Annual Report 2014

VIKING LINE

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Information to shareholders

Annual General Meeting

The Annual General Meeting of Viking Line Abp will be held at 12 noon on Wednesday, April 22, 2015 at the Alandica Kultur och 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 Monday, April 20, 2015. Notification may be provided

- by e-mail to bolagsstamma@vikingline.com
- by telephone to the Company's Secretariat at +358 18 270 00
- by fax to +358 18 169 77
- 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 shareholders' meeting, provided that the shareholder was recorded in the Company's share register before March 12, 1999. In this case, the shareholder shall present at the shareholders' meeting his 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 2015

During the financial year 2015, Viking Line Abp's interim reports will be published for the periods January 1 to March 31, 2015; January 1 to June 30, 2015 and January 1 to September 30, 2015. These interim reports will be published on May 13, August 20 and November 12, 2015, respectively. The Year-end Report for the financial year 2015 will be published on February 18, 2016. The Annual Report for the financial year 2015 will be published during the week of March 28, 2016. The official versions of the Annual Report, the Year-end Report and interim reports are published in Swedish. These reports are translated into Finnish and English. The reports will be available on Viking Line's websites at approximately 9.00 a.m. on each respective 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 year of change

The financial year 2014 was eventful for Viking Line on a number of fronts. The year began with vessel reflaggings in January, when the Viking XPRS was recorded in the Estonian ship register and the Rosella in the Finnish register. The motive behind registration in Estonia is that shipping operations should take place at a cost level that is comparable to that of competitors. None of the regular employees on the Viking XPRS lost their jobs. Instead they were able to move to the Company's other vessels. After this, Viking Line has five vessels in the Finnish ship register, one in the Swedish register and one in the Estonian register.

In January, the Viking Cinderella underwent an extensive upgrade at a shipyard in Landskrona, Sweden. This remodelling gave the vessel – which has provided cruise service between Stockholm and Mariehamn for more than 10 years – several new restaurant concepts, an updated and reconfigured night club and upgraded cabins. The transformation has been highly appreciated among our customers.

Expanded service to Tallinn

Viking Line's expanded Tallinn service, with extra departures during the summer, was successful. The extra sailings by the Gabriella and the Mariella between Helsinki and Tallinn provided a major boost in passenger volume. The number of travellers on the Tallinn route rose by more than 176,000 to 775,000 during the three summer months. This was an upturn of nearly 30 per cent compared to the corresponding period of 2013. The Company has decided to continue with the same concept next summer.

Trend of earnings

The prevailing pressure on prices in the market, combined with falling volume early in 2014 and adverse economic conditions in Finland, had an unfavourable impact on sales. Consumer behaviour was characterized by caution, which led to lower net sales revenue per passenger.

The Viking Line Group's bunker (vessel fuel) costs decreased during the year. This was explained by lower average bunker prices as well as by the Group's continued intensive efforts to optimize the bunker consumption of its vessels. The European Union's new maximum levels of bunker sulphur content, which went into effect on January 1, 2015, have led to increased cost pressure on the Group. Six of the seven Viking Line vessels are affected by the new standards.

Changes in Group Management and renewed strategy

On March 20, I was appointed President and Chief Executive Officer of the Company. I accepted this task with confidence and great respect. With more than 25 years of experience in the Company, I have had the opportunity to live through many different phases in our operations and am familiar with our industry.

Aside from the change of President and CEO, several other changes in Group Management occurred during the financial year. On the same day as the change in President and CEO, the Board of Directors appointed Anders Remmer, Chief Financial Officer (CFO), as Executive Vice President and Deputy CEO. In April, Peter Hellgren was appointed Executive Vice President with overall responsibility for the Group's sales and marketing. In September, Wilhelm Hård af Segerstad was also appointed as the new Vice President and Head of Shipboard Commercial Operations.

According to our renewed strategy, we shall be the leading brand within our service area and the preferred choice of everyone seeking sea transport services and experiences. It is important that we preserve and enhance our position as a profitable company. We must also take steps to ensure that our employees feel motivated. Our operations should be characterized by stability and take advantage of our employees' knowledge in the best possible way. During 2014, Group Management carried out two tours of all vessels and most offices. Meeting our employees was highly valuable.

Focusing on customers

To enable us to remain in the forefront and improve our profitability, we must adapt our operations to the realities prevailing today and in the future. Our success will be highly dependent on our ability to focus on our customer groups. Looking ahead, the Viking Line brand must continue to stand for high-quality, attractive travel experiences, and the northern Baltic Sea will remain our area of operations.

My sincere thanks

There are many reasons to say "Thank you" for the contributions made during 2014. I would like to express my appreciation to our customers, our business partners and especially our employees.

I am optimistic about the future and believe that we Vikings together will meet the challenges that Viking Line faces as we begin the financial year 2015.

Jan Hanses
President and Chief Executive Officer

Mission statement

During 2015, Viking Line is partnering with Åland-based master chef Michael Björklund, shown here together with Viking Line's Tuula Drude, Merja Maksimainen and Terhi Rosendahl.

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 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 level and productivity.

We continuously optimize our energy consumption in all our operations.

Connecting services and sales offices

The Viking Line fleet

Viking Line provides scheduled passenger and cargo services using seven vessels on the northern Baltic Sea. All vessels are certified in compliance with ISO 14001 environmental management standards. Having safe, well-maintained vessels is a part of the Company's fundamental values.

VIKING CINDERELLA

- Delivered in 1989
- 46,398 gross registered tonnes
- Length 191.0 m
- Ice class 1 A Super
- 2,560 passengers
- 306 cars
- 2,500 berths
- Stockholm–Mariehamn
- Swedish flag

VIKING GRACE

- Delivered in 2013
- 57,565 gross registered tonnes
- Length 218.0 m
- Ice class 1 A Super
- 2,800 passengers
- 556 cars
- 2,980 berths
- Turku–Mariehamn/ Långnäs–Stockholm
- Finnish flag

AMORELLA

- Delivered in 1988
- 34,384 gross registered tonnes
- Length 169.4 m
- Ice class 1 A Super
- 2,480 passengers
- 450 cars
- 1,946 berths
- Turku–Mariehamn/ Långnäs–Stockholm
- Finnish flag

VIKING XPRS

- Built in 2008
- 35,918 gross registered tonnes
- Length 185.0 m
- Ice class I A Super
- 2,500 passengers
- 220 cars
- 736 berths
- Helsinki–Tallinn
- Estonian flag

GABRIELLA

- Built in 1992
- 35,492 gross registered tonnes
- Length 171.2 m
- Ice class I A Super
- 2,400 passengers
- 400 cars
- 2,382 berths
- Helsinki–Mariehamn–Stockholm
- Finnish flag

MARIELLA

- Delivered in 1985
- 37,860 gross registered tonnes
- Length 177.0 m
- Ice class I A Super
- 2,500 passengers
- 430 cars
- 2,500 berths
- Helsinki–Mariehamn–Stockholm
- Finnish flag

ROSELLA

- Delivered in1980
- 16,879 gross registered tonnes
- Length 136.1 m
- Ice class I A
- 1,530 passengers
- 340 cars
- 422 berths
- Mariehamn–Kapellskär
- Finnish flag

Passenger Services

During the 2014 financial year, Viking Line transported a total of 6,610,146 passengers in its service area, encompassing Finland–Sweden and Finland/Sweden–Baltic countries. Of these passengers, 54.8 per cent were residents of Finland and 31.4 per cent residents of Sweden, while residents of other countries accounted for 13.8 per cent.

Turku–Åland–Stockholm

The Viking Grace and Amorella provide service on the Turku–Mariehamn/Långnäs–Stockholm route.

On the Turku route, it is possible to take either an overnight cruise or a shorter day trip with a change of vessel in Mariehamn. In today's society, where time is often in short supply, an increased interest in shorter voyages and conferences is discernible. The chance of experiencing two vessels on a one day cruise makes this travel alternative especially attractive.

Aside from cruise travellers, a large proportion of passengers on the route are regular travellers, who often bring along a car. Many families with children travel from Sweden to Turku, attracted during the warmer half of the year by such destinations as Moomin World, the JukuPark water park and the Sokos Hotel Caribia adventure spa.

During 2014 Viking Line continued its "Hyvä Suomi" ("Go Finland") campaign in partnership with the Swedish weekly magazine *Icakuriren*. The campaign highlights various tourist sites in Finland, including Helsinki and Turku. Its purpose is to market Finland as a holiday destination and increase awareness of Viking Line's travel packages, including travel, accommodations and activities.

In 2014 there was continued heavy interest in the Viking Grace, which began service on the Turku route in January 2013. The vessel offers new concepts of design, operation and on-board activities. Its many-facetted dining and entertainment options as well as its first-rate cabins have represented a boost for the entire travel and entertainment industry. In October the vessel received the 2014 Skål International Sustainable Tourism Award. In November, Finland's first Victoria's Secret Beauty & Accessories shop opened on board the Viking Grace.

In October the Viking Grace received the 2014 Skål International Sustainable Tourism Award.

PASSENGER VOLUME	2014	2013
Turku–Åland Islands–Stockholm	1,935,958	2,092,897
Stockholm–Mariehamn	860,243	840,089
Helsinki–Mariehamn–Stockholm	1,063,027	1,068,537
Finland/Sweden–Baltic countries	2,044,340	1,872,850
Mariehamn–Kapellskär	706,578	659,277
TOTAL	6,610,146	6,533,650

On December 10, 2014, Viking Line's 200 millionth passenger boarded the Gabriella in Helsinki.

During 2014 Viking Line offered a variety of themes on its vessels. Throughout January, the Viking Grace celebrated its first anniversary of service with a champagne theme on board the vessel. The Viking Grace also provided jazz cruises and other specialized cruises, for example focusing on handwork and hunting. The Amorella offered theme cruises that included bingo, karaoke, styling and opera music. During the spring there were Beauty & Wellness weeks on the Turku route, including healthy menus, zumba and relaxation exercises. Out on the deck of the Viking Grace, Graceloppet ("the Grace Race") was organized.

In the autumn, the Amorella launched its new "Golden 50s" entertainment concept, featuring musical quizzes, live music and retro disco from the 50s, 60s and 70s on Mondays to Thursdays. On Fridays and Saturdays during the autumn, the vessel's cruise passengers were entertained by Sweden's best dance bands.

Stockholm–Mariehamn

The Viking Cinderella makes overnight cruises between Stockholm and Mariehamn, offering a highly entertainment-oriented product with a focus on the guest experience. The heart of the vessel is its lively three-storey nightclub. In addition to such facilities as a duty- and tax-free shop, a conference department and various restaurants, the vessel has a spa department where guests are offered a wide range of therapeutic treatments along with spa rituals, sauna baths and relaxation in nap rooms. The typical guest on board the Viking Cinderella is a resident of Sweden and takes a cruise to enjoy the food, beverages and entertainment, sometimes also in combination with a conference.

Starting on December 14, 2013 the Viking Cinderella brought its unique presence to the Finnish market, offering cruises between Helsinki and Tallinn until January 7, 2014. This service was interrupted just before New Year when the vessel made Viking Line's first-ever cruise in the Russian market, in the form of a four-day chartered voyage originating in St. Petersburg. On January 7, the Viking Cinderella was taken out of service for dry-docking and returned to scheduled cruise service on January 25.

During dry-docking the Viking Cinderella's nightclub underwent a total transformation, including an appealing new interior, a larger dance floor and a remodelled stage. Now featuring a high-resolution LED wall, the stage was expanded to accommodate larger shows and more artists. The vessel now also features two new restaurants and twice as many double-bedded cabins. The spa department introduced a Russian spa treatment, Banya.

During 2014 the Viking Cinderella continued to provide different entertainment concepts for each day of the week. On Mondays the theme was Cinderella Big Band, enabling passengers to experience Sweden's best big bands and guest artists. On Tuesdays, Wednesdays and Sundays, Sweden's best dance bands performed under the Cinderella Danzband concept. Cinderella Live on Thursdays presented concert evenings featuring top artists. On Fridays and Saturdays, the vessel threw the best parties on the Baltic Sea under its Cinderella goes Party theme.

During the 2014 Guldklaven ("Golden Clef") gala, the Viking Cinderella received the special jury prize. The jury described the vessel as "one of the very largest dance organizers in the country, providing jobs to numerous dance bands and giving thousands of people an opportunity to dance."

During the 2014 Guldklaven ("Golden Clef") gala, organized by the magazine *Får Jag Lov*, Sveriges Radio (Swedish Radio) and the Swedish Dance Band Week in Malung, the Viking Cinderella received the special jury prize. The jury described the vessel as "one of the very largest dance organizers in the country, providing jobs to numerous dance bands and giving thousands of people an opportunity to dance."

Helsinki–Mariehamn–Stockholm

The Gabriella and the Mariella provide service on the Helsinki–Mariehamn–Stockholm route, which links two of the Nordic capitals. More than half of the passengers on this route are cruise travellers. A large proportion of passengers on the route come from Finland.

A cruise on this route includes two nights on board and a full day on land, with sightseeing and other attractions that can be booked at the same time as the voyage. During their stop-over, most passengers want to go shopping and choose to experience the destination city on their own. Visiting various sights and museums is also popular, along with visits to ABBA The Museum and the Gröna Lunds Tivoli amusement park in Stockholm or the Linnanmäki amusement park, the Sea Life Centre and the Flamingo Spa water park in Helsinki. In both capitals, Viking Line offers a variety of hospitality packages in collaboration with the most popular hotels.

During a voyage on the Gabriella or the Mariella, there is plenty of time both for shopping in the vessel's well-stocked shops and for enjoying a meal in one of the vessel's restaurants. Both vessels offer a Travel Spa with relaxing treatment such as massage, facials and manicures. The on-board entertainment in the nightclub is international in character, with several shows and orchestras each evening. In the pub or bar areas, the sounds of a troubadour or a pianist can usually be heard.

During the autumn, Viking Line launched the Bright Lights, Big Cities concept on the Gabriella and the Mariella, where passengers could experience big city atmosphere when an international show group took over these vessels. As soon as the vessels left port, entertainment began with versatile song and dance performances as well as circus acts in the night club, lobbies and bars.

On June 12 the Gabriella and the Mariella began providing an extra sailing between Helsinki and Tallinn, instead of docking in Helsinki for the day. Their Tallinn service continued until September 2. A similar service schedule is planned for 2015.

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In preparation for the Mariella's dry-docking in April 2015, Viking Line is planning new restaurants and food concepts, upgraded cabins and new cabin categories. The nightclub will be renovated and an exclusive new conference room with a sea view will be built.

Helsinki–Tallinn

The Viking XPRS provides service between Helsinki and Tallinn, with four departures per day. The vessel, which was built in 2008, offers a rapid crossing between the two capitals. The restaurants on board have many seats and cashiers, making it possible to accommodate a large number of guests and provide good service during the short sea voyage. Store operations offer passengers the Pre Order service concept as well as Drive-In service on the car deck.

