



AS TALLINK GRUPP

Unaudited Interim Consolidated Financial Statements for the first nine months of the 2014 financial year

1 January 2014 - 30 September 2014

Beginning of the financial year	1. January 2014
End of the financial year	31. December 2014
Commercial Registry No.	10238429
Address	Sadama 5/7 10111, Tallinn Estonia
Telephone	+372 6 409 800
Fax	+372 6 409 810
Internet homepage	www.tallink.com
Primary activity	maritime transportation (passenger and cargo transportation)
Auditor	KPMG Baltics OÜ



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MANAGEMENT REPORT

In the third quarter (1 July - 30 September) of the 2014 financial year AS Tallink Grupp and its subsidiaries' (the Group) carried nearly 2.6 million passengers which is 5.8% less compared to the same period last year. The number of cargo units transported increased by 1.0% and the number of passenger vehicles transported decreased by 3.7% for the same period as last year.

The Group's consolidated revenue in the third quarter was EUR 262.7 million, being 5.7% or EUR 15.7 million less than a year ago. In the third quarter of the 2014 financial year the Group's gross profit amounted to EUR 69.6 million and EBITDA to EUR 64.0 million being respectively EUR 10.2 million and EUR 8.6 million less compared to the same period last year.

The unstable macro-economic situation in Europe has had a negative impact to the Group's operations. The decline in the passenger volume from the Russian market continuous to be visible, decreasing by 25% in the third quarter, compared to the same period last year.

The Group has been working for a smoother transition facing the sulphur regulations and one of the goals has been to reduce fuel consumption by optimising our current operations, therefore several re-routings were made: the cruise ferry Silja Europa was chartered out, the cruise ferry Baltic Queen changed to the Tallinn-Helsinki route and the cruise ferry Romantika changed to Tallinn-Stockholm route, leaving the Riga-Stockholm route with the cruise ferry Isabelle as the only vessel. Majority of the decline of the third quarter results was a direct one-off effect related to the re-routing of the vessels, chartering out Silja Europa and the Silja Symphony docking. These changes in the operations are a good reference of the flexibility of our business and ensure that we are better prepared for the upcoming year.

In the third quarter the Estonia-Finland route showed a slight decline with passenger's numbers decreasing by 3.3%, cargo units transported increased by 11.5% and the sales numbers remained on the last year's level. The results were affected by a competitor bringing more capacity to the Tallinn-Helsinki route. The Finland-Sweden route showed a decline with passenger's numbers decreasing by 5.5%, cargo units transported decreased by 11.0%, the sales numbers decreased by 7.4%. The results were affected by Silja Symphony being out of operations in September. The Latvia-Sweden route showed a decline with passenger's numbers decreasing by 23.3%, cargo units transported decreased by 42.5%, the sales numbers decreased by 24.5%. The results were affected by Romantika changing to Tallinn-Stockholm route, leaving Isabelle as the only operating vessel on the route.

In the third quarter the charter revenue increased by 58.9% or EUR 5.2 million, this is a result of more vessels being in charter and is expected to have a positive effect to the profitability in the forthcoming quarters. The total number of vessels currently chartered out is six, while last year at the same time four vessels were chartered out.

While pricing the cargo services for next year the upcoming rise in the fuel price related to the switch to the low sulphur fuel has been taken into account. Pricing of the passenger service will depend on market demand, competition and seasonality.

The unaudited net profit for the third quarter of the 2014 financial year was EUR 36.2 million or EUR 0.05 per share compared to the net profit of EUR 44.0 million or EUR 0.07 per share in the same period last year.

The total liquidity, cash and unused credit facilities at the end of the third quarter were EUR 66.7 million providing a strong position for sustainable operations. At the end of the third quarter 2014 the Group had EUR 66.1 million in cash and equivalents and the total of unused credit lines were at EUR 0.5 million.

Q3 KEY FIGURES

		2014 July-Sep	2013 July-Sep	Change
Revenue	EUR million	262.7	278.4	-5.7%
Gross profit	EUR million	69.6	79.8	-12.8%
Gross margin (%)		26.5%	28.7%	
EBITDA	EUR million	64.0	72.5	-11.8%
EBITDA margin (%)		24.4%	26.1%	
Net profit for the period	EUR million	36.2	44.0	-17.9%
Net profit margin (%)		13.8%	15.8%	
Depreciation and amortization	EUR million	19.3	18.5	4.8%
Investments	EUR million	10.6	2.5	328.4%
Weighted average number of ordinary shares outstanding		669 882 040	669 882 040	
Earnings per share	EUR	0.05	0.07	-17.9%
Number of passengers		2 561 257	2 718 778	-5.8%
Number of cargo units		76 830	76 043	1.0%
Average number of employees		7 181	7 185	-0.1%

		30.09.2014	30.06.2014	
Total assets	EUR million	1 688.4	1 712.0	-1.4%
Interest-bearing liabilities	EUR million	770.9	782.0	-1.4%
Net debt	EUR million	704.8	711.8	-1.0%
Total equity	EUR million	770.1	733.9	4.9%
Equity ratio (%)		45.6%	42.9%	
Net debt to EBITDA		5.1	4.8	
Number of ordinary shares outstanding ¹		669 882 040	669 882 040	0%
Shareholders' equity per share	EUR	1.15	1.01	4.9%

EBITDA: Earnings before net financial items, taxes, depreciation and amortization;

Earnings per share: net profit / weighted average number of shares outstanding;

Equity ratio: total equity / total assets;

Shareholder's equity per share: shareholder's equity / number of shares outstanding;

Gross margin: gross profit / net sales;

EBITDA margin: EBITDA / net sales;

Net profit margin: net profit / net sales;

Net debt: Interest bearing liabilities less cash and cash equivalents;

Net debt to EBITDA: Net debt / 12-months trailing EBITDA.

