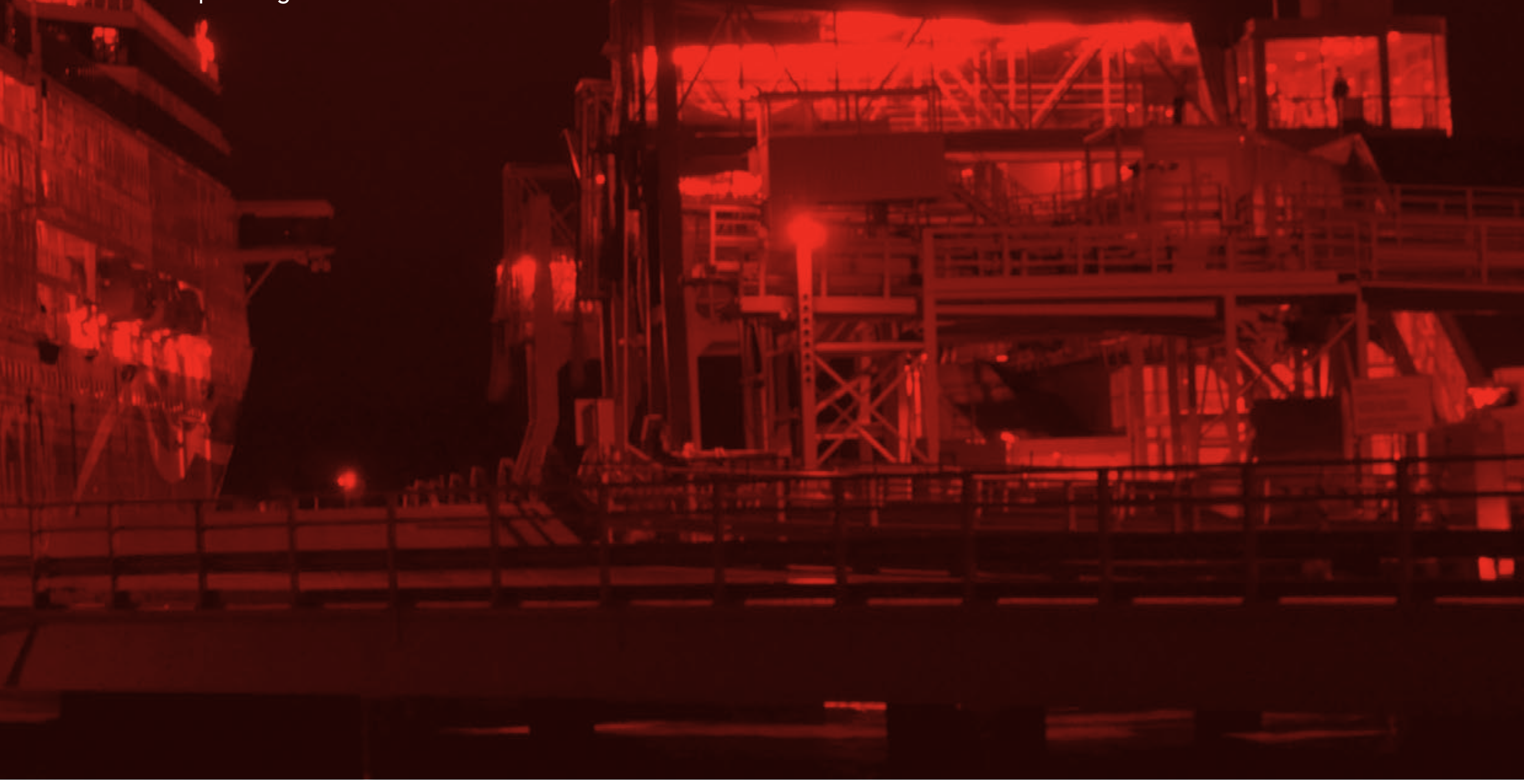
VIKING LINE

Annual Report 2016

Contents




75% of all leisure travellers book their sailings on one of our websites
1.6 million people are Viking Club members

Information to shareholders

Annual General Meeting

The Annual General Meeting of Viking Line Abp will be held at 12 noon on Thursday, April 20, 2017 at the Alandica Kultur and Kongress auditorium, Strandgatan 33, Mariehamn, Åland, Finland.

Shareholders who wish to participate in the meeting must notify the Company's Head Office in Mariehamn to this effect no later than 12 noon on Tuesday, April 18, 2017. Notification may be provided

- by e-mail to bolagsstamma@vikingline.com
- by telephone to the Company's Secretariat at +358 18 270 00
- or by letter to Viking Line Abp, Pb 166, AX-22101 Mariehamn, Åland, Finland.

Shareholders whose shares have not been transferred to the Finnish book-entry securities account system are also entitled to participate in the Annual General Meeting, provided that the shareholder was recorded in the Company's share register before March 12, 1999. In this case, at the meeting shareholders must present their share certificates or another explanation as to why the ownership right to the shares has not been reported as a book-entry securities account.

Financial information for 2017

During the financial year 2017, Viking Line Abp's Financial Reports and Statements will be published for the periods January 1 to March 31, 2017; January 1 to June 30, 2017; and January 1 to September 30, 2017. The Interim Management Statement for January–March will be published on May 18, the Half-Year Financial Report for January–June on August 17 and the Interim Management Statement for January–September on November 17. The Year-End Report for the financial year 2017 will be published on February 15, 2018. An electronic version of the Annual Report will be published on Vikingline.com during the week of March 5, 2018. The printed Annual Report will be published in Swedish and Finnish during the week of March 19, 2018. The official versions of the Annual Report, the Year-End Report, the Half-Year Financial Report and the Interim Management Statements are published in Swedish. These reports are translated into Finnish and English. The Year-End Report, the Half-Year Financial Report and the Interim Management Statements will be available on Vikingline.com at approximately 9 a.m. on each date. The Annual Report will also be available at the Head Office of Viking Line Abp and can be ordered by telephone at +358 18 277 67 or by e-mail at inv.info@vikingline.com.

A stable year – with our focus on the future

“

On November 23, 2016, Viking Line Abp signed a letter of intent with the Chinese company Xiamen Shipbuilding Industry Co. Ltd. concerning an order for a passenger vessel to be delivered in 2020

It was a very interesting year for Viking Line in 2016. The modernization of our fleet continued, with a number of major dry-dockings during the spring. Customer surveys show a positive response from passengers, which is gratifying. Passenger volume was stable despite intense competition and challenging economic conditions in a number of our markets. The culmination of the year was a letter of intent to purchase a new, innovative passenger vessel. Our strong emphasis here is on a high level of passenger comfort and new customer experiences. We all look forward to continuing our work on this project.

Market conditions

The Finnish market has been stable despite the weak economy. Demand for cruises is still increasingly focused on Estonia, which tends to reduce demand for the long routes between Finland and Sweden. The Swedish market has also been stable but has been affected by heavy competition from alternative modes of transport, among other factors. After its downswing, the Russian market has stabilized but did not match previous levels during the year, and no turnaround is in sight in the near term. However, travel from the Baltic countries has been partly linked to Finland's economic recovery and can be considered to be growing overall. Our international markets have continued to show growth, and we see potential here for increased travel in the longer term.

Extensive modernization of the fleet continued

A major fleet modernization project was launched in 2015, when the Mariella and Viking XPRS underwent thorough upgrades. During the spring of 2016, the Viking Grace, Amorella and Gabriella were renovated. Along with investments in safety and maintenance, the dry-docking work included a large number of improvements and modernizations. The Rosella also underwent an upgrade during its servicing days in January, including the addition of a brand-new design shop.

Viking Line's regular customer satisfaction surveys in 2016 show that these efforts resulted in more satisfied customers, who appreciate our measures to increase comfort on board our vessels. We place great emphasis on listening to our customers' wishes in order to fulfil them in the best way possible.

Letter of intent for a new passenger vessel

On November 23, 2016, Viking Line Abp signed a letter of intent with the Chinese company Xiamen Shipbuilding Industry Co. Ltd. concerning an order for a passenger vessel to be delivered in 2020. The contract price is about 190 million euros. The vessel is intended to be a collaborative project, and our plan is to engage a number of Finnish and other European suppliers.

The new vessel, which will run on liquefied natural gas (LNG), is planned to serve the Turku (Finland)–Åland Islands (Finland)–Stockholm (Sweden) route. Planned capacity is 2,800 passengers and 1,500 lane metres of cargo. The vessel will be 218 metres in length and have a gross registered tonnage of 63,000 tonnes.

Viking Line will hire Scandinavian architects for the interior design. Along with environmentally sound solutions, great emphasis has been placed in the planning work on new innovative energy-efficient applications. Many years of planning work have gone into this newbuilding project in conjunction with the European Union's

Motorways of the Seas project under the scope of the Connecting Europe Facility funding instrument, which has also included the Port of Turku and the Ports of Stockholm.

Environmental donations to Baltic Sea efforts

Viking Line has continued its efforts for a cleaner Baltic Sea. In March 2016, we donated 70,000 euros to two environmental organizations, the Keep the Archipelago Tidy Association in Finland and the Keep Sweden Tidy Foundation. Later in the year, we donated 100,000 euros to the University of Helsinki, which is Finland's largest centre for research and teaching on the Baltic Sea. This donation will, for instance, help fund the Tvärminne Zoological Station, which among other activities conducts research on topics such as biodiversity, ecosystems and the effects of human activities on the Baltic Sea.

Modernizations and lower demand affected earnings

Consolidated operating income declined mainly due to lost revenue in connection with completed vessel dry-dockings as well as lower demand and increased operating expenses. Salary and other employment benefit expenses also increased due to limitations on restitution of taxes and social security contributions for shipboard employees in conjunction with a change in the Seamen's Pensions Act in Finland.

Traffic during the financial year

The number of passengers on Viking Line's seven vessels during the report period amounted to 6,502,191 (6,568,684). The Group thus had a total market share in its service area of 33.5 per cent (34.6). Viking Line's cargo volume amounted to 131,918 cargo units (133,163).

Viking Line's service volumes were stable during this year's June-August summer season, and approximately 2.3 million passengers travelled on our vessels. During the peak season, Viking Line increased its number of departures on the Helsinki (Finland)–Tallinn (Estonia) route. As in previous summers, the vessels Gabriella and Mariella took turns making a day cruise to Tallinn instead of remaining in the port of Helsinki for the day. The extra sailings boosted passenger volume on the route.

> “The Viking spirit” is a concept we are proud of

Viking Line – above all, a service organization

There is a highly skilled, forward-thinking organization behind our shipping company, which I have had the pleasure to lead for almost three years and which has created a high-quality product. Since I began my career at this company in 1988, I have met many people in different positions, both on board our vessels and on land. Our organization consists of a large number of personalities: knowledgeable, funny and friendly people who have left their imprint on Viking Line over the years. “The Viking spirit” is a concept we are proud of.

Going forward, our unique strength will also depend on how well we succeed in maintaining and improving our service. We shall preserve and enhance our position as the leading brand in our service area and be the first choice on the Baltic Sea for everyone seeking travel experiences and efficient transport services. We will continue to work hard so that we can always provide this high level of service. Comfort, high quality and the most value for the money are Viking Line's watchwords.

I would like to thank all our employees for work well done and for their great dedication in the face of tough competition. I would also like to extend my deep gratitude to our customers for showing confidence in us. Finally, I would like to thank our shareholders, suppliers and other partners for their support and good collaboration over the past year.

We are looking forward to 2017 with confidence. It will be an exciting year with many new opportunities. We have great respect for external factors and how they may affect travel in our markets, but we are convinced that there will continue to be interest in sea voyages.

Jan Hanses
President and Chief Executive Officer


6,502,191
passengers
70,000
euros to two environmental organizations,
the Keep the Archipelago Tidy Association in Finland
and the Keep Sweden Tidy Foundation
100,000
euros to the University of Helsinki


Good food, shopping and entertainment shall make Viking Line the best on the Baltic Sea
Our in-house motto is: Together we create experiences that put a smile on people’s faces

Mission statement

Mission – our fundamental task

We link together the countries around the northern Baltic Sea by providing sustainable and regular ferry service for everyone. Our three basic services are cruises, passenger transport and cargo transport. Our unique expertise in combining these services generates customer and business benefits.

Vision – our ambition and what we want to achieve

We are the leading brand in our service area and the preferred choice of all those seeking sea transport services and experiences. We shall preserve and enhance our position as a profitable company.

Fundamental values

- Viking Line is for everyone. Our customers are our foremost priority and we aim to exceed their expectations, especially with regard to good service.
- We respect our co-workers and value initiative, innovation, teamwork, openness, honesty, loyalty and acceptance of responsibility.
- We stand for humility and cost-consciousness.
- We take advantage of all good business opportunities.
- Our vessels are safe and well-maintained. We conduct our operations in compliance with applicable environmental standards and legislation. We strive to continuously improve our environmental and sustainability work.

Strategies

- We offer the market's best value for money by providing good quality at affordable prices.
- Our selective quality factors are friendly service, fully functional and clean facilities, good food, enjoyable entertainment and attractive shopping.
- We aim at large travel volume and high capacity utilization.
- We shall have modern distribution and sales systems.
- Our sources of income are ticket, cargo and on-board sales – we optimize their total outcome.
- We motivate and train our employees in order to achieve improved quality, service and productivity.
- We continuously optimize our energy consumption in all our operations.

Best service on the Baltic Sea

For the third straight year, Viking Line was named the shipping company with the best service on the Baltic Sea based on the Swedish customer survey Service Score 2016. During the year, we focused to an ever greater extent on the value, activities and customer service passengers experienced on board. We see ourselves increasingly as a hospitality company that changes with the times.

Viking Line works continuously to update and improve our vessel fleet. In 2016, extensive upgrades were carried out on the Viking Grace, Amorella, Gabriella and Rosella, with a focus on the on-board experience. Among the new features are better spa facilities, an expanded, modern range of restaurant options and 140 more comfortable cabins.

With tougher competition and greater transparency in the market via the Internet, it has become even more important to be clear about why people should choose to sail on Viking Line – what added value we deliver.

One Service – our new service platform

With the new One Service platform, we have mobilized our resources to take what is a good passenger experience one step further. All Viking Line employees should feel they are part of the Company's "Good Hospitality" – the shared foundation of values for how we should treat each other, our customers and our partners.

With Viking Line's new Brand Book, we present guidelines for our Group-wide service approach in a way that is easy to grasp. The objective is to create even more satisfied customers, who will choose to sail again on Viking Line, by providing consistent, friendly and accommodating service, internally and externally.

Niche restaurants

Friendly service, good food, professional entertainment and affordable shopping are the four cornerstones of Viking Line's activities on board.

During 2016, the restaurants were developed and targeted to specific niches in order to satisfy different tastes. The Åland celebrity chef Michael Björklund, winner of the Chef of the Year title in both Sweden and Finland, continued to serve as guest chef. Together with our talented colleagues, he developed theme menus for our à la carte restaurants, Nordic Christmas buffet and children's menus, which offer everything from tasty sandwiches to delicious seafood platters to fine chateau wines.

Chef of the Year's Christmas buffet

Viking Line's Christmas buffet is a cherished tradition for many people sailing the Baltic Sea, and bookings fill quickly. The general trend is that Christmas buffets are increasingly booked well in advance.

Michael Björklund composed the bountiful 2016 Christmas buffet, using top-quality ingredients and clean, distinct flavours. He created both classic Nordic Christmas dishes and new taste experiences, such as smoked bullhead fish from Åland, which tastes like eel. The Christmas buffet was served on all vessels from mid-November to Christmas.

When children get to choose for themselves

There is also a focus on our youngest guests. During the summer, a children's menu with starters, main courses and desserts was served in the à la carte and buffet restaurants. The dishes were chosen by Viking Line's youngest guests, together with Michael Björklund, in a contest held on board. Five hundred children took part and chose for themselves which dishes should be on the children's menu.

Feeling safe and secure on board

For Viking Line, the safety and security of our passengers is always our number one priority. We are constantly making improvements, and employees get continuing training on a regular basis. This training is provided both by the Company and in collaboration with the relevant authorities. Preventive safety and security work is a key element of the Group's safety and security organization's operations.

The details are also important. One example of this is how our guard staff on board the Viking Cinderella was issued yellow vests in 2016 in order to be more visible. They previously wore discreetly dark suits. With this small change, the sense of safety and security experienced by customers increased according to our regular customer surveys.

Theme cruises a success

One way to attract different target groups is our many special and theme cruises, which have become an even bigger success. The Whisky Fair on board the Viking Cinderella is one of the best in the world. The vessel's Champagne and Wine Fair has also become popular. Our pilot project for a classical music cruise with a symphony orchestra was quickly fully booked, as were the Mariella's retro cruises. The jazz cruise Down by the Laituri was organized on the Viking Grace, as was the Viking Line Goes Provinssi cruise, which featured a number of Finnish rock artists.

Increased demand for package trips

A growing number of customers want more experiences. During the year, Viking Line booked more package trips to all of our destinations, which included the sea voyage, overnight hotel accommodations and attractions such as ABBA The Museum in Stockholm, SEA LIFE in Helsinki, the Åland Maritime Museum in Mariehamn and golf packages in the Åland Islands.

> "Friendly service, good food, professional entertainment and affordable shopping are the four cornerstones of Viking Line's activities on board

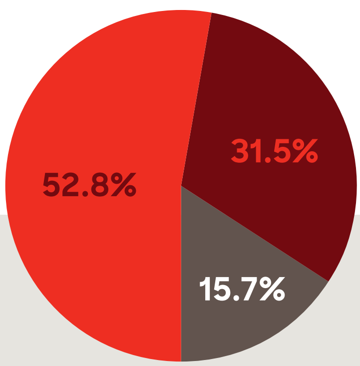
On the digital forefront

As a player that changes with the times, we are leading development work among Baltic Sea shipping companies. Viking Line was the first to launch a digital app, which among other features allows customers and passengers to see the duty- and tax-free products available, the daily activities programme for each vessel, opening hours and an overview of all the restaurants and other facilities on board.

New theme menu – Tastes of Nature

In an in-house cooking competition, Viking Line's chefs were given the task of creating a menu that captures the experiences and tastes of our Nordic flora and fauna. The Gabriella chefs Jouni Ukkonen, Maarit Juvonen and Ilkka Laasio succeeded in getting the most recipes on this menu. Among the fifteen winning dishes are reindeer fillet, arctic char, wild duck, venison sirloin, whitefish fillet, sea buckthorn parfait and spruce shoot-flavoured apple compote made with local Åland apples. The Tastes of Nature menu replaced the regular à la carte menus from October 1, 2016 to February 28, 2017.

In 2016, Viking Line's passengers came from:



Finland
Sweden
Other countries

Passenger volume	2016	2015
Turku–Åland Islands–Stockholm	1,884,441	1,939,807
Stockholm–Mariehamn	892,253	919,087
Helsinki–Mariehamn–Stockholm	994,046	1,021,145
Finland/Sweden–Baltic countries	2,031,224	2,001,276
Mariehamn–Kapellskär	700,227	687,369
TOTAL	6,502,191	6,568,684

More than 4 million have already sailed on the Viking Grace

In just three years, the Viking Grace has reached the 4 million passenger mark. In August 2016, Viking Line's environmental pioneer also celebrated its 1,000th bunkering (fuelling) with liquefied natural gas (LNG). During its winter dry-docking, the Amorella was upgraded and modernized, including the addition of a brand-new nightclub and 37 new Comfort cabins.

The Amorella and the climate-smart Viking Grace sail daily between Turku (Finland), Mariehamn (Åland Islands, Finland) and Stockholm (Sweden). Day cruises are also popular, either from Turku to Mariehamn on the Amorella and back to Turku on the Viking Grace, or from Stockholm to Mariehamn on the Viking Grace and returning to Stockholm on the Amorella.

One thousand bunkerings with the M/S Seagas

The Viking Grace has attracted great attention globally as the first large passenger vessel in the world powered by liquefied natural gas (LNG). Since starting service in January 2013, the Viking Grace has been an environmental pioneer. In 2016, it was still the only passenger vessel on the Baltic Sea powered by LNG.

In August 2016, 1,000 bunkerings (fuellings) had been carried out in partnership with the Swedish company AGA Gas AB. The bunkering vessel M/S Seagas supplies the Viking Grace with more than 60 tonnes of LNG when the vessel is moored in the morning at Stadsgården in central Stockholm. The Seagas is the first vessel of its kind in the world and is classified according to the same regulations as ocean-going LNG tankers. There continues to be great interest in the Seagas, its bunkering solution and LNG as a marine fuel both in our service area and the rest of the world.

New features on the Amorella

The Amorella got a thorough makeover in conjunction with its winter dry-docking, which was greatly appreciated by passengers. A total of 20 Inside Comfort cabins and 17 Seaside Comfort cabins were modernized in line with passengers' wishes. All have double beds with comfortable new mattresses as well as Wi-Fi and TV. The Luxury cabins on Deck 9 were likewise refurbished, more Inside Piccolo cabins were added, and TVs were also installed in this popular cabin class.

The restaurant arcade by the Ella´s and Food Garden restaurants was redesigned. The interior was modernized and given a more open, attractive layout. A new, updated starter and dessert table was added to the à la carte Food Garden restaurant. The nightclub also underwent a complete refurbishment with new carpeting and furniture as well as a brand-new bar. The stage was also equipped with an impressive LED wall as backdrop.

4 million passengers on the Viking Grace

During the spring of 2016, the four millionth passenger sailed on the Viking Grace. On Friday, May 13, this milestone passenger was welcomed onto the Baltic Sea's finest entertainment and cruise vessel. To celebrate the occasion, Viking Line treated all passengers on board to a glass of sparkling wine.

The Viking Grace combines environmentally friendly technology and pleasantly quiet sailing with a wide variety of entertainment options and top-quality restaurants.

There is an ever-growing demand for luxury spa treatments, and in conjunction with the vessel's January dry-docking, a fine new sauna with a sea view was added to the Spa & Wellness facilities. The treatment rooms were also upgraded. Sound reduction flooring was installed to reduce the sound from Retro Bar & Dancing, which is located directly below the spa facilities. At the same time, the stage in the Retro Bar & Dancing venue was moved and the dance floor was expanded, to passengers' delight. Shopping World introduced a corner dedicated to the organic Rituals brand. New games were added to the Teens and Kids Room.

Sales record with Popeda

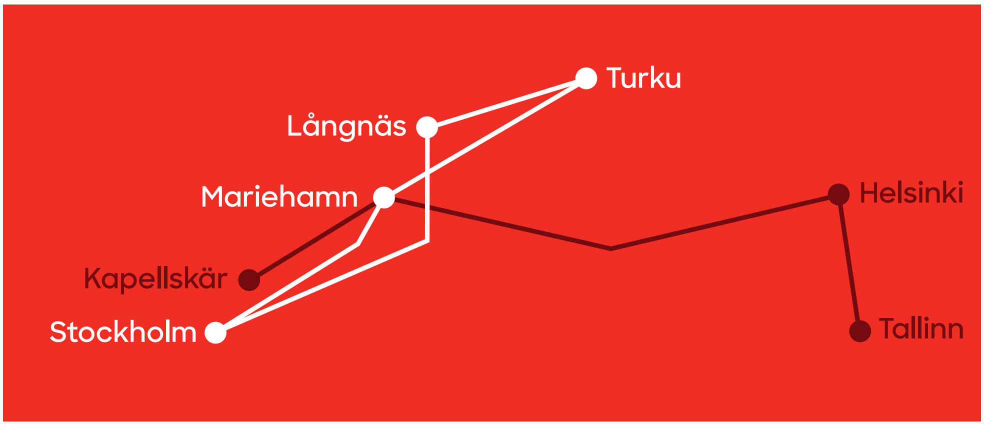
Both vessels work continuously with concept-based weeks to guide different target groups of different ages to the right departure day. In that way, our message to customers is especially clear.

The wide variety of entertainment options on board and the cavalcade of well-known musical artists are important for business, which was especially apparent on October 1. When the classic Finnish rock band Popeda played on board the Viking Grace, restaurant sales set a record for the year.

Excellent service makes the difference

There was an especially strong focus on "soft" values in 2016 on board the Viking Grace. People worked hard with the One Viking project and our Group-wide customer service approach, which includes a focus on special monthly themes. "Appreciate each other's work – every job is important" was one theme. Another was "A guest never disrupts your work – the guest is your work".

For 365 days a year, our motto in 2016 for all employees on the Viking Grace was: "Care about yourself, our guests and your fellow employees".



