

**INTERIM REPORT FOR THE PERIOD
JANUARY – JUNE 2014****IMPROVED OPERATING INCOME IN DAY-TO-DAY ACTIVITIES DESPITE
LOWER SALES**

Consolidated sales of the Viking Line Group during the period January 1 – June 30, 2014, decreased by 5.6 per cent to 241.0 million euros compared to the same period of 2013 (EUR 255.3 M). Operating income amounted to EUR -12.5 M (6.1 including and -16.7 excluding the capital gain from the sale of the Isabella). Income after taxes totalled EUR -14.2 M (1.9 including and -20.9 excluding the capital gain from the Isabella).

Passenger-related revenue decreased by 6.7 per cent to EUR 219.2 M (235.7), while cargo revenue increased by 9.1 per cent to EUR 19.9 M (18.2). Net sales revenue decreased by 5.7 per cent to EUR 173.4 M (183.8). The Group's operating expenses decreased by 6.8 per cent to EUR 169.8 M (182.2).

Consolidated sales during the second quarter, April 1 – June 30, 2014, decreased by 2.0 per cent to EUR 137.5 M compared to the same quarter of 2013 (EUR 140.3 M during April 1 – June 30, 2013). Operating income in the second quarter amounted to EUR 4.5 M (25.0 including and 2.2 excluding the capital gain from the Isabella).

NUMBER OF PASSENGERS AND MARKET SHARE

The number of passengers on Viking Line's vessels during the report period decreased by 52,708 to 2,962,436 (3,015,144). The Group had a total market share in its service area of approximately 33.6 per cent (34.6 per cent).

Viking Line's cargo volume was 64,428 cargo units (59,364). Viking Line achieved a cargo market share of 21.8 per cent (20.8).

SUCCESSFUL PROGRAMME TO EXPAND TALLINN SERVICE

On June 12, the Gabriella and the Mariella began summer sailings on the Helsinki (Finland)–Tallinn (Estonia) route, in addition to these vessels' regular service on the Helsinki–Mariehamn (Åland Islands, Finland)–Stockholm (Sweden) route. This programme has been well received by the market. Viking Line has managed to enlarge its market share on the route.

Any questions concerning this interim report will be answered by Jan Hanses, Chief Executive Officer.
Tel: +358 18 270 00

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 the financial year 2013 sales were about EUR 549 M. The number of passengers totalled 6.5 million. The average number of employees was 3,104.

VIKING LINE ABP

Norragatan 4/PB 166, AX-22101 Mariehamn, Åland, Finland
Tel +358 18 270 00

www.vikingline.com www.vikingline.fi www.vikingline.se

SALES AND EARNINGS

Consolidated sales of the Viking Line Group during the period January 1 – June 30, 2014, decreased by 5.6 per cent to 241.0 million euros compared to the same period of 2013 (EUR 255.3 M). Operating income amounted to EUR -12.5 M (6.1 including and -16.7 excluding the capital gain from the sale of the Isabella). Net financial items totalled EUR -5.0 M (-3.5). Consolidated income before taxes amounted to EUR -17.6 M (2.6) Income after taxes totalled EUR -14.2 M (1.9 including and -20.9 excluding the capital gain from the Isabella).

Passenger-related revenue decreased by 6.7 per cent to EUR 219.2 M (235.7), while cargo revenue increased by 9.1 per cent to EUR 19.9 M (18.2). Net sales revenue decreased by 5.7 per cent to EUR 173.4 M (183.8). The Group's operating expenses decreased by 6.8 per cent to EUR 169.8 M (182.2).

Consolidated sales during the second quarter, April 1 – June 30, 2014, decreased by 2.0 per cent to EUR 137.5 M compared to the same quarter of 2013 (EUR 140.3 M during April 1 – June 30, 2013). Operating income in the second quarter amounted to EUR 4.5 M (25.0 including and 2.2 excluding the capital gain from the Isabella).

The decrease in consolidated sales is primarily explained by the prevailing pressure on prices in today's tough competitive situation, which had a negative impact on net sales revenue per passenger.

The Group's bunker (vessel fuel) expenses decreased during the period by EUR 1.6 M, equivalent to 5.1 per cent. The decrease is explained by lower average bunker prices and the Group's continued efforts to optimize the bunker consumption of its vessels.

The Board of Directors also sees that the Group's action programme aimed at improving operational efficiency is continuing to have a positive impact on operating expenses.