¹ Share numbers exclude own shares.

SALES & SEGMENT RESULTS

The following table provides an overview of the quarterly sales development by operational segments:

in EUR millions	Q3	Q4	Q1	Q2	Q3	change
	2013	2014	2014	2014	2014	
Ticket sales	86.2	53.0	40.6	62.6	76.1	-11.7%
Restaurant & shop sales	142.9	124.9	103.9	133.0	132.1	-7.6%
Cargo sales	25.9	26.7	26.5	26.8	25.1	-2.8%
Accommodation sales	6.0	4.0	3.4	5.3	6.4	5.0%
Leases of vessels	8.9	7.4	8.4	8.4	14.1	58.9%
Other sales	8.5	7.9	5.4	10.5	8.9	4.0%
Total revenue	278.5	224.0	188.2	246.5	262.7	-5.7%

The following table provides an overview of the quarterly sales and result development by geographical segments:

			Q3	Q4	Q1	Q2	Q3	Q3
			2013	2013	2014	2014	2014	change
								y-o-y
Finland-	Passengers	th.	1 371	1 102	935	1 176	1 325	-3.3%
Estonia	Cargo units	th.	39	39	39	42	44	11.5%
	Revenue	mil.EUR	90.9	80.4	65.0	84.5	91.2	0.3%
	Segment result	mil.EUR	28.4	21.8	10.9	22.3	26.1	-8.3%
Finland-	Passengers	th.	823	656	592	708	778	-5.5%
Sweden	Cargo units	th.	22	25	23	22	20	-11.0%
	Revenue	mil.EUR	100.9	80.9	68.4	84.2	93.5	-7.4%
	Segment result	mil.EUR	14.9	0.3	-7.9	0.4	10.2	-31.4%
Sweden-	Passengers	th.	283	218	217	266	273	-3.6%
Estonia	Cargo units	th.	10	10	10	11	11	5.8%
	Revenue	mil.EUR	33.2	23.0	20.6	27.8	31.1	-6.2%
	Segment result	mil.EUR	7.7	-1.0	-3.5	2.3	5.8	-25.1%
Sweden-	Passengers	th.	242	172	161	214	186	-23.3%
Latvia	Cargo units	th.	4	5	5	4	3	-42.5%
	Revenue	mil.EUR	23.8	15.6	13.3	18.6	17.9	-24.5%
	Segment result	mil.EUR	4.7	-1.2	-3.2	0.0	4.1	-14.7%
Other	Revenue	mil.EUR	33.2	26.5	22.7	34.2	32.3	-2.7%
	Segment result	mil.EUR	8.1	3.6	-0.3	9.9	8.4	3.2%
	<i>Inter segment sales</i>	mil.EUR	-3.6	-2.4	-1.8	-2.9	-3.4	-5.7%
	Total revenue	mil.EUR	278.4	224.0	188.2	246.5	262.7	-5.7%
	EBITDA	mil.EUR	72.5	29.8	4.5	41.1	64.0	-11.8%
	Total segment result	mil.EUR	63.9	23.5	-4.0	35.0	54.5	-14.7%
	Net profit/-loss	mil.EUR	44.0	7.5	-23.4	6.1	36.2	-17.9%

Segment result - result before administrative expenses, financial expenses and taxes

The following graphs provide an overview of the sales distribution in the third quarter on operational and geographical segment based approach.



MARKET DEVELOPMENTS

The following table provides an overview of the passengers, cargo units and passenger vehicles transported during the nine months and third quarter of 2014 and 2013 financial years

	Q3	Q3	Q3	9 months	9 months	9 months
	2014	2013	Change	2014	2013	Change
Passengers	2 561 257	2 718 778	-5.8%	6 830 322	6 966 608	-2.0%
Finland-Sweden	777 727	822 788	-5.5%	2 077 733	2 153 946	-3.5%
Estonia-Finland	1 324 963	1 370 790	-3.3%	3 436 040	3 474 171	-1.1%
Estonia-Sweden	273 014	283 217	-3.6%	756 161	736 499	2.7%
Latvia-Sweden	185 553	241 983	-23.3%	560 388	601 992	-6.9%
Cargo Units	76 830	76 043	1.0%	232 676	222 889	4.4%
Finland-Sweden	19 868	22 332	-11.0%	64 486	70 657	-8.7%
Estonia-Finland	43 862	39 339	11.5%	124 904	107 898	15.8%
Estonia-Sweden	10 589	10 005	5.8%	31 691	30 632	3.5%
Latvia-Sweden	2 511	4 367	-42.5%	11 595	13 702	-15.4%
Passenger Vehicles	354 302	367 969	-3.7%	868 363	871 758	-0.4%
Finland-Sweden	70 100	68 741	2.0%	135 166	139 359	-3.0%
Estonia-Finland	235 499	243 802	-3.4%	608 750	603 642	0.8%
Estonia-Sweden	24 899	24 879	0.1%	58 837	57 116	3.0%
Latvia-Sweden	23 804	30 547	-22.1%	65 610	71 641	-8.4%

The Group's market shares on the routes operated during a 12 month period ending 30 September 2014 were as follows:

- The Group carried approximately 55% of the passengers and 61% of ro-ro cargo on the route between Tallinn and Helsinki;
- The Group is the only provider of daily passenger transportation between Estonia and Sweden.
- The Group is the only provider of daily passenger and ro-ro cargo transportation between Riga and Stockholm;
- The Group carried approximately 51% of passengers and 34% of ro-ro cargo on the routes between Finland and Sweden;