Some artists performing on the Viking Grace

Jan 9 E-Type
Apr 2 Ismo Alanko
Apr 12–16 Rock The Ballet
Jun 11 von Hertzen Brothers
Oct 1 Popeda
Oct 15 Anna Abreu
Oct 22 Isac Elliot
Oct 28–29 Antti Tuisku

Viking Grace

Delivered in 2013, 57,565 GT, Length 218.0 m, Ice class 1 A Super, 2,800 passengers, 556 cars, 2,980 berths, Finnish flag

Amorella

Delivered in 1988, 34,384 GT, Length 169.4 m, Ice class 1 A Super, 2,480 passengers, 450 cars, 1,946 berths, Finnish flag

Traffic divergences, 2016

Viking Grace dry-docking Jan 18–26

Amorella dry-docking Jan 27–Feb 11

Gabriella as replacement on the route Jan 19–Feb 10

Viking Grace servicing days Apr 24–26 and Sep 18–21

Amorella servicing days Sep 19–22

Extra sailings to Tallinn quickly filled up

By increasing its capacity on the Helsinki–Tallinn route from June 18 to August 14, Viking Line was able to meet heavy summer demand. Many departures filled up quickly even though more than 30 departures were available on this route some days.

The Viking XPRS was tailor-made for service on the Gulf of Finland. She sails the Helsinki–Tallinn route, with a travel time of two and a half hours. The vessel was designed to meet the needs of many different customer categories and combines the characteristics of swift catamarans and cruise vessels. Despite keen competition on this route, passenger volume increased during the summer.

> The day cruises take six hours, and passengers do not go ashore

Increased capacity for cars too

Estonia is one of the most popular destinations from Helsinki, and cruise sailings and scheduled service to Tallinn peak during the summer. So Viking Line added departures on this route again this year. During the summer season, the Mariella and Gabriella also made daytime sailings to Tallinn instead of remaining in the port of Helsinki for the day.

A growing number of people also sail to Estonia, for instance to make purchases, such as eyeglasses and construction materials, or to have their car serviced. Meanwhile, this increased capacity provided more space for cars, for which there is great demand in scheduled service to Tallinn.

New features on board

The new à la carte Wine & Dine restaurant has a menu featuring both classic dishes and a number of other tasty options. The restaurant, which opened in 2015, has become popular, and its service and concept are continuously evolving. Passengers serve themselves starters and desserts from the buffet table. Main courses are ordered from the fine selection in the à la carte menu. The wines have been carefully chosen from wine houses around the world. Passengers can also buy their favourite wines to take home, straight from the restaurant shelves.

The Viking XPRS also has a new Fashion Shop on Deck 7 by the information desk. The shop specializes in accessories, jewellery and shoes. The conference lobby has also had a makeover.

More new options – package trips and day cruises

Estonia is a popular destination for families with children. Saturday cruises with different themes, such as jazz and Eurovision Song Contest music, are popular and attract many returning guests.

One new feature in 2016 was package trips, which make it easy and convenient for passengers to book a sailing and tickets to different attractions through Viking Line. Popular attractions for families with children include the adventure parks in the Tallinn districts of Nõmme and Pirita. Older children enjoyed visiting Tallinn Legends, which offers an underground interactive tour of the Middle Ages in the heart of the Old Town.

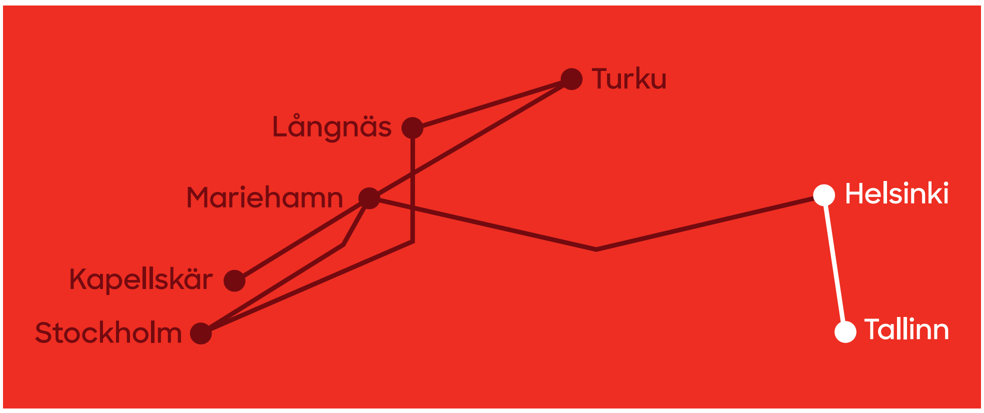
The added summer sailings on the Mariella and Gabriella also allow short day trips from Helsinki to Tallinn. The day cruises take six hours, and passengers do not go ashore.

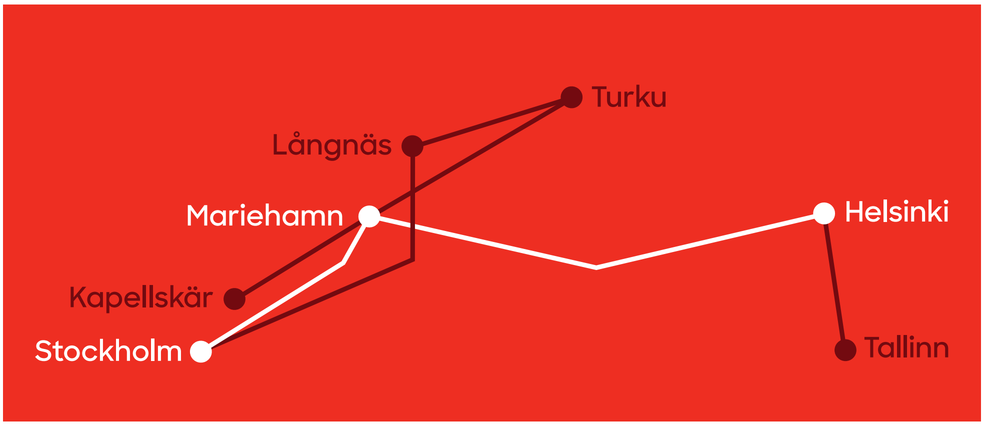
Viking XPRS

Built in 2008, 35,918 GT, Length 185.0 m, Ice class 1 A Super, 2,500 passengers, 220 cars, 736 berths, Estonian flag

Traffic divergences, 2016

Mariella and Gabriella:
Extra Helsinki–Tallinn sailings,
Jun 18–Aug 14





Gabriella

Built in 1992, 35,492 GT, Length 171.2 m, Ice class 1 A Super, 2,400 passengers, 400 cars, 2,382 berths, Finnish flag

Mariella

Delivered in 1985, 37,860 GT, Length 177.0 m, Ice class 1 A Super, 2,500 passengers, 430 cars, 2,500 berths, Finnish flag

Traffic divergences, 2016

Gabriella as replacement on the Turku–Åland–Stockholm route Jan 19–Feb 10

Gabriella dry-docking Apr 3–21

Mariella and Gabriella: Extra Helsinki–Tallinn sailings Jun 18–Aug 14

Highest marks for the new Gabriella and the Mariella

Viking Line's customer satisfaction survey shows that the modernization of the Gabriella and Mariella resulted in even more satisfied customers. The Gabriella returned to service on April 21 after undergoing extensive modernization. Among the changes to the vessel were eight new restaurants, 97 upgraded cabins, expanded shopping options and new spaces for children and teenagers.

The Gabriella and the Mariella serve the Helsinki (Finland)–Mariehamn (Åland Islands)–Stockholm (Sweden) route. During the spring of 2015, the Mariella was dry-docked and renovated, and the following year it was time for the Gabriella to undergo a similar makeover.

The extensive modernizations carried out on the Mariella in 2015 were clearly reflected in Viking Line's customer satisfaction survey. People were especially pleased with the standards of the renovated cabins and the vessel's updated decor in general. For the Gabriella, the upswing in survey results was even greater.

A brand-new restaurant selection

When the Gabriella returned to service in April, it featured a brand-new restaurant selection, with eight bars and restaurants for different tastes. People sailing on the Gabriella can now choose anything from a classic, well-composed à la carte menu and innovative fine dining concepts to a classic bountiful buffet to pastries baked on board.

For instance, in the No Name restaurant, tasting menus of seven or nine small dishes are served, with everyone in the party sharing the experience. The Bistrotek restaurant attracts visitors with its seafood delicacies, and people can enjoy an aperitif accompanied by piano music in the Bistrotek Wine Bar. In the Grill, chefs prepare the food in an open kitchen.

The Living Room bar on Deck 8 has a tranquil atmosphere and guests are served at their table. The bar can be booked for private gatherings. Coffee & Joy serves all kinds of coffee and tasty pastries that are baked on board.

> “ The modernization of the Mariella and the Gabriella resulted in even more satisfied customers

New nightclub and new, updated cabins

The Gabriella's nightclub was totally renovated and changed its name to Club Mar. The technology in the nightclub was also completely updated. People can go from the nightclub straight to the Upstairs Pub, which serves as a venue for karaoke and performing troubadours at the start of the evening and as a nightclub in the early hours.

The Gabriella's entrance halls, corridors and cabins were also renovated during dry-docking. All cabin classes, from Comfort on up, were fitted with comfortable double beds and new, high-quality mattresses. All renovated cabins have a TV and hair dryer. A total of 26 cabins were upgraded to Inside Comfort Family class, with accommodations for four people, while 24 cabins were upgraded to Inside Comfort Plus class. In addition, 34 Luxury Seaside Premium cabins and 8 spacious Luxury Seaside Premium Large cabins were renovated.

More new features

The Gabriella's tax- and duty-free shop was made airier and now offers even more products and brands in beauty and fashion. The new pop-up shop on the entrance deck offers exclusive brands, which vary from season to season. First out was Calvin Klein.

The Travel Spa gained new treatment rooms next to the sauna and pool facilities on Deck 6. The new Kids Room play area is located next to Coffee & Joy on Deck 7. Teenagers also have new areas for games and socializing.

How Viking Line improves customer satisfaction

The modernization of the Mariella and the Gabriella resulted in even more satisfied customers. This is reflected in our regular customer satisfaction surveys.

Viking Line examines how satisfied customers are on a regular basis with the help of our Dear Viking Customer survey. The survey is sent to everyone who has sailed on Viking Line, and about 200,000 passengers submit responses each year. We use these valuable responses when planning modernizations and developing operations. We know that passengers today want to socialize and have an enjoyable time in aesthetically pleasing spaces, stay in pleasant, comfortable cabins, eat well and receive genuinely friendly service. These are the cornerstones of a successful cruise experience.

Dance Band Week broke all records

A total of 10,100 passengers keen on dancing enjoyed themselves during Dance Band Week, held in January 2016 on Viking Line's entertainment cruise vessel, the Viking Cinderella. That is an 18 per cent increase compared to 2015 and the highest figure since this event was launched four years ago.

"Loreen, Eric Gadd, Bonnie Tyler, Charlotte Perelli, Tommy Körberg, Titiyo and Boney M

The Viking Cinderella is a dedicated cruise vessel making overnight sailings between Stockholm and Mariehamn. This entertainment palace, with the largest stage on the Baltic Sea, attracted 892,253 passengers in 2016.

Great demand for Whisky Fair

Over the years, the Viking Cinderella has developed its own themed and special cruises to satisfy different tastes. The Beer Expo and the Champagne & Wine Fair were among the most popular theme cruises in 2016. The Cinderella Whisky Fair is the largest floating whisky event and one of the highest ranked such events in the world, and tickets for the 2017 Whisky Fair had already sold out by August 2016.

Dance Band Week in January has become very popular. In 2016, 39 of Sweden's best dance bands played on four different dance floors for seven fully booked cruises. They included Larz-Kristerz, Streaplers, Arvingarna and Barbados. A new feature this year, by public demand, was one dance floor reserved solely for old-time dancing.

New theme – Cinderella Classical Music Cruise

On September 4, a brand-new theme cruise featuring classical music was launched – the first of its kind since the vessel began sailing between Stockholm and Mariehamn in 2003. The host of the Cinderella Classical Music Cruise was the opera singer Loa Falkman, and among the stars making debut performances on the cruise were Linda Lampenius, Patrik Jablonski, Petra Jablonski, Duo Krakow and Sweden's St Matteus Symphony Orchestra.

Increase in mid-winter and mid-summer holiday cruises

Viking Line's statistics show that passenger volume on our mid-winter sports holiday cruises is growing rapidly. In all, 20 per cent more mid-winter sailings were booked in 2016 than the previous year. And the trend is clear – the shorter the cruise, the greater the increase. The largest number of passengers chose the Viking Cinderella, which had 30 per cent more people spending their mid-winter sports holiday on board than in 2015.

Demand for mid-summer holiday cruises also increased sharply, which in turn led to earlier bookings. For the Viking Cinderella, 72 per cent more passengers booked their mid-summer cruise by June 16, 2016, compared to the same date in 2015.

Cavalcade of musical artists on stage

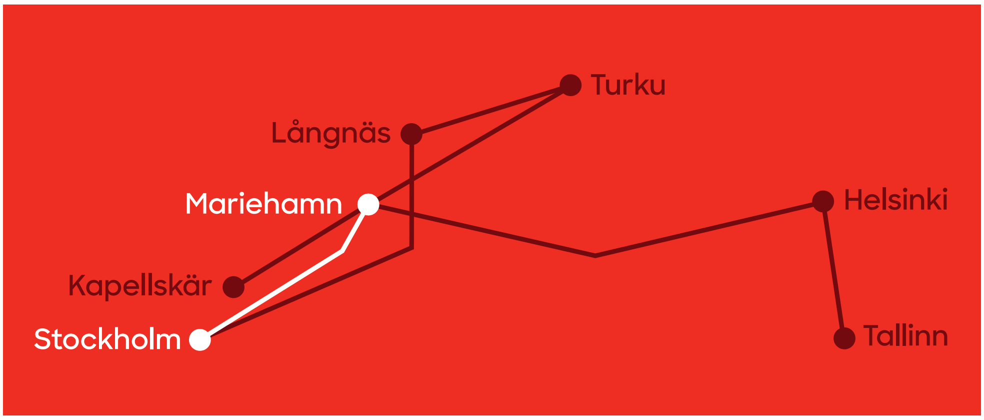
Belgian World Music Award winner Kate Ryan kicked off the entertainment year on the Viking Cinderella together with the high-tech band Sthlm Node Concept. During the year, as usual, a number of well-known musical artists performed on the vessel's different stages. Loreen, Eric Gadd, Bonnie Tyler, Charlotte Perelli, Tommy Körberg, Boney M and Titiyo were some of the artists who appeared on the main stage in the Étage nightclub. Hip hop star Petter made his first on-board appearance on the Viking Cinderella.

Good food for all tastes

Good food is an important part of the experience on board the Viking Cinderella. In the restaurant arcade, passengers can choose from eight high quality concept-based restaurants. All tastes are provided for – everything from savoury sandwiches to Italian antipasti, from lavish three-course dinners with fine wines to seafood platters with lobster and langoustine is served.

Viking Cinderella

Delivered in 1989, 46,398 GT, Length 191.0 m, Ice class 1 A Super, 2,560 passengers, 306 cars, 2,500 berths, Swedish flag



Did you know that..

in 2016, as many as

9,383

seafood platters were sold
on board the Viking Cinderella

Record summer for the Rosella

In July 2016, the Rosella set an all-time sales record. It is clear that the vessel's renovation early in the year – with a new shop, new café features and new themed departures – was greatly appreciated by passengers.

The Rosella has several daily departures from Mariehamn (Åland Islands) to Kapellskär (Sweden). "Åland's bridge to Sweden" is the obvious choice for passengers who want to travel quickly and comfortably between Åland and Sweden. The Rosella is also popular for people who want to take a day cruise and enjoy good food, shopping and entertainment on their journey.

On Friday, January 29, the Rosella returned to service after a three-week interruption, when the vessel was dry-docked for inspection, an upgrade of its Street Café and the setting up of a brand-new home furnishings shop.

> On March 18, the doors opened for the Baltic Sea's first shop specializing in design, home decor and beauty

New shop concept – Home & Lifestyle

On March 18, the doors opened for the Baltic Sea's first shop specializing in design, home decor and beauty. The new shop on the Rosella offers both Nordic design classics for people interested in home decor and trendy spa products. Home & Lifestyle offers exclusive brands such as Georg Jensen, Marimekko and Iittala as well as spa products, for instance, from Yvonne Ryding, Balmuir and Rituals.

Street Café upgraded

The popular cafeteria on Deck 5 was upgraded and a brand-new menu was developed. In the new Street Café, passengers can now enjoy baked potatoes and panini as well as espresso and cappuccino.

In the Seaside Café on Deck 6, a new concept was tested and was warmly received. As a result, people now pay for café food by the plate rather than by weight, which is appreciated by passengers. Another new feature in the Seaside Café was the option of choosing from three main courses, which are prepared while the customer waits.

Popular themed departures all week long

The popular Café Rosella Monday programme returned on February 1. During the year, beloved Swedish TV and radio personalities Ulf Elfving and Ragnar Dahlberg interviewed many famous guests, including Titti Sjöblom and Christer Sjögren.

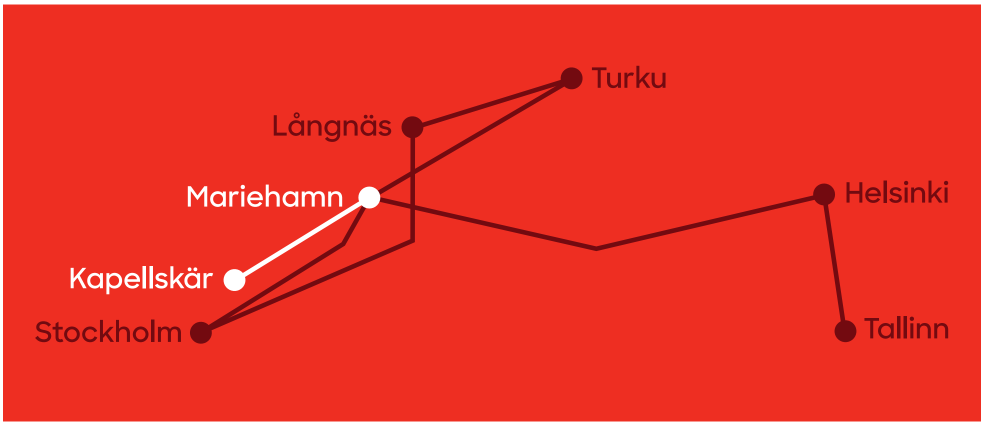
Brand-new themed departures were launched on three Saturdays in February, April and May, which were dedicated to schlager (a style of pop music typically seen in the Eurovision Song Contest), the Beatles and rockabilly. On four more Saturdays, popular dance bands such as Black Jack, Lars Kristerz, Barbados and Drifters performed on stage. Easter was celebrated with Danzbandsparty featuring Voize. To honour the traditional Åland harvest festivities held in September, leading chef Sakari Lehtinen composed a delicious menu, as usual, with ingredients from the island.

Rosella

Delivered in 1980, 16,879 GT, Length 136.1 m, Ice class 1 A, 1,530 passengers, 340 cars, 422 berths, Finnish flag

Traffic divergences, 2016

Rosella service interruption Jan 7–28



The Rosella's fixed weekly concept

Monday:	Café Rosella
Tuesday:	Bingo
Wednesday:	Sing-along
Thursday:	Dance band hits
Friday:	After-work celebration with live music
Saturday:	After-work celebration with live music
Sunday:	Piano music or entertainment by cruise host

Did you know that..

in 2016, as many as

460,457

cups of coffee were sold on board the Rosella

During 2016, Viking Line transported a total of 131,918 cargo units

The cargo organization has some 20 employees, stationed in Helsinki, Turku and Tallinn

Continued volume growth on Helsinki–Tallinn route

Through high quality, good service and long-term thinking, Viking Line Cargo operates in the highly competitive Baltic Sea cargo market. Total market volume growth on the Finland–Estonia route remained very strong in 2016, and after a flat, stable trend for many years, a slight upswing was also discernible on the Finland–Sweden route.

Viking Line Cargo works in a market that is driven by large transport companies. They in turn want to provide reliable, high-quality logistics solutions to their customers, such as manufacturers and wholesalers. Sea transport of cargo and related stevedoring services, which Viking Line Cargo provides, are an important link in the overall transport chain. Freight forwarding services are also available if customers want this.

Our customers are mainly located in Finland, Sweden and Estonia but also in Poland, Denmark, Norway and Russia. The need for cargo transport is lowest during the peak summer period, which is actually an advantage for Viking Line, since demand in passenger operations is highest during that period.

Two service areas with tough competition

Viking Line Cargo has two service areas, Finland–Sweden and Finland–Estonia. The Finland–Estonia market has had steady growth for many years, but there is still excess capacity, which means tough price competition among market players.

Finland–Sweden cargo traffic has remained at a very stable level for many years. In 2016, we saw signs of a slight increase in demand, an increase we hope will be sustained. However, Viking Line Cargo's volume growth was negative due to several dry-dockings during the year and an increased number of passengers travelling by car, which brought down volume somewhat.

Investment in even better communication

In 2016, we conducted a market survey in Estonia, Latvia and Lithuania in order to improve our knowledge about the cargo market in those countries. This externally administered survey provided us with good tools so that we can act appropriately. In the next phase, we will conduct a survey in Finland and then in other markets. Through these surveys, we gain an improved understanding of customers and their needs and can better meet their expectations.

We also invest a great deal in communication, both external and internal. So in 2016, we invested in a new Marketing & Communications Coordinator position. We want to become even better at providing information about Viking Line Cargo, both externally and internally. In-house information is particularly important. Everything is interdependent – with well-informed employees, we create even more potential for good business.

Close, frequent dialogue with customers

Viking Line Cargo's strengths in the competition for customers are high quality and good service. Other assets are long-term thinking and continuity plus our close, frequent dialogue with customers.

Cargo service operates on established routes year-round without any major changes in timetables or capacity. Alongside this, the key factor is smooth loading on board the vessel and unloading at every destination. Viking Line's deck staff, with the chief officers bearing ultimate responsibility, have the knowledge and experience required to manage this in the best possible way.

The cargo organization has some 20 employees, stationed in Helsinki, Turku and Tallinn. They handle sales, marketing, cargo booking and to some extent customs clearance, but many more people at Viking Line are involved in the cargo process. Most have worked many years in different segments and have extensive experience with cargo transport on board Viking Line vessels. Without their efforts, Viking Line Cargo would not be able to achieve such good results and have the market position we have today.

Personal booking service in Turku and Tallinn

Personal service is important to Viking Line Cargo. We combine this with digitized communication in booking operation contacts. This is why booking is located in Turku for Nordic customers and in Tallinn for the Baltic and Russian markets.

Employees at Viking Line Cargo are continuously in contact with their customers. The space available on the car deck in the days before departure must also be filled as efficiently as possible – every day, on every departure. It is a matter of proactive sales.

Cargo market in 2016

During 2016, Viking Line transported a total of 131,918 cargo units (133,163), thereby achieving a total market share of 20.7 (21.9) per cent.

In services between Finland and Sweden, Viking Line's cargo volume decreased by 3.3 per cent, so its market share was 29.7 (31.2) per cent. On the route between Helsinki and Tallinn, Viking Line's cargo volume rose by 2.5 per cent, and its market share was 16.3 (17.0) per cent.

Group travel generated 10,000 vessel passengers

In 2016, two buses were added to Viking Line's fleet. In February, Viking Line Buss obtained a large, slightly used bus with 60 seats. In May, the Victoria conference bus, with 40 seats and an oval table at the back with space for 14 people, was delivered straight from the factory.

When Finland's President, Sauli Niinistö, visited Åland on June 8, Viking Line Buss and the new Victoria conference bus were entrusted with the task of providing transport, which was welcomed by the Company and meant high visibility for the bus's debut. When the Nordic prime ministers visited Åland, our conference bus also transported the press corps gathered for the event.

In 2016, our three city buses also operated their scheduled routes in Mariehamn, and our nine rural buses operated scheduled routes across Åland. The Victoria conference bus also operated scheduled routes. Viking Line Buss Ab expanded its customer services during the year. Wi-Fi is available in all buses, and in March electrical outlets were installed at each seat in most long-distance buses so passengers can charge mobile phones and tablets.

> Wi-Fi is available in all buses

Theatre trips fully booked

Charter service for group travel in 2016 included company trips to trade fairs and trips that we organized ourselves, for instance, a cultural excursion to Poland and theatre trips to Stockholm.

Through this charter service, Viking Line Buss generated some 10,000 passengers for Viking Line's vessels. Three fully booked theatre trips travelled to Stockholm during the autumn, which included the musicals Phantom of the Opera and Sällskapsresan ('The Sun Trip'). The November family excursion to Monster Jam in Stockholm also sold out quickly.

Viking Line Buss Ab is a wholly owned subsidiary of Viking Line Abp.

The Company owns 12 buses.

In 2016, the average number of employees was 25 people.


The new Victoria conference coach
vikinglinebuss.ax
VICTORIA
VIKING LINE
Viking Line Buss is certified in compliance with ISO 14001 environmental management standards

Environmental work on a broad front

Viking Line works every day to ensure that the Baltic Sea and its valuable archipelagos are also conserved for future generations. For many years, we have set stringent requirements for more environmentally sound technology, implemented fuel-saving programmes and introduced new environmentally sound concepts on board. We take responsibility on a number of levels. In 2016, Viking Line donated 170,000 euros to fund environmental protection measures for a cleaner Baltic Sea.