SERVICES AND MARKET TRENDS

The Viking Line Group provides passenger and cargo carrier services using seven vessels on the northern Baltic Sea. The Group's vessels served the same routes as during 2013. During the period June 12 – September 2, 2014 the Gabriella and the Mariella are serving the Helsinki (Finland)–Tallinn (Estonia) route, while continuing to sail on their regular Helsinki–Mariehamn (Åland Islands, Finland)–Stockholm (Sweden) route.

The number of passengers on Viking Line's vessels during the report period decreased by 52,708 to 2,962,436 (3,015,144). During the report period, Viking Line reduced its market share on the Turku (Finland)–Mariehamn/Långnäs (Åland Islands, Finland)–Stockholm route by 2.3 percentage points to 56.6 per cent. On the Helsinki–Mariehamn–Stockholm route, market share increased by 0.4 percentage points to 45.7 per cent. In cruise services between Stockholm and Mariehamn, market share decreased by 1.5 percentage points to 51.6 per cent. On the Helsinki–Tallinn route, market share increased by approximately 0.3 percentage points to 23.5 per cent. On the short route over the Sea of Åland, market share increased by 2.3 percentage points to 42.5 per cent. The Group thus had a total market share in its service area of approximately 33.6 per cent (34.6).

Viking Line's cargo volume was 64,428 cargo units (59,364). Viking Line achieved a cargo market share of 21.8 per cent (20.8).

INVESTMENTS AND FINANCING

The Group's investments amounted to EUR 5.7 M (168.7).

On June 30, 2014 the Group's non-current interest-bearing liabilities amounted to EUR 209.3 M (232.9). The equity/assets ratio was 32.7 per cent, compared to 30.0 per cent a year earlier.

At the end of June 2014, the Group's cash and cash equivalents amounted to EUR 80.6 M (82.5). Net cash flow from operating activities amounted to EUR 2.9 M (1.1).

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

On January 16, 2014, the M/S Rosella was recorded in the Finnish ship register and on January 22, 2014 the M/S Viking XPRS was recorded in the Estonian ship register.

The average number of Group employees was 2,761 (3,069), of whom 2,029 (1,951) worked for the parent company. Land-based personnel totalled 646 (697) and shipboard personnel totalled 2,115 (2,372).

In addition to the Group's own employees, the Viking XPRS was staffed by an average of 215 people employed by a staffing company. The expenses for them are recognized among "Other operating expenses".

RISK FACTORS

Since the Year-end Report was published, no changes have occurred that affect the Group's short-term assessment of the risks in its business operations. Special risks during the immediate future are primarily related to bunker prices.

Viking Line is continuing its efforts to adapt to the European Union's sulphur directive, which goes into effect on January 1, 2015.

DE-MUTUALISATION AND MERGER WITHIN THE ALANDIA INSURANCE GROUP

Implementation of the de-mutualisation and merger plan, which is described in Viking Line Abp's stock exchange release dated July 14, 2014, also requires consent from the Finnish Financial Supervisory Authority in compliance with the Insurance Companies Act, Chapter 19, Section 5 and Chapter 22, Section 4. According to plans, the process will be carried out in such a way that both the change in the legal form of Redarnas Ömsesidiga Försäkringsbolag and the merger are registered on December 31, 2014.

According to preliminary calculations, Viking Line Abp's ownership share in the merged company will amount to slightly more than 20 per cent.

For further information on Alandia Insurance, please see www.alandia.com.

OUTLOOK FOR THE FULL FINANCIAL YEAR 2014

Competition in Viking Line's service area implies further pressure on both prices and volume. The economic downturn in Finland is another uncertainty factor. At present, the Board of Directors is nevertheless of the opinion that operating income will improve in 2014 compared to operating income in 2013, excluding the capital gain from the sale of the Isabella (EUR 11.9 M).

The next Interim Report (January – September 2014) will be published on November 13, 2014.