PERSONNEL

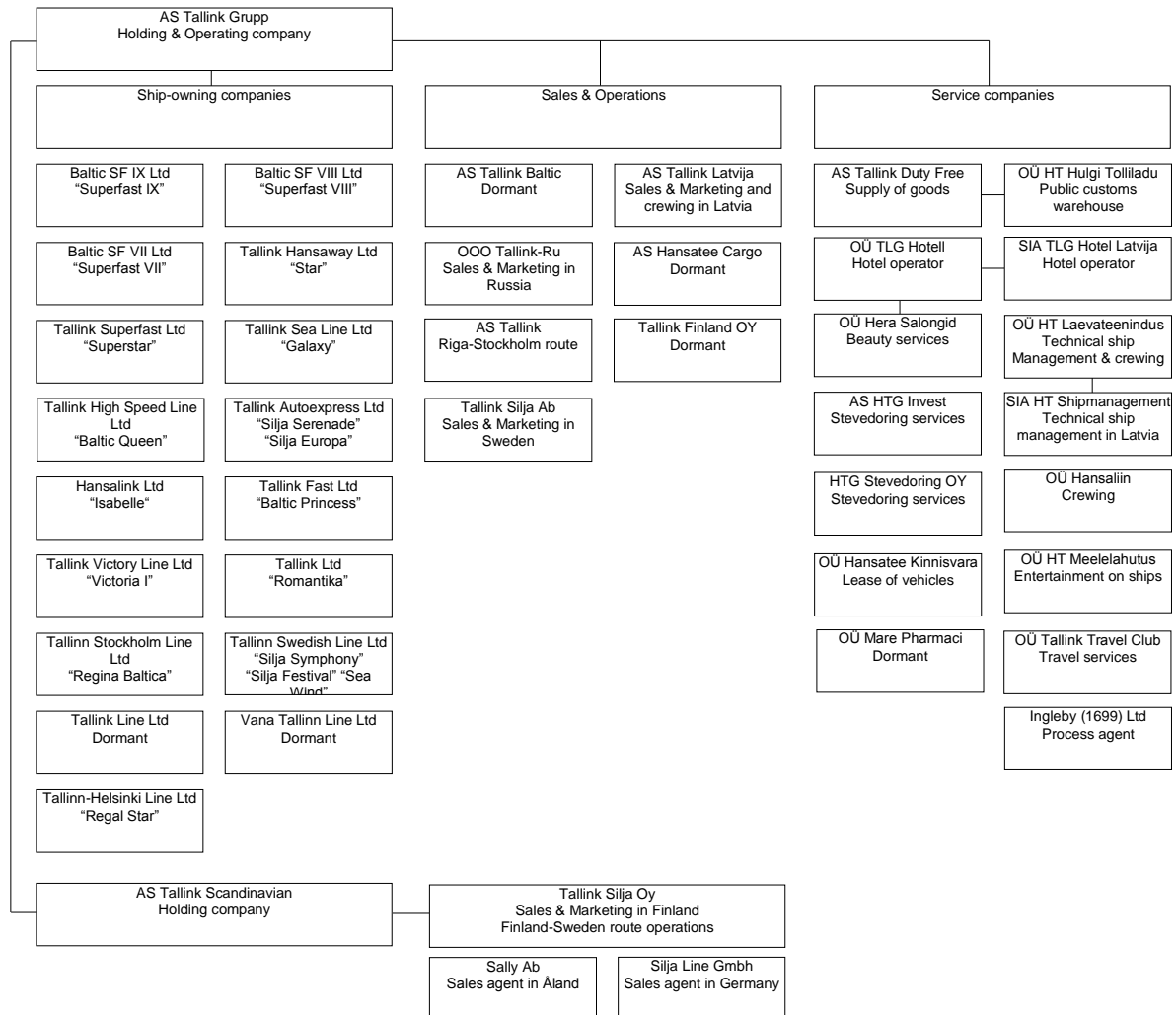
30 September 2014 the Group employed 6 778 employees (6 851, 30 September 2013). The following table provides a more detailed overview of the Group's personnel.

	Average of 3rd quarter			Average of nine months			End of 3rd quarter		
	2014	2013	change %	2014	2013	change %	30.09.14	30.09.13	change %
Onshore total	1 607	1 630	-1.4%	1 574	1 590	-1.0%	1 549	1 581	-2.0%
<i>Estonia</i>	807	817	-1.2%	806	808	-0.2%	794	813	-2.3%
<i>Finland</i>	508	513	-1.0%	489	501	-2.4%	479	491	-2.4%
<i>Sweden</i>	208	211	-1.4%	194	197	-1.5%	198	187	5.9%
<i>Latvia</i>	70	75	-6.7%	71	70	1.4%	64	76	-15.8%
<i>Germany</i>	4	4	0.0%	4	4	0.0%	4	4	0.0%
<i>Russia</i>	10	10	0.0%	10	10	0.0%	10	10	0.0%
At sea	4 946	4 966	-0.4%	4 847	4 788	1.2%	4 627	4 697	-1.5%
Hotel*	628	589	6.6%	610	582	4.8%	602	573	5.1%
Total	7 181	7 185	-0.1%	7 031	6 960	1.0%	6 778	6 851	-1.1%

* The number of hotel personnel is not included in the total number of ashore personnel.

