

**INTERIM REPORT FOR THE PERIOD  
JANUARY – JUNE 2012****VIKING LINE'S SALES INCREASED SOMEWHAT BUT FUEL EXPENSES  
LOWERED ITS EARNINGS**

Consolidated sales of the Viking Line Group during the period January 1 – June 30, 2012 rose by 1.7 million euros to EUR 233.1 M (EUR 231.4 M in the period January 1 – June 30, 2011). Cargo revenue rose by 10.1 per cent to EUR 18.1 M (16.4). Passenger-related revenue amounted to EUR 213.3 M (213.2), which was at the same level as the year-earlier period.

The strengthening of the Swedish krona had a positive impact on revenue but also contributed to a heightened cost situation in the Group. The net effect was positive for the Group.

Income after taxes during the six-month period January 1 – June 30, 2012 totalled EUR -14.2 M, which was 31.7 per cent lower than during the corresponding period of 2011, when income was EUR -10.7 M. The main reason for the deterioration in earnings was higher fuel expenses, totalling EUR 33.8 M (30.7).

**MARKET SHARE**

The number of passengers on Viking Line's vessels totalled 2,928,132 (2,937,115). Viking Line's cargo volume amounted to 61,494 cargo units (56,656).

During the first six months of the financial year 2012, Viking Line strengthened its market share on the Helsinki (Finland)–Tallinn (Estonia) route by 0.6 percentage points to 25.2 per cent and on the Helsinki–Mariehamn (Åland Islands, Finland)–Stockholm (Sweden) route by 0.8 percentage points to 45.6 per cent. Market share on the Turku (Finland)–Mariehamn/Långnäs (Åland)–Stockholm route was at the year-earlier level, 49.9 per cent. In cruise services between Stockholm and Mariehamn, Viking Line's market share decreased by an estimated 2.9 percentage points to 50.3 per cent due to a smaller number of days in service. Its market share on the short route over the Sea of Åland increased by 3.3 percentage points to 45.5 per cent due to a larger number of days in service. The Group thus had a total market share in its service area of an estimated 34.2 per cent (34.5 per cent). Viking Line achieved a cargo market share of an estimated 20.6 per cent (19.7 per cent).

**THE VIKING GRACE**

*A third milestone has been reached in the task of constructing Viking Line's newbuilding, the Viking Grace. On August 10, 2012, the vessel was launched at the STX Finland shipyard in Turku. Interest in the event and in this new, unique ferry exceeded all expectations. More than 63,000 people watched the float out ceremony, which was video-streamed live to the general public on the Company's websites. The Viking Grace is a concrete expression of Viking Line's belief in future passenger traffic featuring good on-board service, new on-board concepts as well as a unique environmentally friendly hull shape and drive concept. The vessel will be fuelled by liquefied natural gas (LNG) and will replace the Isabella on the Turku–Mariehamn/Långnäs–Stockholm route in January 2013.*

Any questions concerning this report will be answered by Mikael Backman, President and Chief Executive Officer.

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Viking Line is a public limited company and the market leading brand in passenger traffic on the northern Baltic Sea, with a mission to provide large-scale, affordable, safe passenger and cargo carrier services including first-class recreation, good food and attractive shopping. Its shares have been listed on the NASDAQ OMX Nordic Exchange Helsinki since 1995. Viking Line serves Finland, Sweden and the Baltic countries with seven vessels. During the financial year 2011 sales were about EUR 504 M. The number of passengers totalled 6.4 million. The average number of employees was 3,060.

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## SALES AND EARNINGS

Consolidated sales of the Viking Line Group during the period January 1 – June 30, 2012 increased to 233.1 million euros (same period of 2011: EUR 231.4 M). Operating income amounted to EUR -17.9 M (-13.4). Net financial items totalled EUR -0.7 M (-1.0). Consolidated income before taxes totalled EUR -18.6 M (-14.4). Income after taxes amounted to EUR -14.2 M (-10.7).

Cargo revenue rose by 10.1 per cent to EUR 18.1 M (16.4). Passenger-related revenue amounted to EUR 213.3 M (213.2), which was at the same level as the year-earlier period.