Mariehamn, Åland, August 26, 2014

VIKING LINE ABP
The Board of Directors

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR M	Apr 1, 2014– Jun 30, 2014	Apr 1, 2013– Jun 30, 2013	Jan 1, 2014– Jun 30, 2014	Jan 1, 2013– Jun 30, 2013	Jan 1, 2013– Dec 31, 2013
SALES	137.5	140.3	241.0	255.3	549.4
Other operating revenue	0.3	22.9	0.4	23.0	23.5
Expenses					
Goods and services	39.1	39.6	67.6	71.5	150.6
Salary and other employment benefit expenses	30.3	33.7	61.9	66.6	130.1
Depreciation and impairment losses	8.0	9.3	16.6	18.6	35.7
Other operating expenses	55.8	55.6	107.9	115.6	221.9
	133.3	138.3	253.9	272.2	538.2
OPERATING INCOME	4.5	25.0	-12.5	6.1	34.7
Financial income	0.1	0.4	0.2	0.6	1.2
Financial expenses	-3.1	-2.0	-5.2	-4.1	-8.3
INCOME BEFORE TAXES	1.6	23.3	-17.6	2.6	27.7
Income taxes	-0.2	-5.8	3.3	-0.8	-0.2
INCOME FOR THE PERIOD	1.4	17.6	-14.2	1.9	27.5
Other comprehensive income					
<i>Items that may be transferred to the income statement</i>					
Translation differences	-0.4	-0.2	-0.5	-0.3	-0.4
Investments available for sale	-	-	-	-	0.0
	-0.4	-0.2	-0.5	-0.3	-0.4
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1.0	17.4	-14.7	1.6	27.1
Income attributable to:					
Parent company shareholders	1.4	17.6	-14.2	1.9	27.5
Total comprehensive income attributable to:					
Parent company shareholders	1.0	17.4	-14.7	1.6	27.1
Earnings per share before and after dilution, EUR	0.13	1.63	-1.32	0.17	2.54

CONSOLIDATED BALANCE SHEET

EUR M	Jun 30, 2014	Jun 30, 2013	Dec 31, 2013
ASSETS			
Non-current assets			
Intangible assets	0.7	1.0	0.8
Land	1.1	1.1	1.1
Buildings and structures	11.3	12.0	11.7
Renovation costs for rented properties	0.6	0.5	0.7
Vessels	353.6	377.9	365.2
Machinery and equipment	7.4	8.5	8.0
Investments available for sale	0.0	0.0	0.0
Receivables	0.5	0.7	0.5
Total non-current assets	375.3	401.7	388.1
Current assets			
Inventories	16.2	16.6	15.0
Income tax assets	4.5	0.4	0.2
Trade and other receivables	40.6	43.8	31.0
Cash and cash equivalents	80.6	82.5	96.1
Total current assets	141.8	143.2	142.2
TOTAL ASSETS	517.1	544.9	530.3
EQUITY AND LIABILITIES			
Equity			
Share capital	1.8	1.8	1.8
Reserves	0.0	0.0	0.0
Translation differences	-0.5	-0.2	-0.3
Retained earnings	167.5	161.9	187.5
Equity attributable to parent company shareholders	168.9	163.6	189.0
Total equity	168.9	163.6	189.0
Non-current liabilities			
Deferred tax liabilities	29.7	29.7	29.7
Non-current interest-bearing liabilities	209.3	232.9	221.2
Total non-current liabilities	239.0	262.6	250.8
Current liabilities			
Current interest-bearing liabilities	19.3	23.6	15.1
Income tax liabilities	0.0	0.9	-
Trade and other payables	89.9	94.4	75.4
Total current liabilities	109.2	118.8	90.4
Total liabilities	348.2	381.4	341.3
TOTAL EQUITY AND LIABILITIES	517.1	544.9	530.3

CONSOLIDATED CASH FLOW STATEMENT

EUR M	Jan 1, 2014– Jun 30, 2014	Jan 1, 2013– Jun 30, 2013	Jan 1, 2013– Dec 31, 2013
OPERATING ACTIVITIES			
Income for the period	-14.2	1.9	27.5
Adjustments			
Depreciation and impairment losses	16.6	18.6	35.7
Capital gains from non-current assets	-0.2	-22.8	-22.8
Other items not included in cash flow	1.3	-0.3	-0.4
Interest expenses and other financial expenses	3.4	3.5	7.1
Interest income and other financial income	0.0	0.0	-0.1
Dividend income	0.0	0.0	0.0
Income taxes	-3.3	0.8	0.2
Change in working capital			
Change in trade and other receivables	-9.6	-14.8	-1.9
Change in inventories	-1.2	-1.3	0.3
Change in trade and other payables	14.7	14.8	-4.1
Interest paid	-3.1	-0.5	-3.7
Financial expenses paid	-0.4	-0.4	-0.8
Interest received	0.0	0.0	0.1
Financial income received	0.0	0.0	0.1
Taxes paid	-0.9	1.6	1.4
NET CASH FLOW FROM OPERATING ACTIVITIES	2.9	1.1	38.4
INVESTING ACTIVITIES			
Investments in vessels	-5.1	-166.4	-168.6
Investments in other tangible and intangible assets	-0.6	-2.3	-3.7
Divestments of vessels	-	29.9	29.9
Divestments of other tangible and intangible assets	0.3	0.2	0.2
Payments received for non-current receivables	-	0.0	0.2
Dividends received	0.0	0.0	0.0
NET CASH FLOW FROM INVESTING ACTIVITIES	-5.4	-138.6	-142.0
FINANCING ACTIVITIES			
Increase in non-current liabilities	0.0	179.0	179.1
Amortization of non-current liabilities	-7.6	-4.3	-24.6
Dividends paid	-5.4	-	-
NET CASH FLOW FROM FINANCING ACTIVITIES	-13.0	174.7	154.4
CHANGE IN CASH AND CASH EQUIVALENTS	-15.5	37.2	50.8
Cash and cash equivalents at beginning of period	96.1	45.3	45.3
CASH AND CASH EQUIVALENTS AT END OF PERIOD	80.6	82.5	96.1