"The Gabriella and the Mariella operate using a land-based electricity supply while they are docked during the daytime in Helsinki and in Stockholm

The Group's Head Office, all vessels and the subsidiary Viking Line Buss Ab are certified in compliance with ISO 14001 environmental management standards. In addition, the Viking Line organization and all vessels are certified according to the International Safety Management (ISM) Code, which stipulates organizational rules for safe vessel operation and for preventing pollution.

National legislation and international agreements are the basis for the Group's environmental work. The most extensive set of environmental protection regulations is the International Convention for the Prevention of Pollution from Ships (MARPOL 73/78), which was devised by the International Maritime Organization (IMO), a United Nations agency.

No discharges into the sea

Viking Line vessels discharge no wastewater into the sea. All wastewater is pumped ashore to municipal wastewater treatment plants, thereby easing the burden on the Baltic Sea.

A vessel generates three main types of wastewater: grey water from showers and other washing activity, black water from toilets and bilge water that is separated from water in engine rooms that contains oil. According to the MARPOL convention, discharging black water and bilge water into the sea is still permitted if the water meets certain stated criteria. Discharges of grey water are not regulated by legislation at all.

Over the past two decades, Viking Line has chosen to let land-based treatment plants handle all our wastewater because these treatment plants are significantly more efficient than the treatment systems available for use on vessels.

Minimizing atmospheric emissions

All of Viking Line's vessels, except for the Viking Grace, run on diesel oil with a sulphur content of less than 0.1 per cent by weight in order to meet the requirements of the European Union's sulphur directive, which went into effect on January 1, 2015. Until then, the vessels in question operated on low-sulphur oil with a 0.5 per cent content by weight in order to reduce sulphur oxide (SOx) emissions. The Viking Grace runs on liquefied natural gas (LNG), which is free of sulphur.

To decrease nitrogen oxide emissions, reduction technology is used on two of Viking Line's vessels – catalytic converters on the Viking Cinderella and humid air motor (HAM) technology on the Mariella. HAM is a globally unique method that reduces nitrogen oxide emissions by lowering the combustion temperature of vessel engines. This temperature reduction is achieved by adding vaporized sea water to the combustion process. The Viking Grace has about 85 per cent lower nitrogen oxide emissions than vessels that use marine diesel oil.

The Gabriella and the Mariella operate using a land-based electricity supply while they are docked during the daytime in Helsinki and in Stockholm. Using land-based electricity decreases emissions of air pollution and engine noise in ports and their vicinity.

In partnership with MEYER WERFT GmbH & Co.KG, a fuel cell system has been installed on board the Mariella. The system is a test station, developed as part of a European Union research project. It consists of 12 fuel cell modules with a total capacity of 60 kW. The fuel cells transform methanol into electricity without emitting any air pollutants such as sulphur oxides, nitrogen oxide or particulates. The electricity generated by the fuel cells contributes to the vessel's power supply.

Viking Line runs an internal energy efficiency programme to reduce exhaust gas emissions. In this programme, vessel operating staff and the Group's technical department are working to introduce fuel-efficient operating methods, install new and more energy-efficient technology, reduce the hydrodynamic resistance of vessels and recover energy.

Unique energy recovery system

Viking Line has an agreement with the Swedish innovation company Climeon related to the unique Ocean Marine energy recovery system, which the Viking Grace was the first vessel to use. Climeon's patented technology allows economically profitable recovery of heat, which is converted into electricity through a unique vacuum process. The system converts waste heat from the vessel's engines into 700,000 kWh of clean, emission-free electricity per year. This electricity is used mostly in our on-board hotel operations, among other things for lighting.

No environmentally hazardous paint – Divers clean bottoms of vessels

Instead of using environmentally hazardous paints on the bottoms of vessels, they are brushed by divers several times each year. The diving company that Viking Line works with uses a patented, environmentally sound brushing method that it developed in-house. This method involves collecting all growths loosened from the bottoms of vessels during brushing into a separate container, which is then brought ashore for further treatment. The waste is used in part to make biogas.

Regular environmental audits

To ensure that Viking Line meets environmental certification standards, we conduct continuous internal audits of our operations. In addition, DNV GL – an independent certification body – performs yearly external audits of the environmental management system in order to verify compliance with the established objectives. In addition, the Finnish, Swedish and Estonian regulatory authorities perform continuous ISM Code-related audits connected to both safety and environmental work.

1,000 LNG bunkerings for the Viking Grace

The Viking Grace is the world's first passenger vessel of its type and size class that runs on liquefied natural gas (LNG). As a fuel, natural gas creates substantially lower hazardous emissions than marine diesel oil. Nitrogen emissions and particulates are reduced by about 85 per cent and greenhouse gases by some 15 per cent. Sulphur emissions are virtually zero.

The vessel's hydrodynamically optimized hull design and highly efficient drive technology result in major energy savings. Efficient ventilation units, whose air flow varies in response to prevailing external and internal circumstances, lead to further savings. Other factors that result in high energy efficiency are the heat recovered from the engine exhaust gases and cooling water as well as the air conditioning system, the advanced galley energy management system, the high insulation category of the windows and the vessel's light structures. The lifts in the Viking Grace are 30 per cent powered by their own braking energy, and on-board lighting largely consists of LED technology. This technology is used in all entertainment venues and in 90 per cent of the vessel's public areas.

The engines have sound frequency-adapted mufflers, which lower the noise level of the vessel. The hull design minimizes swells and is the result of a lengthy development process.

In August 2016, one thousand bunkerings (fuellings) had been performed in partnership with the Swedish company AGA Gas AB. The bunkering vessel M/S Seagas supplies the Viking Grace with about 60 tonnes of LNG while the vessel is docked in the morning at Stadsgården in central Stockholm. The Seagas is the first vessel of its kind in the world and is classified according to the same regulations as for ocean-going LNG tankers. There is still heavy interest in the Seagas, the ship-to-ship bunkering solution and LNG as a marine fuel both in our service area and in the rest of the world.

Sustainability reporting

To further highlight sustainability issues at Viking Line, a special working group was formed. In 2016, the group worked with issues concerning sustainability reporting in compliance with Global Reporting Initiative (GRI) standards. In order to meet the requirements in the directives of the European Parliament and the Council of the European Union, certain large companies must provide non-financial information and data about their diversity policy. Key individuals from the Company's various departments will be involved over time.

According to the directives of the European Parliament and the Council, a company's non-financial report must contain information about environmentally related, social and labour issues, respect for human rights and the fight against corruption and bribes. Companies are obliged to submit a report starting with the financial year that begins on January 1, 2017, or during the 2017 calendar year.

Viking Line's President and CEO, Jan Hanses, hands over the donation check to University of Helsinki Chancellor Thomas Wilhelmsson and Professor Alf Norkko at the Tvärminne Zoological Station

Donations for a cleaner Baltic Sea

Viking Line takes a long-term approach in its work on environmental issues and on improving the condition of the Baltic Sea. We want to emphasize the benefits of working directly in partnership with environmental organizations since their efforts are focused on achieving visible and concrete results in the local environment. We want to shoulder our environmental responsibility on different levels.

“

The condition of the Baltic Sea is gradually improving, and the long-term task of reducing nutrient emissions is starting to yield results

70,000 euros to two environmental organizations
Part of the proceeds from the sale of every plastic bag in the Company's on-board shops is being donated to environmental work to help the Baltic Sea. As a result of the sale of plastic bags in 2015, in March 2016 Viking Line was able to donate 35,000 euros each to two environmental organizations, the Keep Sweden Tidy Foundation and the Keep the Archipelago Tidy Association in Finland. Among the activities to be funded by the donation are information campaigns and the installation of recycling centres and lavatories in the Baltic archipelagos.

Among the issues highlighted by the Keep Sweden Tidy Foundation are problems with ghost nets, that is, old fishing nets found on the bottom of the sea. During 2016, the organization launched a major campaign against marine littering.

In 2015, Viking Line was able to donate 25,000 euros each to the two environmental organizations thanks to passengers' plastic bag purchases.

100,000 euros to Baltic Sea research
During 2016, Viking Line donated 100,000 euros to the University of Helsinki, which is Finland's largest centre for research and teaching on the Baltic Sea. Among other activities that this donation will help fund is the Tvärminne Zoological Station, which is maintained by the university in close collaboration with the Stockholm University Baltic Sea Centre. The station conducts research on topics such as biodiversity, ecosystems and the effects of human activities on the Baltic Sea.

The condition of the Baltic Sea is gradually improving, and the long-term task of reducing nutrient emissions is starting to yield results. But there is still a great deal to be done, so it is extremely important that the university has funding for basic research. Researchers are still trying to find out how various phenomena such as eutrophication, climate change, ocean acidification and fishing affect the ecosystem.

Sustainable solutions on board

Organically grown coffee and water served in our own glass bottles are examples of how environmental thinking is also visible in Viking Line's shipboard customer services. Viking Line chooses organically grown coffee as one element of its efforts to practice environmentally conscious procurement. When purchasing the seafood that is served on board its vessels, Viking Line follows the Swedish Environmental Management Council's list of sustainable fish and shellfish stocks.

The Food Garden restaurants on Viking Line vessels no longer offer table water in plastic bottles. Instead they serve specially purified water poured directly from the tap into an environmentally themed reusable glass bottle. This has a number of environmental advantages - it reduces the need to transport bottles of water as well as the quantity of single-use bottles in shipboard solid waste.

Reduced water consumption

Shipboard cleaning staff members also employ various environmentally friendly practices. On board they use a special dosage device that mixes concentrated cleaning agents with water according to predetermined norms. Because of careful dosage, they achieve optimal water and cleaning agent use when cleaning the cabins and galleys on Viking Line vessels.

Cleaning materials made of microfibres are used, which minimizes cleaning agent and water use on board.

To reduce water consumption, Viking Line has installed water-saving heads on faucets and showers, which reduce water flow without affecting passenger comfort. The vacuum toilets and waterless urinals aboard the vessels also help to reduce water use.

Specially developed cleaning agent for cabins

The purchase and use of chemicals are governed by internal environmental standards. A list of products approved for use at Viking Line is being compiled at Group level. Environmentally friendly alternatives are used as far as possible.

Viking Line worked for a long time with the company KiiltoClean Oy to develop a new general cleaning agent for cabins. The company was required to ensure that the cleaning agent would comply with Viking Line's environmental policy and could be certified. Nor could it have too strong a scent and, keeping in mind the on-board water supply, it had to be easy to rinse away. The final product was named Kiilto Total Fresh and is used on board today.

All waste is taken care of

All solid waste generated aboard Viking Line vessels is brought ashore for subsequent recycling, re-use, combustion, depositing in landfills, composting or other waste management by an approved recipient. On the Viking XPRS and Viking Grace, equipment has been installed to make efficient sorting and collection of biowaste possible. On the Mariella, all biowaste is collected in receptacles. The vessels' biowaste is then transported to a digestion plant for production of biogas.

Key figures	2016	2015
Passengers	6,502,191	6,568,684
Cars	682,194	649,327
Cargo units	131,918	133,163
Total distance (000 km)	1,130	1,138
Resource consumption		
Fuel oil (tonnes)	79,709	80,701
Lubricating oil (m^3)	648	620
Urea (m^3)	446	284
Fresh water (m^3)	327,059	331,736
LNG (tonnes)	14,960	15,480
Emissions (tonnes)		
Nitrogen oxides (NO_x)	3,144	3,218
Sulphur oxides (SO_X)	75	76
Carbon dioxide (CO_2)	283,109	286,797
Residual products (tonnes)		
Solid waste for combustion	2,959	3,138
Waste sent to landfills	143	158
Waste for recycling	1,491	1,565
Biowaste	1,022	1,042
Hazardous waste	55	67
Wastewater pumped ashore (m^3)		
Grey and black water	292,528	294,364
Bilge water	7,795	8,423
Waste oil (m^3)	1,943	2,506

Recycling of materials is very beneficial to the environment

Greater recycling reduces our climate impact. It requires much less energy to recycle materials than to extract new ones from nature. Eco-cycles benefit the climate.

During 2016, Viking Line brought ashore from the Viking XPRS, the Viking Grace and the Mariella a total of 1,022 tonnes of food waste for biogas production. This yielded 77,000 cubic metres of biogas, equivalent to 87,000 litres of petrol. Biogas production neither increases atmospheric carbon dioxide levels nor contributes to the greenhouse effect. Biogas is thus usually described as carbon dioxide-neutral.

During 2016, Viking Line served 6,330,977 cups of organically grown coffee on board its vessels. Organic cultivation means that the beans are grown amid rich biological diversity and without artificial fertilizers, chemical pesticides or genetic manipulation.

When recycled glass is melted down to make new glass, the process consumes 20 per cent less energy than starting from sand, soda ash and limestone as raw materials. Glass packaging can be recycled any number of times without deteriorating in quality.

Recycling of steel, for example from food tins, consumes 75 per cent less energy than production from iron ore.

Because of recycling, we do not need to cut down as many new trees. A tonne of recycled paper is equivalent to about 14 trees. Paper can be recycled around seven times.

Through recycling, Viking Line spared our environment from emissions comparable to driving a car more than 18,683,840 km on a motorway.

Recycled from vessels in 2016

18 tonnes of plastic

equivalent to a 32 tonne reduction in CO_2 emissions – comparable to driving a car 170,240 km on a motorway

8 tonnes of aluminium

equivalent to a 80 tonne reduction in CO_2 emissions – comparable to driving a car 425,600 km on a motorway

1,943 tonnes of used oils

equivalent to a 3,400 tonne reduction in CO_2 emissions – comparable to driving a car 18,088,000 km on a motorway

464 tonnes of glass packaging

77 tonnes of scrap metal

687 tonnes of paper and cardboard

Safety and security on board are a top priority

Viking Line is responsible for the safety and security of both passengers and employees and does everything to create a safe, secure journey for each passenger. Through international regulations such as SOLAS, STCW, ISMC, MARPOL and ISPS and through its cooperation with various government authorities, the Company carries out systematic work to identify potential risk situations and thus prevent accidents. The staff's knowledge and efforts are crucial to safety and security work. Continuous training of the vessel crews is carried out on board in order to maintain and improve their skills in safety and security.

Viking Line's objective is to have all passengers and employees feel safe and secure on board its vessels and in its terminals. Safety and security efforts are based on operating vessels in compliance with the prevailing regulations and standards, both national and international, as well as internal monitoring and regulatory oversight. The shipboard and land-based organization as well as processes and procedures are all developed on a continuous basis through the Company's safety and security management system.

Viking Line invests continuously in training staff to prevent and manage different types of risk situations. The combination of well-trained staff and modern technology – for instance, camera surveillance on board – creates the best conditions for a safe, secure environment.

Security guards are on duty around the clock on the vessels, and there are trained medical orderlies on board except on the short Mariehamn–Kapellskär route, but qualified staff is available on this route in case of an accident or illness. The information desk is open throughout the voyage.

The vessels' sick rooms are outfitted with special equipment to provide care in a medical emergency. If necessary, emergency ambulance transport will be arranged from the first port of arrival to the closest hospital. In the event of more severe cases, helicopter transport or an evacuation boat will be arranged.

In case of various emergencies, Viking Line works in collaboration with the Red Cross in Finland and Sweden.

> "Viking Line invests continuously in training staff to prevent and manage different types of risk situations

The safety organization

The master of the vessel has the main responsibility for safety on board, and all crew members have been well trained in their safety organization duties. The crew is divided into groups with different areas of responsibility, such as evacuation, first aid, fire-fighting and information. It is mandatory for all employees to take part in safety exercises, which are arranged on a regular basis.

The land-based organization is also prepared for emergency situations and can assist the vessels in taking care of passengers and crew members. This organization performs its duties in accordance with an emergency response plan.

Thorough inspections

On-board safety equipment is checked daily. Maritime authorities inspect the vessels and check their safety procedures at least once a year. Before every departure, the ship's officers go through a checklist to verify that the vessel is seaworthy. Among other things, they make sure that hatches, doors and ramps are securely shut and that all navigation instruments are operational.

During the voyage, safety and security monitoring is provided both by electronic surveillance systems and by guards making their rounds. The loading of motor vehicles on board the car deck is strictly controlled. The car deck is continuously monitored by the camera surveillance system on the bridge and in the engine control room, while guards make regular rounds during the voyage.

Skills development

An extensive training project was carried out during the year to ensure that the crew's skills comply with the Manila amendments to the 1978 International Convention on the Standards of Training, Certification and Watchkeeping for Seafarers (STCW) adopted in 2010. This consisted mostly of in-service training and refresher courses, to maintain up-to-date basic and specialist competencies.

Safety exercise activities

Safety and security exercises are conducted on board on a continuous basis. These are carried out partly as customized training and partly as full-scale exercises in which crew members train in collaborating with one another to ensure good prepar-

ISMC International Safety Management Code

ISPS International Ship and Port Facility Security Code

MARPOL International Convention for the Prevention of Pollution from Ships

MIRG Maritime Incident Response Group

MRCC Maritime Rescue Coordination Centre

SOLAS Safety Of Life At Sea

STCW Standards of Training, Certification and Watchkeeping for Seafarers

edness in carrying out their specific safety and security duties. These exercises are conducted so that they meet the vessel's needs and comply with current norms and requirements.

Viking Line maintains continuous cooperation with maritime rescue organizations, fire brigades, police, customs, border control authorities and national emergency response forces. This cooperation is very important in order to quickly and efficiently obtain adequate information during any emergency situations, but also to increase understanding between authorities and vessels. Collaboration with the Finnish Border Guard, including the Maritime Rescue Coordination Centre (MRCC Turku), involves simulator exercises in maritime rescue operations as well as conventional rescue exercises with the national rescue authority's Maritime Incident Response Groups (MIRGs). Training with the Finnish Border Guard's vessel and helicopter units is also carried out in conjunction with these exercises. MIRGs are specially trained rescue groups, whose most important task is to assist passengers and crew members in case of incidents or accidents at sea.

During the spring and autumn of 2016, full-scale exercises were carried out on the Viking Grace and the Amorella in Turku with the Finnish Border Guard's vessels and helicopters and the national rescue authority's MIRGs. The Red Cross provided a large number of simulated victims, greatly enhancing the value of the exercises. Other vessels also carried out full-scale exercises during the year as planned.

Nordic cooperation

Viking Line collaborates with community groups, government authorities and other shipping companies in our maritime safety work to ensure broad agreement on maritime safety issues. One such effort is NORDKOMPASS, a Nordic forum for passenger ship owners, which celebrated its 25th anniversary. The forum's objective is to collaborate on various maritime safety issues in Nordic passenger ship operations.

People make a difference

The focus in 2016 was on support for good occupational health, leadership development and the One Service project. The task of establishing the One Service concept began in 2015 on board the Mariella. This is a long-term effort to change and develop Viking Line's service culture so that it is consistent throughout the Group – in Finland, Estonia, Sweden and on board our vessels.

The focus in 2016 was on areas highlighted in the Group's extensive employee survey – employee involvement, leadership and well-being. The objective is to create a stable work environment, where we care about our co-workers' well-being and professionalism.

In 2016, an extensive leadership training programme was launched which has been adapted to different operational areas without compromising its objective – uniform leadership at Viking Line. All management training is proactive and focused on practical aspects. It should be considered an integral part of Viking Line's operations.

We enhance our competitiveness through service

The One Service project is part of One Viking, a comprehensive concept that also includes the upgrading of public areas on board our vessels. One Viking is the symbol for a development effort throughout the Viking Line Group, which after all operates in different markets.

The way we treat each other in the Group is important, no matter what position we have. The more fun our work is, the better we can live up to our guests' expectations. Ultimately, our customers' good overall experience – every encounter that each passenger has with Viking Line's personnel before, after and during the voyage – is the objective of everything we do.

That is the idea behind the One Service concept. When customer service is the watchword in all our operations, we can start talking about a new service culture. When we all realize that every customer has their own different expectations, we can treat customers in the way we would want to be treated in the same situation. That is why this "we" feeling at Viking Line is so important. As a modern, successful company, we strive to ensure that every employee feels involved in development work and in taking responsibility.

"How can I as an individual affect development in the desired direction" is the key question that everyone must ask themselves. Through our employees' own awareness, insight, attitude and concrete actions, we can change our service culture.

Seeing service through the customer's eyes

Our objective – to continuously improve our entire service culture – requires time and dedication. In 2015, implementation of the new service culture on board our vessels kicked off with a pilot project on the Mariella. This was carried out in partnership with the Finnish service development company Palmu. In January 2016, the work continued on the Amorella, with the entire staff taking part in the programme, and subsequently on three other vessels. Our work with One Service will continue in 2017.

The objective of One Service on board our vessels is to have every employee in every department at every level and in every unit see service encounters through the customer's eyes. Each encounter offers an opportunity, and the customer's experience determines how well we succeed. To enable us to change our service culture, every employee must do their share through concrete actions. Employee involvement is thus a key concept.

Our H.E.A.R.T. model is at the core of operations and was developed by Viking Line employees. H.E.A.R.T. stands for Helpfulness, Empathy, Attitude, Responsibility and Teamwork. The pilot project on the Mariella showed that this model constitutes a good basis for discussing basic rules.

Good hospitality

Food, entertainment and shopping have always been key Viking Line operations. Now we are adding something that guests will remember us for best of all – our good hospitality.

Good hospitality was indeed our strength when we began as a family-owned Åland Islands company. It means we will always be there to provide a helping hand, show that we care, give people a smile and show friendliness in everything we say and do. By providing good hospitality, Viking Line will make sure it is the best on the Baltic Sea.

With our expanded service concept, we will not just meet our guests' expectations – we will hopefully exceed them. Our goal is for guests to have a little smile on their faces when they disembark and that they will choose to sail with Viking Line again because of this friendly service.

Focus on occupational health

In times of change, it is more important than ever to guarantee the well-being of our employees. Viking Line has invested a great deal of time in occupational health. Support for good occupational health also had a key role in 2016.

"For many years, we have invested in occupational health and preventive measures," says Lars Nurmi, Human Resources Director for land-based personnel. "In 2016, new internal and external forms of collaboration were introduced to supplement occupational health measures already in place. In 2017, we will be able to monitor and assess how our activities and measures really influence people's work day at Viking Line."

Involvement, cooperation, happiness and praise

Occupational health projects are implemented based on the different conditions in each unit. In the Swedish land-based organization, work began on the so-called Health Portal, which focused on the workplace environment. People worked together to identify key concepts that create a pleasant workplace, which included involvement, cooperation, happiness and praise. New measures to promote employee wellness were developed, and all this occupational health work was determined to be one component of leadership.

Similarly, the Åland land-based organization invested in the Viking Health project, where we work with a local partner in occupational health services to link together our employee survey, occupational health services, workplace inspections and employee wellness programme. We thus gain a better overall assessment of "the Company's health", also knowing that this working method is emphasized in the occupational health guidelines developed by the Finnish Institute of Occupational Health and the Social Insurance Institute of Finland.

A variety of wellness activities are arranged for land-based personnel in Helsinki under the so-called KIVA ("Happiness together in our Vikings' everday work") programme. During the year, employees took part in different campaigns and lectures to promote good health in order to enhance employee well-being. The KIVA programme will continue in 2017.

Leadership training for managers and supervisors

Training for the land-based organization, for which there has been great demand among managers, is a high priority for Viking Line's Group management. Leadership training in Finland, Tallinn (Estonia) and Lübeck (Germany) began in November as part of the One Service programme and will continue in 2017. A corresponding programme for shipboard managers and supervisors will begin in 2017. The Swedish land-based organization carried out a complete programme in 2016, which will be assessed in 2017.

Training for the Finnish land-based organization was conducted in Swedish in Mariehamn and in Finnish on the Finnish mainland in partnership with the service development company Palmu. The HR department has planned management training together with representatives from Palmu. The idea is to have practical,

needs-based training that incorporates the consultants' extensive experience with the ongoing One Viking/ One Service programme. Management training is divided into modules with five different themes: Showing the Way, Strengthening the Group, Active Communication, Work Organization and Respecting People.

Proactive leadership programme

Leadership training for Sweden in 2016 – known as the Proactive, Value-Driven Leadership Training Programme – was carried out in partnership with the training company Mindset.

Training included so-called manager involvement, in which all participants had their own coach, their immediate supervisor. Coaches were involved for the duration of the programme, taking part in discussions on a regular basis. Each participant had individual goals, which gave them incentives, clarified and raised awareness about their desired development.

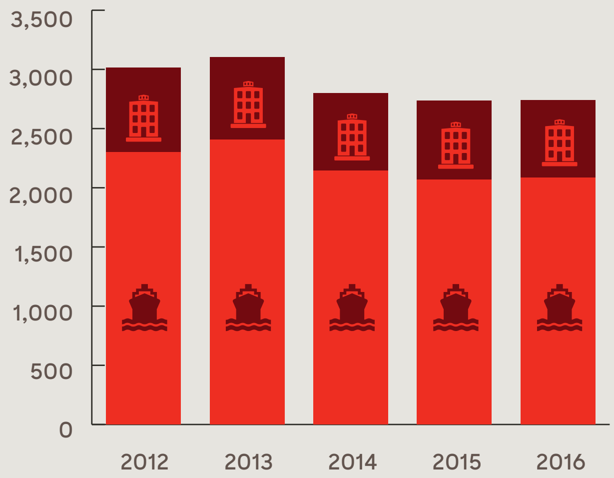
With the help of this programme, participants gained factual knowledge, worked with concrete tasks both before and after meetings, shared their experiences and took part in discussions with colleagues who had completed the training programme. The aim of this leadership development programme is to create an open, creative, secure and pleasant atmosphere, where employee contributions are recognized and acknowledged and everyone is treated equally. The objective is for everyone to realize that employee well-being has an impact on results. This training will be followed up with two annual leadership forums.