CORPORATE STRUCTURE

On the report date, the Group consisted of 45 companies. All of the subsidiaries are wholly-owned companies of AS Tallink Grupp. The following chart describes the structure of the Group as on the date of reporting:

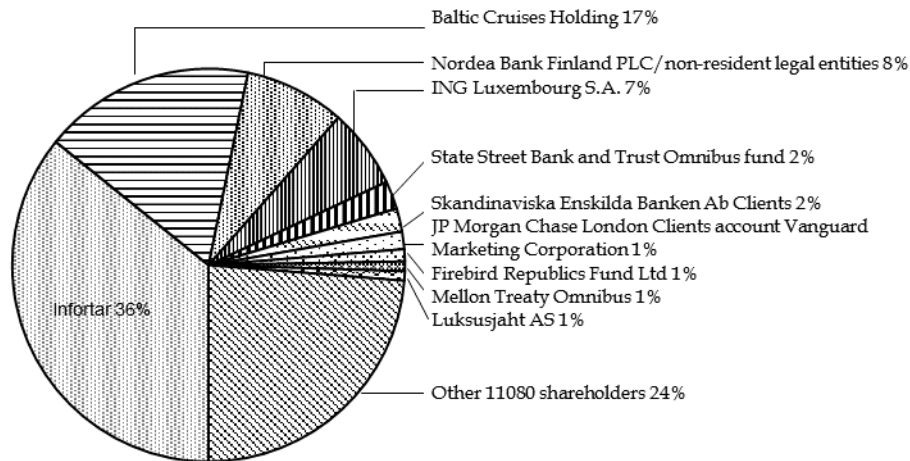


The Group also owns:

34% of AS Tallink Takso

SHAREHOLDERS & SHARE PRICE DEVELOPMENT

The following chart displays the shareholder structure of AS Tallink Grupp as of 30 September 2014.



Since the 9th of December 2005 the shares of AS Tallink Grupp are listed on the Tallinn Stock Exchange, where the shares are traded under the symbol TAL1T. The following chart gives an overview of the share price development in the past twelve months.



Source: Nasdaq OMX Baltic

EVENTS IN Q3

AS Tallink Grupp and Bridgemans Services Ltd. entered into a charter agreement to charter the cruise ferry Silja Europa to Australia from August 2014 as an accommodation vessel. The period of the charter is at least 14 months with an option to extend up to 48 months. In relation to the above the following re-routings took place: Baltic Queen which was operating on Tallinn-Stockholm changed to Tallinn-Helsinki route in August 2014 and Romantika which was operating on the Riga-Stockholm route changed to Tallinn-Stockholm route. Isabelle continues the service on the Riga-Stockholm route.

A subsidiary of AS Tallink Grupp, Baltic SF IX Limited and Marine Atlantic Inc, a Canadian company with the state participation therein, concluded to extend the current charter agreement of MV Atlantic Vision (ex. Superfast IX) for one year, until November 2015. The vessel has been on the long-term bareboat charter since November 14, 2008.

EVENTS AFTER THE BALANCE SHEET DATE AND THE OUTLOOK

The Group's earnings are not generated evenly throughout the year. Summer period is the high season in the Group's operations. In the opinion of the management and based on the experience of the previous financial years the majority of the earnings are generated during summer (June-August).

The Supervisory Board of AS Tallink Grupp accepted the resignation letter of the Chairman of the Management Board, Chief Executive Officer Enn Pant, effective from 1st of January 2015. The Supervisory Board will propose to the Special Shareholders General Meeting to elect Mr. Pant as a member of the Supervisory Board and sees him as the new Chairman. The Supervisory Board of AS Tallink Grupp elected on 11th of September 2014 the Group's member of the Management Board and Chief Financial Officer Mr. Janek Stalmeister (born 1974) as the Chairman of the Management Board and the Chief Executive Officer of AS Tallink Grupp, effective from 1st of January 2015.

The management board issued a notice call for a Special General Meeting on 11th of November 2014. The Special General Meeting will be held on 5th of December. The draft resolutions are: 1) Election of the member of the Supervisory Board, 2) Remuneration for work of the member of the Supervisory Board.

The cruise ferry Silja Symphony was out of operations in September and October for a total of 41 days undergoing an extensive upgrade of the public areas. In October the refreshed vessel Silja Symphony was launched on the Stockholm-Helsinki route. The vessel has a 50% expanded shopping area and includes upgrades to stores, the buffet and features a new Italian restaurant and a Sushi restaurant. Several of the public areas received a facelift including the refurbishment of cabins, a refreshed SPA & Sauna area and a visually upgraded promenade. The vessel also features a new playroom for children called "Silja Land". The maintenance & upgrade works resulted temporarily in fewer voyages and hence lower passenger and cargo volumes on Sweden-Finland routes.

The Group plans to start operating the cargo ferry Sea Wind between Finland and Estonia in the beginning of 2015. Sea Wind will discontinue operating between Finland and Sweden in the end of December, 2014.

The vessels are in the final stage of preparations to start using low sulphur content marine fuel from first on January 2015.

With an aim to increase revenue generation improvements in product development are being made, emphasis is on retail sales and upgrades to the public areas on selected vessels.

AS Tallink Grupp does not have any substantial on-going research and development projects.

The Group does not have any major investment commitments currently.

Due to increased competition, continuously weak Nordic economic environment and one-off effects the Management expects the annual results to be weaker for the 2014 financial year compared to the last year. During the financial year several steps have been taken including charters, upgrades and re-routings with the goal to optimise operations, therefore management expects the fourth quarter results to improve, when compared to the same period last year.

RISKS

The Group's business, financial condition and results from operations could be materially affected by various risks. These risks are not the only ones. Additional risks and uncertainties not presently known to us, or that we currently believe are immaterial or unlikely, could also impair our business. The order of presentation of the risk factors below is not intended to be an indication of the probability of their occurrence or of their potential effect on our business.

- Accidents, disasters
- Macroeconomic development
- Changes in laws and regulations
- Relations with trade unions
- Increase in the fuel prices and interest rates
- Market and customer behaviour

MANAGEMENT BOARD'S CONFIRMATION TO THE MANAGEMENT REPORT

The Management Board confirms that to the best of their knowledge the management report of AS Tallink Grupp for the third quarter of the 2014 financial year presents true and fair view of the development, results and the financial position of the Group and includes the overview of the main risks and uncertainties.