The Group's operating expenses increased by 1.6 per cent to EUR 183.9 M (181.1). Of this amount, fuel expenses rose by 10.1 per cent to EUR 33.8 M (30.7), due to higher fuel prices. The strengthening of the Swedish krona, which is fundamentally favourable to Viking Line, has also contributed to a heightened cost situation in the Group.

During the second quarter, April 1 – June 30, 2012, sales increased by EUR 1.1 M compared to the same quarter of 2011. Consolidated income after taxes during the second quarter of 2012 was EUR 0.7 M higher than during the year-earlier period for operating activities. However, total comprehensive income for the second quarter was EUR 0.4 M lower than in the year-earlier period due to a settlement payment of EUR 1.1 M, which was reported among "Other operating revenue" in 2011.

## SERVICES AND MARKET TRENDS

The Viking Line Group provides passenger and cargo carrier services using seven vessels on the northern Baltic Sea. The Group served the same routes as during 2011.

During the report period, the number of passengers on the Group's vessels amounted to 2,928,132 (2,937,115). Volume increases were achieved on the Helsinki (Finland)–Mariehamn (Åland Islands, Finland)–Stockholm (Sweden), Helsinki–Tallinn (Estonia) routes and on the short route over the Sea of Åland. On the other routes, passenger volume decreased slightly. Viking Line's cargo volume amounted to 61,494 cargo units (56,656). Viking Line thus achieved a cargo market share of an estimated 20.6 per cent (19.7 per cent).

During the first six months of the financial year 2012, Viking Line strengthened its market share on the Helsinki–Tallinn route by 0.6 percentage points to 25.2 per cent and on the Helsinki–Mariehamn–Stockholm route by 0.8 percentage points to 45.6 per cent. Market share on the Turku (Finland)–Mariehamn/Långnäs (Åland)–Stockholm route was at the year-earlier level, 49.9 per cent. In cruise services between Stockholm and Mariehamn, Viking Line's market share decreased by an estimated 2.9 percentage points to 50.3 per cent due to a smaller number of days in service. Its market share on the short route over the Sea of Åland increased by 3.3 percentage points to 45.5 per cent due to a larger number of days in service. The Group thus had a total market share in its service area of an estimated 34.2 per cent (34.5 per cent).

## INVESTMENTS AND FINANCING

The construction of the Viking Grace at the STX Finland Oy shipyard in Turku has proceeded as planned. The vessel was launched on August 10, 2012 and delivery is planned on January 10, 2013. The environmental grant of EUR 28 M that was approved by the Finnish Ministry of Transport and Communications was approved by the European Commission on April 25, 2012. The net investment in the vessel after the environmental grant, about EUR 230 M, is being financed mainly through a long-term loan of EUR 185 M from Finnish Export Credit Ltd. The loan will be taken out upon delivery of the vessel.

The Group's investments totalled EUR 21.1 M (20.5), of which EUR 15.1 M was related to the Viking Grace.

On June 30, 2012 the Group's non-current interest-bearing liabilities amounted to EUR 77.5 M (85.7). The equity/assets ratio was 41.9 per cent, compared to 40.9 per cent a year earlier.

At the end of June 2012, the Group's cash and cash equivalents amounted to EUR 44.0 M (28.3). Net cash flow from operating activities amounted to EUR -1.2 M (2.3).

## FINANCIAL REPORTING

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

## ORGANIZATION AND PERSONNEL

The average number of Group employees was 2,966 (3,004), of whom 1,820 (1,851) worked for the parent company. Land-based personnel totalled 712 (743) and shipboard personnel totalled 2,254 (2,261).

## RISK FACTORS

Since the financial statements for fiscal 2011 were published, no changes have occurred that affect the Board's assessment of the risks in Viking Line's business operations in the short term. Special risks during the immediate future mainly concern bunker prices.