Number of employees

During 2016 the average number of employees in the Viking Line Group was 2,742 (2,735). Shipboard personnel totalled 2,084 (2,066) and land-based personnel 658 (669). Of the total number of employees, 2,233 (2,167) resided in Finland. The number residing in Sweden was 426 (452). There were 81 (114) employees residing in Estonia and 2 (2) in Germany.

In addition to the Group's own employees, the Viking XPRS was crewed by an average of 250 (241) people employed by a staffing company.

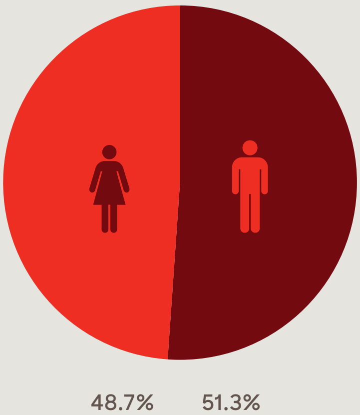
Viking Line Group employees



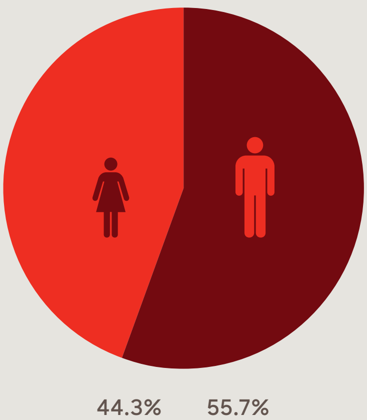
Age distribution

Gender breakdown

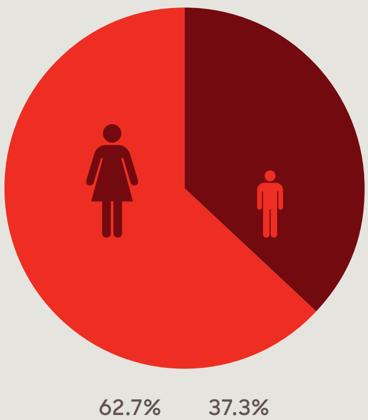
Total



Shipboard



Land-based



Corporate governance

The parent company Viking Line Abp has been listed on NASDAQ Helsinki since July 5, 1995. The wholly owned subsidiaries Viking Line Skandinavien AB and its subsidiary, Viking Rederi AB, OÜ Viking Line Eesti, Viking Line Finnlandverkehr GmbH and Viking Line Buss Ab belong to the Viking Line Group.

Viking Line applies the Finnish Corporate Governance Code, which was approved by the Securities Market Association. The Code entered into force on January 1, 2016, and is available on the Securities Market Association's website, Cgfinland.fi. Viking Line complies with the Code in full. Viking Line's Corporate Governance Statement and other information about Viking Line's corporate governance is available on Vikingline.com.

Annual General Meeting

Viking Line Abp is a public limited company domiciled in Finland which is governed by the Finnish Companies Act and the Company's Articles of Association. In compliance with the Companies Act, the Annual General Meeting (AGM) is the highest decision-making body of the Company, where the owners exercise their influence.

All Viking Line Abp shares constitute one series, in which all shares are of equal value. Each share is represented by one vote when voting on motions and candidates at shareholders' meetings. However, no shareholder may vote on behalf of more than 1/4 of the shares represented at a shareholders' meeting. On December 31, 2016 Viking Line Abp had 3,411 registered shareholders.

The AGM decides on such matters as the adoption of the financial statements for the preceding financial year, the distribution of the Company's profit or loss and discharge of the Board of Directors as well as the President and Chief Executive Officer from liability for that year. The meeting also elects the Chairman of the Board, the other Board members and auditors, as well as deciding on their fees.

The AGM also makes decisions concerning the Company's shares and share capital as well as changes in the Articles of Association. The minimum share capital of Viking Line Abp is EUR 720,000.00 and the maximum share capital is EUR 2,880,000.00. Within these limits, share capital may be increased or decreased without amending the Articles of Association.

An extraordinary general meeting (EGM) shall be held if the Board of Directors or the AGM has so decided, or if an auditor or owners of at least 1/10 of all shares requires this in writing to address a given matter.

In accordance with the Articles of Association, the AGM is held in Mariehamn before the end of June. The latest such meeting took place on April 20, 2016. Information from this meeting is available on Vikingline.com. The next AGM will be held on April 20, 2017.

The invitation to the AGM occurs through an announcement that appears in a newspaper published in the Company's place of domicile. This invitation is also published on Vikingline.com. The invitation shall be issued no earlier than three months before the AGM record date and no later than three weeks before the AGM.

In addition to disclosing the items of business that will be discussed at the meeting, the invitation shall include candidates proposed for the Board and their compensation as well as candidates proposed for the position of auditor. The invitation shall also include proposals as above submitted by shareholders representing at least 1/10 of shares, provided that any candidates have agreed to serve on the Board and the proposal has been delivered to the Company in such a way that it can be included in the invitation. Similar proposals that have been submitted after the invitation has been published shall be published separately.

At the AGM, each shareholder is entitled to ask questions and submit proposals for a decision on matters included in the AGM's agenda. A shareholder is entitled to have a matter considered at the AGM if that person requests it in writing no later than the date indicated by the Company on Vikingline.com.

The President and CEO, the Chairman of the Board, the other Board members as well as any individuals who are first-time candidates for service as members of the Board shall be present at the AGM. The auditor shall be present at the regular AGM.

Further information about the AGM, as well as the Company's Articles of Association, are available on Vikingline.com.

The Board of Directors

The Company is headed by the Board of Directors and by the President and Chief Executive Officer. In his absence, the Deputy CEO substitutes for the President and CEO. The President and CEO works with a Group Management team appointed by the Board of Directors.

The Board of Directors consists of the Chairman and six members as well as three deputy members. The Chairman, members and deputy members are elected by the AGM for the period until the end of the next AGM. In case the Chairman or a member of the Board will be absent, he or she has the primary responsibility for nominating the deputy who will be summoned in his/her place. The Articles of Association have not established any special system for the appointment of Board members. The Board has not appointed any committees.

The Board has not appointed an audit committee. Instead, all information related to audits is dealt with directly by the Board.

A person who is elected to the Board must be sufficiently competent for the task and have sufficient time to handle it. A Board member or candidate must provide the Board with enough information to assess his or her competency and independence as well as any changes in this information and present his or her own assessment of his or her independence.

Board members represent all shareholders, not only those shareholders who have nominated them. The number of members and the composition of the Board shall enable the effective management of the Board's duties. Both sexes are represented on the Board.

The Board assesses the members' independence annually. The majority of Board members shall be independent of the Company, with at least two of them also independent of significant shareholders. All members of the sitting Board are independent of the Company, and the majority are also independent of the Company's significant shareholders.

The Board has not appointed any nomination committee but instead proposes a candidate to the Board itself, taking into consideration the above principles.

The Board of Directors is in charge of the administration of the Company's affairs. It leads and oversees the Company's operational management, appoints and dismisses the President and CEO and the other members of Group Management, approves the Company's strategic goals and risk management principles and ensures that the management system is functioning. The Board establishes the Company's vision and values, which are observed in its operations.

The Chairman of the Board is appointed at the regular AGM. The Chairman is responsible for organizing the Board's work and ensures that the Board meets as required. The Company's Deputy CEO serves as secretary of the Board.

At its statutory meeting after the AGM, the Board of Directors adopts rules of procedure for the financial year. These rules of procedure shall contain information about and indicative dates for:
- discussion of vision and strategy
- discussion of financial statements, Half-Year Financial Report and interim management statements
- discussion of audit reports
- discussion of the Group's budget and plan of operations
- appointment of any Board committees
- evaluation of the work of the Board.

In addition, as appropriate, the Board deals with:
- other items of business which are incumbent on the Board according to the Companies Act, the Articles of Association and other rules and regulations
- significant investments and divestments
- other items of business submitted by the operational management or by individual Board members.

The Company shall ensure that all Board members receive sufficient information about the Company's operations, operating environment and financial position and that new Board members are familiar with the Company's operations. At each Board meeting, the President and CEO provides information about the Company's operations. In addition, the Board continuously receives information in the form of regular reports and the minutes of Group Management meetings.

During the financial year 2016, the Board held 12 meetings. Board members' average attendance at meetings was 89.3 per cent.

President and CEO

The President and CEO handles the Company's day-to-day management in accordance with the Board's instructions and rules and is responsible for ensuring that the Board's decisions are executed. Under the Companies Act, the President and CEO is also responsible for ensuring that the Company's accounting is in compliance with the law and that the management of finances is carried out in a satisfactory manner.

The President and CEO is appointed and dismissed by the Board of Directors. The terms of his employment relationship including compensation and other benefits are established in a written contract that is approved by the Board. The President and CEO may be elected to the Board, but not as its Chairman.

Group Management

In addition to the President and CEO, the Board also appoints the Deputy CEO and the other members of Group Management. Under the leadership of the President and CEO, Group Management is responsible for directing the Company's operating activities as well as strategic and financial planning. Group Management meets regularly.

Principles for compensation to the Board and Group Management

Fees adopted by the Annual General Meeting are paid as remuneration for the work of the Board. Reasonable travel expenses are paid as invoiced. The following fees were paid in compliance with the decision of the Annual General Meeting:

EUR	2016	2015
Annual fee, Chairman of the Board	28,000	25,000
Annual fee, other regular Board members	22,000	20,000
Annual fee, deputy Board members	5,000	5,000
Fee per meeting attended, Board and deputy members	1,000	1,000

For the financial year 2016, a total of EUR 260,000 in Board fees (2015: 237,000) was disbursed.

The Board determines compensation and other benefits for the President and CEO and for the other members of Group Management. The President and CEO as well as the other members of Group Management are paid a monthly salary that is reviewed by the Board yearly. As compensation for his work, Jan Hanses receives a monthly salary of EUR 22,000 and the following additional benefits in kind: telephone benefits and group life insurance coverage, including insurance for medical expenses.

During the financial year 2016, Jan Hanses received a total of EUR 279,000 (2015: 255,000) in salary and benefits.

The Group has only defined-contribution pension plans. The President and CEO as well as the other members of Group Management are subject to the terms of the Finnish public pension system and the lowest legal retirement age in effect at each point in time.

The President and CEO has a termination notice period of 8 months. The Company's Board is entitled to terminate his contract, but the President and CEO will enjoy 8 months of salary after the termination date. In case of termination by the Company, the other members of Group Management receive 6 months of salary. Otherwise the Group has made no individual agreements on termination-related benefits.

The Company has no incentive scheme or bonus systems.

Further information about compensation to the Group's key individuals in leading positions can be found in the consolidated financial statements, Note 25 and on Vikingline.com.

Auditors

The Company has two Auditors and one Deputy Auditor. They are elected at the Annual General Meeting for a term expiring at the end of the next Annual General Meeting. The Auditors examine the Company's accounts, financial statements, Report of the Directors and administration. After completion of this examination, the Board receives a review report and an Auditors' Report is submitted to the Annual General Meeting.

The Company's Auditors are:

Ylva Eriksson,
Authorized Public Accountant (CGR)
PricewaterhouseCoopers Oy
The Company's Auditor since 2015

Petter Lindeman,
Authorized Public Accountant (CGR)
PricewaterhouseCoopers Oy
The Company's Auditor since 2016

The firm of PricewaterhouseCoopers Oy, Authorized Public Accountants (CGR), serves as the Company's Deputy Auditor.

Auditors' fees are adopted by the Annual General Meeting. According to the decision in force, fees are paid according to regular invoices. The Group's auditing expenses amounted to EUR 120,800 during 2016 (2015: 113,400), of which EUR 92,600 (2015: 80,500) was related to the parent company. The expenses of other services by the Group's Auditors as well as their auditing firms were EUR 40,400 during 2016 (2015: 94,000).

The Board performs the duties of an audit committee.

Internal control and risk management

The objective of the internal oversight for which the Board of Directors and the operative management are responsible is to ensure efficient, profitable operations, reliable information and compliance with regulations and business principles. Risk management is an integral element of the Group's controls and oversight of operations.

The Board of Directors continuously monitors the Group's trend of earnings and its financial position by means of the internal reporting system. The internal control system consists of detailed internal accounts, which are reconciled with the business accounts. The Group's Finance Department is responsible for external reporting and works in close cooperation with the Business Control Department, which handles internal reporting, including financial monitoring, analysis and business planning.

The Group has a Treasury Policy, which was adopted by the Board. The policy concerns, among other matters, principles for the Group's liquidity and funding as well as management of financial risks. Operational responsibility for this lies with the Group's Treasury Department. The Group Treasurer compiles a Treasury report for the Board, the President and CEO and the Group's CFO on a regular basis. The scope and frequency of the report are specified in the policy document and include monitoring of the Group's liquidity, financing and risk exposure.

A report on financial risk management is provided in the information contained in the notes to the Group's financial statements. A section on business risks can be found in the Report of the Directors.

The outside Auditors continuously evaluate the internal control system in their review reports to the Board.

Insider management

Viking Line manages insider information and insiders in accordance with the requirements under the EU's Market Abuse Regulation (MAR), the Finnish Securities Market Act, the NASDAQ Helsinki's insider regulations, the Finnish Financial Supervisory Authority's regulations and instructions, and Viking Line's insider instructions. Viking Line's insider instructions have been approved by the Company's Board of Directors and entered into force on July 3, 2016.

Viking Line's insider management includes

– internal distribution of information about insider issues,
– internal training on insider issues,
– processing of insider notifications,
– establishment and maintenance of insider lists,
– monitoring of insider issues and
– updating of information published on the Internet.

The information received based on the management's notification requirements and the transactions carried out by management are examined on a continuous basis. In addition, a comprehensive review is conducted once a year, and a personal print-out of the list of notifications is sent annually to be examined by each member of management.

Viking Line's CFO is responsible for insider issues at the Company. The practical tasks concerning insider management are handled by people designated by the CFO.

Insider information is published as soon as possible, via a stock exchange release. For someone who has access to insider information, carrying out transactions involving the Company's financial instruments is always prohibited. In addition to this general restriction on trading, management and the people who belong to the Company's financial reporting group are prohibited from trading the Company's financial instruments during a silent period of thirty days before the publication of the Group's financial reports and on the day they are published.

In compliance with MAR requirements, Viking Line publishes information about transactions involving the Company's financial instruments carried out by the management and their related parties. This is done in stock exchange releases and a notification submitted to the Finnish Financial Supervisory Authority within three business days of the transaction date at the latest. In this respect, Viking Line's management is considered to be members and deputy members of the Board as well as the President and CEO.

In preparing for substantial projects, a list of insiders for the project in question is drawn up. The people listed there are to be informed of this and receive information about the obligations that arise from this.

More information on the Company's corporate governance is available on Vikingline.com.

The Board of Directors

Ben Lundqvist
Chairman of the Board since 1995
Board member since 1978
Managing Director, Ångfartygs Ab Alfa, Rederi Ab Hildegaard and Lundqvist Rederierna Ab
Born in 1943

Nils-Erik Eklund
Board member since 1997
President and CEO, Viking Line Abp 1990-2010
Born in 1946

Trygve Eriksson
Board member since 2012
Managing Director, Eriksson Capital Ab
Born in 1947

Erik Grönberg
Board member since 2004
Chairman of the Board, Ge-Te Media AB
Born in 1943

Agneta Karlsson
Board member since 2006
Dr. Econ.
Associate Professor
Born in 1954

Dick Lundqvist
Board member since 2000
Chairman of the Board, Lundqvist Rederierna Ab and Rederi Ab Hildegaard
Born in 1946

Lars G Nordström
Board member since 2006
Chairman of the Board, Vattenfall AB
Board member, Nordea Bank AB
Born in 1943

The deputy members of the Board are Ulrica Danielsson, Stefan Lundqvist and Johnny Rosenholm.
Further information about the members of the Board is available on Vikingline.com.

Group Management

Jan Hanses
President and CEO
since 2014
Born in 1961
Joined the Company in 1988

Andreas Remmer
Deputy CEO since 2014
Executive Vice President
since 2014
CFO since 2013
Head of Accounting,
Finance, IT, Legal Affairs and
Land-Based Staff
Born in 1974
Joined the Company in 2013

Peter Hellgren
Executive Vice President
since 2014
Head of Sales and
Marketing
Born in 1967
Joined the Company in 1994

Ulf Hagström
Senior Vice President
since 2015
Marine Operations &
Newbuildings
Born in 1969
Joined the Company in 2015,
earlier employment
1996-2012

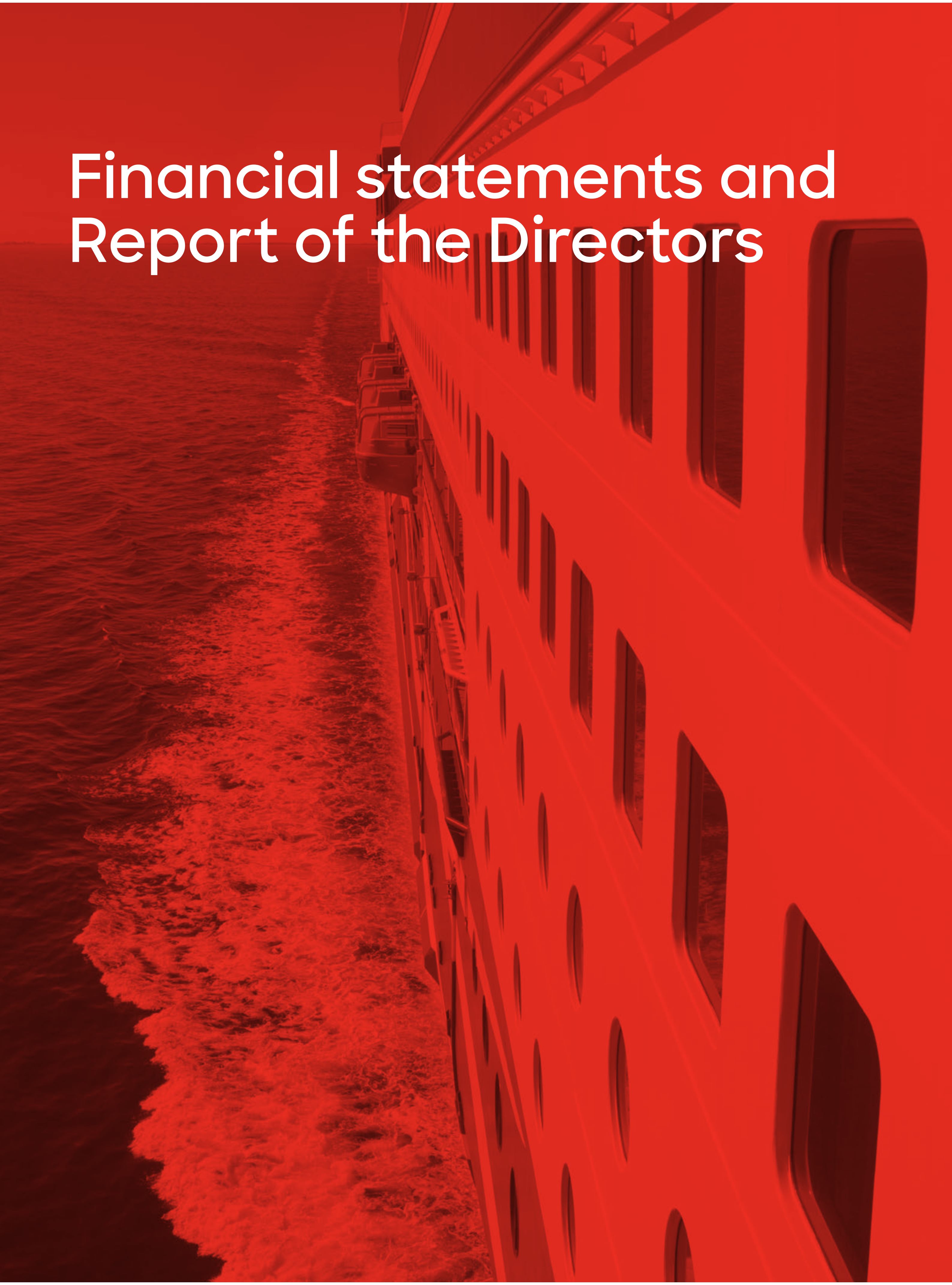
Wilhelm
Hård af Segerstad
Senior Vice President
since 2014
Head of Shipboard
Commercial Operations
and Shipboard Staff
Born in 1964
Joined the Company in 1984

Further information about the members of Group Management is available on Vikingline.com.


Fashion is the product segment showing the greatest growth in our shops on board
More than 500 children contributed recipes to Viking Line's "My Favourite Dish" competition, which was held before the summer children's menu was composed


Anne Kukkohovi, Marianne Tromborg, Isabella Löwengrip and Yvonne Ryding are Local Beauty Heroes in our shops. These Nordic women each have their own beauty brand
The Swedish daily Expressen gave Michael Björklund's Nordic Christmas buffet its top rating in a comparison of Christmas buffets on the Baltic Sea
VIKING XPRS
VIKING LINE

Financial statements and Report of the Directors



Report of the Directors

Sales and earnings

Consolidated sales of the Viking Line Group during the financial year, January 1–December 31, 2016 was 519.6 million euros (EUR 530.5 M during January 1–December 31, 2015). Other operating revenue amounted to EUR 2.0 M (0.5). Operating income totalled EUR 13.7 M (26.4). Net financial items totalled EUR -4.1 M (-3.2). Consolidated income before taxes amounted to EUR 9.6 M (23.2). Income after taxes totalled EUR 8.0 M (18.7).

Passenger-related revenue decreased by 1.5 per cent to EUR 472.6 M (480.0) as a result of lower passenger volume, while cargo revenue decreased by 4.8 per cent to EUR 44.3 M (46.5). Net sales revenue decreased by 2.5 per cent to EUR 367.9 M (377.2).

Consolidated operating income declined mainly due to lost revenue in connection with planned and completed vessel dry-dockings for modernization and maintenance of vessels as well as lower demand during the latter part of the reporting period. Salary and other employment benefit expenses increased due to the limiting of restitution in conjunction with a change in the Seamen's Pensions Act in Finland. Consolidated operating expenses increased by 1.4 per cent to EUR 328.2 M (323.7). The exchange rate trend for the Swedish krona during the year had a negative effect on consolidated income.

Consolidated bunker expenses decreased by 18.9 per cent to EUR 39.5 M (48.7) as a result of lower average bunker prices combined with the Group's continued efforts to optimize the bunker consumption of its vessels.

The section "Five-year financial review" presents information about the Group's financial position and earnings over a five-year period.

Services and market trends

During 2016, the Viking Line Group provided passenger and cargo carrier services using seven vessels on the northern Baltic Sea. The Group's vessels served the same routes as in 2015. The extensive vessel modernizations that were carried out during the spring caused longer service interruptions than normal, which adversely affected the Group's market share.

The number of passengers on Viking Line's vessels during the financial year was 6,502,191 (6,568,684). Viking Line decreased its market share on the Turku (Finland)–Mariehamn/Långnäs (Åland Islands, Finland)–Stockholm (Sweden) route by 1.5 percentage points to 54.8 per cent. On the Helsinki (Finland)–Mariehamn–Stockholm route, market share decreased by 0.8 percentage points to 42.8 per cent. In cruise services between Stockholm and Mariehamn, market share increased by 0.2 percentage points to 57.3 per cent. On the Helsinki–Tallinn (Estonia) route, market share decreased by 0.6 percentage points to 23.2 per cent. On the short route over the Sea of Åland between Mariehamn and Kapellskär (Sweden), market share increased by 0.1 percentage points to 41.9 per cent. The Group thus had a total market share in its service area of 33.5 per cent (34.6).

Viking Line's cargo volume was 131,918 cargo units (133,163). Viking Line achieved a cargo market share of 20.7 per cent (21.9). Meanwhile the number of cars transported increased by 32,867 units to 682,194 (649,327).

Investments and financing

On November 23, 2016, Viking Line Abp signed a letter of intent with the Chinese company Xiamen Shipbuilding Industry Co. Ltd. concerning an order for a passenger vessel to be delivered in 2020. The aim is to sign a final agreement during the spring of 2017. The contract price is about EUR 190 million. The letter of intent also includes an option for an additional vessel.

The Group's investments amounted to EUR 15.8 M (10.0), of which EUR 11.1 M was related to investments in vessels.

On December 31, 2016, the Group's non-current interest-bearing liabilities amounted to EUR 150.6 M (174.0). The equity/assets ratio was 44.1 per cent, compared to 42.8 per cent a year earlier.