Enn Pant Chairman of the Management Board



Andres Hunt Vice Chairman of the Management Board



Lembit Kitter Member of the Management Board



Janek Stalmeister Member of the Management Board



Peter Roose Member of the Management Board

Kadri Land Member of the Management Board



12.11.2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(unaudited, in thousands of euros)	01.07.2014- 30.09.2014	01.07.2013- 30.09.2013	01.01.2014- 30.09.2014	01.01.2013- 30.09.2013
Revenue (Note 3)	262,656	278,391	697,325	718,001
Cost of sales	-193,085	-198,574	-565,007	-564,968
Gross profit	69,571	79,817	132,318	153,033
Marketing expenses	-15,084	-15,926	-46,883	-49,642
Administrative expenses	-10,296	-10,068	-35,573	-32,469
Other income	462	277	987	1,085
Other expenses	-18	-12	-358	-141
Result from operating activities	44,635	54,088	50,491	71,866
Finance income (Note 4)	3,270	4,577	7,137	15,790
Finance costs (Note 4)	-11,747	-14,642	-33,384	-42,965
Profit/-loss before income tax	36,158	44,023	24,244	44,691
Income tax	-8	16	-5,367	-8,903
Net profit/-loss for the period	36,150	44,039	18,877	35,788
Other comprehensive income/-expense				
Items that may be reclassified to profit or loss				
Exchange differences on translating foreign operations	36	3	44	80
Other comprehensive income/-expense for the period	36	3	44	80
Total comprehensive income/-expense for the period	36,186	44,042	18,921	35,868
Earnings per share (in EUR per share)				
- basic (Note 5)	0.05	0.07	0.03	0.05
- diluted (Note 5)	0.05	0.07	0.03	0.05

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(unaudited, in thousands of euros)

ASSETS	30.09.2014	31.12.2013
Current assets		
Cash and cash equivalents	66,105	72,012
Trade and other receivables	42,712	40,544
Prepayments	7,214	3,185
Derivatives	0	679
Inventories	28,380	33,457
Total current assets	144,411	149,877
Non-current assets		
Investments in equity-accounted investees	262	262
Other financial assets	253	385
Deferred income tax assets	17,413	17,413
Investment property	300	300
Property, plant and equipment (Note 7)	1,470,224	1,495,895
Intangible assets (Note 8)	55,545	57,925
Total non-current assets	1,543,997	1,572,180
TOTAL ASSETS	1,688,408	1,722,057
LIABILITIES AND EQUITY		
Current liabilities		
Interest bearing loans and borrowings (Note 9)	136,933	106,014
Trade and other payables	86,170	97,387
Deferred income	35,879	28,315
Derivatives (Note 6)	25,297	30,888
Total current liabilities	284,279	262,604
Non-current liabilities		
Interest bearing loans and borrowings (Note 9)	633,949	688,327
Other liabilities	61	63
Total non-current liabilities	634,010	688,390
TOTAL LIABILITIES	918,289	950,994
EQUITY		
Equity attributable to equity holders of the parent		
Share capital	404,290	404,290
Share premium	639	639
Reserves	72,557	70,111
Retained earnings	292,633	296,023
Total equity attributable to equity holders of the parent	770,119	771,063
TOTAL EQUITY	770,119	771,063
TOTAL LIABILITIES AND EQUITY	1,688,408	1,722,057

CONSOLIDATED CASH FLOW STATEMENT

(unaudited, in thousands of euros)

	01.01.2014 - 30.09.2014	01.01.2013- 30.09.2013
Cash flows from operating activities		
Net profit/-loss for the period	18,877	35,788
Adjustments	92,806	95,069
Changes in receivables and prepayments related to operating activities	-6,165	-14,128
Changes in inventories	5,077	776
Changes in liabilities related to operating activities	-3,973	2,720
Income tax paid/repaid	108	-200
	106,730	120,025
Cash flow used for investing activities		
Purchase of property, plant and equipment and intangible assets (Notes 7, 8, 9)	-30,919	-38,332
Proceeds from disposals of property, plant and equipment	180	270
Interest received	78	17
	-30,661	-38,045
Cash flow from (+)/ used for (-) financing activities		
Proceeds from loans	0	24,000
Redemption of loans (Note 9)	-59,946	-168,230
Change in overdraft (Note 9)	31,069	0
Proceeds from bonds	0	115,487
Repayment of finance lease liabilities (Note 9)	-54	-4
Interest paid	-24,574	-22,472
Payments for settlement of derivatives	-3,033	-3,374
Payment of transaction costs related to loans	0	-567
Dividends paid (Note 12)	-20,096	-33,494
Income tax on dividends paid	-5,342	-8,903
	-81,976	-97,557
TOTAL NET CASH FLOW	-5,907	-15,577
Cash and cash equivalents:		
- at the beginning of period	72,012	65,600
- increase (+) / decrease (-)	-5,907	-15,577
Cash and cash equivalents at the end of period	66,105	50,023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(unaudited, in thousands of euros)

