

**INTERIM REPORT FOR THE PERIOD
JANUARY 2011–JUNE 2011****VIKING LINE'S SALES INCREASED BUT FUEL EXPENSES LOWERED ITS EARNINGS**

Consolidated sales of the Viking Line Group during the first six months of the 2011 financial year, January 2011–June 2011, rose by 3.0 per cent to 231.4 million euros (EUR 224.7 M in January–June 2010) thanks to higher passenger revenue and despite fewer vessel service days due to more dry-dockings. Net sales revenue increased by EUR 4.9 M to EUR 166.0 M (161.1) while the Group's operating expenses increased by EUR 4.7 M to EUR 181.1 M (176.4). Bunker (vessel fuel) expenses rose by 27.8 per cent to EUR 30.7 M (24.0), due to higher fuel prices. Income after taxes amounted to EUR -10.7 M (-9.5).

Viking Line's passenger volume totalled 2,937,115, or 22,917 fewer passengers than in the year-earlier period (-0.8 per cent), due to a smaller number of service days. However, the company achieved an increase of 7,602 in passenger volume on the Helsinki (Finland)–Tallinn (Estonia) route to 796,415 (+1.0 per cent). In Viking Line's service on the short route between Mariehamn (Åland Islands, Finland) and Kapellskär (Sweden), passenger volume rose by 10,494 to 275,963 (+4.0 per cent). On the Helsinki–Mariehamn–Stockholm (Sweden) route, passenger volume decreased by 26,091 to 546,667 (-4.6 per cent). On the Turku (Finland)–Mariehamn/Långnäs (Åland Islands, Finland)–Stockholm route, volume decreased by 6,652 passengers to 847,349 (-0.8 per cent). In the company's cruise service between Stockholm and Mariehamn, passenger volume decreased by 8,270 to 470,721 (-1.7 per cent).

Cargo volume rose by 286 cargo units (+0.5 per cent) to 56,656 despite more dry-dockings. Viking Line achieved a cargo market share of 19.7 per cent (21.5 per cent).

Any questions concerning this report will be answered by Mikael Backman, President and Chief Executive Officer.
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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 attractive shopping. Its shares have been listed on the NASDAQ OMX Nordic Exchange Helsinki since 1995. Viking Line serves Finland, Sweden and the Baltic countries with seven vessels. During fiscal 2009/2010 (14 months) sales were about EUR 570 M. The number of passengers totalled 7.3 million. The average number of employees was 3,087.

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COMPARATIVE FIGURES

The Group switched to a financial year equivalent to the calendar year starting on January 1, 2011 and extended its 2009/2010 fiscal year to 14 months. On March 11, 2011, the Group published quarterly financial figures for the calendar year 2010. These are being used as comparative figures in the interim reports during 2011.

SALES AND EARNINGS

Consolidated sales of the Viking Line Group during the period January 1 – June 30, 2011 increased to 231.4 million euros (same period of calendar year 2010: EUR 224.7 M). Operating income amounted to EUR -13.4 M (-11.5). Net financial items totalled EUR -1.0 M (-1.3). Consolidated income before taxes totalled EUR -14.4 M (-12.8). Income after taxes amounted to EUR -10.7 M (-9.5).

Passenger-related revenue increased by 3.0 per cent to EUR 213.2 M (207.0). Cargo revenue rose by 3.1 per cent to EUR 16.4 M (15.9). Net sales revenue increased by 3.0 per cent to EUR 166.0 M (161.1).

The Group's operating expenses increased by 2.7 per cent to EUR 181.1 M (176.4). Vessel fuel (bunker) expenses rose by 27.8 per cent to EUR 30.7 M (24.0), due to higher fuel prices. Employee expenses increased by 4.1 per cent to EUR 62.3 M (59.8).

Income during the six-month period January 1 – June 30, 2011 totalled EUR -10.7 M (-9.5). The main reasons for the poorer earnings were higher fuel expenses and higher repair and maintenance expenses due to more dry-dockings. Viking Line has reached a settlement with the City of Mariehamn regarding disputed port fees from the 1990s. A settlement payment of EUR 1.1 M was reported under "Other operating revenue".

SERVICES AND MARKET TRENDS

The Viking Line Group provides passenger and cargo carrier services using seven vessels on the northern Baltic Sea. The Group served the same routes as during 2010.