At the end of December 2016, the Group's cash and cash equivalents amounted to EUR 94.9 M (110.7). Net cash flow from operating activities amounted to EUR 28.6 M (48.7).

Risk factors

The market for cruises and ferry services in the Baltic Sea is stable but subject to tough competition. Political decisions may change Viking Line's operating conditions, with potentially adverse consequences to its business operations. Åland's special tax status, which makes duty- and tax-free sales possible on services to and from Åland, is nevertheless permanent. The European Commission's guidelines for the promotion of seafaring, which makes the net salary system for shipboard employees possible, are in effect until further notice. During 2016, restitution was limited in conjunction with a change in the Seamen's Pensions Act in Finland. Restitution in 2017 is expected to revert to the pre-2016 level.

The Group's business operations are dependent on functioning logistics and computer systems. Disruptions in traffic or data communications may have an adverse impact on the Group's earnings. Viking Line endeavours to minimize the risk of lengthy unplanned service interruptions by means of continuous vessel maintenance, a well-developed safety and security system, training and regular drills. Risks in information management are minimized by developing appropriate security systems and alternative working methods as well as efforts to ensure the reliability of computer systems.

The Group's vessels are recognized in the balance sheet at a carrying amount of EUR 308.5 M (324.5). The vessels have hull and machinery insurance plus increased value insurance totalling EUR 598.0 M (598.0). In addition, all vessels have strike insurance, protection and indemnity (P&I) and Passenger Liability Regulation (PLR) insurance.

Fluctuations in bunker (vessel fuel) prices have a direct impact on the Group's earnings. In order to partly offset the risk of higher bunker prices, the Group entered into fixed-price agreements related to a portion of its bunker consumption during 2016 and 2017.

The Group is also exposed to various financial risks, among them fluctuations in currency exchange rates. Revenue is generated in euros and Swedish kronor. Most operational influx of cash and cash equivalents consists of euros. Purchase prices of goods for sale and bunker are affected by other currencies, especially the US dollar. The Group endeavours to maintain good liquidity in order to be prepared to deal with adverse changes in operational cash flow.

The Group is exposed to price risk related to shares that are classified as "Investments available for sale". The value of the Group's shareholding in the insurance company Försäkringsaktiebolaget Alandia is established on the basis of the present value of future cash flows. The cash flow projection is based on a number of estimates and judgements that have a substantial impact on present value.

Further information about financial risk management can be found in Note 26 to the consolidated financial statements.

Ongoing legal actions

On February 27, 2015, the Helsinki District Court announced its ruling in a case between Viking Line and the Finnish State regarding fairway charges levied during the years 2001–2004. According to the judgement, the Finnish State was required to pay approximately EUR 12.4 M in accordance with Viking Line's claim as well as legal expenses plus interest. Following the appeal by the Finnish State, on August 8, 2016, the Helsinki Court of Appeal reversed the Helsinki District Court's decision and rejected Viking Line's claim due to the statute of limitations. Viking Line has filed a leave to appeal with the Supreme Court of Finland.

The environment, safety and security

Viking Line endeavours to provide safe and secure seagoing passenger services in an environmentally sound way. National legislation and international agreements are the basis for the Company's environmental work. Through a long-term, active commitment to the environment, the Company has developed environmental activities that extend beyond what is stipulated by the rules in force for passenger services on the Baltic Sea. Viking Line's environmental work focuses on its vessel operations, where the largest positive environmental effect can be achieved.

The Group's Head Office, its subsidiary Viking Line Buss Ab and all its vessels are certified in compliance with ISO 14001 environmental management standards. In addition, the Viking Line organization and all vessels are certified according to the International Safety Management (ISM) Code, which stipulates organizational rules for safe vessel operation and for preventing pollution.

The Company is responsible for ensuring that its vessels, their crews and the land-based organization fulfil all the provisions of the rules that apply to passenger and cargo services. National maritime authorities oversee the safety and security equipment, fire protection systems, communications equipment, stability and safety organization of Viking Line's vessels. Emergency preparedness on board is maintained by a safety organization that carries out continuous training and drills related to its duties. Viking Line also has a special safety and crisis management plan, which is constantly being updated and redeveloped. The plan is continuously tested by means of realistic drills, both on board and on land.

Organization and personnel

During 2016 the average number of employees in the Viking Line Group was 2,742 (2,735), of whom 2,046 (2,040) worked for the parent company. Of the total number of employees, 2,233 (2,167) resided in Finland. The number residing in Sweden was 426 (452). There were 81 (114) employees residing in Estonia and 2 (2) in Germany.

Most of Viking Line's employees work on board its vessels. Shipboard personnel totalled 2,084 (2,066) and land-based personnel 658 (669).

In addition to the Group's own employees, the Viking XPRS was crewed by an average of 250 (241) people employed by a staffing company.

Corporate governance

Viking Line applies the Finnish Corporate Governance Code, which was approved by the Securities Market Association. The Code entered into force on January 1, 2016, and is available on the Securities Market Association's website, Cgfinland.fi. Viking Line complies with the Code in full. Information about Viking Line's corporate governance is available at Vikingline.com. Viking Line's Corporate Governance Statement has been prepared as a separate report.

Board of Directors, Group Management and Auditors

The Board of Directors consists of Chairman Ben Lundqvist, Nils-Erik Eklund, Trygve Eriksson, Erik Grönberg, Agneta Karlsson, Dick Lundqvist and Lars G Nordström. The deputy members are Ulrica Danielsson, Stefan Lundqvist and Johnny Rosenholm.

Group Management is headed by the President and CEO, Jan Hanses, and the Deputy CEO, Andreas Remmer. Other members of Group Management are Peter Hellgren, Ulf Hagström and Wilhelm Hård af Segerstad.

Ylva Eriksson, Authorized Public Accountant (CGR), and Petter Lindeman, Authorized Public Accountant (CGR), are regular Auditors. The firm of PricewaterhouseCoopers Oy, Authorized Public Accountants (CGR), serves as the Company's Deputy Auditor.

The Group has no loan arrangements, guarantees, contingent liabilities provided/received or other liabilities associated with related parties. Additional information about related party transactions can be found in Note 25 to the consolidated financial statements.

Shares

All of Viking Line Abp's 10,800,000 shares constitute one series, in which all shares are of equal value. Each share is equivalent to one vote on motions and candidates at shareholders' meetings. The Company has not issued any warrants or bonds. The Board of Directors has not requested authorization from a shareholders' meeting to change the share capital, to issue warrants or bonds or to acquire the Company's own shares. The Company and its subsidiaries do not own any of their own shares. More information about Viking Line shares can be found in the section "Share data".

Outlook for 2017

Competition in Viking Line's service area remains tough and implies continued pressure on prices. The Finnish economy is showing signs of recovery, but whether Finnish consumers' purchasing power will improve to the same degree is an uncertainty factor. Bunker prices are expected to be higher than in 2016, which should have an adverse effect on consolidated income. However, there will be fewer planned dry-docking and servicing days, which is expected to have a positive effect on earnings. The Board of Directors' assessment is that operating income will be higher overall in 2017 than in 2016.

The Board's proposal on distribution of earnings

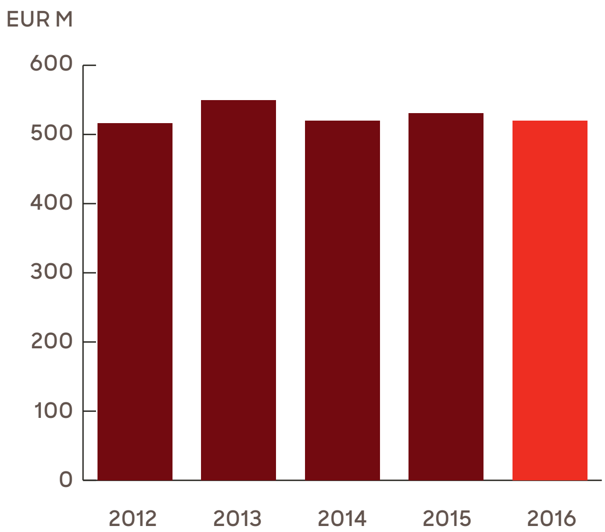
According to the balance sheet of Viking Line Abp on December 31, 2016, unrestricted equity totalled EUR 78,701,777.56.

The Board of Directors proposes to the Annual General Meeting that:

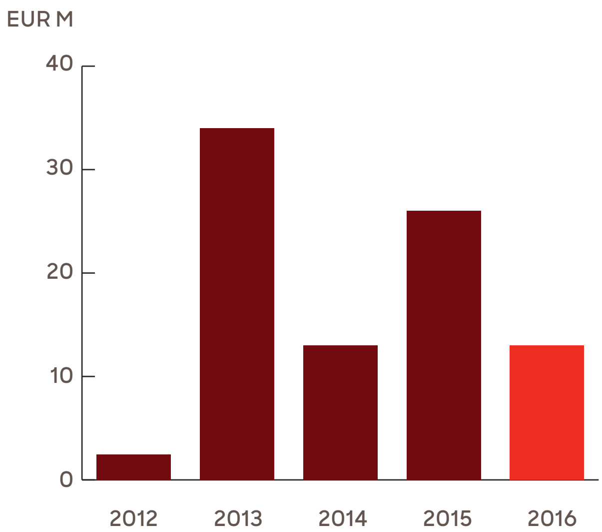
A dividend of EUR 0.40 per share be paid, totalling	EUR 4,320,000.00
Remaining unrestricted equity	EUR 74,381,777.56

No material changes in the Company's financial position have occurred after the end of the financial year. In the assessment of the Board of Directors, the dividend is justifiable in light of the demands with respect to the size of the equity capital which are imposed by the nature, scope, financing and risks associated with the business.

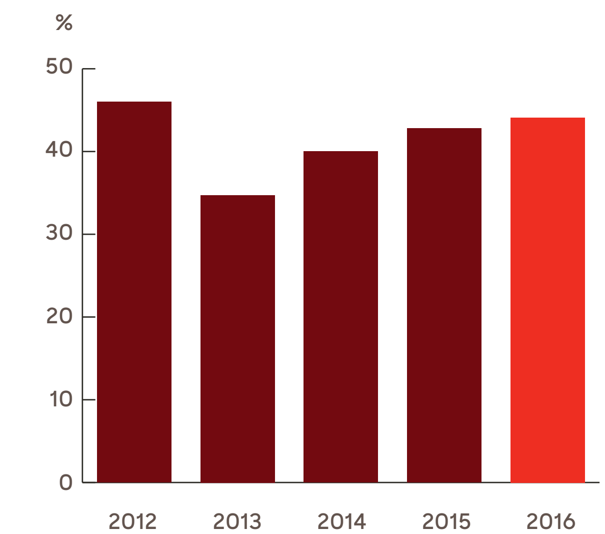
Sales



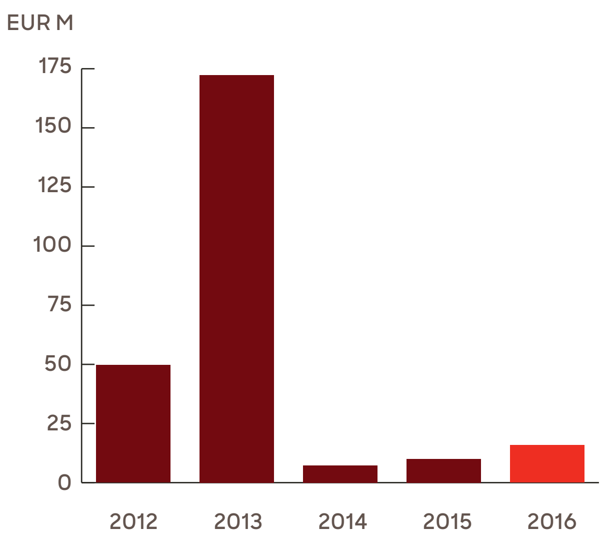
Operating income



Equity/assets ratio



Gross capital spending



Consolidated income statement

EUR M	Note	Jan 1, 2016– Dec 31, 2016	Jan 1, 2015– Dec 31, 2015
SALES	2	**519.6**	**530.5**
Other operating revenue	3	2.0	0.5
Expenses			
Goods and services	4	151.7	153.2
Salary and other employment benefit expenses	5	122.3	118.1
Depreciation and impairment losses	6	28.0	27.7
Other operating expenses	7	206.0	205.5
		507.9	504.6
OPERATING INCOME		**13.7**	**26.4**
Financial income	8	5.4	5.0
Financial expenses	8	-9.5	-8.2
INCOME BEFORE TAXES		**9.6**	**23.2**
Income taxes	9	-1.5	-4.4
INCOME FOR THE PERIOD		**8.0**	**18.7**
Income attributable to:			
Parent company shareholders		8.0	18.7
Earnings per share before and after dilution, EUR	10	0.74	1.73

Consolidated statement of comprehensive income

EUR M	Jan 1, 2016– Dec 31, 2016	Jan 1, 2015– Dec 31, 2015
INCOME FOR THE PERIOD	**8.0**	**18.7**
Other comprehensive income		
Items that may be transferred to the income statement		
Translation differences	-0,8	0,5
Investments available for sale	0.3	0.7
	-0.5	1.2
COMPREHENSIVE INCOME FOR THE PERIOD	**7.5**	**19.9**
Comprehensive income attributable to:		
Parent company shareholders	7.5	19.9

Consolidated balance sheet

EUR M	Note	Dec 31, 2016	Dec 31, 2015
ASSETS			
Non-current assets			
Intangible assets	11	1.9	0.8
Land	12	0.6	1.1
Buildings and structures	12	9.2	10.0
Renovation costs for rented properties	12	2.3	1.2
Vessels	12	308.5	324.5
Machinery and equipment	12	5.6	5.5
Investments available for sale	13, 22	27.1	26.8
Receivables	14, 22	–	0.2
Total non-current assets		**355.2**	**370.0**
Current assets			
Inventories	15	18.1	17.2
Income tax assets		1.7	0.5
Trade and other receivables	16, 22	36.1	29.4
Cash and cash equivalents	17, 22	94.9	110.7
Total current assets		**150.8**	**157.8**
TOTAL ASSETS		**506.0**	**527.8**
EQUITY AND LIABILITIES			
Equity	18		
Share capital		1.8	1.8
Reserves		1.0	0.7
Translation differences		-1.3	-0.4
Retained earnings		221.4	223.6
Equity attributable to parent company shareholders		222.9	225.7
Total equity		**222.9**	**225.7**
Non-current liabilities			
Deferred tax liabilities	19	35.9	34.5
Non-current interest-bearing liabilities	20, 22	150.6	174.0
Total non-current liabilities		**186.5**	**208.4**
Current liabilities			
Current interest-bearing liabilities	20, 22	23.6	23.5
Income tax liabilities		0.0	1.3
Trade and other payables	21, 22	73.0	68.9
Total current liabilities		**96.6**	**93.7**
Total liabilities		**283.0**	**302.1**
TOTAL EQUITY AND LIABILITIES		**506.0**	**527.8**

Consolidated cash flow statement

EUR M	Jan 1, 2016–Dec 31, 2016	Jan 1, 2015–Dec 31, 2015
OPERATING ACTIVITIES		
Income for the period	8.0	18.7
Adjustments		
Depreciation and impairment losses	28.0	27.7
Capital gains from non-current assets	-1.5	0.0
Other items not included in cash flow	0.9	-0.5
Interest expenses and other financial expenses	5.1	5.9
Interest income and other financial income	-0.2	-0.1
Dividend income	-2.4	-1.6
Income taxes	1.5	4.4
Change in working capital		
Change in trade and other receivables	-6.7	-0.1
Change in inventories	-0.9	-1.1
Change in trade and other payables	4.3	1.7
Interest paid	-4.8	-5.4
Financial expenses paid	-0.6	-0.7
Interest received	0.0	0.1
Financial income received	0.2	0.0
Taxes paid	-2.5	-0.3
NET CASH FLOW FROM OPERATING ACTIVITIES	**28.6**	**48.7**
INVESTING ACTIVITIES		
Investments in vessels	-11.1	-7.6
Investments in other intangible and tangible assets	-4.7	-2.4
Divestments of other intangible and tangible assets	2.6	0.1
Payments received for non-current receivables	0.2	0.2
Dividends received	2.4	1.6
NET CASH FLOW FROM INVESTING ACTIVITIES	**-10.7**	**-8.1**
FINANCING ACTIVITIES		
Increase in non-current liabilities	0.2	-
Repayment of non-current liabilities	-23.5	-23.5
Dividends paid	-10.3	-7.6
NET CASH FLOW FROM FINANCING ACTIVITIES	**-33.6**	**-31.1**
CHANGE IN CASH AND CASH EQUIVALENTS	**-15.8**	**9.5**
Cash and cash equivalents at beginning of period	110.7	101.1
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**94.9**	**110.7**

Statement of changes in consolidated equity

EUR M	Share capital	Reserves	Translation differences	Retained earnings	Total equity
	Equity attributable to parent company shareholders				
Equity, Jan 1, 2015	**1.8**	**0.0**	**-0.8**	**212.3**	**213.3**
Income for the period				*18.7*	*18.7*
Translation differences		*0.0*	*0.4*	*0.1*	*0.5*
Remeasurement of investments available for sale		*0.7*			*0.7*
Comprehensive income for the period	–	0.7	0.4	18.8	19.9
Dividend to shareholders				-7.6	-7.6
Equity, Dec 31, 2015	**1.8**	**0.7**	**-0.4**	**223.6**	**225.7**
Income for the period				*8.0*	*8.0*
Translation differences		*0.0*	*-0.8*	*0.0*	*-0.8*
Remeasurement of investments available for sale		*0.3*			*0.3*
Comprehensive income for the period	–	0.3	-0.8	8.1	7.5
Dividend to shareholders				-10.3	-10.3
Equity, Dec 31, 2016	**1.8**	**1.0**	**-1.3**	**221.4**	**222.9**

Notes to the consolidated financial statements

1. ACCOUNTING PRINCIPLES

Company information

The Viking Line Group provides passenger and cargo carrier operations in the northern Baltic Sea service area, with the Finnish mainland, Sweden, the Åland Islands (a Swedish-speaking province of Finland) and the three Baltic countries as its main markets. The Group includes the subsidiary Viking Line Buss Ab as well. Until March 2016, the Park Alandia Hotell profit centre was also included in the Group. The parent company of the Group is Viking Line Abp, domiciled in Mariehamn, Åland. The shares of the parent company are listed on the NASDAQ Helsinki. The registered address of the Head Office is Norragatan 4, AX-22100 Mariehamn, Åland, Finland. The financial statements are available on Vikingline.com and at the Group's Head Office.

These financial statements were approved for publication and signed by the Board of Directors on February 15, 2017 and will be submitted to the Annual General Meeting for adoption.

General principles

The consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (IFRSs). In drafting them, the International Accounting Standards (IASs) and IFRSs as well as the interpretations of the Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) that were in force on December 31, 2016 have been applied. In the Finnish Accounting Act and in the regulations issued on the basis of this Act, "IFRSs" refers to standards that have been adopted for application in the Community in compliance with the acts of the European Parliament and the European Council.

Changes in IAS and IFRS standards as well as IFRIC interpretations that went into effect during the financial year did not have any material effect on the Group's financial statements.

The consolidated financial statements have been prepared on the basis of original costs unless otherwise stated in the accounting principles or notes below.

Estimates and judgements

In preparing the consolidated financial statements in compliance with IFRSs, the Management of the Company must make judgements and estimates about the future that affect the reported amounts for assets and liabilities, revenue and expenses as well as other information. The judgements and estimates contained in the financial statements are based on the best assessment of Management on the date of the financial statements. The actual outcome may deviate from the estimates and judgements that have been made. Future events may change the basis for estimates and judgements.

The most important area involving judgements is the valuation of the Group's vessels. See Note 12. If the Group's estimates of the residual value or useful life of its vessels change, this affects the size of depreciation, which in turn affects earnings.

The value of the Group's shareholding in the insurance company Försäkringsaktiebolaget Alandia is established on the basis of the present value of future cash flows. The cash flow projection is based on a number of estimates and judgements that have a substantial impact on present value. The shareholding is reported under investments available for sale. See Note 13.

Principles of consolidation

The consolidated financial statements encompass the parent company, Viking Line Abp, and those subsidiaries which the parent company controls. All subsidiaries are wholly owned. See Note 25. The financial statements of Group companies encompass the period January 1–December 31, 2016.

Subsidiaries are reported according to the acquisition method. This means that all assets that have been acquired, liabilities that have been taken over and contingent liabilities are recognized at fair values on the date the business was acquired. All subsidiaries were acquired before the transition to IFRS reporting. These acquisitions have been reported as previously in compliance with Finnish generally accepted accounting principles (GAAP).

The Group's internal business transactions as well as receivables and liabilities have been eliminated.

Items in foreign currencies

The consolidated financial statements have been prepared in euros, which is the parent company's functional currency and financial reporting currency. Business transactions in foreign currencies are recognized in the functional currency of each company according to the exchange rate on the transaction date.

When rounding off items to the nearest EUR 1,000,000, rounding-off differences of EUR ±0.1 M may occur.

Monetary items in foreign currencies have been translated into euros according to the exchange rates prevailing on the balance sheet date, while non-monetary items have been translated according to the exchange rate on the transaction date. Exchange rate differences that have arisen from translation are recognized in the income statement.

The income statements of foreign subsidiaries have been translated into euros according to monthly average rates, while their balance sheets have been translated at the exchange rates on the balance sheet date. Exchange rate differences that have arisen from translation are recognized in equity and in other comprehensive income. Translation differences that arose after the transition to IFRS are recognized as a separate balance sheet item under equity.

Goodwill and other intangible assets

The Group has no recognized goodwill as of the balance sheet date.

Other intangible assets mainly comprise computer software programmes. These are recognized at their original cost and are amortized on a straight-line basis during their estimated useful life of 5-10 years.

Research and development concerning vessel technology are mainly carried out by manufacturers. The Group has no actual research and development expenditures.

Property, plant and equipment

Property, plant and equipment are recognized at historical cost less accumulated depreciation and any impairment loss. Cost includes purchase price as well as expenses directly attributable to the asset. Cost of vessels also includes financial expenses during construction. The residual values and estimated useful life of the assets are examined yearly and are adjusted if they deviate substantially from previous values.

The Group's vessels comprise most of its property, plant and equipment. For vessels, an estimated residual value at the end of their useful life is taken into account in calculating depreciation. The vessels are divided into component parts. Depreciation occurs mainly on a straight-line basis over the expected useful life of the parts. For vessels acquired in 2008 or later the hull, engine and other long-term component parts are depreciated on a straight-line basis over 25 years, while short-term component parts are depreciated on a straight-line basis over 15 years. The above component parts related to vessels acquired prior to 2008 are depreciated on a straight-line basis over either 20 or 25 years.

Viking Line's vessels are dry-docked at 2–3 year intervals. Dry-docking expenses are capitalized for each vessel and depreciated until the next planned dry-docking.

Normal expenditures for repairs and maintenance are expensed on a current basis. Expenditures for large-scale renovation projects are capitalized in the balance sheet if it is likely that the future economic benefits associated with the project will flow to the Group. These renovation projects are depreciated together with the asset to which the work is attributable, over its remaining useful life. Renovation projects for vessels whose remaining useful life is less than five years are depreciated over five years.

Capitalized renovation costs for rented properties are depreciated on a straight-line basis. Land is not depreciated. Buildings and motor vehicles are depreciated on a declining balance basis. The depreciation method for other property, plant and equipment has been changed so that purchases made in 2016 or later are depreciated on a straight-line basis, whereas previous purchases are depreciated on a declining balance basis. This change does not have any material effect on consolidated operating income or assets.

Depreciation for property, plant and equipment is calculated according to the following principles:

Vessels
20–25 years, straight-line
Vessels, short-term component parts
15 years, straight-line
Vessel dry-docking
2–3 years, straight-line
Vessels, machinery and equipment
5–10 years, straight-line or 25% of remaining expenditure
Buildings
4–7% of remaining expenditure
Structures
10 years, straight-line or 20–25% of remaining expenditure
Renovation costs for rented properties
5–10 years, straight-line
Machinery and equipment
5-15 years, straight-line or 25% of remaining expenditure

Gains or losses on the sale or transfer of property, plant and equipment are recognized in the income statement.

Impairment losses

The recognized values of asset items are tested regularly to discover any external or internal indications of impairment. If such indications are observed for any asset item, its recoverable amount is estimated.

The recoverable amount of assets refers to their fair value minus costs to sell or value in use, whichever is higher. When estimating value in use, future cash flows are discounted to their present value on the basis of the discount rates that describe the average pre-tax capital costs of the asset in question. Discount rates shall reflect the time value of money and the risks that the specific asset is subjected to and that have not been taken into account in future cash flows.

An impairment loss is recognized in the income statement if the carrying amount of the asset item exceeds its recoverable amount.