**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, 2014	1.8	0.0	-0.3	187.5	189.0
<i>Income for the period</i>				-14.2	-14.2
<i>Translation differences</i>		0.0	-0.2	-0.3	-0.5
Total comprehensive income for the period	-	0.0	-0.2	-14.6	-14.7
Dividend to shareholders				-5.4	-5.4
Equity, Jun 30, 2014	1.8	0.0	-0.5	167.5	168.9
Equity, Jan 1, 2013	1.8	0.0	0.1	160.0	162.0
<i>Income for the period</i>				1.9	1.9
<i>Translation differences</i>		0.0	-0.3	0.0	-0.3
Total comprehensive income for the period	-	0.0	-0.3	1.9	1.6
Equity, Jun 30, 2013	1.8	0.0	-0.2	161.9	163.6

QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR M	2014 Q2	2014 Q1	2013 Q4	2013 Q3
SALES	137.5	103.4	129.7	164.4
Other operating revenue	0.3	0.1	0.3	0.2
Expenses				
Goods and services	39.1	28.4	35.7	43.4
Salary and other employment benefit expenses	30.3	31.6	31.5	31.9
Depreciation and impairment losses	8.0	8.5	8.3	8.8
Other operating expenses	55.8	52.1	52.5	53.8
	133.3	120.6	128.1	137.9
OPERATING INCOME	4.5	-17.1	2.0	26.6
Financial income	0.1	0.1	0.3	0.3
Financial expenses	-3.1	-2.2	-2.2	-2.0
INCOME BEFORE TAXES	1.6	-19.1	0.1	25.0
Income taxes	-0.2	3.5	6.7	-6.1
INCOME FOR THE PERIOD	1.4	-15.6	6.7	18.9
Other comprehensive income				
<i>Items that may be transferred to the income statement</i>				
Translation differences	-0.4	-0.1	0.0	-0.1
Investments available for sale	-	-	0.0	-
	-0.4	-0.1	0.0	-0.1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1.0	-15.8	6.7	18.8
Income attributable to:				
Parent company shareholders	1.4	-15.6	6.7	18.9
Total comprehensive income attributable to:				
Parent company shareholders	1.0	-15.8	6.7	18.8
Earnings per share before and after dilution, EUR	0.13	-1.45	0.62	1.75

SEGMENT INFORMATION, VIKING LINE GROUP

OPERATING SEGMENTS, EUR M	Jan 1, 2014– Jun 30, 2014	Jan 1, 2013– Jun 30, 2013	Jan 1, 2013– Dec 31, 2013
Sales			
Vessels	238.7	252.8	544.7
Unallocated	2.4	2.6	4.9
Total, operating segments	241.1	255.4	549.6
Eliminations	-0.1	-0.1	-0.2
Total sales of the Group	241.0	255.3	549.4
Operating income			
Vessels	10.9	29.8	81.2
Unallocated	-23.4	-23.7	-46.4
Total operating income of the Group	-12.5	6.1	34.7

PLEGDED ASSETS AND CONTINGENT LIABILITIES

EUR M	Jun 30, 2014	Jun 30, 2013	Dec 31, 2013
Contingent liabilities	229.1	257.9	236.9
Assets pledged for own debt	315.7	316.2	315.7

FINANCIAL RATIOS AND STATISTICS

	Jan 1, 2014– Jun 30, 2014	Jan 1, 2013– Jun 30, 2013	Jan 1, 2013– Dec 31, 2013
Equity per share, EUR	15.64	15.14	17.50
Equity/assets ratio	32.7 %	30.0 %	35.6 %
Investments, EUR M	5.7	168.7	172.3
– as % of sales	2.4 %	66.1 %	31.4 %
Passengers	2,962,436	3,015,144	6,533,650
Cargo units	64,428	59,364	119,704
Average number of employees, full time equivalent	2,761	3,069	3,104

Earnings per share = (Income before taxes – income taxes +/- non-controlling interests) / 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 non-controlling interests) / (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.