## **OUTLOOK FOR THE FULL 2012 FISCAL YEAR**

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

Full-year passenger and cargo volume are projected to reach last year's level. Sharply increased fuel prices, which fell temporarily during the spring, have again risen. Viking Line's net sales revenue has not increased enough in relation to the prevailing cost trend. In light of the above, the earnings outlook has worsened since the previous interim report, and the financial statements for the full financial year 2012 are now expected to show negative earnings. Because of this, a number of measures are being undertaken to improve earnings, both in the short term and in the long term.

The next Interim Report (January – September 2012) will be published on November 15, 2012.

Mariehamn, Åland, August 16, 2012

**VIKING LINE ABP**

The Board of Directors

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR M	Apr 1, 2012– Jun 30, 2012	Apr 1, 2011– Jun 30, 2011	Jan 1, 2012– Jun 30, 2012	Jan 1, 2011– Jun 30, 2011	Jan 1, 2011– Dec 31, 2011
<b>SALES</b>	<b>131.9</b>	<b>130.8</b>	<b>233.1</b>	<b>231.4</b>	<b>504.3</b>
Other operating revenue	0.1	1.3	0.2	1.6	2.5
<b>Expenses</b>					
Goods and services	38.3	37.4	67.3	65.4	141.3
Salary and other employment benefit expenses	31.4	31.4	62.5	62.3	121.7
Depreciation and impairment losses	7.0	7.1	14.2	14.1	28.3
Other operating expenses	53.7	53.9	107.2	104.7	205.8
	130.3	129.8	251.1	246.5	497.1
<b>OPERATING INCOME</b>	<b>1.6</b>	<b>2.3</b>	<b>-17.9</b>	<b>-13.4</b>	<b>9.8</b>
Financial income	0.3	0.2	0.6	0.6	1.5
Financial expenses	-0.6	-0.8	-1.3	-1.6	-3.4
<b>INCOME BEFORE TAXES</b>	<b>1.3</b>	<b>1.7</b>	<b>-18.6</b>	<b>-14.4</b>	<b>7.9</b>
Income taxes	-0.4	-0.5	4.4	3.7	-0.3
<b>INCOME FOR THE PERIOD</b>	<b>0.9</b>	<b>1.3</b>	<b>-14.2</b>	<b>-10.7</b>	<b>7.6</b>
Translation differences	0.0	-0.1	0.0	0.1	0.0
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>0.9</b>	<b>1.2</b>	<b>-14.1</b>	<b>-10.7</b>	<b>7.6</b>
<i>Income attributable to:</i>					
Parent company shareholders	0.9	1.3	-14.2	-10.7	7.6
<i>Total comprehensive income attributable to:</i>					
Parent company shareholders	0.9	1.2	-14.1	-10.7	7.6
Earnings per share before and after dilution, EUR	0.08	0.12	-1.31	-0.99	0.70

## CONSOLIDATED BALANCE SHEET

EUR M	Jun 30, 2012	Jun 30, 2011	Dec 31, 2011
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	1.0	1.2	1.1
Land	1.1	1.1	1.1
Buildings and structures	8.9	5.7	6.6
Renovation costs for rented properties	0.5	0.5	0.5
Vessels	184.7	208.1	196.0
Machinery and equipment	6.3	5.2	5.4
Advance payments	41.5	13.2	26.4
Investments available for sale	0.0	0.0	0.0
Receivables	0.8	0.9	0.8
<b>Total non-current assets</b>	<b>244.8</b>	<b>235.9</b>	<b>237.9</b>
<b>Current assets</b>			
Inventories	16.0	13.2	13.7
Income tax assets	6.6	4.3	1.4
Refund claim on advance payments	-	39.2	-
Trade and other receivables	39.2	41.2	49.0
Cash and cash equivalents	44.0	28.3	55.7
<b>Total current assets</b>	<b>105.8</b>	<b>126.2</b>	<b>119.8</b>
<b>TOTAL ASSETS</b>	<b>350.6</b>	<b>362.0</b>	<b>357.7</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1.8	1.8	1.8
Reserves	0.0	0.0	0.0
Translation differences	0.0	0.1	0.1
Retained earnings	144.9	146.1	164.4
Equity attributable to parent company shareholders	146.8	148.0	166.3
<b>Total equity</b>	<b>146.8</b>	<b>148.0</b>	<b>166.3</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	31.2	33.8	31.2
Non-current interest-bearing liabilities	77.5	85.7	81.5
<b>Total non-current liabilities</b>	<b>108.7</b>	<b>119.5</b>	<b>112.7</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	8.7	8.6	8.6
Income tax liabilities	0.0	0.0	0.0
Trade and other payables	86.5	85.9	70.0
<b>Total current liabilities</b>	<b>95.1</b>	<b>94.5</b>	<b>78.6</b>
<b>Total liabilities</b>	<b>203.8</b>	<b>214.0</b>	<b>191.4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>350.6</b>	<b>362.0</b>	<b>357.7</b>