For those travellers who disembark in Tallinn, Viking Line offers overnight stays via a wide range of cooperating hotels in various Estonian cities.

The dance restaurant provides live music both during the daytime and the evening. Cruises with various themes such as health, fashion and music are organized on a continuous basis.

Nearly half of the passengers on the Viking XPRS are individual customers who travel regularly, and nearly a third are individual cruise travellers. More than half of the vessel's passengers come from Finland.

For those travellers who disembark in Tallinn, Viking Line offers overnight stays via a wide range of cooperating hotels in various Estonian cities. Spa treatments, sightseeing and shopping are popular on-shore activities.

The Viking XPRS was taken out of service for dry-docking on January 12, 2014 and returned to the route on January 24. During dry-docking, the number of seats was expanded and the vessel changed from a Swedish to an Estonian flag.

Viking Line's service between Helsinki and Tallinn expanded temporarily between December 14, 2013 and January 7, 2014 when the Viking Cinderella was placed in cruise service on the route.

On June 12 the Gabriella and the Mariella began providing an extra sailing between Helsinki and Tallinn, instead of docking in Helsinki for the day. Their Tallinn service continued until September 2. This expanded schedule enabled Viking Line to offer its customers six daily departures and more car spaces on the Helsinki – Tallinn route during the summer. This provided new travel opportunities for travellers from Stockholm as well as Helsinki and Tallinn. The response from customers was very positive, and a similar schedule is planned for the summer of 2015.

Mariehamn–Kapellskär

The Rosella, which serves the Mariehamn–Kapellskär route across the Sea of Åland, offers a fast, smooth and affordable voyage between Sweden and Åland. With a travel time of 2-2.5 hours, the Rosella is also an excellent day cruise alternative for both groups and individual travellers who take connecting buses from a number of Swedish cities to the Kapellskär harbour.

In addition to shopping on board the Rosella, entertainment of various kinds is available every day. Besides the vessel's own cruise hosts, passengers are entertained several days a month by popular musical hosts and dance bands, often with a local connection to Uppland (the Swedish province where Kapellskär is located) or Åland.

About 60 per cent of the Rosella's passengers are customers who travel regularly, while the remaining 40 per cent consist of day cruisers, group travellers and conference guests. More than half of the passengers come from Sweden, and most of the remaining passengers come from Åland.

The Rosella took a break beginning on January 13, 2014 and was back in service on January 24. During its break from service, the vessel changed from a Swedish to a Finnish flag.

The Rosella offers a fast, smooth and affordable voyage between Sweden and Åland. With a travel time of 2-2.5 hours, the Rosella is also an excellent day cruise alternative.

Cargo Services

Viking Line offers its cargo customers sea transport, stevedoring and freight forwarding services on Finland–Åland–Sweden and Finland–Estonia routes. Regular and frequent departures, modern vessels and knowledgeable staff, both land-based and shipboard, help meet the needs of transport companies.

The Viking Line cargo organization consists of more than 20 employees who handle tasks related to cargo service marketing, sales and booking as well as check-in and vehicle deck optimization. The cargo organization works closely together with other departments in the Group, both land-based and shipboard. This enables the creation of the long-term customer relationships for which Viking Line Cargo is well-known. Geographically, the cargo organization works actively with its main markets – Finland, Sweden and Estonia – but also with other countries in the Baltic Sea region.

Organizational changes

During the first half of the financial year, Viking Line carried out a reorganization of its cargo services. Among the factors behind these changes was the need to boost efficiency, since the market situation does not allow for price hikes to compensate for cost increases. Cargo Services also had an ambition to further improve its customer service by offering one-stop shopping. Cargo booking services and the task of vehicle deck optimization were centralized to the cargo office in Turku, with a focus on the Finnish and Scandinavian market. The cargo office in Tallinn took on the task of dealing with the growing Eastern European market, with special emphasis on the three Baltic countries and Russia. The sales organization was also restructured, with the aim of achieving a clearer allocation of responsibility between the main markets for cargo services.

New invoicing system

Early in April, Cargo Services began using a new invoicing system that was developed in close cooperation with cargo market players. The new system is more modern and flexible, for example enabling e-invoicing as well as improved internal and external statistical reporting.

Market trends

During 2014, Viking Line transported a total of 129,255 cargo units (119,704), thereby achieving an estimated total market share of 21.9 (20.9) per cent.

In the Finland–Sweden market, Viking Line managed to boost its cargo volume by 10.5 per cent, while total volume in this market decreased by about 1.4 per cent. Viking Line's market share thus amounted to about 29.0 (25.9) per

cent. The number of empty vehicles stabilized at the same level both from Sweden and from Finland, which led to a better traffic balance on board Viking Line's vessels between Finland and Sweden.

On the Helsinki–Tallinn route, Viking Line's cargo volume increased by 5.1 per cent, and total volume in this market by 8.9 per cent. Viking Line thus achieved a market share of 19.3 (20.0) per cent. The number of empty units from Tallinn was unchanged, but in the opposite direction empty units decreased noticeably, although they remained at a relatively high level. This resulted in a somewhat less favourable traffic balance on board Viking Line's vessels on this route.

Other fields of operations

In addition to its passenger and cargo operations, the Viking Line Group runs the Park Alandia Hotell in Mariehamn. The hotel is wholly owned by Viking Line and had an average of 13 full-time-equivalent employees in 2014. The hotel has 79 double rooms as well as conference facilities for up to 100 people. In addition, it offers a sauna and swimming pool facility as well as a pub and a restaurant seating 56 people, operated by an outside restaurateur.

The Group also includes the subsidiary Viking Line Buss Ab, which provides scheduled service in Åland as well as chartered service in Åland and elsewhere on 12 buses and coaches. The company had an average of 24 full-time-equivalent employees in 2014.

20 years on the Estonia route

Viking Line's scheduled service on the Helsinki–Tallinn route celebrated its 20th anniversary in 2014. The Company has invested extensively in its Estonia service in recent years. This is entirely consistent with its mission to link together the countries around the northern Baltic Sea by providing sustainable and regular ferry service.

Viking Line made a large, not entirely risk-free decision just over two decades ago. Finland's sister nation Estonia – liberated from the Soviet Union a few years earlier and with a great hunger for a market economy – was nevertheless perceived as a destination with potential. Scheduled service to Tallinn began on Friday, June 17, 1994 when the **Viking Express** cast off from Helsinki.

The Company's chartered Express catamarans showed impressive passenger figures during the three summer seasons from 1994 to 1996, although this initial effort to provide scheduled service to Estonia was no gold mine.

"It can certainly be described as an experimental operation. But it was a valuable experience, which we took advantage of when we planned and resumed our scheduled service," says Boris Ekman, Managing Director of Viking Line's marketing company at that time.

Resumption of scheduled service

Viking Line actually began steering its course towards Estonia as long ago as the late 1980s, but not in the form of scheduled service. In 1989, the Company thus began its popular 20-hour cruises, although initially the **Isabella** and the **Cinderella** did not even make a port call in Estonia. Between 1995 and 2003, these vessels docked in Estonia during their cruises, at first in Muuga and later in Tallinn, but no Estonian passengers came on board.

During the pause in Viking Line's scheduled service to Estonia

HSC Viking Express II

M/S Cinderella

M/S Rosella

from 1996 to 2003, the Company refined its plans for a more permanent alternative to replace catamarans, which are sensitive to weather and wind. Late in the summer of 2003, with an eye on Estonia's accession to the European Union less than one year later, the **Rosella** was placed in year-round service between Helsinki and Tallinn.

The Rosella fulfilled expectations until 2008, but its limitations gradually became apparent – especially with regard to capacity and travel time. The response to this challenge was the new **Viking XPRS**, built by Aker Yards in Helsinki and placed in service on the Tallinn route on April 28, 2008. Viking Line could now begin competing on this route in earnest, with a modern, high-speed, environmentally adapted vessel featuring twice the passenger capacity of the Rosella.

Rapid growth

Traffic on the Helsinki–Tallinn route has grown enormously. During 2014 a total of 8.2 million people travelled by sea between Helsinki and Tallinn. New Estonian destinations such as Otepää and Rakvere are attracting visitors, while many people are choosing to travel onward by car to other European countries through the Baltic countries. In addition, more and more Estonians are travelling between Finland and Estonia for business purposes.

Viking Line responded to the increased demand for departures to Tallinn by adding an extra daytime return voyage during the summer of 2014. The Mariella and the Gabriella took turns making a side trip to Tallinn instead of remaining docked in Helsinki during the day. The extra voyage proved to be a successful move, although the Company's additional capacity was still not always sufficient. On many departures, for example, car spaces were sold out. The number of travellers between Helsinki and Tallinn during June-August rose by nearly 30 per cent to 775,000, helping Viking Line set a new record for all its routes during the summer, when the total number of passengers exceeded 2.3 million.

"We are very pleased with the passenger growth that the extra return trip to Tallinn contributed to. We will largely follow the same concept in the summer of 2015," notes Jan Hanses, President and CEO of Viking Line.

Viking Line – a powerful brand in Estonia

Viking Line's office at Hobujaama 4 in Tallinn is as central as one can wish. The area bubbles with activity, and a stone's throw away are the big hotels and shopping malls on the main street Narva Maantee. The office employs about 50 people and has a positive, relaxed atmosphere.

Viking Line moved into its modern office space in the spring of 2010. By choosing this address, the Company increased its visibility and accessibility. At street level there is now a passenger office, which is easy to visit.

"It is important for us to have a visible street presence. Many people still want face-to-face service, even though a growing number book their voyage by telephone and internet," says **Inno Borodenko**, General Manager of Viking Line's Estonian subsidiary.

Viking Line is perceived as a reliable and strong Nordic brand. The Company is also an attractive employer, as evidenced by the number of long-term employees.

"I started working at Viking Line 20 years ago, that is, when catamaran service to Helsinki began," says webmaster **Triin Pajupuu**.

Most of the 40 or so people at the Tallinn office work with telephone sales and advisory service, while most others are mainly involved in marketing. The Tallinn unit fields telephone customers mainly from Estonia and Finland, but also from such countries as Germany and Russia. Among those selling travel services are two Finns, **Edi Kiviniemi** and **Osmo Minkkinen**.

"Estonians are very friendly and professional, but maybe a little more serious than Finns, for example," say Edi and Osmo, adding that they are very happy working at the Tallinn office.

Viking Line has about 100 land-based employees in Estonia. In addition to the Hobujaama office staff, about 50 Viking Line employees work in the harbour, including check-in service, the warehouse and the cargo organization.

The Viking Club has wind in its sails

It was Triin Pajupuu who launched the Viking Club in Estonia in 2007. The number of members has now grown dramatically, from about 2,600 in the first year to more than 123,000 by the autumn of 2014. This means that nearly one out of 10 Estonians has a Viking Club membership card today.

"For Estonians, the main goal

of their voyage is to visit Finland. We can often offer route price discounts to our club members," say Triin Pajupuu and **Cristel Kiilstrom**, who are responsible for Viking Club Estonia today.

Cristel believes in growing the Company's business through market segmentation, that is, more targeted marketing.

"It is important that we keep track of what products our customers use and what they are interested in. This enables us to offer them exactly what they want. We have gone in for segmented newsletters and promotions, but also active campaigns to enrol more members," says Cristel. During her 10 years with the Company, her assignments have included working at the Viking Line call centre and dressing up as the mascot cat Ville Viking.

The Viking Clubs in various countries coordinate some of their activities, but they are also free to organize campaigns for their own respective markets and customer groups.

Expanded departures and upgraded website

The extra return voyages between Tallinn and Helsinki in June-August 2014 were instrumental in enabling Viking Line to set a passenger record for the three summer months. The extra day-time voyage was also popular among Estonians, since it enabled them to continue to Stockholm on the same vessel.

Employees are eagerly awaiting the new website, which will include an updated online booking system and is scheduled to be launched during 2015.

Osmo Minkkinen and Edi Kiviniemi, two Finns who enjoy working at the Tallinn office.

Inno Borodenko is pleased with Viking Line's modern premises.

Cristel Kiilstrom and Triin Pajupuu have made Viking Club Estonia flourish.

A day on board the Viking XPRS

The Viking XPRS casts off from Katajanokka terminal in Helsinki at 11.30 a.m. on a grey Thursday, November 25. During the two and a half hour voyage to Tallinn, we will meet both passengers and crew. We will also become acquainted with port employees while the Viking XPRS is moored in the Estonian capital.

The Viking XPRS is one of the Company's newer vessels. It was specially designed for the Helsinki–Tallinn route. With a capacity of 2,500 passengers, it can meet demand even during high season. Today the vessel is departing with a total of 1,284 passengers.

11.35 **Jan Löfgren**, Passenger Service Director on the vessel, knows a lot about life on board the Viking XPRS. Having worked for many years on the Estonia route, he sees a clear change in travel behaviour.

"Pure leisure cruises are no longer dominant. Today more and more people are travelling to Tallinn to get various types of care, from beauty treatments to medical and dental care," Löfgren says.

He belongs to the "red" group: the handful of Viking Line employees who stayed on the Viking XPRS after its reflagging in January 2014. A majority of the 125 people who work on board during each shift are Estonians. The aim is to gradually hand over the entire vessel to Estonian crews.

12.05 The duty- and tax-free shop has just opened. **Satu Salmitie** and **Katja Nirkkonen** are trying out cosmetics.

"We always buy mascara on board. It's far cheaper here than on land. In Tallinn we'll do Christmas shopping and eat well. The city's restaurants maintain a high standard nowadays and there are also good alternatives for vegetarians," Satu and Katja emphasize.

12.19 Shopping Host **Riina Ojastu**, who has worked on the Viking XPRS from the start, arranges Victoria's Secret fragrances on the shelves. Her job includes presenting products and special offers, while generally ensuring that customers enjoy their visit.

According to Riina, today's passengers are considerably more price-conscious than before, since it is so easy to compare prices on the internet. Among other things, this means that attractive special offers sell quite well. In the shop, almost the only language being

Jan Löfgren, Passenger Service Director

Master Risto Pajanen worked for Viking Line back when its cruise vessels docked at Muuga, Estonia.

During the summer, the warehouse sometimes handles up to a hundred orders per departure, says warehouse manager Heino Mustsaar.

Pei-Jou Shih, Yu-Ching Liao, Pei-Chen Liao and Li-Han Lin will be visiting Santa Claus in Rovaniemi, northern Finland.

spoken is Finnish.

"But there are exceptions. Estonians buy fragrances, which are generally cheaper on board than in Estonia," says Riina, adding that she very much enjoys working on the Viking XPRS.

13.41 Master **Risto Pajanen** stands on the bridge and carefully monitors a tanker vessel located straight ahead. The First Mate contacts the tanker to announce that the Viking XPRS will change course.

"Although traffic in the Gulf of Finland has increased, especially because of the oil port in Primorsk (Russia), this is nothing compared to traffic in the English Channel, for example," says Pajanen, a veteran on the Estonia route.

