.70	26.37
– as % of sales	63.5 %	4.0 %	6.0 %
Passengers	2,670,001	2,604,411	5,695,343
Cargo units	47,464	48,428	91,333
Average number of employees, full time equivalent	2,868	2,803	2,911

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.