An impairment loss attributable to assets, except for goodwill, is reversed if a change has occurred in the values used in determining the recoverable amount of the asset item. The impairment loss is reversed to the extent that the carrying amount of the asset after reversal does not exceed the carrying amount that the asset would have had if no impairment loss had been recognized, taking into account the depreciation that would then have been carried out.

During the financial year 2016, no impairment losses were recognized.

Financial assets and liabilities

According to IAS 39, financial assets are classified in the following categories: 1) financial assets recognized at fair value through profit or loss, 2) held-to-maturity investments, 3) loan receivables and trade receivables and 4) financial assets available for sale.

Bank deposits whose maturity is 3–12 months are classified as held-to-maturity investments and are accounted for among current receivables. The Group's other financial investments are classified as financial assets available for sale. Acquisitions and divestments of financial assets are recognized on the payment date.

According to IAS 39, financial liabilities are classified either as 1) financial liabilities recognized at fair value through profit or loss or as 2) other financial liabilities. The Group's financial liabilities are classified as other financial liabilities.

Non-current assets and liabilities have an expected maturity longer than one year, while current assets and liabilities have a maturity less than one year.

The Group applies the following hierarchy to determine the fair value of financial assets and liabilities according to various measurement methods:
Level 1: Listed (unadjusted) prices in active markets for identical assets and liabilities.
Level 2: Other measurement methods in which all data that have a significant impact on fair value can be observed either directly or indirectly.
Level 3: Those measurement methods that require judgements by Group Management.

Investments available for sale

Investments available for sale consist of unlisted shares and participations.

Shares in Försäkringsaktiebolaget Alandia

The Group holds 19.9 per cent of the shares in Försäkringsaktiebolaget Alandia and does not have significant influence on the company. The value of the Group's shareholding is established on the basis of the present value of future cash flows and is reported under investments available for sale. Changes in the fair value of the shares are recognized in other comprehensive income and in the fair value reserve under equity. Changes in fair value will be transferred from equity to the income statement when the investment is sold or in case of any impairment loss.

Other investments available for sale

The fair value of other investments available for sale is determined via disclosures about recently completed transactions, prices of similar instruments, outside appraisals or estimates of expected cash flows. When fair value cannot be reliably determined, the acquisition cost of the asset is used.

Changes in fair value are recognized in other comprehensive income and in the fair value reserve under equity. Changes in fair value are transferred from equity to the income statement when the investment is sold or in case of any impairment loss.

Non-current receivables

Consolidated non-current receivables on December 31, 2015 consist of a receivable related to settlement compensation.

Viking Line reached a settlement with the City of Mariehamn concerning disputed port fees from the 1990s. The settlement is being paid annually for seven years, beginning on December 31, 2011. The carrying amount of the settlement compensation has been calculated according to the effective interest method. A present value estimate is made by discounting future compensation amounts using an interest rate that is equivalent to the return on government bonds with the same maturity as the receivable.

The maximum credit risk for non-current receivables is equivalent to their carrying amount. Any credit losses or other reductions in the value of receivables are recognized as a cost in the income statement.

Trade and other receivables

Bank deposits whose maturity is 3–12 months are classified as held-to-maturity investments and are recognized among other receivables.

The carrying amount of trade and other receivables is recognized as fair value.

Credit risk in the Group's trade and other receivables is regarded as low, since these are dispersed among a large number of customers. The Group had no significant credit losses during the financial year. The balance sheet carrying amount of the Group's trade and other receivables is equivalent to its maximum credit exposure. Any credit losses or other reductions in the value of receivables are recognized as an expense in the income statement.

Cash and cash equivalents

Cash and cash equivalents consist of cash and bank accounts and highly liquid short-term investments whose maturity from the acquisition date is no more than three months. For cash and cash equivalents with a short maturity, the carrying amount is regarded as being equivalent to fair value.

Interest-bearing liabilities
The Group has both current and non-current interest-bearing liabilities. All liabilities are denominated in euros. Some of these liabilities have fixed interest rates and some have floating interest rates. The total floating interest rate consists of the market interest rate and a company-specific margin.

Interest-bearing liabilities are initially recognized at fair value based on the amount received. Transaction costs are included in the original carrying amount of financial liabilities. After the acquisition date, the liabilities are carried at accrued cost according to the effective interest method. The carrying amount of interest-bearing liabilities is equivalent to fair value.

Trade and other payables
The carrying amount of trade and other payables is equivalent to fair value.

Inventories
Inventories have been recognized at a weighted average purchase price or at a probable lower net selling price.

Segment reporting
Group Management has established operating segments based on the information that is dealt with by the Management. Viking Line applies a matrix organization in which operational responsibility is divided into Passenger Services and Cargo Services. Operations, financial earnings forecasts and plans are followed up in these areas for all vessels and are assessed from a comprehensive perspective. The vessels also fulfil all aggregation criteria. The Group's operations have thus been divided into two operating segments: Vessels and Unallocated. The Vessels operating segment comprises direct revenue and expenses including depreciation and amortization that is attributable to vessel operations. The Unallocated operating segment mainly comprises unallocated marketing and administrative expenses. Unallocated also includes the Park Alandia Hotell profit centre through March 2016 and the subsidiary Viking Line Buss Ab, which constituted support units for vessel operations and accounted for less than 10 per cent of consolidated sales, operating income and assets. Information on revenue from external customers allocated by geographic area is not available. Assets and liabilities by operating segment are not reported to Group Management.

Revenue and sales recognition principles
Sales are calculated on the basis of sales revenue minus discounts and indirect taxes, adjusted for exchange rate differences. Sales are recognized after goods or services have been received by the customer and benefits associated with ownership of goods or performance of services have been transferred to the purchaser and the Group has thus performed what the customer has paid for. Advance payments are carried in the balance sheet under other current liabilities. Any credit losses or other decreases in the value of receivables are recognized as expenses in the income statement. The Group has no actual customer loyalty programme. Future free or discounted voyages of a bonus nature are recognized as corrective items under sales.

Employee compensation
Viking Line has different pension arrangements in the countries where the Group operates. Outside pension companies are responsible for the legally mandated pension liability in Group companies. All of the Group's pension plans are classified as defined-contribution. Pension premiums are recognized as expenses in the income statement for the accounting period to which they are attributable.

Compensation related to dismissals is recognized among salary and other employment benefit expenses and outstanding compensation is accounted for among current liabilities in the balance sheet. The President and CEO receives 8 months of salary and other members of the Group Management team 6 months of salary in case of termination by the Company. Otherwise the Group has no defined-benefit pension arrangements or other benefits after employment has ceased. The Group has no incentive or bonus systems. No specific pension agreement has been made for Group Management.

Government restitution
The Group receives government restitution from Finland and Sweden related to the taxes and social security contributions for shipboard employees, in keeping with European Union guidelines. The restitution received is recognized in the income statement among salary and other employment benefit expenses for the period when the basis for restitution has arisen. See Note 5 to the consolidated financial statements.

Rental agreements
The Group's leases and rental agreements are classified as operating leases, since the economic risks and benefits associated with ownership are not transferred to the Group. Rental income and expenses are recognized in the income statement on a straight-line basis over the period of the lease. See Note 23 to the consolidated financial statement.

Income taxes
Income taxes in the income statement consist of taxes based on the taxable income for the period, adjustment of taxes for previous periods and deferred taxes.

Taxes based on the taxable income for the period are calculated according to the applicable tax rate in each country. Income taxes are recognized in the income statement except when underlying transactions have been recognized directly in equity and in other comprehensive income, in which case the related tax effects are recognized in equity and in other comprehensive income.

Deferred taxes are calculated for all temporary differences between carrying amount and tax base. The largest temporary differences are attributable to accumulated depreciation differences. Deferred taxes are estimated according to the tax rates that were established before the balance sheet date. The Group has not recognized any deferred tax assets.

Application of renewed or amended IFRSs

The Group begins to apply each standard and interpretation from the date when it enters into force or from the beginning of the following accounting period, if the date when application begins is a date other than the first day of the accounting period.

The EU has approved the new standard IFRS 9, “Financial instruments”, which replaces IAS 39, “Financial instruments: Recognition and measurement”. The standard will be applied beginning with the financial year 2018. IFRS 9 introduces new requirements for the valuation and classification of financial assets and liabilities. The Group has undertaken an assessment of the effects of the new standard. The initial assessment is that the new classification and valuation rules do not have any material effect on the Group’s financial reports. Fair value changes in the Group’s existing investments available for sale will be recognized in other comprehensive income and in the fair value reserve under equity.

IFRS 15, “Revenue from contracts with customers”, which was approved by the EU, replaces IAS 11, “Construction contracts” as well as IAS 18, “Revenue” and related interpretations. The standard will be applied beginning with the financial year 2018. The new standard provides a five-step model for recognizing revenue, with the critical point in time for revenue recognition being when the customer is passed control of the good or service sold. Based on specific criteria, revenue is recognized either at one point in time or over time.

The Group does not have any long-term agreements with customers or customer loyalty programmes such that revenue recognition could be materially affected by the transition to IFRS 15. The principles now applied for the accrual of revenue do not differ significantly from the principles under the new standard. IFRS 15 is therefore considered not to have any material effect on the Group’s financial reports. However, in 2017, the Group’s income streams will be examined in detail so that any cumulative effects on consolidated equity in the transition to IFRS 15 can be presented in its annual financial accounts.

IFRS 16, “Leases”, which has not yet been approved by the EU, will replace IAS 17, “Leases” and is planned to enter into force in 2019. This standard requires that all leases be capitalized in the lessee’s balance sheet, with some exemptions and reliefs. A leasing asset is recognized in the balance sheet, and depreciation of the asset is recognized in the income statement for the lease term in question. Similarly, a leasing liability is also recognized, which gives rise to interest expenses. For lessors, reporting follows previous principles.

For Viking Line, the application of IFRS 16 will entail a larger consolidated balance sheet and a reallocation of costs in the consolidated income statement. The Group will apply IFRS 16 retroactively by reporting the cumulative effect of the standard on consolidated equity at the start of the year the standard is applied. Prior to its application, all the Group’s leases will be examined.

Other future changes in IASs, IFRSs and IFRIC interpretations that the EU has approved are not expected to have any material effect on the consolidated financial statements.

EUR M	Jan 1, 2016– Dec 31, 2016	Jan 1, 2015– Dec 31, 2015
2. OPERATING SEGMENTS		
Sales		
Vessels	516.8	525.1
Unallocated	3.0	5.6
Total, operating segments	519.8	530.7
Eliminations	-0.2	-0.2
Total sales of the Group	519.6	530.5
Operating income		
Vessels	60.9	71.2
Unallocated	-47.2	-44.7
Total operating income of the Group	13.7	26.4
SALES		
Passenger-related revenue	472.6	480.0
Cargo revenue	44.3	46.5
Miscellaneous sales revenue	2.6	4.0
Total	519.6	530.5
3. OTHER OPERATING REVENUE		
Rents received on properties	0.2	0.3
Capital gains	1.5	0.0
Miscellaneous other operating revenue	0.3	0.2
Total	2.0	0.5
4. GOODS AND SERVICES		
Goods	129.8	130.9
Externally purchased services	21.9	22.4
Total	151.7	153.2
5. SALARY AND OTHER EMPLOYMENT BENEFIT EXPENSES		
Salaries	123.6	122.7
Expenses of defined-contribution pensions	19.5	14.5
Other payroll overhead	17.1	16.5
	160.2	153.7
Government restitution	-38.0	-35.6
Total	122.3	118.1
AVERAGE NUMBER OF EMPLOYEES		
Shipboard employees	2,084	2,066
Land-based employees	658	669
Total	2,742	2,735

In addition to the Group's own employees, the Viking XPRS was crewed by an average of 250 (241) people employed by a staffing company. The expenses for them are recognized among other operating expenses.

Disclosures on compensation to the Group's key individuals in leading positions are found in Note 25.

EUR M	Jan 1, 2016– Dec 31, 2016	Jan 1, 2015– Dec 31, 2015
6. DEPRECIATION AND IMPAIRMENT LOSSES		
Depreciation		
Intangible assets	0.2	0.2
Buildings and structures	0.8	0.9
Renovation costs for rented properties	0.2	0.1
Vessels	25.3	24.2
Machinery and equipment	1.5	2.2
Total	28.0	27.7
Total depreciation and impairment losses	28.0	27.7

EUR M	Jan 1, 2016– Dec 31, 2016	Jan 1, 2015– Dec 31, 2015
7. OTHER OPERATING EXPENSES		
Sales and marketing expenses	32.2	28.7
Washing and cleaning expenses	20.8	20.0
Repairs and maintenance	16.9	14.4
Public port expenses and vessel charges	40.2	40.3
Fuel expenses	39.5	48.7
Miscellaneous expenses	56.5	53.4
Total	206.0	205.5
Auditors' fees		
Auditing	0.1	0.1
Audit-related services	0.0	0.0
Tax advice	0.0	0.0
Miscellaneous consulting	0.0	0.0
Total	0.2	0.2
8. FINANCIAL INCOME AND EXPENSES		
Dividend income from investments available for sale	2.4	1.6
Interest income from cash, cash equivalents and non-current receivables	0.0	0.1
Exchange gains	2.8	3.2
Other financial income	0.2	0.0
Total financial income	5.4	5.0
Interest expenses on financial liabilities recognized at accrued cost	4.5	5.1
Exchange losses	4.4	2.4
Other financial expenses	0.6	0.7
Total financial expenses	9.5	8.2
9. INCOME TAXES		
Tax for the financial year	0.1	1.3
Tax attributable to previous financial years	0.0	0.0
Deferred tax, change in temporary differences	1.5	3.1
Total	1.5	4.4
Reconciliation of tax expense in the income statement and taxes estimated according to tax rate in the Group's home country		
Income before taxes	9.6	23.2
Taxes estimated according to Finnish tax rate (20.0%)	1.9	4.6
Tax attributable to previous financial years	0.0	0.0
Tax effect of		
divergent tax rates in foreign subsidiaries	0.0	0.0
tax-exempt revenue and non-deductible expenses	-0.3	-0.2
deferred tax, other changes	0.0	0.0
other	0.0	0.0
Taxes in the income statement	1.5	4.4

10. EARNINGS PER SHARE

Earnings per share are calculated on the basis of 10,800,000 shares of equal value. Viking Line has no share option, convertible debenture or share-based incentive programmes, so no dilution can occur.

EUR M

11. INTANGIBLE ASSETS	**2016**	**2015**
Cost, Jan 1	3.8	3.6
Translation differences	0.0	0.0
Increases	1.3	0.4
Decreases	0.0	-0.2
Cost, Dec 31	5.1	3.8
Accumulated amortization, Jan 1	-3.0	-3.0
Translation differences	0.0	0.0
Accumulated amortization on decreases	0.0	0.2
Amortization for the financial year	-0.2	-0.2
Accumulated amortization, Dec 31	-3.2	-3.0
Carrying amount, Jan 1	0.8	0.6
Carrying amount, Dec 31	1.9	0.8

Intangible assets consist mainly of computer software programmes.

12. PROPERTY, PLANT AND EQUIPMENT	**Land**	**Buildings and structures**	**Renovations costs for rented properties**	**Vessels**	**Machinery and equipment**	**Total**
Cost, Jan 1, 2016	1.1	25.3	11.0	779.6	17.1	834.0
Translation differences	–	0.0	–	-2.5	0.0	-2.5
Increases	–	0.4	1.3	11.1	1.7	14.5
Decreases	-0.5	-1.8	-1.0	-4.6	-3.8	-11.7
Cost, Dec 31, 2016	0.6	23.8	11.3	783.5	15.0	834.2
Accumulated depreciation, Jan 1, 2016	–	-15.3	-9.8	-455.1	-11.6	-491.7
Translation differences	–	0.0	–	0.8	0.0	0.8
Accumulated depreciation on decreases	–	1.4	1.0	4.6	3.7	10.7
Depreciation for the financial year	–	-0.8	-0.2	-25.3	-1.5	-27.8
Accumulated depreciation, Dec 31, 2016	–	-14.6	-9.0	-475.0	-9.4	-508.1
Carrying amount, Jan 1, 2016	1.1	10.0	1.2	324.5	5.5	342.3
Carrying amount, Dec 31, 2016	0.6	9.2	2.3	308.5	5.6	326.2
Cost, Jan 1, 2015	1.1	26.2	10.4	777.0	39.0	853.7
Translation differences	–	0.0	–	1.4	0.0	1.4
Increases	–	0.0	0.8	7.6	1.2	9.6
Decreases	–	-0.9	-0.1	-6.5	-23.2	-30.7
Cost, Dec 31, 2015	1.1	25.3	11.0	779.6	17.1	834.0
Accumulated depreciation, Jan 1, 2015	–	-15.3	-9.8	-436.9	-32.3	-494.4
Translation differences	–	0.0	–	-0.4	0.0	-0.4
Accumulated depreciation on decreases	–	0.9	0.1	6.5	23.0	30.6
Depreciation for the financial year	–	-0.9	-0.1	-24.2	-2.2	-27.5
Accumulated depreciation, Dec 31, 2015	–	-15.3	-9.8	-455.1	-11.6	-491.7
Carrying amount, Jan 1, 2015	1.1	10.8	0.6	340.1	6.7	359.3
Carrying amount, Dec 31, 2015	1.1	10.0	1.2	324.5	5.5	342.3

Viking Line has no financial leases related to property, plant and equipment

EUR M

13. INVESTMENTS AVAILABLE FOR SALE	Dec 31, 2016	Dec 31, 2015
Unlisted shares and participations	27.1	26.8
Investments available for sale	27.1	26.8

	2016	2015
Investments available for sale, Jan 1	26.8	26.1
Change in fair value	0.3	0.7
Investments available for sale, Dec 31	27.1	26.8

For a description of the appraisal of investments available for sale and the accompanying sensitivity analysis, see Note 26.

14. RECEIVABLES	Dec 31, 2016	Dec 31, 2015
Non-current receivable, settlement compensation	-	0.2
Total	-	0.2

	2016	2015
Receivables, Jan 1	0.2	0.3
Decreases	-0.2	-0.2
Receivables, Dec 31	-	0.2

15. INVENTORIES	Dec 31, 2016	Dec 31, 2015
Inventories of goods for sale	16.6	15.8
Supplies	0.3	0.3
Stocks of vessel fuel	1.2	1.1
Total	18.1	17.2

16. TRADE AND OTHER RECEIVABLES	Dec 31, 2016	Dec 31, 2015
Trade receivables	10.4	10.0
Accrued income and prepaid expenses	24.4	17.9
Other receivables	1.3	1.5
Total	36.1	29.4
Accrued income and prepaid expenses		
Employee-related items	19.0	16.6
Other accrued income and prepaid expenses	5.4	1.3
Total	24.4	17.9
Age analysis, trade receivables		
Not overdue	8.3	7.5
Overdue 1-30 days	1.5	2.1
Overdue more than 30 days	0.6	0.4
Total	10.4	10.0
Trade and other receivables by currency		
EUR	30.6	23.8
SEK	5.2	5.0
CHF	0.1	0.1
DKK	0.0	0.0
GBP	0.1	0.4
USD	0.0	0.0
Total	36.1	29.4

EUR M

17. CASH AND CASH EQUIVALENTS	**Dec 31, 2016**	**Dec 31, 2015**
Cash and bank accounts	89.9	107.7
Short-term investments	5.0	3.0
Total	94.9	110.7

The maturity of short-term investments is 37 days.

18. EQUITY

Share capital

The minimum share capital of Viking Line Abp is EUR 720,000.00 and the maximum share capital is EUR 2,880,000.00. Within these limits, share capital may be increased or decreased without amending the Articles of Association. The minimum number of shares is 3,600,000 and the maximum number is 14,400,000. Since April 12, 1995, the share capital of Viking Line Abp has been EUR 1,816,429.61 and the number of shares 10,800,000. All shares constitute one series, in which all shares are of equal value. Each share is equivalent to one vote on motions and candidates at shareholders' meetings. However, no shareholder may vote on behalf of more than 1/4 of the shares represented at a shareholders' meeting. The Company has not issued any warrants or bonds. The Board of Directors has not requested authorization from a shareholders' meeting to change the share capital or to issue warrants or bonds or to acquire the Company's own shares. The Company and its subsidiaries do not own any of their own shares.

Reserves	**Dec 31, 2016**	**Dec 31, 2015**
Legal reserve	0.0	0.0
Share premium reserve	0.0	0.0
Fair value reserve	1.0	0.7
Total	1.0	0.7

Translation differences

Translation differences consist of differences that have arisen when consolidating the financial statements of foreign subsidiaries. These differences are recognized in other comprehensive income.

Dividend

A dividend of EUR 0.95 per share, totalling EUR 10.3 M, was distributed for the financial year 2015 (a dividend of EUR 0.70 per share, totalling EUR 7.6 M, was distributed for the financial year 2014). After the balance sheet date, the Board of Directors proposed that a dividend of EUR 0.40 per share be paid for the financial year 2016. The dividend distribution is recognized as a liability in the balance sheet when the shareholders' meeting has approved it.

19. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax liabilities	**Accumulated depreciation differences**	**Other temporary differences**	**Total**
Jan 1, 2016	34.4	0.0	34.5
Translation differences	0.0	-	0.0
Recognized in income statement	1.4	0.1	1.5
Recognized directly in equity	-	0.0	0.0
Dec 31, 2016	35.8	0.1	35.9
Jan 1, 2015	31.4	0.0	31.4
Translation differences	0.0	-	0.0
Recognized in income statement	3.1	0.0	3.1
Recognized directly in equity	-	0.0	0.0
Dec 31, 2015	34.4	0.0	34.5

EUR M

20. INTEREST-BEARING LIABILITIES		**Dec 31, 2016**	**Dec 31, 2015**
Non-current interest-bearing liabilities			
Loans from credit institutions		150.6	174.0
Current interest-bearing liabilities			
Loans from credit institutions, principal payments		23.6	23.5

Future cash flows related to interest-bearing financial liabilities	**Principal payments**	**Financial expenses**	**Total**
2017	23.6	4.7	28.3
2018	23.5	4.1	27.6
2019	23.5	3.5	27.0
2020	23.5	3.0	26.5
2021	23.5	2.4	25.8
2022-	56.6	3.7	60.3
Total	174.1	21.4	195.5

	2016	**2015**
Interest-bearing liabilities, Jan 1	197.5	221.0
Increases	0.2	-
Decreases	-23.5	-23.5
Interest-bearing liabilities, Dec 31	174.1	197.5

21. TRADE AND OTHER PAYABLES	**Dec 31, 2016**	**Dec 31, 2015**
Trade payables	24.4	23.5
Accrued expenses and prepaid income	37.0	34.4
Other payables	11.6	11.0
Total	73.0	68.9
Accrued expenses and prepaid income		
Employee-related expenses	25.9	24.6
Other accrued expenses and prepaid income	11.1	9.8
Total	37.0	34.4
Trade and other payables by currency		
EUR	55.7	51.8
SEK	15.9	16.1
DKK	0.1	0.1
GBP	0.0	0.0
NOK	0.0	-
USD	1.3	0.8
Total	73.0	68.9

Most other payables consist of employee-related items.

EUR M

22. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

Classification of fair value, investments available for sale	**Dec 31, 2016**	**Dec 31, 2015**
Level 1	–	–
Level 2	–	–
Level 3	27.1	26.8

Financial assets and liabilities by category **Financial assets Dec 31, 2016**	**Loan receivables and trade receivables**	**Financial assets available for sale**
Investments available for sale	–	27.1
Trade and other receivables	36.1	–
Cash and cash equivalents	94.9	–
Total	131.0	27.1

Financial liabilities Dec 31, 2016	**Other financial liabilities**
Non-current interest-bearing liabilities	150.6
Current interest-bearing liabilities	23.6
Trade and other payables	73.0
Total	247.1

Financial assets and liabilities by category **Financial assets Dec 31, 2015**	**Loan receivables and trade receivables**	**Financial assets available for sale**
Investments available for sale	–	26.8
Receivables	0.2	–
Trade and other receivables	29.4	–
Cash and cash equivalents	110.7	–
Total	140.2	26.8

Financial liabilities Dec 31, 2015	**Other financial liabilities**
Non-current interest-bearing liabilities	174.0
Current interest-bearing liabilities	23.5
Trade and other payables	68.9
Total	266.4

EUR M

23. RENTAL AGREEMENTS

Rental income

The Group rents out premises in portions of its properties to various business owners. Most of these agreements are cancellable.

Future rental income related to non-cancellable rental agreements	Dec 31, 2016	Dec 31, 2015
Due within one year	0.1	0.1
Due in later than one year but within five years	0.2	0.2
Due in later than five years	–	0.0
Total	0.2	0.3

Minimum lease payments and rent expenses

The Group has no agreements that are classified as financial leases. The Group rents a number of premises for sales and administrative purposes. In addition, there are various operating leases related to machinery and equipment. The agreements vary in length between 1 and 7 years. The agreements normally include options for renewal after the expiration of the agreement. The agreements vary with regard to indexing, renewal and other terms and conditions.