## CONSOLIDATED CASH FLOW STATEMENT

EUR M	Jan 1, 2012– Jun 30, 2012	Jan 1, 2011– Jun 30, 2011	Jan 1, 2011– Dec 31, 2011
<b>OPERATING ACTIVITIES</b>			
Income for the period	-14.2	-10.7	7.6
Adjustments			
Depreciation and impairment losses	14.2	14.1	28.3
Other items not included in cash flow	0.0	-0.8	-1.1
Interest expenses and other financial expenses	1.0	1.1	2.4
Interest income and other financial income	-0.3	-0.1	-0.6
Dividend income	0.0	0.0	0.0
Income taxes	-4.4	-3.7	0.3
Change in working capital			
Change in trade and other receivables	-10.2	-8.6	3.7
Change in inventories	-2.3	-1.2	-1.6
Change in trade and other payables	16.6	18.3	2.4
Interest paid	-1.0	-1.0	-2.1
Financial expenses paid	-0.1	-0.1	-0.2
Interest received	0.2	0.1	0.3
Financial income received	0.0	0.0	0.1
Taxes paid	-0.7	-5.2	-8.9
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>-1.2</b>	<b>2.3</b>	<b>30.6</b>
<b>INVESTING ACTIVITIES</b>			
Investments in vessels	-1.7	-6.4	-6.9
Investments in other property, plant and equipment	-4.3	-1.0	-3.6
Advance payments	-15.1	-13.2	-26.4
Refund claim on advance payments	-	-	39.2
Divestments of other property, plant and equipment	0.0	0.0	0.4
Change in non-current receivables	0.0	0.0	0.0
Dividends received	0.0	0.0	0.0
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-21.0</b>	<b>-20.5</b>	<b>2.8</b>
<b>FINANCING ACTIVITIES</b>			
Increase in non-current liabilities	0.3	-	0.2
Amortization of non-current liabilities	-4.3	-4.4	-8.7
Dividends paid	-5.4	-7.0	-7.0
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-9.4</b>	<b>-11.4</b>	<b>-15.5</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>-31.7</b>	<b>-29.6</b>	<b>17.9</b>
Cash and cash equivalents at beginning of period	55.7	57.9	57.9
Change in held-to-maturity investments	20.0	-	-20.0
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>44.0</b>	<b>28.3</b>	<b>55.7</b>

*Comparative figures for 2011 have been reclassified with regard to "Change in non-current receivables".*

## STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

EUR M	Equity attributable to parent company shareholders				Total equity
	Share capital	Reserves	Translation differences	Retained earnings	
<b>Equity, Jan 1, 2012</b>	<b>1.8</b>	<b>0.0</b>	<b>0.1</b>	<b>164.4</b>	<b>166.3</b>
Dividend to shareholders				-5.4	-5.4
Total comprehensive income for the period		0.0	0.0	-14.1	-14.1
<b>Equity, Jun 30, 2012</b>	<b>1.8</b>	<b>0.0</b>	<b>0.0</b>	<b>144.9</b>	<b>146.8</b>
<b>Equity, Jan 1, 2011</b>	<b>1.8</b>	<b>0.0</b>	<b>0.1</b>	<b>163.7</b>	<b>165.7</b>
Dividend to shareholders				-7.0	-7.0
Total comprehensive income for the period		0.0	0.0	-10.6	-10.7
<b>Equity, Jun 30, 2011</b>	<b>1.8</b>	<b>0.0</b>	<b>0.1</b>	<b>146.1</b>	<b>148.0</b>