During the report period, the number of passengers on the Group's vessels decreased to 2,937,115, but the number of passengers increased somewhat on the Helsinki (Finland)–Tallinn (Estonia) route and on the short route across the Sea of Åland between Mariehamn (Åland Islands, Finland) and Kapellskär (Sweden). On the company's other routes, passenger volume decreased somewhat. Viking Line's cargo volume was 56,656 cargo units, which was the same level as during the year-earlier period. Viking Line achieved a cargo market share of 19.7 per cent (21.5 per cent).

During the first six months of the financial year 2011, Viking Line strengthened its market share in cruise services between Stockholm (Sweden) and Mariehamn by 1.7 percentage points to 53.2 per cent. On the Helsinki–Mariehamn–Stockholm route, market share decreased by 2.2 percentage points to 44.8 per cent and on the Helsinki–Tallinn route by 1.3 percentage points to 24.1 per cent. On the Turku (Finland)–Mariehamn/Långnäs (Åland Islands, Finland)–Stockholm route, market share decreased by 0.2 percentage points to 49.9 per cent. On the short route over the Sea of Åland, market share increased by 1.0 percentage points to 42.2 per cent. The Group had a total market share in its service area of 34.0 per cent (35.2 per cent).

INVESTMENTS AND FINANCING

The arbitration ruling concerning the advance payments for the cancelled newbuilding contract with the Spanish shipyard Astilleros de Sevilla was issued on May 11, 2011. The shipyard has applied for a waiver of the lapsed time limit and lodged a complaint against the arbitration ruling. The shipyard's appeal was rejected on August 16, 2011 and the arbitration ruling has thus become legally binding. Viking Line has filed a claim for refunds of the advance payments plus interest compensation in keeping with the bank guarantees provided as collateral for the advance payments. The repayment claim amounts to EUR 39.2 M plus interest compensation of about EUR 4.7 M which runs until the final repayment date. The repayment claim plus interest are included in the Company's accounts.

To date, pre-construction engineering work on the new vessel for the Turku-Mariehamn/Långnäs-Stockholm route has proceeded as planned. However, the environmental grant of EUR 28 M that was approved by the Finnish Ministry of Transport and Communications has not yet been approved by the European Commission. The environmental grant is an essential element of the vessel's financing.

On June 30, 2011 the Group's non-current interest-bearing liabilities amounted to EUR 85.7 M (94.3). The equity/assets ratio was 40.9 per cent, compared to 38.9 per cent a year earlier.

At the end of June 2011, the Group's cash and cash equivalents amounted to EUR 28.3 M (37.6). Net cash flow from operating activities amounted to EUR 3.2 M (6.4).

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. Estimates and judgments as well as 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. This Interim Report is unaudited.

ORGANIZATION AND PERSONNEL

The average number of Group employees was 3,004 (3,051), of whom 1,851 (1,886) worked for the parent company. Land-based personnel totalled 743 (766) and shipboard personnel totalled 2,261 (2,285).

RISK FACTORS

Since the financial statements for fiscal 2009/2010 were published, no changes have occurred that affect the Board's assessment of the risks in Viking Line's business operations. Special risks during the immediate future mainly concern bunker prices.

OUTLOOK FOR THE FULL 2011 FISCAL YEAR

Competition in Viking Line's service area remains tough and implies continued pressure on prices.

Full-year passenger volume is projected to reach last year's level, despite more dry-dockings in 2011 than in 2010. Net sales revenue per passenger is expected to be better than last year, but if sharply higher fuel prices remain at the now-expected level for the rest of the year, the Group's earnings in 2011 are projected to be substantially lower than its earnings in calendar 2010.

The next Interim Report (January 2011–September 2011) will be published on November 23, 2011.