In addition, the Group leases a harbour area whose remaining lease period totals 9 years. One condition for occupying the property is that it be used for passenger, cargo and car ferry services. In the lease, the Company has also undertaken to pay port fees for all its vessels that use the harbour in question. These port fees should total a certain minimum level. Minimum levels are also specified for volumes and net registered tonnage. Viking Line is entitled to transfer the agreement to a third party.

Future minimum lease payments and rents related to non-cancellable operating leases	Dec 31, 2016	Dec 31, 2015
Due within one year	1.8	1.6
Due in later than one year but within five years	4.0	2.9
Due in later than five years	0.4	0.1
Total	6.2	4.5

24. PLEDGED ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities	Dec 31, 2016	Dec 31, 2015
Loans and credit lines for which vessel, vehicle and chattel mortgages were provided as collateral	174.1	197.5
Other contingent liabilities not included in the balance sheet		
Covered by site leasehold and chattel mortgages	0.0	0.0
Total	174.1	197.5

Assets pledged for own debt	Dec 31, 2016	Dec 31, 2015
Vessel mortgages	312.6	312.6
Vehicle mortgages	0.1	0.1
Chattel mortgages	0.5	0.5
Site leasehold mortgages	0.4	0.4
Total	313.6	313.6

EUR M

25. RELATED PARTIES

Group companies	Domicile	Holding	Share of voting power
Owned by the parent company, Viking Line Abp	***Mariehamn, Finland***		
Viking Rederi AB	Norrtälje, Sweden	100%	100%
OÜ Viking Line Eesti	Tallinn, Estonia	100%	100%
Viking Line Buss Ab	Mariehamn, Finland	100%	100%
Viking Line Skandinavien AB	Stockholm, Sweden	100%	100%
Viking Line Finnlandverkehr GmbH	Lübeck, Germany	100%	100%
Oy Viking Tours Ruotsinmatkat – Sverigecenter Ab	Mariehamn, Finland	100%	100%
Oy Ruotsinsatama – Sverigehamnen Ab	Naantali, Finland	100%	100%
Owned by subsidiaries			
Finlandshamnen Stuveri AB	Stockholm, Sweden	100%	100%

Transactions with companies that are under significant influence of the Group's key individuals in leading positions	Jan 1, 2016– Dec 31, 2016	Jan 1, 2015– Dec 31, 2015
Sales of services	0.0	0.0
Purchases of services	1.0	0.6

	Dec 31, 2016	Dec 31, 2015
Receivables outstanding	–	0.0
Liabilities outstanding	0.0	0.0

Transactions with related parties are carried out on market terms. The Group has no loan arrangements, guarantees, contingent liabilities provided/received or other liabilities associated with related parties.

Compensation to the Group's key individuals in leading positions, EUR	Jan 1, 2016– Dec 31, 2016	Jan 1, 2015– Dec 31, 2015
Salaries and other short-term compensation	929,116	901,883
Total	929,116	901,883

Compensation and other benefits, 2016, EUR	Base salary/ Board fee	Other benefits	Pension expenses	Total
Ben Lundqvist, Chairman of the Board	40,000			40,000
Nils-Erik Eklund, Board member	32,000			32,000
Trygve Eriksson, Board member	32,000			32,000
Erik Grönberg, Board member	34,000			34,000
Agneta Karlsson, Board member	33,000			33,000
Dick Lundqvist, Board member	32,000			32,000
Lars G Nordström, Board member	32,000			32,000
Ulrica Danielsson, deputy Board member	9,000			9,000
Stefan Lundqvist, deputy Board member	8,000			8,000
Johnny Rosenholm, deputy Board member	8,000			8,000
	260,000	–	–	260,000
President and CEO	277,840	979	44,472	323,290
Deputy CEO	206,900	564	36,202	243,666
Other key individuals in leading positions	432,743	10,091	82,809	525,642
	917,483	11,633	163,483	1,092,599
Total	1,177,483	11,633	163,483	1,352,599

EUR M

Compensation and other benefits, 2015, EUR	Base salary/ Board fee	Other benefits	Pension expenses	Total
Ben Lundqvist, Chairman of the Board	36,000			36,000
Nils-Erik Eklund, Board member	31,000			31,000
Trygve Eriksson, Board member	29,000			29,000
Erik Grönberg, Board member	31,000			31,000
Agneta Karlsson, Board member	31,000			31,000
Dick Lundqvist, Board member	30,000			30,000
Lars G Nordström, Board member	29,000			29,000
Ulrica Danielsson, deputy Board member	6,000			6,000
Stefan Lundqvist, deputy Board member	7,000			7,000
Johnny Rosenholm, deputy Board member	7,000			7,000
	237,000	–	–	237,000
President and CEO	254,290	663	43,903	298,855
Deputy CEO	195,250	557	33,718	229,525
Other key individuals in leading positions	440,872	10,252	84,374	535,498
	890,411	11,472	161,994	1,063,878
Total	1,127,411	11,472	161,994	1,300,878

Fees adopted by the Annual General Meeting are paid as compensation for the work of the Board. Reasonable travel expenses are paid as invoiced.

The President and CEO and other Group Management members are paid monthly salaries that are reviewed by the Board yearly. The President and CEO also receives the following benefits in kind: telephone benefits and group life insurance coverage, including insurance for medical expenses.

The Group has no incentive or bonus systems.

The Group has only defined-contribution pension plans. Pension expenses refer to the expenses that have affected the year's income. For the President and CEO and other Group Management members, public pension terms and the lowest legal retirement age in effect at each point in time apply.

The President and CEO has a termination notice period of 8 months. The Company's Board is entitled to terminate the President and CEO's contract, but the President and CEO will receive 8 months of salary after the termination date. Other Group Management members receive 6 months of salary in case of termination by the Company. Otherwise the Group has made no individual agreements on termination-related benefits.

The President and CEO of the Company is Jan Hanses and Andreas Remmer is the Deputy CEO.

No benefits other than salaries and short-term compensation were paid to key individuals in leading positions.

26. MANAGEMENT OF FINANCIAL RISKS

In its normal business operations, the Group is exposed to various financial risks. The main financial risks are foreign exchange risk, interest rate risk, liquidity risk, credit and counterparty risk, and bunker price risk. The Board of Directors of the parent company has approved a policy document for the Group's financing and management of financial risks. The Group's financial position and risk exposure are reported regularly to the Board of Directors.

The Group had no derivative contracts during 2015 and 2016.

Foreign exchange risk

The Group's foreign exchange risk consists of sales and purchases as well as balance sheet items in foreign currencies and net investments in foreign subsidiaries. The impact of changes in currency exchange rates on net investments in foreign subsidiaries is reflected as translation differences in Group equity and in other comprehensive income.

The most important foreign currencies for the Group are Swedish kronor (SEK) and American dollars (USD). During 2016 SEK-denominated sales accounted for about 31 per cent of total consolidated sales. Salary and other employment benefit expenses and purchases denominated in SEK accounted for about 23 per cent of the Group's total salary and other employment benefit expenses and purchases. The USD exchange rate affects the Group's earnings mainly through bunker (vessel fuel) purchases.

The Group's trade and other receivables and its trade and other payables per currency are shown in Notes 16 and 21. In addition, the Group has cash and cash equivalents in various currencies. The Group's loans are entirely denominated in euros. The currency position is monitored continuously and the Group endeavours to achieve a matching of the currency flows. When an imbalance between the Group's inflows and outflows of SEK arises, this is managed primarily by a continuous sale of SEK. The Group has no form of currency hedging.

A 5 per cent change in the exchange rate of the euro against the Swedish krona on December 31, 2016 would have an estimated effect of EUR ±0.1 M (EUR ±0.0 M on December 31, 2015) on consolidated income after taxes and equity.

Interest rate risk

Fluctuations in interest rates affect the Group's interest expenses and interest income. Of the Group's interest-bearing liabilities, 73 per cent have fixed interest rates and 27 per cent have floating interest rates. The total floating interest rate consists of the market interest rate and a company-specific margin. There are no interest rate derivatives.

A one percentage point change in the market interest rates on the Group's interest-bearing liabilities with floating interest rates on December 31, 2016 would have an estimated effect of EUR ±0.4 M (EUR ±0.4 M on December 31, 2015) on consolidated income after taxes and equity.

Liquidity risk

Viking Line evaluates and continuously monitors the financing that is required in its business operations in order to always have sufficient funds for day-to-day activities, principal payments and investments. Liquidity risk is also managed through efficient cash management, by ensuring reasonably priced financing sources and by dispersing a sufficient portion of financial investments among liquid financial instruments. Vessel investments are financed with long-term credit agreements.

The loan agreement related to the financing of the M/S Viking Grace includes loan covenants according to market terms.

The Group's non-current interest-bearing liabilities amounted to EUR 150.6 M on December 31, 2016 (EUR 174.0 M on December 31, 2015). Information on the dates when interest-bearing liabilities fall due for payment is found in the consolidated financial statements, Note 20. The Group's cash and cash equivalents amounted to EUR 94.9 M on December 31, 2016 (EUR 110.7 M on December 31, 2015).

Credit and counterparty risk

Trade and other receivables are a credit risk for the Group. Credit risk in operational activities is continuously monitored. Credit risk in the Group's trade and other receivables is regarded as low, since these are dispersed among a large number of customers. The Group had no substantial credit losses during the financial year. The balance sheet carrying amount of the Group's trade and other receivables plus investments available for sale is equivalent to its maximum credit exposure. An age analysis of unimpaired trade receivables can be found in the consolidated financial statements, Note 16.

Cash is invested in financial instruments that are liquid and exposed to low risk. Investments in financial instruments are made only with counterparties deemed to have good solvency and creditworthiness.

Bunker price risk

Bunker (vessel fuel) costs are a substantial risk for the Group. Most of the price of the Group's bunker purchases is determined by world market prices for bunker oil and natural gas. Bunker oil purchases are made in euros. The bunker oil price for a specific delivery date is determined based on an average of market price listings for the three previous days according to Platts at the European Central Bank's USD/EUR reference exchange rates for the same period. The liquefied natural gas (LNG) price is determined by unit costs for the natural gas element, condensation and bunker vessel logistics. In order to partly offset the risk of higher bunker prices, the Group has entered into fixed-price agreements related to a portion of its estimated bunker consumption during 2016 and 2017.

Vessel bunker costs amounted to EUR 39.3 M during the financial year 2016 (EUR 48.5 M during 2015), which is equivalent to 7.6 per cent (9.1) of Group sales. Bunker consumption totalled about 79,700 tonnes of oil and about 15,000 tonnes of LNG during 2016 (about 80,700 tonnes of oil and 15,500 tonnes of LNG during 2015).

A 10 per cent change in the bunker price of LNG on December 31, 2016 and the bunker oil quality that is used, based on projected bunker consumption in 2017, would have an estimated effect of EUR ±2.9 M on consolidated income after taxes and equity. The Group's existing fixed-price agreements have been taken into account in these calculations.

Price risk

The Group is exposed to price risk related to shares that are classified as investments available for sale. The value of the Group's shareholding in the insurance company Försäkringsaktiebolaget Alandia is established on the basis of the present value of forecasted future cash flows during the period 2017-2021. For subsequent periods, annual growth of 2.0 per cent has been forecasted. A required return of 11.0 per cent on equity has been used in the calculation.

Sensitivity analysis, shareholding in FörsäkringsAb Alandia	*Effect on present value, EUR M*
Decrease by 5% of forecasted cash flows	- 1.3
Increase by 5% of forecasted cash flows	1.3
Required return on equity 12.0%	- 2.7
Required return on equity 10.0%	3.3

Asset management

The purpose of the Group's asset management is a capital structure that ensures normal operating conditions. The Company's Board of Directors assesses the capital structure of the Group regularly by monitoring the equity/assets ratio. On December 31, 2016, the equity/assets ratio amounted to 44.1 per cent, compared to 42.8 per cent on December 31, 2015.

27. LITIGATION AND DISPUTES

On February 27, 2015, the Helsinki District Court announced its ruling in a case between Viking Line and the Finnish State regarding fairway charges levied during the years 2001–2004. According to the judgement, the Finnish State was required to pay approximately EUR 12.4 M in accordance with Viking Line's claim as well as legal expenses plus interest.

Following the appeal by the Finnish State, on August 8, 2016, the Helsinki Court of Appeal reversed the Helsinki District Court's decision and rejected Viking Line's claim due to the statute of limitations. Viking Line has filed a leave to appeal with the Supreme Court of Finland.

Viking Line is involved in a few other legal actions and cases whose outcome cannot be predicted, but taking into account the information that is available at present, their outcome is not expected to have any substantial impact on consolidated earnings.

28. EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company is not aware of any major events after the balance sheet date that might influence the financial statements.

Five-year financial review

THE GROUP	2012	2013	2014	2015	2016
Sales, EUR M	516.1	549.4	527.4	530.5	519.6
Operating income, EUR M	2.4	34.7	13.7	26.4	13.7
– as % of sales	0.5%	6.3%	2.6%	5.0%	2.6%
Income before taxes, EUR M	1.6	27.7	32.3	23.2	9.6
– as % of sales	0.3%	5.0%	6.1%	4.4%	1.8%
Return on equity (ROE)	0.6%	15.6%	15.2%	8.5%	3.6%
Return on investment (ROI)	1.3%	10.4%	9.1%	6.8%	3.6%
Equity/assets ratio	46.2%	35.6%	40.0%	42.8%	44.1%
Debt/equity ratio (gearing)	22.5%	74.1%	56.2%	38.5%	35.5%
Gross capital spending, EUR M	49.7	172.3	7.2	10.0	15.8
– as % of sales	9.6%	31.4%	1.4%	1.9%	3.0%
Average number of employees	3,014	3,104	2,797	2,735	2,742
– of whom shipboard employees	2,299	2,407	2,133	2,066	2,084
– of whom land-based employees	715	697	664	669	658
Salaries etc, EUR M	128.2	135.5	125.6	122.7	123.6

Quarterly consolidated income statement

EUR M	2016 Q4	2016 Q3	2016 Q2	2016 Q1
SALES	**122.3**	**159.3**	**131.1**	**106.9**
Other operating revenue	0.1	0.2	0.2	1.5
Expenses				
Goods and services	36.0	45.6	38.4	31.7
Salary and other employment benefit expenses	29.8	31.0	31.0	30.5
Depreciation and impairment losses	7.0	7.0	7.2	6.7
Other operating expenses	50.7	50.6	53.6	51.1
	123.5	134.2	130.2	120.0
OPERATING INCOME	**-1.1**	**25.3**	**1.1**	**-11.6**
Financial income	1.6	0.5	2.8	0.5
Financial expenses	-2.5	-2.5	-2.4	-2.0
INCOME BEFORE TAXES	**-2.0**	**23.2**	**1.4**	**-13.1**
Income taxes	0.4	-4.7	0.2	2.6
INCOME FOR THE PERIOD	**-1.7**	**18.6**	**1.6**	**-10.5**
Income attributable to:				
Parent company shareholders	-1.7	18.6	1.6	-10.5
Earnings per share before and after dilution, EUR	-0.16	1.72	0.15	-0.97

Quarterly consolidated statement of comprehensive income

EUR M	2016 Q4	2016 Q3	2016 Q2	2016 Q1
INCOME FOR THE PERIOD	**-1.7**	**18.6**	**1.6**	**-10.5**
Other comprehensive income				
Items that may be transferred to the income statement				
Translation differences	0.1	-0.4	-0.4	-0.1
Investments available for sale	0.3	-	-	-
	0.4	-0.4	-0.4	-0.1
COMPREHENSIVE INCOME FOR THE PERIOD	**-1.3**	**18.2**	**1.2**	**-10.6**
Comprehensive income attributable to:				
Parent company shareholders	-1.3	18.2	1.2	-10.6

Share data

Share capital and shares
The minimum share capital of Viking Line Abp is EUR 720,000.00 and the maximum share capital is EUR 2,880,000.00. Within these limits, share capital may be increased or decreased without amending the Articles of Association. The minimum number of shares is 3,600,000 and the maximum number is 14,400,000. Since April 12, 1995, the share capital of Viking Line Abp has been EUR 1,816,429.61. Since July 5, 1995, the shares of Viking Line Abp have been listed on the NASDAQ Helsinki.

Joining the Finnish book-entry securities account system
The changeover of Viking Line Abp shares took place during the period February 15–March 12, 1999.

Warrants and bonds
The Company has not issued warrants or bonds.

Limitations on voting rights
All shares constitute one series, in which all shares are of equal value. Each share is equivalent to one vote when voting on motions and candidates at shareholders' meetings. However, no shareholder may vote on behalf of more than 1/4 of the shares represented at a shareholders' meeting.

Authority to make changes
The Articles of Association stipulate lower and upper limits for the Company's share capital. The Board of Directors has not requested authorization from a shareholders' meeting to change the share capital or to issue warrants or bonds or acquire the Company's own shares.

Shareholders
At the end of the 2016 financial year, the Company had 3,411 registered shareholders.

Largest shareholders, December 31, 2016	Number of shares	Percentage of total
1. Ångfartygs Ab Alfa	1,656,500	15.3%
2. Rederi Ab Hildegaard	1,110,803	10.3%
3. Rafael Investering Ab	1,080,100	10.0%
4. Ab Rafael	527,723	4.9%
5. Lundqvist Ben	403,717	3.7%
6. Eklund Nils-Erik	346,645	3.2%
7. Sviberg Marie-Louise	315,745	2.9%
8. Sundman Airi	158,740	1.5%
9. Försäkringsaktiebolaget Alandia	150,540	1.4%
10. Lundqvist Dick	143,000	1.3%

Viking Line Abp's shareholders, by sector	Number of shareholders	Percentage of total	Number of shares	Percentage of total
Companies	145	4.2%	4,922,727	45.6%
Credit institutions and insurance companies	7	0.2%	229,787	2.1%
Public sector entities	3	0.1%	155,641	1.4%
Households	3,090	90.6%	4,955,101	45.9%
Non-profit entities	20	0.6%	68,162	0.6%
Foreign shareholders	137	4.0%	343,484	3.2%
Nominee-registered shares	9	0.3%	124,902	1.2%
Not transferred to book-entry securities account system			196	0.0%
Total	**3,411**	**100.0%**	**10,800,000**	**100.0%**

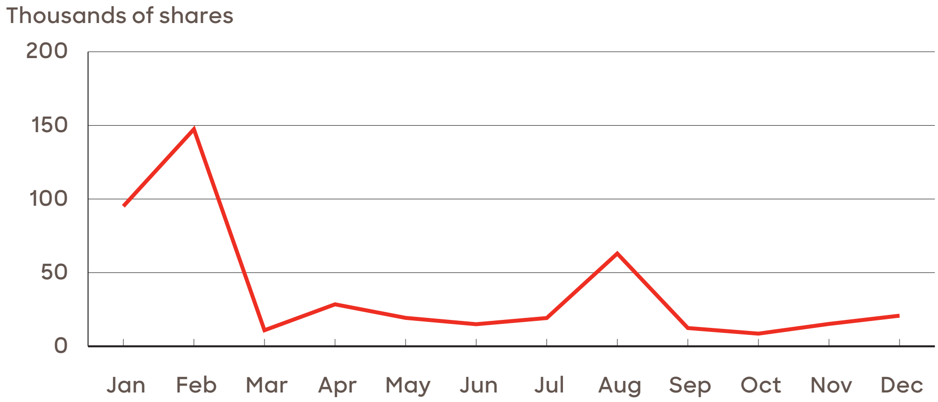
Distribution of share capital	Number of shareholders	Percentage of total	Number of shares	Percentage of total
1–99	1,551	45.5%	45,153	0.4%
100–999	1,103	32.3%	257,331	2.4%
1,000–9,999	637	18.7%	1,557,200	14.4%
10,000–99,999	106	3.1%	2,607,959	24.2%
100,000–999,999	11	0.3%	2,484,758	23.0%
1,000,000–	3	0.1%	3,847,403	35.6%

Board and top management shareholdings
The members and deputy members of the Board of Directors, the President and Chief Executive Officer, and the Deputy Chief Executive Officer own or control, in the manner described in Chapter 2, Section 4 of the Finnish Securities Market Act, 1,089,879 shares in the Company, equivalent to a voting power of 10.1 per cent. Viking Line applies the provisions of Finland's Securities Market Act on insider information, the NASDAQ Helsinki's insider regulations and insider rules under the EU Market Abuse Regulation (MAR).

Trading volume and share price
During the financial year 2016, trading in Viking Line on the NASDAQ Helsinki totalled 455,846 shares. This meant that 4.2 per cent of all shares changed hands. The year's highest share price was EUR 26.01, the lowest EUR 19.75. On December 31, 2016, the quoted share price was EUR 20.24. The Company's market capitalization on that date was EUR 218.59 M.

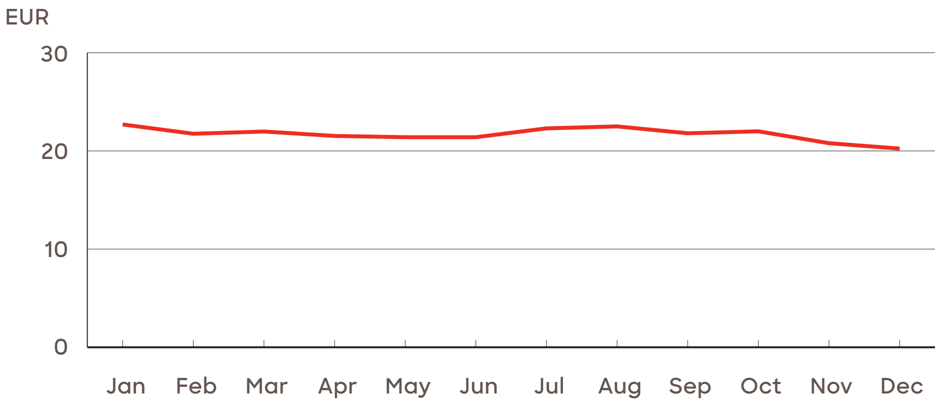
Trading volume

January – December 2016



Share price

January – December 2016



SHARE-RELATED FINANCIAL RATIOS	2012	2013	2014	2015	2016
Earnings per share, EUR	0.09	2.54	2.83	1.73	0.74
Equity per share, EUR	15.00	17.50	19.75	20.89	20.64
Dividend per share, EUR*	0.00	0.50	0.70	0.95	0.40
Dividend/earnings	0.0%	19.7%	24.7%	54.8%	53.8%
Dividend/share price	0.0%	2.8%	4.4%	4.6%	2.0%
Price/earnings (P/E) ratio	200	7	6	12	27
Share price on December 31, EUR	17.10	17.82	15.82	20.70	20.24
Highest share price, EUR	22.50	22.04	18.88	20.70	26.01
Lowest share price, EUR	16.40	17.01	13.50	15.82	19.75
Average share price, EUR	18.31	18.39	16.15	17.78	21.74
Market capitalization, EUR M	184.68	192.46	170.86	223.56	218.59
Number of shares traded	143,492	209,006	240,667	416,594	455,846
Percentage of shares traded	1.3%	1.9%	2.2%	3.9%	4.2%
Dividend paid for financial year, EUR M*	0.00	5.40	7.56	10.26	4.32
Average number of shares	10,800,000	10,800,000	10,800,000	10,800,000	10,800,000
Number of shares on December 31	10,800,000	10,800,000	10,800,000	10,800,000	10,800,000

* For the financial year 2016, proposed by the Board of Directors for approval by the Annual General Meeting.