Pajanen was already working for Viking Line as long ago as its 20-hour Gulf of Finland cruises in the 1990s. He became Master of the Rosella when that vessel began serving the Tallinn route in 2003. On the Viking XPRS, he has been Master from the start in 2008.

"Some people may think that it's boring to sail the same short route. On the contrary. Much more happens here than on the Sweden route, for example. We cast off and dock several times per day," says Pajanen, who always stands on the bridge for half an hour after departure and half an hour before arrival.

14.28 The Viking XPRS is moored in Tallinn. **Urmas Maasikas**, who mans the check-in counter, has been working at the terminal since 6.30, well before the vessel's morning departure. In the afternoon, many customers queue up as soon as the XPRS arrives and after check-in begins at 15.30.

"Of course, summer seasons are the most hectic of all. This was especially true last summer because of the extra daily return voyage from Helsinki. It was a successful experiment that attracted many new passengers," says Urmas, who has worked at Viking Line for 11 years.

15.46 Heino Mustsaar, manager of Viking Line's Tallinn harbour warehouse, has packed an order of the Finns' favourite beer. The warehouse is overloaded with various kinds of goods that are sold on board. There is also a small clothing warehouse, which serves the Viking Line outlet shop in Tallinn.

Warehouse workers are busily putting together orders for the Viking XPRS and unloading goods that have arrived.

17.28 Passengers pour on board the Viking XPRS before its departure for Helsinki. They include four young people from Taiwan who have travelled from London to Tallinn via Copenhagen. Their destination in Finland is Santa Claus's headquarters in Rovaniemi, located on the Arctic Circle. They will travel there by train.

"This vessel feels much more modern than the ones we took between England and Ireland," says **Li-Han Lin**.

Half an hour later, the Viking XPRS leaves Tallinn harbour. By the end of 2014, it will have made a total of 1,404 departures.

Katja Nirkkonen and Satu Salmitie recommend the restaurants of Tallinn.

Victoria's Secret products are popular, according to Riina Ojastu.

Urmas Maasikas puts in long 12-hour days at the check-in counter.

In the forefront for a sustainable environment

Viking Line endeavours to provide seagoing passenger services in an environmentally sound way. Thanks to its long-term, active commitment to this task, the Company has developed environmental work that extends beyond what the regulations in force require.

ISO 14001
DNV
CERTIFIERAT FÖRETAG

The Group's Head Office, the subsidiary Viking Line Buss Ab and all 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.

National legislation and international agreements are the basis for the Company'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.

The Company's environmental work concentrates on its vessels, where the biggest environmental benefits can be achieved.

Minimizing atmospheric emissions

At the end of 2014 all of Viking Line's vessels, except for the Viking Grace, switched to 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 new sulphur directive, which went into effect on January 1, 2015. Until then, the vessels in question operated on low-sulphur oil with 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 the Company's vessels – catalytic converters on one vessel and Humid Air Motor (HAM) technology on the other. 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 heavy fuel oil (HFO).

Two of the Company's vessels 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.

The Viking Grace has about 85 per cent lower nitrogen oxide emissions than vessels that use heavy fuel oil.

The Company runs an internal energy efficiency programme to reduce exhaust gas emissions. In this programme, vessel operating staff and the Company'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.

In late November, Viking Line signed an agreement with the Swedish innovation company Climeon related to the new Ocean Marine energy recovery system, which the Viking Grace will be the first vessel to use. Climeon's patented technology allows economically profitable recovery of heat, which is converted to electricity through a unique vacuum process. The system will convert waste heat from the vessel's engines into 700,000 kWh of clean, emission-free electricity per year.

No discharges into the 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.

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. According to the MARPOL convention, however, 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 its wastewater because these treatment plants are significantly more efficient than the treatment systems available for use on vessels.

Divers clean the bottoms of vessels

Instead of using environmentally hazardous paints on the bottoms of vessels, their hulls 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.

Environmental audits

To ensure that Viking Line meets environmental certification standards, continuous internal audits of its operations are conducted. 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.

Active environmental work

Viking Line participates actively in the task of saving the Baltic Sea by aiding and collaborating with the Baltic Sea Action Group (BSAG). During 2014, Viking Line supported BSAG's projects to ensure a cleaner Baltic Sea.

The plastic carrier bags that are sold in the duty- and tax-free shops on board Viking Line vessels now have a new design, with an environmental message on one side of each bag. Part of the revenue from these carrier bags is being donated to Finland's Keep the Archipelago Tidy Association and the Keep Sweden Tidy Foundation – two organizations that work towards a cleaner environment on their respective sides of the Baltic Sea.

In October the Viking Grace received the 2014 Skål International Sustainable Tourism Award.

International environmental prize

The Viking Grace received the 2014 Skål International Sustainable Tourism Award. The jury emphasized that the Viking Grace is the most environmentally friendly cruise ship in the world, setting the standard for the whole industry.

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 less hazardous emissions than heavy fuel 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.

BSAG
Baltic Sea Action Group

KEY FIGURES	2014	2013
Passengers	6,610,146	6,533,650
Cars	634,433	603,696
Cargo units	129,255	119,704
Total distance (000 km)	1,141	1,126
Resource consumption		
Fuel oil (m^3)	87,060	92,886
Lubricating oil (m^3)	744	700
Urea (m^3)	211	509
Fresh water (m^3)	335,185	337,668
LNG (tonnes)	15,951	12,588
Emissions (tonnes)		
Nitrogen oxides (NOx)	3,684	3,559
Sulphur oxides (SOx)	433	439
Carbon dioxide (CO_2)	307,853	316,225
Residual products (tonnes)		
Solid waste for combustion	3,025	2,667
Waste sent to landfills	210	587
Waste for recycling	1,321	1,345
Biowaste	958	722
Hazardous waste	70	95
Wastewater pumped ashore (m^3)		
Grey and black water	298,066	300,488
Bilge water	7,468	8,631
Waste oil (m^3)	2,314	2,531

Many different environmental measures

Environmental thinking is also visible in Viking Line's shipboard customer services, including organically grown coffee and water in a personal glass bottle.

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 washing fluid with water according to predetermined norms. Because of careful dosage, they achieve optimal water and washing fluid consumption when cleaning the cabins and galleys on Viking Line vessels.

Cleaning equipment made of micro-fibres is used, which minimizes detergent and water use on board.

To reduce water consumption, Viking Line has installed water-saving mouthpieces 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.

Environmentally friendly chemicals

Purchasing 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.

All waste is taken care of

All solid wastes generated aboard Viking Line vessels are 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 biowaste is then transported to a digestion plant for production of biogas.

During 2014 Viking Line brought the following ashore from its vessels for recycling:

16 tonnes of plastic,
which is equivalent to a 28 tonne reduction in CO_2 emissions – comparable to driving a car 148,960 km on a motorway.

4 tonnes of aluminium,
equivalent to a 40 tonne reduction in CO_2 emissions – comparable to driving a car 212,800 km on a motorway.

2,279 tonnes of used oils,
equivalent to a 3,988 tonne reduction in CO_2 emissions – comparable to driving a car 21,216,160 km on a motorway.

DID YOU KNOW THAT

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 2014...

...Viking Line brought ashore from the Viking XPRS, the Viking Grace and the Mariella a total of 958 tonnes of food waste for biogas production. This yielded 71,000 cubic metres of biogas, equivalent to 80,000 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.

...Viking Line served 5,830,091 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.

...Through recycling, Viking Line spared our environment from emissions comparable to driving a car more than 21,577,920 km on a motorway.

446 tonnes of glass packaging.
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.

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

635 tonnes of paper and cardboard packaging.
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.

Safety and security always come first

In order to ensure sustainable business operations, safety and security must always come first. Since the start of service in 1959, Viking Line has transported 200 million passengers without anyone being seriously injured or killed in a maritime accident. It has achieved these good accident statistics by having a well-established safety and security culture. Safety and security work is a high priority.

Safety work is based on operating vessels in compliance with the prevailing laws, rules, regulations, recommendations and standards issued by the International Maritime Organization (IMO), the European Union (EU), national maritime authorities, classification societies and other authorities, as well as internal monitoring and regulatory oversight.

Safety and security efforts are administered and operated mainly through the International Safety Management (ISM) Code and the International Ship & Port Facility Security (ISPS) Code. These two quality management systems were designed on the basis of the safety and security aspects of operations, with risk identification, risk management and divergence reporting playing significant roles.

Aside from ensuring that vessels and their equipment are well maintained, Viking Line's shipboard and land-based employees play a vital role in safety and security work; each regular crew member has a specific safety and security assignment. Vessel crews and the land-based safety and security organization receive continuously instruction in operational safety and are also trained to respond to emergency situations related to safety and security as well as environmental matters.

Cooperation with public authorities

Viking Line maintains continuous cooperation with maritime rescue authorities; fire brigades; police; customs and 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. Recurrent joint exercises maintain preparedness for collaboration in case of major or minor emergency scenarios.

Viking Line maintains continuous cooperation with maritime rescue authorities; fire brigades; police; customs and border control authorities and national emergency response forces.

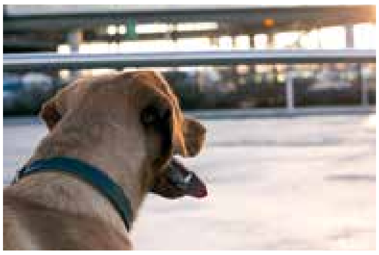
During 2014, two of the Company's vessels participated in a major exercise together with the Finnish police, Border Guard and defence forces, with units from Estonia also participating. This was one of the largest safety and security exercises carried out in the Gulf of Finland. It included training in boarding from both vessels and helicopters.

Developments in safety and security work during 2014

During the year, Viking Line started a project aimed at improving efficiency and assuring quality in its on-board safety drills. The purpose was to further ensure uniform drill procedures, so that on-board training and drills fulfil the established requirements and norms.

In 2014, Viking Line participated in a major rescue drill at sea, which simulated the evacuation of a large number of passengers. The exercise was organized by the International Maritime Rescue Federation (IMRF) in Gothenburg, Sweden.

Viikinki, a dog jointly owned by Viking Line and the Finnish Boarder Guard, with his master and handler, Pekka Aho.



The Company's vessels and border control authorities expanded their cooperation in order to ensure that they can suitably coordinate their efforts in the event of an emergency at sea. As part of this collaboration, vessels will take part in annual training exercises together with border control authorities, using both vessels and helicopters.

Viking Line expanded its cooperation with the Maritime Incident Response Groups (MIRGs) of national rescue authorities, including operational drills and on-board lectures. MIRGs are specially trained rescue groups, whose most important task is to assist passengers and crew members in case of incidents and accidents at sea.

Viking Lines is participating in a project together with border control and transport safety authorities aimed at devising an analytical and risk evaluation tool for vessels in distress at sea.

During this autumn's service days, Viking Line carried out an expanded training programme for crew members on the Viking Grace and the Amorella, culminating in full-scale safety drills in which the Company's central emergency organization also participated.

To make both individual and group drills possible on board, interactive drill programmes were developed.

The bridge officer teams on the Company's vessels underwent refresher training related to new stabilization standards and calculation of leak damage stability.

Orderly conduct and medical preparedness

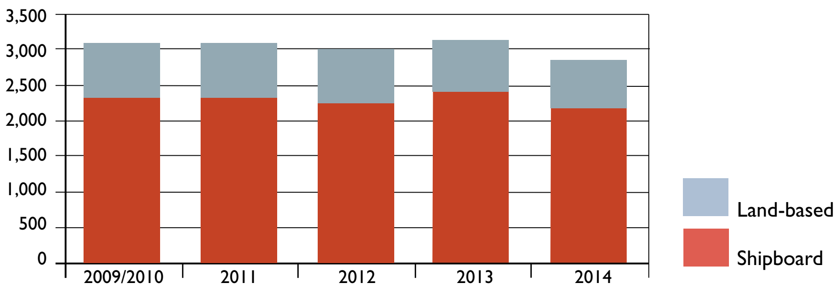
During 2014 Viking Line continued its efforts to ensure orderly conduct and avoid disruptions both in the public areas and in the cabin departments of its vessels.

Maintaining order is largely based on proactive measures, with security staff having a visible presence among guests and continuously patrolling the various departments on each vessel. Security staff members are in constant contact with customers and their occupational role requires them to resolve problem situations, which is often both demanding and challenging. For this reason, they receive regular support in their work through training and dialogue with supervisors.

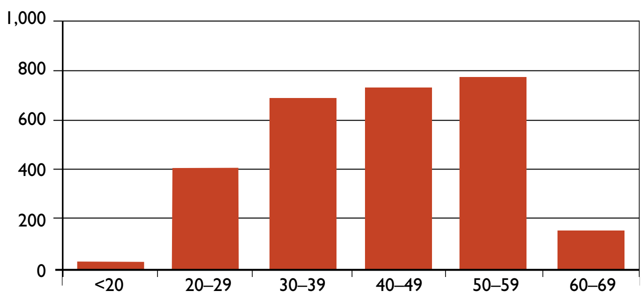
To enhance the role of its on-board medical orderly, the Viking Grace has introduced a new "paramedic" position. The vessel's paramedic, who holds a management position, supervises the vessel's security staff and provides first aid for passengers and crew members in case of accidents or acute illness. The introduction of this new position represents a higher level of preparedness for emergency medical care on board and provides stimulating leadership for security staff members.

IMO	International Maritime Organization
IMRF	International Maritime Rescue Federation
ISM	International Safety Management
ISPS	International Ship and Port Facility Security Code
MIRG	Maritime Incident Response Group

Viking Line Group employees



Age distribution

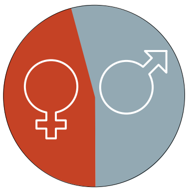


Personnel

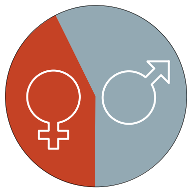
During 2014 the average number of employees in the Viking Line Group was 2,797 (3,104). Of the total number of employees, 2,220 (2,460) resided in Finland. The number residing in Sweden was 471 (534). There were 104 (108) employees residing in Estonia and 2 (2) in Germany. In addition to the Group's own employees, the Viking XPRS was crewed by an average of 235 people employed by a staffing company.

Gender breakdown

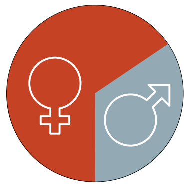
TOTAL
Women 46.9%
Men 53.1%



SHIPBOARD
Women 41.1%
Men 58.9%



LAND-BASED
Women 65.9%
Men 34.1%



Most of Viking Line's employees work on board its vessels. Shipboard personnel totalled 2,142 (2,407) and land-based personnel 655 (697). Of the Group's land-based personnel, 65.9 per cent were women and 34.1 per cent were men, while women accounted for 41.1 per cent and men 58.9 per cent of shipboard personnel.