Mariehamn, Åland, August 23, 2011

VIKING LINE ABP
The Board of Directors

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR M	Apr 1, 2011– Jun 30, 2011	Apr 1, 2010– Jun 30, 2010	Jan 1, 2011– Jun 30, 2011	Jan 1, 2010– Jun 30, 2010	Jan 1, 2010– Dec 31, 2010
SALES	130.8	126.9	231.4	224.7	495.5
Other operating revenue	1.3	3.6	1.6	3.8	4.8
Expenses					
Goods and services	37.4	36.0	65.4	63.6	139.5
Salary and other employment benefit expenses	31.4	30.3	62.3	59.8	118.5
Depreciation and impairment losses	7.1	7.2	14.1	14.3	29.3
Other operating expenses	53.9	54.8	104.7	102.2	196.4
	129.8	128.2	246.5	240.0	483.8
OPERATING INCOME	2.3	2.3	-13.4	-11.5	16.5
Financial income	0.2	0.1	0.6	0.4	1.9
Financial expenses	-0.8	-0.8	-1.6	-1.7	-3.6
INCOME BEFORE TAXES	1.7	1.6	-14.4	-12.8	14.8
Income taxes	-0.5	-0.4	3.7	3.2	-4.0
INCOME FOR THE PERIOD	1.3	1.1	-10.7	-9.5	10.8
Translation differences	-0.1	0.1	0.1	0.3	0.4
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1.2	1.2	-10.7	-9.3	11.2
Income attributable to:					
Parent company shareholders	1.3	1.1	-10.7	-9.5	10.8
Total comprehensive income attributable to:					
Parent company shareholders	1.2	1.2	-10.7	-9.3	11.2
Earnings per share before and after dilution, EUR	0.12	0.10	-0.99	-0.88	1.00

CONSOLIDATED BALANCE SHEET

EUR M	Jun 30, 2011	Jun 30, 2010	Dec 31, 2010
ASSETS			
Non-current assets			
Intangible assets	1.2	1.2	1.2
Land	1.1	1.1	1.1
Buildings and structures	5.7	5.7	5.7
Renovation costs for rented properties	0.5	0.5	0.5
Vessels	208.1	227.4	214.7
Machinery and equipment	5.2	5.8	5.4
Advance payments	13.2	-	-
Investments available for sale	0.0	0.0	0.0
Receivables	0.9	0.0	0.0
Total non-current assets	235.9	241.8	228.6
Current assets			
Inventories	13.2	11.2	12.0
Income tax assets	4.3	3.5	0.0
Refund claim on advance payments	39.2	39.2	39.2
Trade and other receivables	41.2	39.8	32.6
Cash and cash equivalents	28.3	37.6	57.9
Total current assets	126.2	131.2	141.7
TOTAL ASSETS	362.0	373.0	370.3
EQUITY AND LIABILITIES			
Equity			
Share capital	1.8	1.8	1.8
Reserves	0.0	0.0	0.0
Translation differences	0.1	0.0	0.1
Retained earnings	146.1	143.4	163.8
Equity attributable to parent company shareholders	148.0	145.2	165.7
Total equity	148.0	145.2	165.7
Non-current liabilities			
Deferred tax liabilities	33.8	34.8	33.9
Non-current interest-bearing liabilities	85.7	94.3	89.9
Total non-current liabilities	119.5	129.1	123.8
Current liabilities			
Current interest-bearing liabilities	8.6	22.7	8.7
Income tax liabilities	0.0	0.0	4.5
Trade and other payables	85.9	76.0	67.6
Total current liabilities	94.5	98.7	80.8
Total liabilities	214.0	227.8	204.6
TOTAL EQUITY AND LIABILITIES	362.0	373.0	370.3

CONSOLIDATED CASH FLOW STATEMENT

EUR M	Jan 1, 2011– Jun 30, 2011	Jan 1, 2010– Jun 30, 2010	Jan 1, 2010– Dec 31, 2010
OPERATING ACTIVITIES			
Income for the period	-10.7	-9.5	10.8
Adjustments			
Depreciation and impairment losses	14.1	14.3	29.3
Other items not included in cash flow	0.1	4.0	4.1
Interest expenses and other financial expenses	1.1	1.0	2.0
Interest income and other financial income	-0.1	0.0	-0.3
Dividend income	0.0	0.0	0.0
Income taxes	-3.7	-3.2	4.0
Change in working capital			
Change in trade and other receivables	-8.6	-14.7	-7.5
Change in inventories	-1.2	-0.3	-1.1
Change in trade and other payables	18.3	13.7	5.3
Interest paid	-1.0	-0.9	-1.9
Financial expenses paid	-0.1	0.0	0.0
Interest received	0.1	0.1	0.3
Financial income received	0.0	0.0	0.1
Taxes paid	-5.2	1.9	1.6
NET CASH FLOW FROM OPERATING ACTIVITIES	3.2	6.4	46.7
INVESTING ACTIVITIES			
Investments in vessels	-6.4	-4.1	-5.1
Investments in other property, plant and equipment	-1.0	-1.7	-2.5
Advance payments	-13.2	-	-
Divestments of other property, plant and equipment	0.0	0.0	0.1
Change in non-current receivables	-0.9	0.0	0.0
Dividends received	0.0	0.0	0.0
NET CASH FLOW FROM INVESTING ACTIVITIES	-21.4	-5.7	-7.5
FINANCING ACTIVITIES			
Increase in non-current liabilities	0.0	0.4	0.5
Amortization of non-current liabilities	-4.4	-4.3	-22.8
Dividends paid	-7.0	-7.6	-7.6
NET CASH FLOW FROM FINANCING ACTIVITIES	-11.4	-11.5	-29.8
CHANGE IN CASH AND CASH EQUIVALENTS	-29.6	-10.9	9.4
Cash and cash equivalents at beginning of period	57.9	48.5	48.5
CASH AND CASH EQUIVALENTS AT END OF PERIOD	28.3	37.6	57.9