Definitions of financial ratios

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)
Debt/equity ratio (gearing), % =	(Interest-bearing liabilities – cash and cash equivalents) / Equity including minority interest
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 December 31
Dividend/earnings, % =	Dividend per share / Earnings per share
Dividend/share price, % =	Dividend per share / Share price on December 31
Price/earnings (P/E) ratio =	Share price on December 31 / Earnings per share

Parent company income statement

EUR M	Note	Jan 1, 2016– Dec 31, 2016	Jan 1, 2015– Dec 31, 2015
SALES		**525.8**	**536.5**
Other operating revenue	2	1.7	0.6
Operating expenses			
Goods and services	3	151.4	152.9
Employee expenses	4	93.4	88.8
Depreciation/amortization	5	25.0	24.7
Other operating expenses	6	247.5	247.0
		517.4	513.5
OPERATING INCOME		**10.1**	**23.6**
Financial income and expenses	7	-1.9	-2.6
INCOME BEFORE APPROPRIATIONS AND TAXES		**8.2**	**21.0**
Appropriations	8	-6.6	-13.5
Income taxes	9	-	-1.3
INCOME FOR THE FINANCIAL YEAR		**1.6**	**6.2**

Parent company balance sheet

EUR M	Note	Dec 31, 2016	Dec 31, 2015
ASSETS			
FIXED ASSETS			
Intangible assets	10	4.3	2.0
Tangible assets	11		
Land		1.0	1.9
Buildings and structures		8.9	9.7
Vessels		265.5	277.4
Machinery and equipment		4.3	4.3
		279.7	293.3
Shares and participations	12		
Shares in Group companies		1.1	1.1
Capital contribution to Group companies		17.6	17.6
Other shares and participations		26.1	26.1
		44.8	44.8
TOTAL FIXED ASSETS		**328.7**	**340.1**
CURRENT AND FINANCIAL ASSETS			
Inventories	13	18.0	17.1
Long-term receivables			
Group receivables		19.5	23.9
Receivable, settlement payment		–	0.2
		19.5	24.1
Current receivables			
Trade receivables		10.0	9.6
Group receivables		4.6	4.6
Other current receivables		0.5	0.9
Accrued income and prepaid expenses	14	22.8	15.2
		37.9	30.3
Cash and cash equivalents		93.7	109.7
TOTAL CURRENT AND FINANCIAL ASSETS		**169.2**	**181.2**
TOTAL ASSETS		**497.9**	**521.3**

EUR M	Note	Dec 31, 2016	Dec 31, 2015
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	15		
Share capital		1.8	1.8
Retained earnings		77.1	81.2
Income for the period		1.6	6.2
TOTAL SHAREHOLDERS' EQUITY		**80.5**	**89.2**
ACCUMULATED APPROPRIATIONS			
Accumulated depreciation differences		**176.2**	**169.6**
LIABILITIES			
Long-term liabilities	16		
Liabilities to credit institutions		150.2	173.6
Current liabilities			
Repayment portion of liabilities to credit institutions		23.4	23.4
Accounts payable		23.4	22.6
Group liabilities		3.3	3.6
Other current liabilities		10.0	9.4
Accrued expenses and prepaid income	17	30.9	29.8
		91.0	88.9
TOTAL LIABILITIES		**241.2**	**262.5**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**497.9**	**521.3**

Parent company cash flow statement

EUR M	Jan 1, 2016– Dec 31, 2016	Jan 1, 2015– Dec 31, 2015
OPERATING ACTIVITIES		
Income for the period	1.6	6.2
Adjustments		
Depreciation/amortization	25.0	24.7
Capital gains from tangible assets	-1.1	-
Other items not included in cash flow	6.6	13.5
Interest expenses and other financial expenses	5.1	5.9
Interest income and other financial income	-1.3	-1.4
Dividend income	-2.4	-1.6
Income taxes	-	1.3
Change in working capital		
Change in current receivables	-6.4	0.1
Change in inventories	-1.0	-1.1
Change in non-interest-bearing liabilities	3.7	0.8
Interest paid	-4.7	-5.4
Financial expenses paid	-0.6	-0.7
Interest received	1.1	1.4
Financial income received	0.2	0.0
Taxes paid	-2.5	0.0
NET CASH FLOW FROM OPERATING ACTIVITIES	**23.3**	**43.7**
INVESTING ACTIVITIES		
Investments in vessels	-10.8	-7.2
Investments in other intangible and tangible assets	-4.3	-2.0
Divestments of other intangible and tangible assets	2.5	-
Change in non-current receivables	4.6	4.5
Dividends received	2.4	1.6
NET CASH FLOW FROM INVESTING ACTIVITIES	**-5.6**	**-3.1**
FINANCING ACTIVITIES		
Principal payments on long-term liabilities	-23.4	-23.4
Dividends paid	-10.3	-7.6
NET CASH FLOW FROM FINANCING ACTIVITIES	**-33.7**	**-31.0**
CHANGE IN CASH AND CASH EQUIVALENTS	**-16.0**	**9.6**
Cash and cash equivalents at beginning of period	109.7	100.1
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**93.7**	**109.7**

Notes to the parent company's financial statements

1. ACCOUNTING PRINCIPLES

General principles

Viking Line Abp, domiciled in Mariehamn, Åland, is the parent company of the Viking Line Group. The Company's Business Identity Code is 0144983-8.

The financial statements of Viking Line Abp have been prepared in compliance with Finnish accounting legislation as well as other national rules and regulations concerning financial statements.

The financial statements of the Company encompass the period January 1–December 31, 2016.

Items in foreign currencies

Transactions in foreign currencies are translated according to the exchange rate on the transaction date. Receivables and liabilities in foreign currencies are recognized at the exchange rate prevailing on the balance sheet date.

Accrual of revenue

The Company's revenue is recognized minus discounts, indirect taxes and exchange rate differences.

Pension expenses

Outside pension companies are responsible for the legally mandated pension liability in the Company. Pension premiums are recognized as expenses in the income statement for the accounting period to which they are attributable.

Income taxes

Income taxes recognized in the income statement are attributable to income for the year as well as to earlier accounting periods.

Tangible and intangible assets and depreciation/amortization

Tangible and intangible assets are recognized at historical cost less accumulated scheduled depreciation, which has been calculated on the basis of the probable economic life of the assets. Cost includes the purchase price and expenses directly attributable to the asset. Cost of vessels includes financial expenses during their construction period as well. Carrying amounts in the balance sheet also include revaluations on parcels of land, based on appraisals made by outside appraisers.

Vessels, which comprise the largest asset item in the balance sheet, are depreciated on a straight-line basis. For vessels, an estimated residual value at the end of their economic life has been taken into account in calculating depreciation. For vessels acquired in 2008 or later the hull, engine and other long-term component parts will be depreciated on a straight-line basis over 25 years, while short-term component parts will be depreciated on a straight-line basis over 15 years. The above component parts related to vessels acquired prior to 2008 are depreciated on a straight-line basis over either 20 or 25 years. Additional capital expenditures for vessels are depreciated over the remaining scheduled economic life of the vessels. Renovation projects for vessels whose remaining useful life is less than five years are depreciated over five years.

Viking Line's vessels are dry-docked at 2-3 year intervals. Dry-docking expenses are capitalized for each vessel and depreciated until the next planned dry-docking.

Normal expenditures for repairs and maintenance are expensed on a current basis. Land is not depreciated. Buildings and motor vehicles are depreciated on a declining balance basis. The depreciation method for other tangible assets has been changed so that acquisitions made in 2016 or later are depreciated on a straight-line basis whereas previous acquisitions are depreciated on a declining balance basis. This change does not have any material effect on the Company's operating income or tangible assets.

Intangible assets mainly comprise computer software programmes and capitalized renovation expenses for leased properties and are amortized on a straight-line basis.

Depreciation for fixed assets is calculated according to the following principles:

Vessels
20–25 years, straight-line
Vessels, short-term component parts
15 years, straight-line
Vessel dry-docking
2–3 years, straight-line
Vessels, machinery and equipment
5–10 years, straight line or 25% of remaining expenditure
Buildings
4–7% of remaining expenditure
Structures
10 years, straight line or 20–25% of remaining expenditure
Machinery and equipment
5–15 years, straight line or 25% of remaining expenditure
Intangible assets (amortization)
5–10 years, straight-line

Financial assets and liabilities

Viking Line Abp's shareholding in Försäkringsaktiebolaget Alandia is 19.9 per cent of the total. The acquisition cost of the shares was established on the basis of the present value of future cash flows as of December 31, 2014.The shareholding is recognized among shares and participations in the Company's balance sheet. If the value of the shares decreases substantially and in the long term, an impairment loss is recognized among financial expenses.

Other financial assets and liabilities are recognized at acquisition cost.

Inventories

Inventories have been recognized at a weighted average purchase price or at a probable lower net selling price.

EUR M		Jan 1, 2016– Dec 31, 2016	Jan 1, 2015– Dec 31, 2015
2.	**OTHER OPERATING REVENUE**		
	Rents received on properties	0.3	0.4
	Capital gains	1.1	-
	Miscellaneous operating revenue	0.3	0.1
	Total	1.7	0.6
3.	**GOODS AND SERVICES**		
	Purchases during the financial year	130.6	131.8
	Change in inventories	-0.8	-1.0
	Externally purchased services	21.7	22.1
	Total	151.4	152.9
4.	**EMPLOYEE EXPENSES**		
	Salaries etc	95.9	94.9
	Pension expenses	17.4	12.4
	Other employee expenses	7.6	7.0
		120.9	114.3
	Government restitution	-27.5	-25.5
	Total	93.4	88.8
	AVERAGE NUMBER OF EMPLOYEES		
	Shipboard employees	1,629	1,621
	Land-based employees	417	419
	Total	2,046	2,040
5.	**DEPRECIATION/AMORTIZATION**		
	Intangible assets	0.4	0.3
	Buildings and structures	0.7	0.8
	Vessels	22.7	21.6
	Machinery and equipment	1.2	1.9
	Total	25.0	24.7
6.	**AUDITORS' FEES**		
	Auditing	0.1	0.1
	Audit related services	0.0	0.0
	Tax advice	0.0	0.0
	Miscellaneous consulting	0.0	0.0
	Total	0.1	0.1
7.	**FINANCIAL INCOME AND EXPENSES**		
	Dividend income from others	2.4	1.6
	Interest income from Group companies	1.1	1.3
	Interest income from others	0.0	0.1
	Exchange gains	1.3	1.5
	Other financial income	0.2	0.0
	Total financial income	5.0	4.5
	Interest expenses to others	4.5	5.1
	Exchange losses	1.8	1.2
	Other financial expenses	0.6	0.7
	Total financial expenses	6.9	7.1
	Total financial income and expenses	-1.9	-2.6

EUR M

8. APPROPRIATIONS	Jan 1, 2016–Dec 31, 2016	Jan 1, 2015–Dec 31, 2015
Difference between scheduled depreciation and depreciation for tax purposes	-6.6	-13.5

9. INCOME TAXES	Jan 1, 2016–Dec 31, 2016	Jan 1, 2015–Dec 31, 2015
Income tax on actual operations	-	1.3

10. INTANGIBLE ASSETS	Intangible rights	Other long-term assets	Total
Acquisition cost, Jan 1, 2016	3.7	11.0	14.7
Increases	1.3	1.3	2.7
Decreases	0.0	-1.0	-1.0
Acquisition cost, Dec 31, 2016	5.0	11.3	16.4
Accumulated amortization, Jan 1, 2016	-2.9	-9.8	-12.7
Accumulated amortization on decreases	0.0	1.0	1.0
Amortization for the period	-0.2	-0.2	-0.4
Accumulated amortization, Dec 31, 2016	-3.1	-9.0	-12.1
Book value, Dec 31, 2016	1.9	2.3	4.3

11. TANGIBLE ASSETS	Land	Buildings and structures	Vessels	Machinery and equipment	Total
Acquisition cost, Jan 1, 2016	1.1	24.6	712.7	14.4	752.8
Increases	-	0.4	10.8	1.2	12.4
Decreases	-0.5	-1.8	-4.6	-3.4	-10.4
Acquisition cost, Dec 31, 2016	0.6	23.2	718.9	12.2	754.8
Accumulated depreciation, Jan 1, 2016	-	-14.9	-435.3	-10.1	-460.3
Accumulated depreciation on decreases	-	1.4	4.6	3.3	9.3
Depreciation for the period	-	-0.7	-22.7	-1.2	-24.6
Accumulated depreciation, Dec 31, 2016	-	-14.3	-453.4	-7.9	-475.6
Revaluations, Jan 1, 2016	0.8	-	-	-	0.8
Decreases	-0.4	-	-	-	-0.4
Revaluations, Dec 31, 2016	0.5	-	-	-	0.5
Book value, Dec 31, 2016	1.0	8.9	265.5	4.3	279.7

EUR M

12. SHARES AND PARTICIPATIONS	**Shares in Group companies**	**Capital contribution to Group companies**	**Other shares and participations**	**Total**
Acquisition cost, Jan 1, 2016	1.1	17.6	26.1	44.8
Acquisition cost, Dec 31, 2016	1.1	17.6	26.1	44.8

13. INVENTORIES	**Dec 31, 2016**	**Dec 31, 2015**
Stocks of goods for sale	16.6	15.7
Supplies	0.3	0.3
Stocks of vessel fuel	1.2	1.1
Total	18.0	17.1

14. ACCRUED INCOME AND PREPAID EXPENSES	**Dec 31, 2016**	**Dec 31, 2015**
Employee-related items	16.4	14.2
Other accrued income and prepaid expenses	6.4	1.0
Total	22.8	15.2

15. SHAREHOLDERS' EQUITY	**2016**	**2015**
Share capital, Jan 1	1.8	1.8
Share capital, Dec 31	1.8	1.8
Retained earnings, Jan 1	81.2	63.4
Income for the previous financial year	6.2	25.4
Dividend paid to shareholders	-10.3	-7.6
Retained earnings, Dec 31	77.1	81.2
Income for the period	1.6	6.2
Total shareholders' equity	80.5	89.2

16. LOANS THAT FALL DUE LATER THAN AFTER 5 YEARS	**Dec 31, 2016**	**Dec 31, 2015**
Liabilities to credit institutions	56.5	79.9

17. ACCRUED EXPENSES AND PREPAID INCOME	**Dec 31, 2016**	**Dec 31, 2015**
Employee-related items	20.0	18.8
Other accrued expenses and prepaid income	10.9	11.0
Total	30.9	29.8

18. PLEDGED ASSETS AND OTHER CONTINGENT LIABILITIES	**Dec 31, 2016**	**Dec 31, 2015**
Contingent liabilities		
Loans and credit lines for which vessel mortgages were provided as collateral	173.6	197.1
Total	173.6	197.1
Assets pledged for own debt		
Vessel mortgages	312.6	312.6
Total	312.6	312.6
Leasing liabilities		
Amounts that fall due during the following accounting period	0.8	1.0
Amounts that fall due later	1.5	2.3
Total	2.3	3.3

Signatures of the Board of Directors and the President and CEO

Mariehamn, February 15, 2017

Ben Lundqvist, Chairman of the Board
Nils-Erik Eklund
Trygve Eriksson
Erik Grönberg
Agneta Karlsson
Dick Lundqvist
Lars G Nordström

Jan Hanses, President and CEO

Auditors' note

Our auditors' report was issued today.

Mariehamn, February 15, 2017

Ylva Eriksson, Authorized Public Accountant
Petter Lindeman, Authorized Public Accountant

Auditor's Report (Translation of the Swedish Original)

To the Annual General Meeting of Viking Line Abp

Report on the Audit of the Financial Statements

Opinion

In our opinion
– the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
– the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

What we have audited

We have audited the financial statements of Viking Line Abp (business identity code 0144983-8) for the year ended 31 December 2016. The financial statements comprise:
– the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies
– the parent company's balance sheet, income statement, statement of cash flows and notes.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

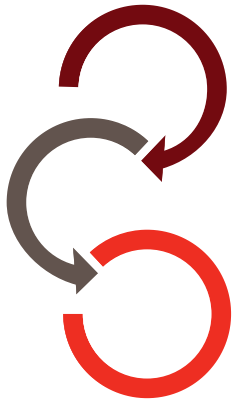
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our Audit Approach

Overview



Materiality
– We have applied an overall group materiality of € 2,5 million, which represents approximately 0,5 % of the consolidated net revenue

Audit scope
– The scope of the group audit included the parent company and the consolidation

Key audit matters
– Net sales – timing of revenue recognition
– Valuation of vessels

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

Overall group materiality
€ 2,5 million

How we determined it
Approximately 0,5 % of consolidated net revenue

Rationale for the materiality benchmark applied
Based on our professional judgement we selected certain quantitative benchmarks in order to determine the materiality that was applied to the group financial statements as a whole.

How we tailored our group audit scope
We tailored the scope of our audit, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Net sales – timing of revenue recognition *See notes 1. and 2. to the financial statements* The consolidated net sales comprise three different revenue streams: passenger-related revenue, cargo revenue and miscellaneous sales revenue. Passenger-related revenue covers both ticket sales and sales on board, and accounts for the majority of the group's revenues. Sales consist of a very large number of small transactions, payment is usually received in advance (ticket income) or at the point of sale. The company has IT systems and manual controls in place to ensure that payments received, whether in cash or per card, match sales recorded in the accounting records. We focused on the risk, that revenue from the passenger-related and cargo revenue streams may not be recorded in the appropriate accounting period.	Our audit of revenue recognition included both testing of the company's controls and testing of individual sales transactions. Our audit also included testing of controls around the company's IT systems. Our testing of controls focused on controls covering the reconciliation of cash and card payments received against sales recorded in the point-of-sale system. As part of our substantive audit of revenue recognition for ticket sales we compared revenue against the period when the passengers had travelled. Our audit of sales on board focused on verifying that sales on board for vessels departing close to the financial year-end were recognized in revenue in the correct accounting period. We tested a sample of sales recorded close to the year-end 2016 against the point-of-sales systems on board. Our audit of cargo income included a sample of cargo income recognized in the end of the accounting period, in order to verify that recognition was made in the accounting period when departure had taken place.
Valuation of vessels *Refer to notes 1. and 2. to the financial statements* The group has 7 vessels, with a total value of € 308,5 million as per balance sheet at 31 December, 2016. The vessels constitute a significant part of the group's balance sheet. Vessels are valued in accordance with IFRS based on cost less accumulated depreciation. The magnitude of the depreciation expense depends on the expected economic useful lives and the estimated residual value of the vessels, and thereby reflects management judgement. We focused our audit on the valuation of the vessels as their valuation is impacted by management judgement, and they account for a significant portion of the group's assets.	In order to ensure that the vessels were not recorded at a value exceeding their fair value, we compared their respective values per the group's accounting records to a valuation performed by an external expert engaged by the group. Our procedures covered all the group's vessels, i.e. Viking Cinderella, Viking Grace, Amorella, Viking XPRS, Gabriella, Mariella and Rosella.

We have no key audit matters to report with respect to our audit of the parent company financial statements..

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises information included in the report of the Board of Directors and in the Annual Report, but does not include the financial statements and our auditor's report thereon. We obtained the report of the Board of Directors prior to the date of this auditor's report and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion

– the information in the report of the Board of Directors is consistent with the information in the financial statements

– the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the information included in the report of the Board of Directors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Mariehamn 15 February 2017

Ylva Eriksson
Authorised Public Accountant

Petter Lindeman
Authorised Public Accountant

Addresses

Viking Line Abp

Street address: Norragatan 4
Postal address: PB 166
AX-22101 Mariehamn
Åland, Finland
Tel: +358 18 270 00

Street address: Storagatan 3
Postal address: PB 166
AX-22101 Mariehamn
Åland, Finland

Subsidiaries

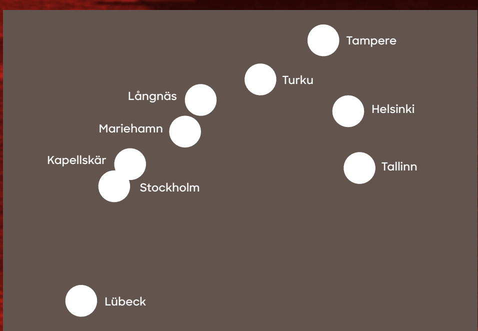
Viking Line Skandinavien AB
Box 4154
SE-131 04 Nacka, Sweden
Tel: +46 8 452 41 00

Viking Rederi AB
c/o Viking Line Skandinavien AB
Box 4154
SE-131 04 Nacka, Sweden
Tel: +46 8 452 41 00

OÜ Viking Line Eesti
Hobujaama 4
EE-10151 Tallinn, Estonia
Tel: +372 666 3966

Viking Line Finnlandverkehr GmbH
Große Altefähre 20-22
DE-23552 Lübeck, Germany
Tel: +49 451 38 46 30

Viking Line Buss Ab
Storagatan 3
AX-22100 Mariehamn
Åland, Finland
Tel: +358 18 263 11



Finland unit

Street address: Mastokatu 1
Postal address: PB 119
FI-00161 Helsinki, Finland
Tel: +358 9 123 51

Street address: Linnansatama
Postal address: PB 265
FI-20101 Turku, Finland
Tel: +358 2 333 11

Passenger offices

Turku
Hansa-Thalia
Aurakatu 10
FI-20100 Turku, Finland
Tel: +358 2 333 11

Tampere
Hämeenkatu 1
FI-33100 Tampere, Finland
Tel: +358 2 333 11

Tallinn
Hobujaama 4
EE-10151 Tallinn, Estonia
Tel: +372 666 3966

Sweden unit

Danvik Center
Hästholmsvägen 28
SE-131 30 Nacka, Sweden
Tel: +46 8 452 41 00

Passenger offices

Stockholm
City Terminal
Klarabergsviadukten 72
SE-111 64 Stockholm, Sweden
Tel: +46 8 452 40 00

Lübeck
Große Altefähre 20-22
DE-23552 Lübeck, Germany
Tel: +49 451 38 46 30

Cargo unit

Street address: Mastokatu 1
Postal address: PB 119
FI-00161 Helsinki, Finland
Tel: +358 9 123 51

Cargo booking

Turku
Postal address: PB 265
FI-20101 Turku, Finland
Tel: +358 2 333 1446

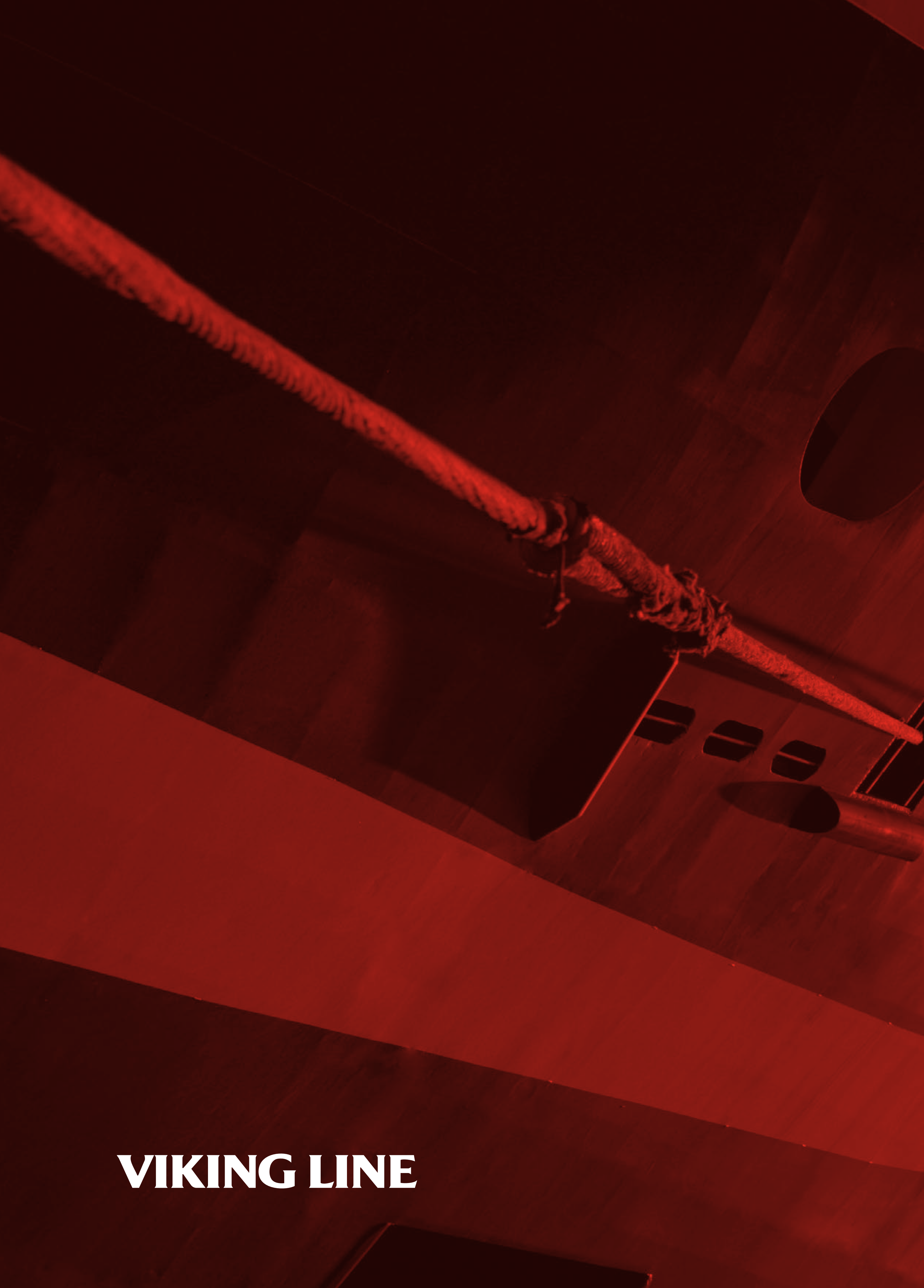
Tallinn
Sadama 25
A-Terminal
EE-15051 Tallinn, Estonia
Tel: +372 666 3985

Åland region

Storagatan 3
AX-22100 Mariehamn
Åland, Finland
Tel: +358 18 262 11

Vikingline.com
Vikingline.fi
Vikingline.ax
Vikingline.se
Vikingline.ee
Vikingline.ru
Vikingline.de
Vikingline.dk
Vikingline.no

Production: Viking Line Abp, Central Marketing.
Photos: Daniel Eriksson, Tuukka Ervasti, Kjell Söderlund, Ofer Amir, Lieselotte van der Meijs, Hannu Vallas, Tuula Palaste, Niclas Nordlund, Lennarth Sundberg, Petri Lyytikäinen, Sakari Saari, Sini Pennanen, Uzi Varon, Dick Lindberg.
Translation: Susan Long and Victor Kayfetz.
VIKING 160920K


VIKING LINE