Human resource strategy and objectives

To enable Viking Line to hire, retain and inspire a skilled workforce, it is important to maintain a transparent corporate culture in which employees actively contribute to strengthening the Company's brand. Viking Line's HR strategy supports its business strategy and is based on the Company's vision, mission and basic values. It is about giving employees opportunities for professional development so that they will enjoy their jobs, have a sense of commitment and feel that they are contributing to the Company's performance and earnings. Viking Line's success is facilitated by ensuring knowledgeable, proficient and motivated employees and well-dimensioned staffing at all levels of the organization. Viking Line endeavours to be an attractive employer, amid increasingly tough competition for skilled labour.

Human resource planning is a key element of HR strategy. This planning takes into account external factors such as shipping industry trends and the competitive situation, as well as internal factors such as the Company's growth targets, employee age structure and need for professional know-how and skills. The Company maintains good relations with employee representatives and the various trade unions through continuous dialogue.

Key areas of human resource strategy are leadership, human resource development, crewing, recruitment and job introduction, motivation and commitment and job satisfaction and well-being.

Human resource values

We respect our employees and value initiative, responsibility, honesty, innovation, loyalty, teamwork and openness. We expect our employees to treat our customers with warmth, kindness and humility and aim at exceeding their expectations. Employees must also show respect for each other, be prepared for continuous learning and professional development and help ensure that our vessels are safe, secure and well-managed. We continuously endeavour to improve our environmental and sustainability work.

Equal opportunity policy

Viking Line believes that people with different experiences and perspectives are a crucial factor in creating the innovative climate required for long-term business success. As a passenger and cargo shipping company with operations in several countries, and with a customer base representing many different nationalities, we know that our success depends on the diversity and proficiency of our employees. By diversity, we at Viking Line mean the variations that make us all unique. This includes such differences as age, gender, sexual orientation, ethnicity, religion as well as such differences in physical abilities and ways of thinking and behaving.

At Viking Line, we shall treat all people with respect, humanity and dignity in accordance with our business principles.

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 Abp applies the Finnish Corporate Governance Code issued by the Securities Market Association on June 15, 2010.

Corporate Governance Statement

On its website www.vikingline.com, Viking Line has published a Corporate Governance Statement, in compliance with Recommendation 54 of the Finnish Corporate Governance Code, pursuant to Chapter 7, Section 7 of the Finnish Securities Market Act.

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, 2014 Viking Line Abp had 3,183 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 Board members and auditors, as well as deciding on their fees.

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 16, 2014. Information from this meeting is available on the Company's websites. The next AGM will be held on April 22, 2015.

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 the Company's websites. 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 contain the names of candidates for service on the Board of Directors that have been communicated to the Board, provided that these candidates have been nominated by the Board or by shareholders representing at least 10 per cent of the shares and that they have agreed to serve on the Board. The invitation shall also state the name of any proposed auditor.

The President and CEO, the Chairman of the Board, a majority of 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 next AGM will be held on April 22, 2015.

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

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.

The Board of Directors is in charge of the administration of the Company's affairs. It leads and oversees the Company's operative 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 shall be observed in its operations.

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 and interim reports
- 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.

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. The Company's Deputy CEO serves as secretary of the Board.

The Board meets regularly a number of times per year. A notice of each meeting and supporting documents for the decisions to be made are provided to the Board members well in advance, at least four days beforehand unless there are important reasons for doing otherwise. During the financial year 2014, the Board held 11 meetings. Board members' average attendance at meetings was 96.1 per cent.

President and CEO

The President and CEO is appointed and dismissed by the Board of Directors. The terms of his employment relationship 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. Jan Hanses has been the President and CEO of the Company since March 20, 2014, when he succeeded Mikael Backman in this position.

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 once a month.

Principles for compensation to the Board and Group Management

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 following fees were paid in compliance with the decision of the Annual General Meeting:

EUR	2014	2013
Annual fee, Chairman of the Board	25,000	20,000
Annual fee, other regular Board members	20,000	17,000
Fee per meeting attended, Board and deputy members	1,000	1,000

For the financial year 2014, a total of EUR 229,000 in Board fees (2013: 214,000) was disbursed.

As compensation for his work, the President and CEO is paid a monthly salary that is set by the Board yearly. During the financial year 2014, Jan Hanses, President and CEO received a total of EUR 215,100 and Mikael Backman, President and CEO, received a total of EUR 242,700 (2013: EUR 246,200) in salary and benefits in kind, in the form of telephone benefits and group life insurance coverage, including insurance for medical expenses.

The President and CEO is subject to the terms of the Finnish public pension system. The retirement age of the President and CEO is 63-68. 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. As agreed, Mikael Backman received 8 months of salary totalling EUR 154,888 after the date of his termination.

Other Group Management members receive a monthly salary that is discussed by the Board yearly. In case of termination by the Company, the other members of Group Management receive 6 months of salary. During 2013, the Group applied an incentive and bonus system that included the Company's President and CEO as well as its Executive Vice Presidents. The size of the bonus was affected both by the results of the financial period and personal job performance. The maximum bonus was 35 per cent of annual salary. The Company has no share-based incentive systems. After the financial statements for the financial year 2013 were approved, the Board of Directors decided to disburse individual bonuses totalling EUR 9,951.

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 the Company's websites.

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:

Johan Kronberg, Authorized Public Accountant (CGR)
PricewaterhouseCoopers Oy
The Company's Auditor since 2010

Martin Grandell, Authorized Public Accountant (CGR)
PricewaterhouseCoopers Oy
The Company's Auditor since 2010

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

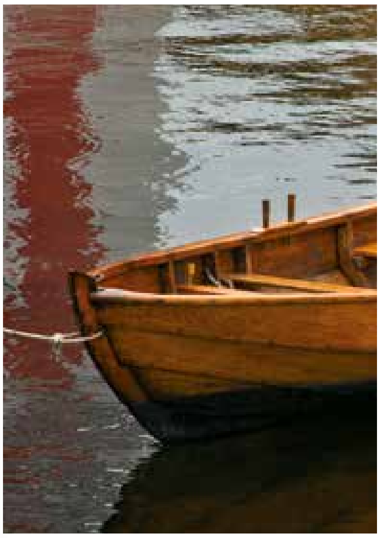
Auditors' fees are adopted by the Annual General Meeting. According to the decision in force, fees are paid according to regular invoices. The Group's auditing expenses amounted to EUR 125,400 during 2014 (2013: 88,200), of which EUR 94,100 (2013: 56,300) was related to the parent company. The expenses of other consulting services by the Group's Auditors as well as their auditing firms were EUR 43,600 during 2014 (2013: 55,000).

Internal oversight 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. Risks in operating activities are discussed in the Report of the Directors, and management of financial risks is dealt with in the consolidated financial statements, Note 26.

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 financing and liquidity situation is assessed continuously.

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



Insiders

Viking Line applies the provisions of the Securities Market Act on insider information as well as the insider regulations of NASDAQ Helsinki. Responsibility for this rests with the Company's legal affairs department. Among Viking Line insiders, according to Chapter 12, Section 3 of the Securities Market Act, are the Board of Directors, the President and CEO as well as his deputy, the Company's auditors, plus individuals in top management who regularly receive insider information and who are entitled to make decisions concerning the Company's future development and organization of operating activities.

In addition to the public register of insiders who are obligated to declare their holdings, Viking Line also maintains an internal company insider register, which includes all individuals in the service of the Company who, due to their position or their tasks, regularly receive insider information.

Viking Line's websites provide links to the Company's public insider register, which shows the individuals who are listed in the register as well as their current holdings in Viking Line shares and those of their related parties.

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

The Board of Directors

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

NILS-ERIK EKLUND
President and CEO,
Viking Line Abp 1990-2010
Born in 1946
Board member since 1997

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

TRYGVE ERIKSSON
Managing Director,
Eriksson Capital Ab
Born in 1947
Board Member since 2012

AGNETA KARLSSON
Dr.Econ.
Associate Professor
Born in 1954
Board member since 2006

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

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

The deputy members of the Board are Ulrica Danielsson, Stefan Lundqvist and Johnny Rosenholm.

Group Management

ANDREAS REMMER
Deputy CEO since 2014
Executive Vice President since 2014
CFO since 2013
Head of Finance and IT
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

WILHELM HÅRD AF SEGERSTAD
Vice President since 2014
Head of Shipboard Commercial Operations
Born in 1964
Joined the Company in 1984

JAN HANSES
President and CEO since 2014
Born in 1961
Joined the Company in 1988

TONY ÖHMAN
Vice President since 2007
Head of Marine Operations and Real Estate
Born in 1953
Joined the Company in 1989

Further information about the members of the Board and Group Management is available on the Company's websites.

Report of the Directors

Sales and earnings

Consolidated sales of the Viking Line Group during the report period, January 1 – December 31, 2014, decreased by 4.0 per cent to 527.4 million euros (EUR 549.4 M during January 1 – December 31, 2013). Other operating revenue amounted to EUR 0.7 M (23.5). Operating income amounted to EUR 13.7 M (34.7). Net financial items totalled EUR 18.6 M (-7.1). Consolidated income before taxes totalled EUR 32.3 M (27.7). Income after taxes amounted to EUR 30.6 M (27.5).

During the report period, passenger-related revenue decreased by 4.9 per cent to EUR 483.8 M (508.8), while cargo revenue increased by 8.5 per cent to EUR 39.6 M (36.5). Net sales revenue decreased by 4.9 per cent to EUR 379.3 M (398.8). The Group's operating expenses decreased by 5.0 per cent to EUR 334.4 M (351.9).

The decrease in consolidated sales is primarily explained by the prevailing pressure on prices in today's tough competitive situation, combined with falling volume early in 2014 and an economic downturn in Finland that affects the pattern of consumption. Overall, this has had a negative impact on net sales revenue per passenger.

The Group's bunker (vessel fuel) expenses decreased during the period by EUR 5.1 M, equivalent to 8.1 per cent. The decrease is explained by lower average bunker prices and the Group's continued efforts to optimize the bunker consumption of its vessels.

The Board of Directors believes that the Group's action programme aimed at improving operational efficiency and boosting sales is continuing to have a positive impact on earnings.

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

Earnings without items affecting comparability

During the financial year 2014, the Group received shares in the Åland-based insurance company Alandia Försäkring Ab and divested some of these, which resulted in a nonrecurring item affecting comparability of EUR 27.7 M. During the financial year 2013, the sale of the Isabella constituted an item affecting comparability of EUR 22.8 M. Without these items, the Group's operating income totalled EUR 13.7 M during the financial year 2014 (11.9 during the financial year 2013). Without these items, consolidated net financial items were EUR -9.1 M (-7.1) and consolidated income before taxes amounted to EUR 4.6 M (4.9).

Services and market trends

During 2014, 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 during 2013. During the period June 12 – September 2, 2014 the Gabriella and the Mariella served the Helsinki (Finland)–Tallinn (Estonia) route, while continuing to sail on their regular Helsinki–Mariehamn (Åland Islands, Finland)–Stockholm (Sweden) route.

In January 2014 the Viking XPRS changed from a Swedish to an Estonian flag and the Rosella from a Swedish to a Finnish flag. In connection with the reflagging of the Viking XPRS, Viking Line Abp sold 51 per cent of the vessel to the subsidiary Viking Rederi AB.

The number of passengers on Viking Line's vessels during the financial year increased by 76,496 to 6,610,146 (6,533,650). During the report period, Viking Line reduced its market share on the Turku (Finland)–Mariehamn/Långnäs (Åland Islands, Finland)–Stockholm route by 1.0 percentage points to 56.3 per cent. On the Helsinki–Mariehamn–Stockholm route, market share increased by 0.6 percentage points to 46.7 per cent. In cruise services between Stockholm and Mariehamn, market share increased by 1.4 percentage points to 54.2 per cent. On the Helsinki–Tallinn route, market share increased by approximately 1.2 percentage points to 24.8 per cent. On the short route across the Sea of Åland between Mariehamn and Kapellskär (Sweden), market share increased by 1.6 percentage points to 43.6 per cent. This gave the Group a total market share in its service area of approximately 35.0 per cent (34.6).

Viking Line's cargo volume was 129,255 cargo units (119,704). Viking Line achieved a cargo market share of approximately 21.9 per cent (20.9).

Investments and financing

The Group's investments amounted to EUR 7.2 M (172.3, of which 164.0 was for investments in the Viking Grace).

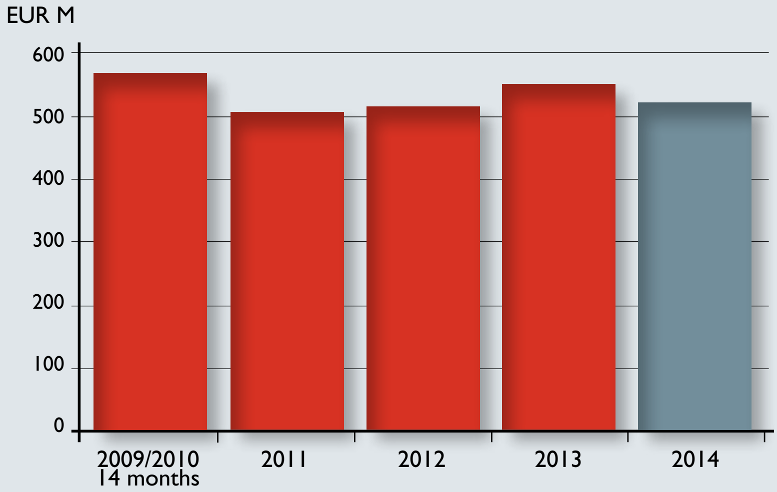
On December 31, 2014 the Group's non-current interest-bearing liabilities amounted to EUR 197.5 M (221.2). The equity/assets ratio was 40.0 per cent, compared to 35.6 per cent a year earlier.

At the end of December 2014, the Group's cash and cash equivalents amounted to EUR 101.1 M (96.1). Net cash flow from operating activities amounted to EUR 30.7 M (38.4).

De-mutualisation and merger within the Alandia Insurance Group

The Åland-based shipowners' mutual insurance company Redarnas Ömsesidiga Försäkringsbolag was re-organized into a limited liability insurance company and merged with its wholly owned insurance subsidiary Försäkringsaktiebolaget Alandia to form Alandia Försäkring Ab as of December 31, 2014. The merged company changed its name to Försäkringsaktiebolaget Alandia as of January 1, 2015. The shares in the

SALES



company were allocated in proportion to the premiums paid during the years 2011–2013 among those companies that, on the merger date, had an uninterrupted co-owner relationship with Redarnas Ömsesidiga Försäkringsbolag that had lasted at least one year.

Upon allocation, the Group received shares in Alandia Försäkring Ab and sold some of them as of December 31, 2014. After that, Viking Line's shareholding amounted to 19.9 per cent of the total.

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. There is no indication that the guidelines will be changed.