	Share capital	Share premium	Translation reserve	Ships revaluation reserve	Mandatory legal reserve	Reserve for treasury shares	Share option programme reserve	Retained earnings	Shareholders' equity	Total equity
At 31 December 2012	404,290	639	-102	58,993	13,836	-4,163	527	286,810	760,830	760,830
Changes in equity for the period										
Transfer from profit for 2012	0	0	0	0	2,815	0	0	-2,815	0	0
Dividends	0	0	0	0	0	0	0	-33,494	-33,494	-33,494
Share-based payment transactions (Note 11)	0	0	0	0	0	0	238	0	238	238
Total comprehensive income and expense for the period										
Net profit/-loss for the period (Note 5)	0	0	0	0	0	0	0	35,788	35,788	35,788
Total other comprehensive income and expense	0	0	80	0	0	0	0	0	80	80
Total comprehensive income and expense for the period	0	0	80	0	0	0	0	35,788	35,868	35,868
At 30 September 2013	404,290	639	-22	58,993	16,651	-4,163	765	286,289	763,442	763,442
At 31 December 2013	404,290	639	12	56,777	16,651	-4,163	834	296,023	771,063	771,063
Changes in equity for the period										
Transfer from profit for 2013	0	0	0	0	2,171	0	0	-2,171	0	0
Dividends (Note 12)	0	0	0	0	0	0	0	-20,096	-20,096	-20,096
Share-based payment transactions (Note 11)	0	0	0	0	0	0	231	0	231	231
Total comprehensive income and expense for the period										
Net profit/-loss for the period (Note 5)	0	0	0	0	0	0	0	18,877	18,877	18,877
Total other comprehensive income and expense	0	0	44	0	0	0	0	0	44	44
Total comprehensive income and expense for the period	0	0	44	0	0	0	0	18,877	18,921	18,921
At 30 September 2014	404,290	639	56	56,777	18,822	-4,163	1,065	292,633	770,119	770,119

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Note 1 CORPORATE INFORMATION

The interim consolidated financial statements of AS Tallink Grupp and its subsidiaries (hereinafter as “the Group”) for the first 9 months of the financial year 2014 were authorised for issue in accordance with a resolution of the Management Board on 13 November 2014. AS Tallink Grupp is a limited company incorporated in Estonia and employed 6,778 people at 30 September 2014 (31 December 2013: 6,907).

Note 2 BASIS OF PREPARATION

The interim consolidated financial statements of AS Tallink Grupp have been prepared in a condensed form in accordance with IFRS as adopted by EU and in accordance with the requirements of International Accounting Standard (IAS) 34 “Interim Financial Reporting”.

The same accounting policies and methods of computation are followed in the interim consolidated financial statements as in the annual consolidated financial statements of AS Tallink Grupp for the financial year ended on 31 December 2013.

The interim consolidated financial statements have been prepared in thousand euros (EUR).

Note 3 SEGMENT INFORMATION

The Group’s operations are organised and managed separately according to the nature of the different markets. The routes represent different business segments. The following tables present the Group’s revenue and profit information regarding reportable segments for the reportable and comparable period.

Geographical segments

(in thousands of euros)

01.01.2014-30.09.2014	Estonia- Finland route	Estonia- Sweden routes	Latvia- Sweden route	Finland- Sweden routes	Others	Elimination of intersegment sales	Total
Revenue							
Sales to external customers	240,729	79,555	49,904	246,094	81,043	0	697,325
Inter-segment sales	0	0	0	0	8,150	-8,150	0
	240,729	79,555	49,904	246,094	89,193	-8,150	697,325
Segment result	59,231	4,576	904	2,730	17,994	0	85,435
Unallocated expenses							-34,944
Net financial items (Note 4)							-26,247
Profit/-loss before income tax							24,244

01.01.2013-30.09.2013	Estonia- Finland route	Estonia- Sweden routes	Latvia- Sweden route	Finland- Sweden routes	Others	Elimination of intersegment sales	Total
Revenue							
Sales to external customers	237,024	81,958	56,319	262,268	80,432	0	718,001
Inter-segment sales	0	0	0	0	7,925	-7,925	0
	237,024	81,958	56,319	262,268	88,357	-7,925	718,001
Segment result	61,174	8,576	2,289	15,050	16,302	0	103,391
Unallocated expenses							-31,525
Net financial items (Note 4)							-27,175
Profit/-loss before income tax							44,691

Revenue by service

(in thousands of euros)	01.01.2014- 30.09.2014	01.01.2013- 30.09.2013
Ticket sales	179,269	196,189
Sales of cargo transport	78,424	78,834
Sales of accommodation	15,007	13,963
Restaurant and shops sales on-board and on mainland	369,013	382,373
Income from leases of vessels	30,903	23,389
Other	24,709	23,253
Total revenue of the Group	697,325	718,001

Note 4 FINANCE INCOME AND FINANCE COSTS

(in thousands of euros)	01.01.2014- 30.09.2014	01.01.2013- 30.09.2013
Net foreign exchange gains	0	9,386
Income from interest rate swaps	1,274	6,331
Income from foreign exchange derivatives	5,800	0
Interest income	63	73
Total finance income	7,137	15,790
Net foreign exchange losses	-1,256	0
Interest expenses	-26,933	-27,578
Expenses from interest rate swaps	-5,195	-3,374
Expenses from foreign exchange derivatives	0	-12,013
Total finance costs	-33,384	-42,965

Note 5 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. The outstanding share options have no diluting effect due to their exercise price being higher than the average price in the stock market during the reporting period.

	01.07.2014- 30.09.2014	01.07.2013- 30.09.2013	01.01.2014- 30.09.2014	01.01.2013- 30.09.2013
Weighted average number of ordinary shares, basic (pcs)	669,882,040	669,882,040	669,882,040	669,882,040
Effect of share options on issue	0	1,096,188	0	1,359,921
Weighted average number of ordinary shares, diluted (pcs)	669,882,040	670,978,228	669,882,040	671,241,961
Net profit/-loss attributable to ordinary shareholders	36,150	44,039	18,877	35,788
Earnings per share, basic (in EUR per share)	0.05	0.07	0.03	0.05
Earnings per share, diluted (in EUR per share)	0.05	0.07	0.03	0.05

Weighted average number of ordinary shares

(pcs)	01.07.2014- 30.09.2014	01.07.2013- 30.09.2013	01.01.2014- 30.09.2014	01.01.2013- 30.09.2013
Issued ordinary shares at the beginning of period	673,817,040	673,817,040	673,817,040	673,817,040
Effect of own shares held	-3,935,000	-3,935,000	-3,935,000	-3,935,000
Weighted average number of ordinary shares at the end of period	669,882,040	669,882,040	669,882,040	669,882,040

Note 6 DERIVATIVE INSTRUMENTS

The Group uses interest rate swaps to manage its exposure to movements in interest rates. Where the effectiveness of the hedge relationship in a cash flow hedge is demonstrated, changes in the fair value are included in the hedging reserve in shareholders' equity and released to match actual payments on the hedged

item. Changes in fair value of derivatives which do not qualify for hedge accounting under IAS 39 are recognized directly in the income statement.