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

EUR M	Equity attributable to parent company shareholders				Total equity
	Share capital	Reserves	Translation differences	Retained earnings	
Equity, Jan 1, 2011	1.8	0.0	0.1	163.8	165.7
Dividend to shareholders				-7.0	-7.0
Total comprehensive income for the period		0.0	0.0	-10.7	-10.7
Equity, Jun 30, 2011	1.8	0.0	0.1	146.1	148.0
Equity, Jan 1, 2010	1.8	0.0	-0.1	160.4	162.1
Dividend to shareholders				-7.6	-7.6
Total comprehensive income for the period		0.0	0.2	-9.4	-9.3
Equity, Jun 30, 2010	1.8	0.0	0.0	143.4	145.2

QUARTERLY CONSOLIDATED INCOME STATEMENT

EUR M	2011 Q2	2011 Q1	2010 Q4	2010 Q3
SALES	130.8	100.6	122.8	148.0
Other operating revenue	1.3	0.4	0.6	0.4
Expenses				
Goods and services	37.4	28.0	35.3	40.6
Employee expenses	31.4	30.9	30.1	28.6
Depreciation and impairment losses	7.1	7.0	7.8	7.2
Other operating expenses	53.9	50.8	47.6	46.6
	129.8	116.7	120.7	123.1
OPERATING INCOME	2.3	-15.8	2.7	25.3
Financial income	0.2	0.4	0.9	0.6
Financial expenses	-0.8	-0.7	-1.1	-0.8
INCOME BEFORE TAXES	1.7	-16.2	2.4	25.1
Income taxes	-0.5	4.1	-0.7	-6.6
INCOME FOR THE PERIOD	1.3	-12.0	1.7	18.6
Translation differences	-0.1	0.1	0.0	0.1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1.2	-11.9	1.8	18.7
<i>Income attributable to:</i>				
Parent company shareholders	1.3	-12.0	1.7	18.6
<i>Total comprehensive income attributable to:</i>				
Parent company shareholders	1.2	-11.9	1.8	18.7
Earnings per share before and after dilution, EUR	0.12	-1.11	0.16	1.72

SEGMENT INFORMATION, VIKING LINE GROUP

OPERATING SEGMENTS, EUR M	Jan 1, 2011– Jun 30, 2011	Jan 1, 2010– Jun 30, 2010	Jan 1, 2010– Dec 31, 2010
Sales			
Vessels	229.0	222.3	490.4
Unallocated	2.5	2.5	5.3
Total, operating segments	231.5	224.8	495.7
Eliminations	-0.1	-0.1	-0.2
Total sales of the Group	231.4	224.7	495.5
Operating income			
Vessels	10.6	13.2	62.2
Unallocated	-24.0	-24.6	-45.7
Total operating income of the Group	-13.4	-11.5	16.5

PLEGGED ASSETS AND CONTINGENT LIABILITIES

EUR M	Jun 30, 2011	Jun 30, 2010	Dec 31, 2010
Contingent liabilities	95.7	118.8	100.0
Assets pledged for own debt	132.9	126.0	110.9
Investment commitments not included in the accounts	228.7	-	240.2
– contractual amount	241.5	-	240.2

FINANCIAL RATIOS AND STATISTICS

	Jan 1, 2011– Jun 30, 2011	Jan 1, 2010– Jun 30, 2010	Jan 1, 2010– Dec 31, 2010
Equity per share, EUR	13.71	13.45	15.35
Equity/assets ratio	40.9 %	38.9 %	44.8 %
Investments, EUR M	20.5	5.8	7.6
– as % of sales	8.9 %	2.6 %	1.5 %
Passengers	2,937,115	2,960,032	6,392,990
Cargo units	56,656	56,370	111,094
Average number of employees, full time equivalent	3,004	3,051	3,100

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 +/- 0.1 M may occur.