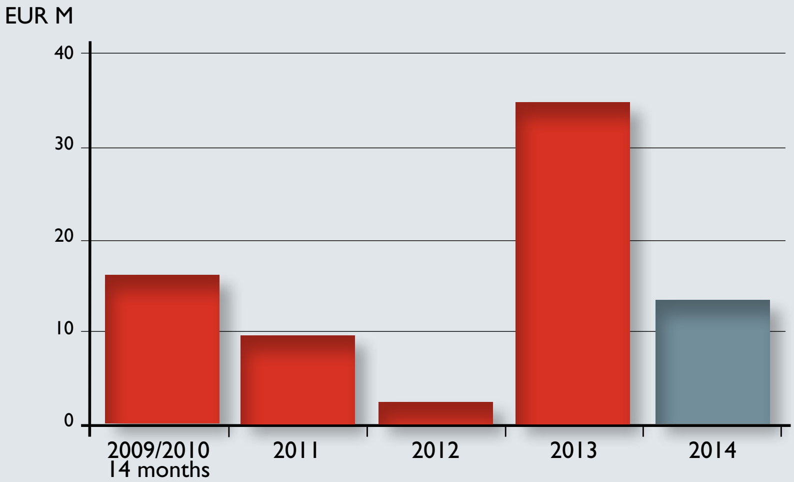
The Group's business operations are dependent on functioning logistics and computer systems. Disruptions in traffic or data communications may have an adverse impact on the Group's earnings. Viking Line endeavours to minimize the risk of lengthy unplanned service interruptions by means of continuous 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 340.1 M (365.2). The vessels have hull and machinery and increased value insurance totalling EUR 598.0 M (598.0). In addition, all vessels have strike insurance and protection and indemnity (P&I) insurance.

Fluctuations in bunker (vessel fuel) prices have a direct impact on the Group's earnings. The European Union's new sulphur directive entered into force on January 1, 2015 and will lead to higher expenses for the Group. The directive affects all of the Group's vessels except the Viking Grace, which operates on liquefied natural gas (LNG).

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. Prices of goods for sale and bunker are affected by foreign currencies, especially the US dollar. The Group endeavours to maintain good liquidity in order to be prepared to deal with adverse

OPERATING INCOME



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.

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. During 2014 the Company's new LNG-powered vessel the Viking Grace received the Skål International Sustainable Tourism Award, an international environmental prize. Viking Line's environmental work focuses on its vessel operations, where the largest positive environmental effect can be achieved.

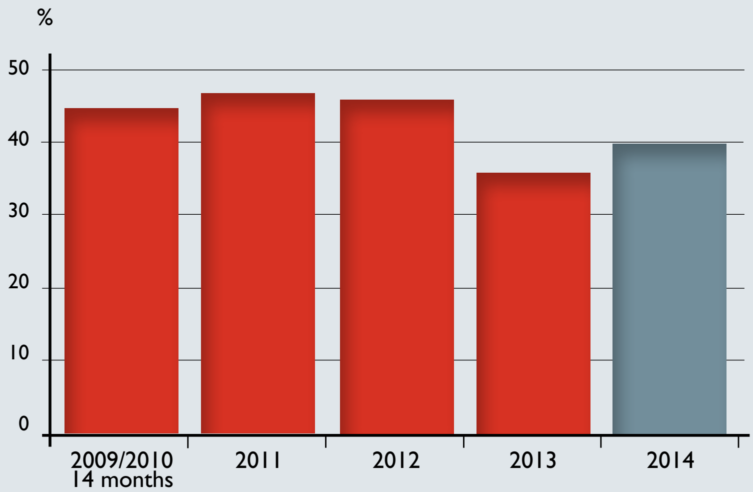
The Group's Head Office, its subsidiary Viking Line Buss Ab and all its vessels are certified in compliance with ISO 14001 environmental management standards. In addition, the Viking Line organization and all vessels are certified according to the International Safety Management (ISM) Code, which stipulates 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 2014 the average number of employees in the Viking Line Group was 2,797 (3,104), of whom 2,068 (1,947) worked for the parent company. Of the total number of

EQUITY / ASSETS RATIO



employees, 2,220 (2,460) resided in Finland. The number residing in Sweden was 471 (534). There were 104 (108) employees residing in Estonia and 2 (2) in Germany.

Most of Viking Line's employees work on board its vessels. Shipboard personnel totalled 2,142 (2,407) and land-based personnel 655 (697).

In addition to the Group's own employees, the Viking XPRS was crewed by an average of 235 people employed by a staffing company.

Board of Directors, management and auditors

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

On March 20, 2014 the Board of Directors terminated the employment relationship of Mikael Backman, President and Chief Executive Officer. The Board selected Jan Hanses, Deputy CEO, as the new President and CEO. At the same time it appointed Andreas Remmer, Chief Financial Officer, as Executive Vice President and Deputy CEO. On April 17, 2014, Peter Hellgren, Head of Sales and Marketing for Viking Line's Swedish market area, was appointed as Executive Vice President with overall responsibility for the Group's sales and marketing. On September 1, 2014, Viking Line's former Hotel Manager, Wilhelm Hård af Segerstad, was appointed as the new Vice President and Head of Shipboard Commercial Operations, and as a member of the Group Management team.

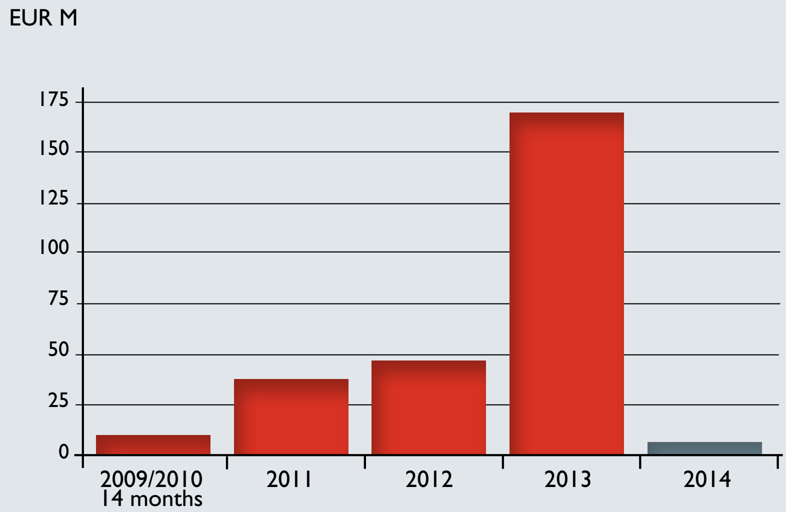
Johan Kronberg, Authorized Public Accountant (CGR) and Martin Grandell, Authorized Public Accountant (CGR), are regular Auditors. The firm of PricewaterhouseCoopers Oy, Authorized Public Accountants (CGR), serves as the Company's Deputy Auditor.

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. Information about the Company's corporate governance is available on the Company's web sites.

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

GROSS CAPITAL SPENDING



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 2015

During 2015 the Gabriella and the Mariella will again provide expanded summer service to Tallinn according to a concept similar to the preceding year. These vessels will thus – in addition to serving their regular Helsinki–Stockholm routes – also temporarily serve the Helsinki–Tallinn route. Competition in Viking Line's service area implies continued pressure on both prices and volume. The economic downturn in Finland is another uncertainty factor, but recent bunker price developments are currently having a favourable effect on earnings. The overall assessment of the Board of Directors is that in 2015, operating income will improve compared to operating income in 2014, but future bunker price developments represent a significant uncertainty factor.

The Board's proposal on distribution of earnings

According to the balance sheet of Viking Line Abp on December 31, 2014 unrestricted equity totalled EUR 88,737,247.40.

The Board of Directors proposes to the annual shareholders' meeting that:

A dividend of EUR 0.70 per share shall be paid, totalling	EUR 7,560,000.00
Remaining unrestricted equity	EUR 81,177,247.40

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 which are imposed by the nature, scope, financing and risks associated with the business.

Consolidated statement of comprehensive income

EUR M	Note	Jan 1, 2014– Dec 31, 2014	Jan 1, 2013– Dec 31, 2013
SALES	2	**527.4**	**549.4**
Other operating revenue	3	0.7	23.5
Expenses			
Goods and services	4	148.1	150.6
Salary and other employment benefit expenses	5	120.8	130.1
Depreciation and impairment losses	6	31.8	35.7
Other operating expenses	7	213.6	221.9
		514.3	538.2
OPERATING INCOME		**13.7**	**34.7**
Financial income	8	29.0	1.2
Financial expenses	8	-10.4	-8.3
INCOME BEFORE TAXES		**32.3**	**27.7**
Income taxes	9	-1.8	-0.2
INCOME FOR THE PERIOD		**30.6**	**27.5**
Other comprehensive income			
Items that may be transferred to the income statement			
Translation differences		-0.9	-0.4
Investments available for sale		0.0	0.0
		-0.9	-0.4
COMPREHENSIVE INCOME FOR THE PERIOD		**29.7**	**27.1**
Income attributable to:			
Parent company shareholders		30.6	27.5
Comprehensive income attributable to:			
Parent company shareholders		29.7	27.1
Earnings per share before and after dilution, EUR	10	2.83	2.54

Consolidated balance sheet

EUR M	Note	Dec 31, 2014	Dec 31, 2013
ASSETS			
Non-current assets			
Intangible assets	11	0.6	0.8
Land	12	1.1	1.1
Buildings and structures	12	10.8	11.7
Renovation costs for rented properties	12	0.6	0.7
Vessels	12	340.1	365.2
Machinery and equipment	12	6.7	8.0
Investments available for sale	13, 22	26.1	0.0
Receivables	14, 22	0.3	0.5
Total non-current assets		**386.3**	**388.1**
Current assets			
Inventories	15	16.1	15.0
Income tax assets		0.3	0.2
Trade and other receivables	16, 22	29.3	31.0
Cash and cash equivalents	17, 22	101.1	96.1
Total current assets		**146.8**	**142.2**
TOTAL ASSETS		**533.1**	**530.3**
EQUITY AND LIABILITIES			
Equity	18		
Share capital		1.8	1.8
Reserves		0.0	0.0
Translation differences		-0.8	-0.3
Retained earnings		212.3	187.5
Equity attributable to parent company shareholders		213.3	189.0
Total equity		**213.3**	**189.0**
Non-current liabilities			
Deferred tax liabilities	19	31.4	29.7
Non-current interest-bearing liabilities	20, 22	197.5	221.2
Total non-current liabilities		**228.9**	**250.8**
Current liabilities			
Current interest-bearing liabilities	20, 22	23.5	15.1
Income tax liabilities		0.0	-
Trade and other payables	21, 22	67.4	75.4
Total current liabilities		**91.0**	**90.4**
Total liabilities		**319.8**	**341.3**
TOTAL EQUITY AND LIABILITIES		**533.1**	**530.3**

Consolidated cash flow statement

EUR M	Jan 1, 2014–Dec 31, 2014	Jan 1, 2013–Dec 31, 2013
OPERATING ACTIVITIES		
Income for the period	30.6	27.5
Adjustments		
Depreciation and impairment losses	31.8	35.7
Capital gains from non-current assets	-0.2	-22.8
Other items not included in cash flow	2.1	-0.4
Interest expenses and other financial expenses	6.8	7.1
Financial income, Alandia Försäkring Ab	-27.9	-
Interest income and other financial income	-0.2	-0.1
Dividend income	0.0	0.0
Income taxes	1.8	0.2
Change in working capital		
Change in trade and other receivables	1.7	-1.9
Change in inventories	-1.1	0.3
Change in trade and other payables	-7.7	-4.1
Interest paid	-6.1	-3.7
Financial expenses paid	-0.8	-0.8
Interest received	0.1	0.1
Financial income received	0.1	0.1
Taxes paid	-0.2	1.4
NET CASH FLOW FROM OPERATING ACTIVITIES	**30.7**	**38.4**
INVESTING ACTIVITIES		
Investments in vessels	-6.2	-168.6
Investments in other intangible and tangible assets	-1.1	-3.7
Divestments of vessels	-	29.9
Divestments of other intangible and tangible assets	0.3	0.2
Divestments of investments available for sale	1.6	-
Payments received for non-current receivables	0.2	0.2
Dividends received	0.0	0.0
NET CASH FLOW FROM INVESTING ACTIVITIES	**-5.1**	**-142.0**
FINANCING ACTIVITIES		
Increase in non-current liabilities	-	179.1
Amortization of non-current liabilities	-15.2	-24.6
Dividends paid	-5.4	-
NET CASH FLOW FROM FINANCING ACTIVITIES	**-20.6**	**154.4**
CHANGE IN CASH AND CASH EQUIVALENTS	**5.0**	**50.8**
Cash and cash equivalents at beginning of period	96.1	45.3
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**101.1**	**96.1**

Statement of changes in consolidated equity

	Equity attributable to parent company shareholders				
EUR M	**Share capital**	**Reserves**	**Translation differences**	**Retained earnings**	**Total equity**
Equity, Jan 1, 2013	**1.8**	**0.0**	**0.1**	**160.0**	**162.0**
Income for the period				*27.5*	*27.5*
Translation differences		*0.0*	*-0.4*	*0.0*	*-0.4*
Remeasurement of investments available for sale		*0.0*			*0.0*
Comprehensive income for the period	-	0.0	-0.4	27.5	27.1
Dividend to shareholders					-
Equity, Dec 31, 2013	**1.8**	**0.0**	**-0.3**	**187.5**	**189.0**
Income for the period				*30.6*	*30.6*
Translation differences		*0.0*	*-0.5*	*-0.4*	*-0.9*
Remeasurement of investments available for sale		*0.0*			*0.0*
Comprehensive income for the period	-	0.0	-0.5	30.2	29.7
Dividend to shareholders				-5.4	-5.4
Equity, Dec 31, 2014	**1.8**	**0.0**	**-0.8**	**212.3**	**213.3**

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's profit centres also include the Park Alandia Hotell and Viking Line Buss Ab. 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 www.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 18, 2015 and will be submitted to the Annual General Meeting for adoption.

General principles

These 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, 2014 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 substantial impact 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 Försäkrings-aktiebolaget 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, 2014.

Subsidiaries are reported according to the purchase method of accounting. 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 the respective 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 middle 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 economic 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. 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 respective 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. Other property, plant and equipment are depreciated on a declining balance basis. Land is not depreciated.

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	25% of remaining expenditure
Buildings	4–7% of remaining expenditure
Structures	20–25% of remaining expenditure
Renovation costs for rented properties	5–10 years, straight-line
Machinery and equipment	25% of remaining expenditure

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

Advance payments are related to vessels under construction. These consist of advance payments in compliance with vessel construction (newbuilding) contracts, planning and monitoring expenses and capitalized borrowing expenses. Planning and monitoring expenses consist of architect fees plus salary and travel expenses for planning and technical monitoring of vessel construction. Interest expenses for loans related to advance payments attributable to vessels that have not yet been delivered are capitalized.

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 2014, 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 via the income statement,
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 via the income statement, or as
2) other financial liabilities.

The Group's financial liabilities are classified as other financial liabilities.