As of 30.09.2014 AS Tallink Grupp had two interest rate derivative contracts with total notional amount of EUR 170,000 thousand with the maturities in years 2018, 2019 and two cross-currency rate derivative contracts with total notional amount of EUR 120,000 thousand with the maturities in year 2018. The fair value of the interest rate derivatives recognized in the current interim financial statements as of 30.09.2014 is EUR -14,847 thousand. The fair value of the cross-currency rate derivatives recognized in the current interim financial statements as of 30.09.2014 is EUR -10,450 thousand.

Note 7 PROPERTY, PLANT AND EQUIPMENT

(in thousands of euros)

	Land and building	Ships	Plant and equipment	Prepayments	Total
Book value as of 31 December 2013	4,841	1,479,030	9,572	2,452	1,495,895
Additions	51	19,773	3,785	5,774	29,383
Exchange rate differences	0	0	3	0	3
Disposals	0	0	-181	0	-181
Depreciation for the period	-842	-51,095	-2,939	0	-54,876
Book value as of 30 September 2014	4,050	1,447,708	10,240	8,226	1,470,224

As of 30 September 2014

-gross carrying amount	12,833	1,695,311	30,199	8,226	1,746,569
-accumulated depreciation	-8,783	-247,603	-19,959	0	-276,345

	Land and building	Ships	Plant and equipment	Prepayments	Total
Book value as of 31 December 2012	5,653	1,509,889	11,007	446	1,526,995
Additions	571	31,805	3,742	-151	35,967
Reclassification	0	2,135	-2,135	0	0
Disposals	-214	0	-779	0	-993
Depreciation for the period	-1,039	-47,297	-2,493	0	-50,829
Book value as of 30 September 2013	4,971	1,496,532	9,342	295	1,511,140

As of 30 September 2013

-gross carrying amount	12,989	1,681,499	29,145	295	1,723,928
-accumulated depreciation	-8,018	-184,967	-19,803	0	-212,788

Note 8 INTANGIBLE ASSETS

(in thousands of euros)

	Goodwill	Trademark	Others	Total
Book value as of 31 December 2013	11,066	36,418	10,441	57,925
Additions	0	0	1,783	1,783
Amortisation for the period	0	-2,187	-1,976	-4,163
Book value as of 30 September 2014	11,066	34,231	10,248	55,545

As of 30 September 2014

-cost	11,066	58,288	27,255	96,609
-accumulated amortisation	0	-24,057	-17,007	-41,064

	Goodwill	Trademark	Others	Total
Book value as of 31 December 2012	11,066	39,334	8,599	58,999
Additions	0	0	2,365	2,365
Amortisation for the period	0	-2,187	-1,518	-3,705
Book value as of 30 September 2013	11,066	37,147	9,446	57,659

As of 30 September 2013

-cost	11,066	58,288	24,147	93,501
-accumulated amortisation	0	-21,141	-14,701	-35,842

Note 9 INTEREST BEARING LOANS AND BORROWINGS

(in thousands of euros)

	31 December 2013	New loans	Repayments	Exchange rate differences	Other changes [1]	30 September 2014
Liabilities under finance						
lease	237	247	-54	-10	-51	369
Bonds	106,389	0	0	3,201	194	109,784
Overdraft	18,456	31,069	0	0	0	49,525
Long-term bank loans	669,259	0	-59,946	0	1,891	611,204
TOTAL	794,341	31,316	-60,000	3,191	2,034	770,882
incl. current portion	106,014					136,933
Non-current portion	688,327					633,949

[1] Other changes are related to capitalisation and amortisation of transaction costs of bonds and bank loans. Other changes of liabilities under finance lease are related to termination of lease agreements.

Bonds are nominated in NOK.

Bank overdrafts are secured with commercial pledge (in the total amount of EUR 20,204 thousand) and ship mortgages.

AS Tallink Grupp has given guarantees to HSH Nordbank AG, Nordea Bank Plc, Danske Bank A/S, Swedbank AS and HSBC Bank Plc for the loans granted to overseas subsidiaries amounting to EUR 241,678 thousand and overseas subsidiaries have given guarantees to Nordea Bank Finland Plc and Swedbank AS for the loans granted to AS Tallink Grupp amounting to EUR 369,526 thousand. The primary securities for these loans are the pledge of shares of the overseas subsidiaries and mortgages on the ships belonging to the above-mentioned subsidiaries.

Note 10 SHARE CAPITAL

According to the Articles of Association of the Parent effective as of 30 September 2014 the maximum number of authorised common shares is 2,133,333,333.

At 30 September 2014 the Group held 3,935 thousand of the AS Tallink Grupp shares. Total cost of share buyback transactions of 3,935 thousand shares is EUR 4,163 thousand.

Note 11 SHARE OPTION PROGRAMME

In June 2011 the Group issued 7,317,500 share options of which 3,510,000 to the Management Board and Supervisory Board members and 3,807,500 to other Group employees. Each option gives right to purchase one share of AS Tallink Grupp. The share options were issued in accordance of the Share Option Programme which resolution was adopted at the Shareholders General Meeting on 08.02.2011. The options issued represent around 49% of the total authorized limit and 1.1% of the total shares outstanding. The terms and conditions of exercise of the issued share options are following: non-transferable; exercisable not earlier than 36 months from issue or 31.05.2014 and not later than 30.11.2014; exercise price EUR 0.858 in case of new shares issued or average acquisition cost in case existing shares will be purchased from the market; options are to be settled by physical delivery of shares.