# QUARTERLY CONSOLIDATED INCOME STATEMENT

EUR M	2012 Q2	2012 Q1	2011 Q4	2011 Q3
<b>SALES</b>	<b>131.9</b>	<b>101.2</b>	<b>121.7</b>	<b>151.2</b>
Other operating revenue	0.1	0.1	0.3	0.5
<b>Expenses</b>				
Goods and services	38.3	29.0	34.8	41.0
Employee expenses	31.4	31.2	29.6	29.8
Depreciation and impairment losses	7.0	7.1	7.0	7.2
Other operating expenses	53.7	53.5	50.9	50.2
	130.3	120.8	122.3	128.2
<b>OPERATING INCOME</b>	<b>1.6</b>	<b>-19.5</b>	<b>-0.3</b>	<b>23.5</b>
Financial income	0.3	0.2	0.6	0.3
Financial expenses	-0.6	-0.6	-0.9	-0.8
<b>INCOME BEFORE TAXES</b>	<b>1.3</b>	<b>-19.9</b>	<b>-0.7</b>	<b>23.0</b>
Income taxes	-0.4	4.8	2.0	-6.0
<b>INCOME FOR THE PERIOD</b>	<b>0.9</b>	<b>-15.1</b>	<b>1.3</b>	<b>17.0</b>
Translation differences	0.0	0.1	0.1	-0.1
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>0.9</b>	<b>-15.0</b>	<b>1.3</b>	<b>17.0</b>
<b><i>Income attributable to:</i></b>				
Parent company shareholders	0.9	-15.1	1.3	17.0
<b><i>Total comprehensive income attributable to:</i></b>				
Parent company shareholders	0.9	-15.0	1.3	17.0
Earnings per share before and after dilution, EUR	0.08	-1.39	0.12	1.58

## SEGMENT INFORMATION, VIKING LINE GROUP

OPERATING SEGMENTS, EUR M	Jan 1, 2012– Jun 30, 2012	Jan 1, 2011– Jun 30, 2011	Jan 1, 2011– Dec 31, 2011
<b>Sales</b>			
Vessels	230.8	229.0	499.2
Unallocated	2.4	2.5	5.3
<b>Total, operating segments</b>	<b>233.2</b>	<b>231.5</b>	<b>504.5</b>
Eliminations	-0.1	-0.1	-0.2
<b>Total sales of the Group</b>	<b>233.1</b>	<b>231.4</b>	<b>504.3</b>
<b>Operating income</b>			
Vessels	7.0	10.6	56.2
Unallocated	-24.8	-24.0	-46.4
<b>Total operating income of the Group</b>	<b>-17.9</b>	<b>-13.4</b>	<b>9.8</b>

## PLEGGED ASSETS AND CONTINGENT LIABILITIES

EUR M	Jun 30, 2012	Jun 30, 2011	Dec 31, 2011
Contingent liabilities	87.1	95.7	93.5
Assets pledged for own debt	134.7	132.9	135.3
Investment commitments not included in the accounts	213.0	228.7	224.9
– contractual amount	252.5	241.5	250.1

## FINANCIAL RATIOS AND STATISTICS

	Jan 1, 2012– Jun 30, 2012	Jan 1, 2011– Jun 30, 2011	Jan 1, 2011– Dec 31, 2011
Equity per share, EUR	13.59	13.71	15.40
Equity/assets ratio	41.9 %	40.9 %	46.5 %
Investments, EUR M	21.1	20.5	36.9
– as % of sales	9.0 %	8.9 %	7.3 %
Passengers	2,928,132	2,937,115	6,351,714
Cargo units	61,494	56,656	114,795
Average number of employees, full time equivalent	2,966	3,004	3,060

Earnings per share = (Income before taxes – income taxes +/- minority interest) / Average number of shares

Equity per share = Equity attributable to parent company shareholders / Number of shares on balance sheet date

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

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