Non-current liabilities have an expected maturity longer than one year, while current 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 Åland-based shipowners' mutual insurance company Redarnas Ömsesidiga Försäkringsbolag was re-organized into a limited liability insurance company and merged with its wholly owned insurance subsidiary Försäkringsaktiebolaget Alandia to form Alandia Försäkring Ab as of December 31, 2014. The company changed its name to Försäkringsaktiebolaget Alandia as of January 1, 2015. The shares in the company were allocated in proportion to the premiums paid during the years 2011–2013 among those companies that, on the merger date, had an uninterrupted co-owner relationship with Redarnas Ömsesidiga Försäkringsbolag that had lasted at least one year.

Upon allocation, the Group received shares in Alandia Försäkring Ab and sold some of them as of December 31, 2014. After that, Viking Line's shareholding amounted to 19.9 per cent of the total. The first appraisal of the shareholding is recognized under "Financial income" in the consolidated statement of comprehensive income. Viking Line does not have significant influence on Försäkringsaktiebolaget Alandia. 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". In subsequent appraisals, changes in the fair value of the shares will be 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 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 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 accounted for among other receivables.

The carrying amount of trade and other receivables are 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 substantial 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 a cost in the income statement.

Cash and cash equivalents
Cash and cash equivalents consist of pledged deposits, 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.

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

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 and Viking Line Buss Ab, which are support units for vessel operations and account for less than 10 per cent of the Group's 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 accounted for among "Salary and other employment benefit expenses" and outstanding compensation is accounted for among "Current liabilities" in the balance sheet. The President and CEO enjoys 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. During 2013, the Group applied an incentive and bonus system that included the Company's President and CEO as well as its Executive Vice Presidents. The size of the bonus was affected both by the results of the financial period and personal job performance. The maximum possible bonus was 35 per cent of annual salary. The expenses for the incentive and bonus system are included in the income statement under "Salary and other employment benefit expenses" for the financial period whose earnings entitle Management to bonuses. The Group has no share-based incentive 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, which means that 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 statements.

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 respective 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. When estimating deferred taxes on December 31, 2013, the 2014 tax rate of 20.0 per cent has been used in the Group's Finnish companies. No deferred tax liabilities have been recognized for the Estonian subsidiary's undistributed earnings. The Group has not recognized any deferred tax assets.

Application of renewed or amended IFRSs

The Group begins to apply each respective 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.

Future changes in IASs, IFRSs and IFRIC interpretations that the EU has approved are not expected to have any substantial impact on the consolidated financial statements.

EUR M	Jan 1, 2014–Dec 31, 2014	Jan 1, 2013–Dec 31, 2013
2. OPERATING SEGMENTS		
Sales		
Vessels	521.7	544.7
Unallocated	5.8	4.9
Total, operating segments	527.6	549.6
Eliminations	-0.2	-0.2
Total sales of the Group	527.4	549.4
Operating income		
Vessels	58.3	81.2
Unallocated	-44.6	-46.4
Total operating income of the Group	13.7	34.7
SALES		
Passenger-related revenue	483.8	508.8
Cargo revenue	39.6	36.5
Miscellaneous sales revenue	3.9	4.0
Total	527.4	549.4
3. OTHER OPERATING REVENUE		
Capital gain, vessels	-	22.8
Rents received on properties	0.4	0.4
Miscellaneous other operating revenue	0.3	0.4
Total	0.7	23.5
4. GOODS AND SERVICES		
Goods	125.9	128.8
Externally purchased services	22.2	21.9
Total	148.1	150.6
5. SALARY AND OTHER EMPLOYMENT BENEFIT EXPENSES		
Salaries	125.6	135.5
Expenses of defined-contribution pensions	14.6	14.9
Other payroll overhead	16.8	22.0
	157.1	172.4
Government restitution	-36.3	-42.4
Total	120.8	130.1
AVERAGE NUMBER OF EMPLOYEES		
Shipboard employees	2,142	2,407
Land-based employees	655	697
Total	2,797	3,104

In addition to the Group’s own employees, the Viking XPRS was crewed by an average of 235 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, 2014–Dec 31, 2014	Jan 1, 2013–Dec 31, 2013
6. DEPRECIATION AND IMPAIRMENT LOSSES		
Depreciation		
Intangible assets	0.3	0.3
Buildings and structures	0.9	1.0
Renovation costs for rented properties	0.1	0.1
Vessels	28.3	31.7
Machinery and equipment	2.2	2.5
Total	31.8	35.7
Total depreciation and impairment losses	31.8	35.7
7. OTHER OPERATING EXPENSES		
Sales and marketing expenses	28.5	32.3
Washing and cleaning expenses	19.9	21.5
Repairs and maintenance	13.0	16.7
Public port expenses and vessel charges	42.6	41.7
Fuel expenses	57.4	62.4
Miscellaneous expenses	52.2	47.2
Total	213.6	221.9
Auditors' fees		
Auditing	0.1	0.1
Miscellaneous consulting	0.0	0.1
Total	0.2	0.1
8. FINANCIAL INCOME AND EXPENSES		
Dividend income from investments available for sale	0.0	0.0
Interest income from cash, cash equivalents and non-current receivables	0.1	0.1
Investments received that are available for sale, Alandia Försäkring Ab	27.9	-
Exchange gains	0.9	1.1
Other financial income	0.1	0.0
Total financial income	29.0	1.2
Interest expenses on financial liabilities recognized at accrued cost	5.9	6.3
Exchange losses	3.6	1.1
Other financial expenses	1.0	0.8
Total financial expenses	10.4	8.3

EUR M	Jan 1, 2014–Dec 31, 2014	Jan 1, 2013–Dec 31, 2013
9. INCOME TAXES		
Tax for the financial year	0.0	0.3
Tax attributable to previous financial years	0.0	0.0
Deferred tax, change in temporary differences	1.7	6.6
Deferred tax, change in tax rate	-	-6.7
Total	1.8	0.2
Reconciliation of tax expense in the income statement and taxes estimated according to tax rate in the Group's home country		
Income before taxes	32.3	27.7
Taxes estimated according to Finnish tax rate (20.0% / 24.5%)	6.5	6.8
Tax attributable to previous financial years	0.0	0.0
Tax effect of		
divergent tax rates in foreign subsidiaries	0.0	0.1
tax-exempt revenue and non-deductible expenses	-5.0	0.1
deferred tax, change in tax rate	-	-6.7
deferred tax, other changes	0.3	0.0
previously established tax loss carry-forwards	0.0	-
unrecognized tax asset related to loss in subsidiary	-	0.0
other	0.0	-0.1
Taxes in the income statement	1.8	0.2

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.

11. INTANGIBLE ASSETS	2014	2013
Cost, Jan 1	3.5	3.4
Translation differences	0.0	0.0
Increases	0.1	0.3
Decreases	-	-0.1
Cost, Dec 31	3.6	3.5
Accumulated amortization, Jan 1	-2.7	-2.5
Translation differences	0.0	0.0
Accumulated amortization on decreases	-	0.1
Amortization for the financial year	-0.3	-0.3
Accumulated amortization, Dec 31	-3.0	-2.7
Carrying amount, Jan 1	0.8	0.9
Carrying amount, Dec 31	0.6	0.8

Intangible assets consist mainly of computer software programmes.

EUR M

12. PROPERTY, PLANT AND EQUIPMENT	Land	Buildings and structures	Renovation costs for rented properties	Vessels	Machinery and equipment	Advance payments	Total
Cost, Jan 1, 2014	1.1	26.2	10.3	776.3	38.7	-	852.6
Translation differences	0.0	0.0		-3.9	0.0		-3.9
Increases		0.0	0.0	6.2	0.9		7.1
Decreases	0.0	-0.1		-1.6	-0.5		-2.2
Cost, Dec 31, 2014	1.1	26.2	10.4	777.0	39.0	-	853.7
Accumulated depreciation, Jan 1, 2014	-	-14.5	-9.7	-411.1	-30.6	-	-465.9
Translation differences		0.0		0.9	0.0		1.0
Accumulated depreciation on decreases		0.0		1.6	0.4		2.1
Depreciation for the financial year		-0.9	-0.1	-28.3	-2.2		-31.5
Accumulated depreciation, Dec 31, 2014	-	-15.3	-9.8	-436.9	-32.3	-	-494.4
Carrying amount, Jan 1, 2014	1.1	11.7	0.7	365.2	8.0	-	386.7
Carrying amount, Dec 31, 2014	1.1	10.8	0.6	340.1	6.7	-	359.3
Cost, Jan 1, 2013	1.1	25.8	10.1	621.4	36.7	61.1	756.2
Translation differences	0.0	0.0			0.0		0.0
Transfer				61.1		-61.1	-
Increases		0.4	0.3	168.6	2.7		172.0
Decreases				-74.8	-0.7		-75.6
Cost, Dec 31, 2013	1.1	26.2	10.3	776.3	38.7	-	852.6
Accumulated depreciation, Jan 1, 2013	-	-13.5	-9.6	-447.2	-28.6	-	-498.8
Translation differences		0.0			0.0		0.0
Accumulated depreciation on decreases				67.8	0.5		68.3
Depreciation for the financial year		-1.0	-0.1	-31.7	-2.5		-35.3
Accumulated depreciation, Dec 31, 2013	-	-14.5	-9.7	-411.1	-30.6	-	-465.9
Carrying amount, Jan 1, 2013	1.1	12.3	0.5	174.2	8.1	61.1	257.3
Carrying amount, Dec 31, 2013	1.1	11.7	0.7	365.2	8.0	-	386.7

Advance payments are related to vessels under construction.
Viking Line has no financial leases related to property, plant and equipment.

13. INVESTMENTS AVAILABLE FOR SALE	Dec 31, 2014	Dec 31, 2013
Unlisted shares and participations	26.1	0.0
Investments available for sale	26.1	0.0

	2014	2013
Investments available for sale, Jan 1	0.0	0.0
Increases	27.9	0.0
Decreases	-1.8	0.0
Change in fair value	0.0	0.0
Investments available for sale, Dec 31	26.1	0.0

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

EUR M

14. RECEIVABLES

	Dec 31, 2014	Dec 31, 2013
Receivable, settlement compensation	0.3	0.5
Total	0.3	0.5

	2014	2013
Receivables, Jan 1	0.5	0.7
Decreases	-0.2	-0.2
Receivables, Dec 31	0.3	0.5

15. INVENTORIES

	Dec 31, 2014	Dec 31, 2013
Inventories of goods for sale	14.9	13.3
Supplies	0.3	0.2
Stocks of vessel fuel	1.0	1.5
Total	16.1	15.0

16. TRADE AND OTHER RECEIVABLES

	Dec 31, 2014	Dec 31, 2013
Trade receivables	10.6	11.0
Accrued income and prepaid expenses	17.9	19.0
Other receivables	0.9	0.9
Total	29.3	31.0
Accrued income and prepaid expenses		
Employee-related items	16.4	16.9
Other accrued income and prepaid expenses	1.4	2.1
Total	17.9	19.0
Age analysis, trade receivables		
Not overdue	5.0	5.5
Overdue 1-30 days	5.5	5.3
Overdue more than 30 days	0.1	0.2
Total	10.6	11.0
Trade and other receivables by currency		
EUR	24.6	24.1
SEK	4.4	6.6
CHF	0.1	0.1
DKK	0.0	0.0
GBP	0.2	0.1
USD	-	0.1
Total	29.3	31.0

EUR M

17. CASH AND CASH EQUIVALENTS

	Dec 31, 2014	Dec 31, 2013
Cash and bank accounts	93.1	73.2
Short-term investments	8.0	22.9
Total	101.1	96.1

The maturity of short-term investments is from 36 to 79 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, 2014	Dec 31, 2013
Legal reserve	0.0	0.0
Share premium reserve	0.0	0.0
Fair value reserve	0.0	0.0
Total	0.0	0.0

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 0.50 per share, totalling EUR 5.4 M, was distributed for the financial year 2013 (no dividend was distributed for the financial year 2012). After the balance sheet date, the Board of Directors proposed that a dividend of EUR 0.70 per share will be paid for the financial year 2014. 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, 2014	29.7	0.0	29.7
Translation differences	0.0	-	0.0
Recognized in income statement	1.7	0.0	1.7
Recognized directly in equity	-	0.0	0.0
Dec 31, 2014	31.4	0.0	31.4
Jan 1, 2013	29.7	0.0	29.7
Translation differences	-	0.0	0.0
Recognized in income statement	0.0	-0.1	-0.1
Recognized directly in equity	-	0.0	0.0
Dec 31, 2013	29.7	0.0	29.7

On December 31, 2014, the Group had unutilized accumulated tax-loss carry-fowards in subsidiaries totalling 0 euros (Dec 31, 2013 EUR 0.0 M). No deferred tax liabilities have been recognized for the undistributed earnings of the Estonian subsidiary. The Group has not recognized any deferred tax assets related to losses in subsidiaries.

EUR M

20. INTEREST-BEARING LIABILITIES

	Dec 31, 2014	Dec 31, 2013
Non-current interest-bearing liabilities		
Loans from credit institutions	197.5	221.2
Current interest-bearing liabilities		
Loans from credit institutions, principal payments	23.5	15.1
Interest-bearing financial liabilities fall due for payment as follows:		
< 1 year	23.5	15.1
1–2 years	23.5	23.6
2–3 years	23.5	23.6
3–4 years	23.5	23.5
4–5 years	23.5	23.5
> 5 years	103.5	127.0
Total	221.0	236.2

	2014	2013
Interest-bearing liabilities, Jan 1	236.2	81.8
Increases	-	179.1
Decreases	-15.2	-24.6
Interest-bearing liabilities, Dec 31	221.0	236.2

21. TRADE AND OTHER PAYABLES

	Dec 31, 2014	Dec 31, 2013
Trade payables	23.9	28.1
Accrued expenses and prepaid income	32.5	35.8
Other payables	11.1	11.5
Total	67.4	75.4
Accrued expenses and prepaid income		
Employee-related expenses	23.3	26.3
Other accrued expenses and prepaid income	9.2	9.5
Total	32.5	35.8
Trade and other payables by currency		
EUR	50.3	53.8
SEK	14.3	20.9
DKK	0.0	0.0
NOK	0.0	0.1
RUB	-	0.0
USD	2.8	0.6
Total	67.4	75.4

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, 2014	Dec 31, 2013
Level 1	-	-
Level 2	-	-
Level 3	26.1	0.0

Financial assets and liabilities by category

Financial assets Dec 31, 2014	Loan receivables and trade receivables	Financial assets available for sale
Investments available for sale	-	26.1
Receivables	0.3	-
Trade and other receivables	29.3	-
Cash and cash equivalents	101.1	-
Total	130.8	26.1

Financial liabilities Dec 31, 2014	Other financial liabilities
Non-current interest-bearing liabilities	197.5
Current interest-bearing liabilities	23.5
Trade and other payables	67.4
Total	288.5

Financial assets and liabilities by category

Financial assets Dec 31, 2013	Loan receivables and trade receivables	Financial assets available for sale
Investments available for sale	-	0.0
Receivables	0.5	-
Trade and other receivables	31.0	-
Cash and cash equivalents	96.1	-
Total	127.6	0.0

Financial liabilities Dec 31, 2013	Other financial liabilities
Non-current interest-bearing liabilities	221.2
Current interest-bearing liabilities	15.1
Trade and other payables	75.4
Total	311.6

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. Of non-cancellable agreements, the most important is the granting of a lease for operation of the meal service business at the Park Alandia Hotell.