The fair value of the services received in return for share options granted is based on the fair value of share options granted, measured using the Black-Scholes model as of grant date. The Group used independent external advisor for the valuation share options who in addition to the share options terms and conditions used the following inputs for measurement: spot price of share EUR 0.72 as of 31.05.2011; expected volatility 30% based on historic analyse; option average time to maturity 42 months; the 3.4% and 8.1% annual dividend yields in 2012 and 2013 result in an effective dividend yield of 11.3% (based on the equity analysts' consensus) and; risk-free interest rate 1.411%.

In June 2011 the fair value of the received services in amount of EUR 527 thousand is recorded as an expense in the consolidated statement of comprehensive income and the fair value of share options in the same amount is held as a share option reserve in the equity.

In December 2012 the Group issued 7,610 thousand share options of which 3,850 thousand to the Management Board and Supervisory Board members and 3,760 thousand to other Group employees. Each option gives right to purchase one share of AS Tallink Grupp. The share options were issued in accordance of the Share Option Programme which resolution was adopted at the Shareholders General Meeting on 08 February 2011. The terms and conditions of exercise of the issued share options are following: non-transferable; exercisable not earlier than 36 months from issue or 21 December 2015 and not later than 21 June 2016; exercise price EUR 0.858 in case of new shares issued or average acquisition cost in case existing shares will be purchased from the market; options are to be settled by physical delivery of shares.

The fair value of the services received in return for share options granted is based on the fair value of share options granted, measured using the Black-Scholes model as of grant date. The Group used independent external advisor for the valuation share options who in addition to the share options terms and conditions used the following inputs for measurement: spot price of share EUR 0.848 at grant date; expected volatility 30% based on historic analysis; option average time to maturity 42 months; the 3.5% annual dividend yield and; risk-free interest rate 0.336%.

The value of the options issued at the end of 2012 in the amount EUR 951 thousand will be recorded as an expense during the vesting period 36 months from the beginning of 2013.

At 30 September 2014 14,692,768 share options were valid and outstanding. Average remaining time to maturity of the outstanding share options is 2-21 months.

The outstanding share options have not diluting effect due to their exercise price being higher than the average price in the stock market during the period.

Note 12 DIVIDENDS

According to the resolution of the Annual General Meeting there were announced dividends to the shareholders 0.03 euros per share, in the total amount of EUR 20,096,461.20. Announced dividends were paid out on 08 July 2014.

Note 13 RELATED PARTY DISCLOSURES

(in thousands of euros)

9 months of 2014 or 30.09.2014	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
AS Infortar	174	35	117	5
AS HT Valuuta	87	0	4	0
AS Vara HTG	0	1,438	0	0
OÜ Mersok	0	7	0	0
AS Vaba Maa	10	485	2	20
OÜ Sunbeam	0	2,590	0	0
AS Gastrolink	2	872	1	42
AS Tallink Takso	1	50	0	7
OÜ Topspa Kinnisvara	0	1,975	0	0
OÜ Hansa Hotell	0	634	0	0
OÜ Fastinvest	0	928	0	0
SIA Happy Trails	0	2,473	0	328
Eesti Laevaomanike Liit	0	14	0	0
MTÜ SEB Tallink Tennis Team	0	50	0	0
OÜ Inf Maja	3	0	1	0
MTÜ Eesti Tennise Liit	19	162	7	0
9 months of 2013 or 30.09.2013	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
AS Infortar	58	38	10	5
AS HT Valuuta	88	0	1	0
AS Vara HTG	0	1,438	0	0
OÜ Mersok	0	7	0	1
AS Vaba Maa	15	522	2	14
OÜ Sunbeam	0	2,526	0	0
AS Gastrolink	1	763	1	58
AS Tallink Takso	0	55	0	10
OÜ Topspa Kinnisvara	0	1,927	0	0

OÜ Hansa Hotell	0	612	0	0
OÜ Fastinvest	0	893	0	0
SIA Happy Trails	0	2,487	0	355
Eesti Laevaomanike Liit	0	13	0	0
MTÜ SEB Tallink Tennis Team	5	50	0	0

Note 14 SUBSEQUENT EVENTS

MANAGEMENT BOARD'S APPROVAL OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Hereby we declare our responsibility for the Interim Consolidated Financial Statements and confirm that the AS Tallink Grupp's Unaudited Interim Consolidated Financial Statements for the third quarter of the financial year 2014 ended 30 September 2014 prepared in accordance with IFRS as adopted by EU and in accordance with IAS 34 give a true and fair view of the financial position of the Group and of the result of its operations and cash flows.

AS Tallink Grupp and its subsidiaries are able to continue as a going concern for a period of at least one year of the date of approving these financial statements.

A handwritten signature in blue ink, appearing to be 'Enn Pant'.

Chairman of the Management Board
Enn Pant

A handwritten signature in blue ink, appearing to be 'Andres Hunt'.

Vice Chairman of the Management Board
Andres Hunt

A handwritten signature in blue ink, appearing to be 'Janek Stalmeister'.

Member of the Management Board
Janek Stalmeister

A handwritten signature in blue ink, appearing to be 'Lembit Kitter'.

Member of the Management Board
Lembit Kitter

A handwritten signature in blue ink, appearing to be 'Peter Roose'.

Member of the Management Board

Peter Roose

A handwritten signature in blue ink, appearing to be 'Kadri Land'.

Member of the Management Board

Kadri Land

Tallinn 12.11.2014