Future rental income related to non-cancellable rental agreements	Dec 31, 2014	Dec 31, 2013
Due within one year	0.2	0.2
Due in later than one year but within five years	0.0	0.2
Due in later than five years	-	-
Total	0.2	0.4

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 11 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, 2014	Dec 31, 2013
Due within one year	1.4	1.5
Due in later than one year but within five years	3.4	1.3
Due in later than five years	0.2	0.1
Total	5.1	2.9

24. PLEDGED ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities	Dec 31, 2014	Dec 31, 2013
Loans and credit lines for which vessel, vehicle and chattel mortgages were provided as collateral	221.0	236.2
Other contingent liabilities not included in the balance sheet		
Covered by vessel mortgages	0.0	0.6
Covered by site leasehold and chattel mortgages	0.0	0.0
Total	221.1	236.9

Assets pledged for own debt	Dec 31, 2014	Dec 31, 2013
Vessel mortgages	314.7	314.7
Vehicle mortgages	0.1	0.1
Chattel mortgages	0.5	0.5
Site leasehold mortgages	0.4	0.4
Total	315.7	315.7

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, 2014–Dec 31, 2014	Jan 1, 2013–Dec 31, 2013
Sales of services	0.0	0.0
Purchases of services	0.6	0.7

	Dec 31, 2014	Dec 31, 2013
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, 2014–Dec 31, 2014	Jan 1, 2013–Dec 31, 2013
Salaries and other short-term compensation	1,225,830	1,239,360
Total	1,225,830	1,239,360

Compensation and other benefits, 2014, EUR	Base salary/ Board fee	Other benefits	Pension expenses	Total
Ben Lundqvist, Chairman of the Board	37,000			37,000
Nils-Erik Eklund, Board member	32,000			32,000
Trygve Eriksson, Board member	32,000			32,000
Erik Grönberg, Board member	31,000			31,000
Agneta Karlsson, Board member	31,000			31,000
Dick Lundqvist, Board member	32,000			32,000
Lars G Nordström, Board member	30,000			30,000
Ulrica Danielsson, deputy member of the Board	1,000			1,000
Stefan Lundqvist, deputy member of the Board	1,000			1,000
Johnny Rosenholm, deputy member of the Board	2,000			2,000
	229,000	-	-	229,000
President and CEO Jan Hanses from March 20, 2014	214,775	360	35,411	250,546
President and CEO Mikael Backman until March 20, 2014	87,512	155,219	39,953	282,684
Deputy CEO	186,730	10,432	32,453	229,614
Other key individuals in leading positions	556,911	13,892	103,277	674,081
	1,045,927	179,903	211,095	1,436,925
Total	1,274,927	179,903	211,095	1,665,925

EUR M

Compensation and other benefits, 2013, EUR	**Base salary/ Board fee**	**Other benefits**	**Pension expenses**	**Total**
Ben Lundqvist, Chairman of the Board	33,000			33,000
Nils-Erik Eklund, Board member	29,000			29,000
Trygve Eriksson, Board member	29,000			29,000
Erik Grönberg, Board member	30,000			30,000
Agneta Karlsson, Board member	30,000			30,000
Dick Lundqvist, Board member	29,000			29,000
Lars G Nordström, Board member	29,000			29,000
Åsa Ceder, deputy member of the Board until April 19, 2013	1,000			1,000
Ulrica Danielsson, deputy member of the Board from April 19, 2013	2,000			2,000
Stefan Lundqvist, deputy member of the Board	1,000			1,000
Johnny Rosenholm, deputy member of the Board	1,000			1,000
	214,000	-	-	214,000
President and CEO	245,550	689	38,315	284,553
Deputy CEO	199,025	1,956	31,273	232,254
Other key individuals in leading positions	771,735	20,405	129,010	921,150
	1,216,310	23,050	198,597	1,437,957
Total	1,430,310	23,050	198,597	1,651,957

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 applied an incentive and bonus system that included the Company's President and CEO as well as its Executive Vice Presidents during 2013. The size of the bonus was affected both by the results of the financial period and personal job performance. The maximum bonus was 35 per cent of annual salary. Effective from 2014 no incentive and bonus system is being applied. The Group has no share-based incentive systems.

Compensation to key individuals in leading positions for 2014 includes individual bonuses of EUR 9,951 related to the financial year 2013, since the Board of Directors made its decisions on this disbursement after the financial statements for 2013 had been adopted.

The Group has only defined-contribution pension plans. Pension expenses refer to the expense that have affected the year's income. There is no specific agreement on Group Management pensions, so public pension terms apply. The retirement age of the President and CEO is 63-68.

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.

Mikael Backman served as President and CEO and Jan Hanses as Deputy CEO until March 20, 2014. Since March 20, 2014 Jan Hanses has served as President and CEO and Andreas Remmer as Deputy CEO.

No benefits other than salaries and short-term compensation were paid to key individuals in leading positions. As agreed, Mikael Backman received 8 months of salary after the date of his termination. Compensation of EUR 154,888 was included in the item "Other benefits".

26. MANAGEMENT OF FINANCIAL RISKS

In its normal operating activities, 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 Group's financing and management of financial risks have been concentrated in the Finance unit of the parent company. The Group's foreign exchange holdings and investments are reported regularly to the Board of Directors.

The Group had no derivative contracts during 2013 and 2014.

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 2014 SEK-denominated sales accounted for about 30 per cent of total consolidated sales. Salary and other employment benefit expenses and purchases denominated in SEK accounted for about 24 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, 2014 would have an estimated effect of EUR ±0.7 M (EUR ±0.1 M on December 31, 2013) 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, 71 per cent have fixed interest rates and 29 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, 2014 would have an estimated effect of EUR +0.0 M / EUR -0.5 M (EUR +0.1 M / EUR -0.5 M on December 31, 2013) on consolidated income after taxes and equity.

Liquidity risk

Viking Line evaluates and continuously monitors the financing that is required in its operating activities 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 197.5 M on December 31, 2014 (EUR 221.2 M on December 31, 2013). 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 101.1 M on December 31, 2014 (EUR 96.1 M on December 31, 2013).

Credit and counterparty risk

Trade and other receivables are a credit risk for the Group. Credit risk in operational activities is continuously followed up. 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. The floating component in the bunker oil price comprises the average price of the oil quality in question during the week of purchase. Bunker oil purchases are made in USD. The liquefied natural gas (LNG) price is determined by unit costs for the natural gas element, condensation and bunker vessel logistics. The Group has not hedged against fluctuations in bunker prices.

Vessel bunker costs amounted to EUR 57.1 M during the financial year 2014 (EUR 62.2 M during 2013), which is equivalent to 10.8 per cent (11.3) of Group sales. Bunker consumption totalled about 87,500 m^3 oil and about 16,000 tonnes LNG during 2014 (about 91,900 m^3 oil and 12,600 tonnes LNG during 2013).

A 10 per cent change in the bunker price on December 31, 2014 of LNG and the bunker oil quality that will be used, based on projected bunker consumption in 2015, would have an estimated effect of EUR ±3.7 M on consolidated income after taxes and equity.

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 fore-casted future cash flows during the period 2015-2019. For subsequent periods, annual growth of 2 per cent has been forecasted. Required return of 9.4 per cent on equity has been used in the calculation.

Sensitivity analysis, EUR M	Change in assumptions	Increase in present value, EUR M	Decrease in present value, EUR M
Divergence in forecasted cash flows	+ 5%	1.3	
Divergence in forecasted cash flows	- 5%		1.3
Required return on equity	+ 1 perc.point		3.1
Required return on equity	- 1 perc.point	4.1	

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, 2014, the equity/assets ratio amounted to 40.0 per cent, compared to 35.6 per cent on December 31, 2013.

27. LITIGATION AND DISPUTES

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

28. EVENTS AFTER THE BALANCE SHEET DATE

The Management 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	2009/2010 14 months	2011	2012	2013	2014
Sales, EUR M	569.9	504.3	516.1	549.4	527.4
Operating income EUR M	16.1	9.8	2.4	34.7	13.7
– as % of sales	2.8%	1.9%	0.5%	6.3%	2.6%
Income before taxes, EUR M	14.4	7.9	1.6	27.7	32.3
– as % of sales	2.5%	1.6%	0.3%	5.0%	6.1%
Return on equity (ROE)	6.4%	4.6%	0.6%	15.6%	15.2%
Return on investments (ROI)	6.0%	3.9%	1.3%	10.4%	9.1%
Equity/assets ratio	44.8%	46.5%	46.2%	35.6%	40.0%
Debt/equity ratio (gearing)	24.6%	20.7%	22.5%	74.1%	56.2%
Gross capital spending, EUR M	8.7	36.9	49.7	172.3	7.2
– as % of sales	1.5%	7.3%	9.6%	31.4%	1.4%
Average number of employees	3,087	3,060	3,014	3,104	2,797
– of whom, shipboard employees	2,319	2,305	2,299	2,407	2,142
– of whom, landbased employees	768	755	715	697	655
Salaries etc, EUR M	141.6	124.9	128.2	135,5	125.6

Quarterly consolidated statement of comprehensive income

EUR M	2014 Q4	2014 Q3	2014 Q2	2014 Q1
SALES	**126.3**	**160.1**	**137.5**	**103.4**
Other operating revenue	0.2	0.1	0.3	0.1
Expenses				
Goods and services	36.2	44.3	39.1	28.4
Salary and other employment benefit expenses	28.9	30.1	30.3	31.6
Depreciation and impairment losses	7.2	8.0	8.0	8.5
Other operating expenses	50.0	55.8	55.8	52.1
	122.3	138.1	133.3	120.6
OPERATING INCOME	**4.2**	**22.0**	**4.5**	**-17.1**
Financial income	28.1	0.7	0.1	0.1
Financial expenses	-3.2	-2.0	-3.1	-2.2
INCOME BEFORE TAXES	**29.1**	**20.7**	**1.6**	**-19.1**
Income taxes	-1.1	-4.0	-0.2	3.5
INCOME FOR THE PERIOD	**28.1**	**16.7**	**1.4**	**-15.6**
Other comprehensive income				
Items that may be transferred to the income statement				
Translation differences	-0.4	0.0	-0.4	-0.1
Investments available for sale	0.0	-	-	-
	-0.4	0.0	-0.4	-0.1
COMPREHENSIVE INCOME FOR THE PERIOD	**27.7**	**16.7**	**1.0**	**-15.8**
Income attributable to:				
Parent company shareholders	28.1	16.7	1.4	-15.6
Comprehensive income attributable to:				
Parent company shareholders	27.7	16.7	1.0	-15.8
Earnings per share before and after dilution, EUR	2.60	1.55	0.13	-1.45

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.

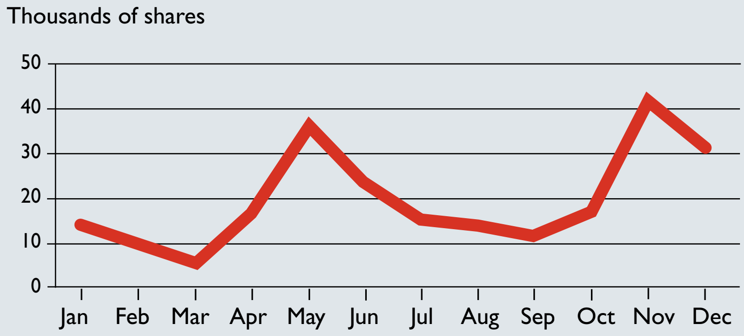
Authority to make changes
The Articles of Association stipulate lower and upper limits for the Company's share capital. The Board of Directors has not requested authorization from a shareholders' meeting to change the share capital or to issue warrants or bonds or acquire the Company's own shares.

Shareholders
At the end of the 2014 financial year, the Company had 3,183 registered shareholders.

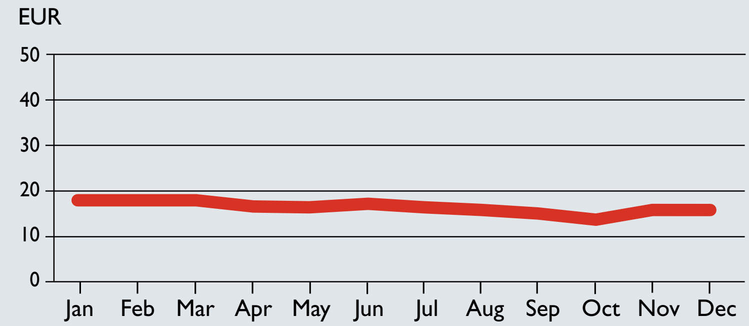
Board and top management shareholdings
The members and deputy members of the Board of Directors, the President and Chief Executive Officer, and the Deputy Chief Executive Officer own or control, in the manner described in Chapter 2, Section 4 of the Finnish Securities Market Act, 1,004,191 shares in the Company, equivalent to a voting power of 9.3 per cent. Viking Line applies the provisions of the Securities Market Act on insider information as well as the insider regulations of the NASDAQ Helsinki.

Trading volume and share price
During the financial year 2014, trading in Viking Line on the NASDAQ Helsinki totalled 240,667 shares. This meant that 2.2 per cent of all shares changed hands. The year's highest share price was EUR 18.88, the lowest EUR 13.50. On December 31, 2014, the quoted share price was EUR 15.82. The Company's market capitalization on that date was EUR 170.86 M.

TRADING VOLUME
January–December 2014



SHARE PRICE
January–December 2014



LARGEST SHAREHOLDERS, DECEMBER 31, 2014	Number of shares	Percentage of total
1. Ångfartygs Ab Alfa	1,656,500	15.3%
2. Ab Rafael	1,476,944	13.7%
3. Rederi Ab Hildegaard	1,110,803	10.3%
4. Lundqvist Ben	384,729	3.6%
5. Eklund Nils-Erik	346,645	3.2%
6. Sviberg Marie-Louise	315,245	2.9%
7. Sundman Airi	158,740	1.5%
8. Lundqvist Dick	125,000	1.2%
9. Blomsterlund Carita	117,703	1.1%
10. Eriksson Carola	114,103	1.1%

VIKING LINE ABP'S SHAREHOLDERS, BY SECTOR	Number of shareholders	Percentage of total	Number of shares	Percentage of total
Companies	147	4.6%	4,827,025	44.7%
Credit institutions and insurance companies	9	0.3%	217,540	2.0%
Public sector entities	4	0.1%	177,919	1.6%
Households	2,857	89.8%	5,017,032	46.5%
Non-profit entities	17	0.5%	65,254	0.6%
Foreign shareholders	140	4.4%	426,679	4.0%
Nominee-registered shares	9	0.3%	68,355	0.6%
Not transferred to book-entry securities account system			196	0.0%
Total	**3,183**	**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	1,409	44.3%	42,437	0.4%
100–999	1,033	32.4%	235,920	2.2%
1,000–9,999	613	19.3%	1,525,280	14.1%
10,000–99,999	115	3.6%	2,860,988	26.5%
100,000–999,999	10	0.3%	1,890,932	17.5%
1,000,000–	3	0.1%	4,244,247	39.3%

SHARE-RELATED FINANCIAL RATIOS	2009/2010 14 months	2011	2012	2013	2014
Earnings per share, EUR	0.97	0.70	0.09	2.54	2.83
Equity per share, EUR	15.35	15.40	15.00	17.50	19.75
Dividend per share, EUR*	0.65	0.50	0.00	0.50	0.70
Dividend/earnings	67.1%	71.2%	0.0%	19.7%	24.7%
Dividend/share price	2.0%	2.3%	0.0%	2.8%	4.4%
Price/earnings (P/E) ratio	33	31	200	7	6
Share price on December 31, EUR	32.15	22.10	17.10	17.82	15.82
Highest share price, EUR	39.50	32.15	22.50	22.04	18.88
Lowest share price, EUR	29.81	20.55	16.40	17.01	13.50
Average share price, EUR	34.57	27.40	18.31	18.39	16.15
Market capitalization, EUR M	347.22	238.68	184.68	192.46	170.86
Number of shares traded	116,279	218,515	143,492	209,006	240,667
Percentage of shares traded	1.1%	2.0%	1.3%	1.9%	2.2%
Dividend paid for fiscal year, EUR M*	7.02	5.40	0.00	5.40	7.56
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 2014, 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, 2014– Dec 31, 2014	Jan 1, 2013– Dec 31, 2013
SALES		**533.8**	**560.3**
Other operating revenue	2	2.4	23.6
Operating expenses			
Goods and services	3	147.8	150.0
Employee expenses	4	90.2	83.2
Depreciation/amortization	5	28.7	35.2
Other operating expenses	6	257.0	281.6
		523.8	550.0
OPERATING INCOME		**12.4**	**33.9**
Financial income and expenses	7	-6.0	-6.6
INCOME BEFORE EXTRAORDINARY ITEMS		**6.4**	**27.3**
Extraordinary items	8	27.2	-
INCOME BEFORE ALLOCATIONS AND TAXES		**33.6**	**27.3**
Appropriations	9	-8.2	-26.9
Income taxes	10	0.0	-
INCOME FOR THE FINANCIAL YEAR		**25.4**	**0.4**

Parent company balance sheet

EUR M	Note	Dec 31, 2014	Dec 31, 2013
ASSETS			
FIXED ASSETS			
Intangible assets	11	1.2	1.5
Tangible assets	12		
Land		1.9	1.9
Buildings and structures		10.5	11.3
Vessels		291.8	365.2
Machinery and equipment		5.4	6.4
		309.6	384.9
Shares and participations	13		
Shares in Group companies		1.1	1.1
Capital contribution to Group companies		17.6	0.6
Other shares and participations		26.1	0.0
		44.8	1.7
TOTAL FIXED ASSETS		**355.5**	**388.0**
CURRENT AND FINANCIAL ASSETS			
Inventories	14	16.0	14.9
Long-term receivables			
Group receivables		28.3	0.2
Receivable, settlement payment		0.3	0.5
		28.7	0.7
Current receivables			
Trade receivables		10.0	10.5
Group receivables		4.5	0.1
Other current receivables		0.4	0.7
Accrued income and prepaid expenses	15	15.6	14.4
		30.5	25.7
Cash and cash equivalents		100.1	95.5
TOTAL CURRENT AND FINANCIAL ASSETS		**175.2**	**136.7**
TOTAL ASSETS		**530.8**	**524.7**

EUR M	Note	Dec 31, 2014	Dec 31, 2013
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	16		
Share capital		1.8	1.8
Retained earnings		63.4	68.4
Income for the period		25.4	0.4
TOTAL SHAREHOLDERS' EQUITY		**90.6**	**70.6**
ACCUMULATED APPROPRIATIONS			
Accumulated depreciation differences		**156.1**	**147.9**
LIABILITIES			
Long-term liabilities	17		
Liabilities to credit institutions		197.1	220.5
Current liabilities			
Repayment portion of liabilities to credit institutions		23.4	14.9
Accounts payable		22.9	27.5
Group liabilities		3.6	7.1
Other current liabilities		9.5	8.8
Accrued expenses and prepaid income	18	27.5	27.3
		87.0	85.7
TOTAL LIABILITIES		**284.1**	**306.2**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**530.8**	**524.7**

Parent company cash flow statement

EUR M	Jan 1, 2014– Dec 31, 2014	Jan 1, 2013– Dec 31, 2013
OPERATING ACTIVITIES		
Income for the period	25.4	0.4
Adjustments		
Depreciation/amortization	28.7	35.2
Capital gains from tangible assets	-1.8	-22.8
Other items not included in cash flow	8.2	26.9
Interest expenses and other financial expenses	6.7	7.2
Interest income and other financial income	-1.5	-0.1
Dividend income	0.0	-0.5
Extraordinary items	-27.2	-
Income taxes	0.0	-
Change in working capital		
Change in current receivables	-4.5	-2.2
Change in inventories	-1.1	-0.3
Change in non-interest-bearing liabilities	-6.9	-3.3
Interest paid	-6.1	-3.7
Financial expenses paid	-0.8	-0.9
Interest received	0.1	0.1
Financial income received	1.1	0.0
Taxes paid	0.0	1.8
NET CASH FLOW FROM OPERATING ACTIVITIES	**20.4**	**37.7**
INVESTING ACTIVITIES		
Investments in vessels	-5.5	-168.6
Investments in other intangible and tangible assets	-1.0	-3.1
Divestments of vessels	55.1	29.9
Divestments of other intangible and tangible assets	0.0	0.0
Capital contribution to Group companies	-17.0	-0.3
Divestments of shares and participations	0.9	-
Change in non-current receivables	-28.0	0.2
Dividends received	0.0	0.5
NET CASH FLOW FROM INVESTING ACTIVITIES	**4.5**	**-141.4**
FINANCING ACTIVITIES		
Increase in long-term liabilities	-	179.0
Amortization of long-term liabilities	-14.9	-24.5
Dividends paid	-5.4	-
Group contribution received	0.1	-
NET CASH FLOW FROM FINANCING ACTIVITIES	**-20.2**	**154.5**
CHANGE IN CASH AND CASH EQUIVALENTS	**4.7**	**50.8**
Cash and cash equivalents at beginning of period	95.5	44.7
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**100.1**	**95.5**

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, 2014.

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. 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. 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. 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.

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

Normal expenditures for repairs and maintenance are expensed on a current basis. Other tangible assets are depreciated on a declining balance basis. Land is not depreciated.

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	25% of remaining expenditure
Buildings	4–7% of remaining expenditure
Structures	20–25% of remaining expenditure
Machinery and equipment	25% of remaining expenditure
Intangible assets (amortization)	5–10 years, straight-line

Financial assets and liabilities

The Åland-based shipowners' mutual insurance company Redarnas Ömsesidiga Försäkringsbolag was re-organized into a limited liability insurance company and merged with its wholly owned insurance subsidiary Försäkringsaktiebolaget Alandia to form Alandia Försäkring Ab as of December 31, 2014. The company changed its name to Försäkringsaktiebolaget Alandia as of January 1, 2015. The shares in the company were allocated in proportion to the premiums paid during the years 2011–2013 among those companies that, on the merger date, had an uninterrupted co-owner relationship with Redarnas Ömsesidiga Försäkringsbolag that had lasted at least one year.

Upon allocation, Viking Line Abp received shares in Alandia Försäkring Ab and sold some of them as of December 31, 2014. After that, Viking Line Abp's shareholding amounted to 19.9 per cent of the total. The acquisition value of the shares was established on the basis of the present value of future cash flows as of December 31, 2014 and is recognized among shares and participations in the Company's balance sheet and as an extraordinary item in the income statement. If the value of the shares decreases substantially and in the long term, an impairment loss is recognized among financial expenses.

The proceeds on the shares that were divested were recognized in "Financial income" in the Company's income statement.

Other financial assets and liabilities are recognized at acquisition cost.

Taxes

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

EUR M	Jan 1, 2014 – Dec 31, 2014	Jan 1, 2013 – Dec 31, 2013
2. OTHER OPERATING REVENUE		
Capital gain, vessels	1.8	22.8
Rents received on properties	0.5	0.5
Miscellaneous operating revenue	0.1	0.3
Total	2.4	23.6
3. GOODS AND SERVICES		
Purchases during the financial year	126.9	127.6
Change in inventories	-1.5	-0.3
Externally purchased services	22.5	22.7
Total	147.8	150.0
4. EMPLOYEE EXPENSES		
Salaries etc	96.4	88.9
Pension expenses	12.5	11.3
Other employee expenses	7.1	6.4
	115.9	106.6
Government restitution	-25.7	-23.5
Total	90.2	83.2
AVERAGE NUMBER OF EMPLOYEES		
Shipboard employees	1,649	1,502
Land-based employees	419	445
Total	2,068	1,947
5. DEPRECIATION/AMORTIZATION		
Intangible assets	0.4	0.4
Buildings and structures	0.9	1.0
Vessels	25.7	31.7
Machinery and equipment	1.8	2.1
Total	28.7	35.2
6. AUDITORS' FEES		
Auditing	0.1	0.1
Miscellaneous consulting	0.0	0.0
Total	0.1	0.1

EUR M	Jan 1, 2014 – Dec 31, 2014	Jan 1, 2013 – Dec 31, 2013
7. FINANCIAL INCOME AND EXPENSES		
Dividend income from Group companies	-	0.5
Dividend income from others	0.0	0.0
Interest income from Group companies	1.3	0.0
Interest income from others	0.1	0.1
Exchange gains	0.6	1.0
Other financial income	0.1	0.0
Total financial income	2.1	1.7
Interest expenses to Group companies	0.0	0.1
Interest expenses to others	5.8	6.3
Exchange losses	1.4	1.1
Other financial expenses	0.9	0.8
Total financial expenses	8.1	8.3
Total financial income and expenses	-6.0	-6.6
8. EXTRAORDINARY ITEMS		
Shares and participations received, Alandia Försäkring Ab	27.1	-
Group contribution received	0.1	-
Total extraordinary items	27.2	-
9. APPROPRIATIONS		
Difference between scheduled depreciation and depreciation for tax purposes	-8.2	-26.9
10. INCOME TAXES		
Income tax on actual operations	0.0	-

11. INTANGIBLE ASSETS

	Intangible rights	Other longterm assets	Total
Acquisition cost, Jan 1, 2014	3.4	10.3	13.7
Increases	0.1	0.0	0.1
Decreases	-	-	-
Acquisition cost, Dec 31, 2014	3.5	10.4	13.9
Accumulated amortization, Jan 1, 2014	-2.6	-9.7	-12.3
Accumulated amortization on decreases	-	-	-
Amortization for the period	-0.3	-0.1	-0.4
Accumulated amortization, Dec 31, 2014	-2.9	-9.8	-12.7
Book value, Dec 31, 2014	0.6	0.6	1.2

EUR M

12. TANGIBLE ASSETS

	Land	Buildings and structures	Vessels	Machinery and equipment	Total
Acquisition cost, Jan 1, 2014	1.1	25.5	776.3	35.7	838.6
Increases		0.0	5.5	0.9	6.4
Decreases			-69.9	-0.2	-70.1
Acquisition cost, Dec 31, 2014	1.1	25.5	711.9	36.4	774.9
Accumulated depreciation, Jan 1, 2014	-	-14.1	-411.1	-29.3	-454.5
Accumulated depreciation on decreases			16.6	0.1	16.7
Depreciation for the period		-0.9	-25.7	-1.8	-28.3
Accumulated depreciation, Dec 31, 2014	-	-15.0	-420.2	-31.0	-466.2
Revaluations	0.8				0.8
Book value, Dec 31, 2014	1.9	10.5	291.8	5.4	309.6

13. SHARES AND PARTICIPATIONS

	Shares in Group companies	Capital contribution to Group companies	Other shares and partici-pations	Total
Acquisition cost, Jan 1, 2014	1.1	0.6	0.0	1.7
Increases	-	17.0	27.1	44.1
Decreases	-	-	-1.0	-1.0
Acquisition cost, Dec 31, 2014	1.1	17.6	26.1	44.8

14. INVENTORIES

	Dec 31, 2014	Dec 31, 2013
Stocks of goods for sale	14.8	13.2
Supplies	0.3	0.2
Stocks of vessel fuel	1.0	1.5
Total	16.0	14.9

15. ACCRUED INCOME AND PREPAID EXPENSES

	Dec 31, 2014	Dec 31, 2013
Employee-related items	14.1	12.6
Other accrued income and prepaid expenses	1.5	1.8
Total	15.6	14.4

EUR M

16. SHAREHOLDERS' EQUITY	2014	2013
Share capital, Jan 1	1.8	1.8
Share capital, Dec 31	1.8	1.8
Retained earnings, Jan 1	68.4	61.9
Income for the previous financial year	0.4	6.5
Dividend paid to shareholders	-5.4	-
Retained earnings, Dec 31	63.4	68.4
Income for the period	25.4	0.4
Total shareholders' equity	90.6	70.6

17 LOANS THAT FALL DUE LATER THAN AFTER 5 YEARS	Dec 31, 2014	Dec 31, 2013
Liabilities to credit institutions	103.3	126.8

18. ACCRUED EXPENSES AND PREPAID INCOME	Dec 31, 2014	Dec 31, 2013
Employee-related items	18.4	17.9
Other accrued expenses and prepaid income	9.1	9.4
Total	27.5	27.3

19. PLEDGED ASSETS AND OTHER CONTINGENT LIABILITIES

Contingent liabilities	**Dec 31, 2014**	**Dec 31, 2013**
Loans and credit lines for which vessel mortgages were provided as collateral	220.5	235.4
Other contingent liabilities not included in the balance sheet		
Covered by vessel mortages	0.0	0.6
Loan guarantee on behalf of subsidiary	-	0.1
Total	220.6	236.1
Assets pledged for own debt		
Vessel mortgages	314.7	314.7
Total	314.7	314.7
Leasing liabilities		
Amounts that fall due during the following period	0.7	0.7
Amounts that fall due later	2.1	0.3
Total	2.7	1.1

Signatures of the Board of Directors and the President and CEO

Mariehamn, February 18, 2015

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 18, 2015

Johan Kronberg, Authorized Public Accountant
Martin Grandell, Authorized Public Accountant

Auditors' Report

To the Annual General Meeting of Viking Line Abp

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Viking Line Abp for the year ended December 31, 2014. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Directors and the President and CEO

The Board of Directors and the President and CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the President and CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the President and CEO are guilty of an act or negligence which may result in liability in damages towards the company or whether they have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

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

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the Group in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Opinion on the Company's Financial Statements and the Report of the Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Mariehamn, February 18, 2015

Johan Kronberg Authorized Public Accountant	Martin Grandell Authorized Public Accountant

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