



AS TALLINK GRUPP

Unaudited Consolidated Interim Financial Statements for the first six months of the 2015 financial year

1 January 2015 – 30 June 2015

Beginning of the financial year	1. January 2015
End of the financial year	31. December 2015
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Primary activity	maritime transportation (passenger and cargo transportation)
Auditor	KPMG Baltics OÜ

CONTENT

MANAGEMENT REPORT FOR THE INTERIM FINANCIAL STATEMENTS	3
<i>Unaudited Interim Consolidated Financial Statements First six months of the financial year 2015</i>	
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	14
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	15
CONSOLIDATED CASH FLOW STATEMENT	16
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	17
<i>Notes to the unaudited interim consolidated financial statements First six months of the financial year 2015</i>	18-23
MANAGEMENT BOARD'S APPROVAL TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS	24

MANAGEMENT REPORT

In the second quarter (1 April – 30 June) of the 2015 financial year AS Tallink Grupp and its subsidiaries' (the Group) carried nearly 2.4 million passengers which is on the same level compared to the second quarter last year. The Group's unaudited revenue for the second quarter of 2015 increased by EUR 7.4 million or 3.0% year on year to the total of EUR 253.9 million, EBITDA increased by EUR 14.1 million or 34.3% to the total of EUR 55.2 million, compared to the same period last year. Net profit increased by EUR 22.4 million or 367.7% to the total of EUR 28.5 million, compared to the same period last year.

The Group's revenue for the first six months of 2015 was EUR 444.0 million and increased by EUR 9.3 million or 2.1% year on year comparison. EBITDA increased by EUR 29.1 million to the total of EUR 74.6 million and net profit increased by EUR 32.5 million to the total of EUR 15.2 million, compared to the same period last year.

The Group made various changes to the operations during the past year, these changes have continued to positively affect the operating result in the second quarter with increased revenue and profitability.

In the second quarter the Estonia-Finland route revenue increased by 6.2%, driven by 4.8% growth in passenger number and 19.9% increase in cargo units, the cargo growth is supported mainly by added capacity. The Estonia-Sweden route, where capacity is lower than last year, experienced a 5.1% decrease in passengers and a 12.3% decrease in cargo volumes. The Latvia-Sweden route, operating with one vessel compared to two vessels last year, showed a decline with passenger numbers decreasing by 42.3%, cargo units transported decreased by 59.2%.

Throughout the second quarter price pressure from competition remained visible on all routes. The group was able to keep the total number of passengers on same level despite the total lower capacity from Latvia-Sweden route. The passenger number was supported by growth in Estonia-Finland and Finland-Sweden routes.

The upgrades of the public areas and improvements to restaurant and shop concept throughout the fleet in past year, combined with the operational changes, have resulted in a 2.0% increase in on-board revenue per passenger.

Due to the increased number of chartered vessels compared to the same period last year the revenue from charters increased by EUR 4.8 million or 57.8% to the total of EUR 13.2 million. Main contribution to the charter revenue growth comes from the Silja Europa charter agreement from August 2014 onwards.

In February 2015 AS Tallink Grupp and Meyer Turku Oy signed a contract for the construction of the new LNG powered fast ferry for Tallinn-Helsinki route shuttle operations. The ship will cost around EUR 230 million, 20% of the total cost will be paid during the construction period and the rest 80% upon the delivery of the vessel in the beginning of 2017. AS Tallink Grupp's subsidiary Tallink Line Ltd. and Nordea Bank Finland Plc have signed the loan agreement in June 2015 in amount of EUR 184 million with maturity of twelve years from drawdown to finance the construction of the new fast ferry in Meyer Turku shipyard. Finnish Export Credit Agency "Finnvera" guarantees 95% of this post-delivery buyer credit and the loan bears OECD Commercial Interest Reference Rate (CIRR) based fixed interest rate.

Two of the vessels that were chartered out, Silja Festival and Regina Baltica were sold in the second quarter of the 2015 financial year. The sale of the two vessels generated a positive cash flow of EUR 25 million which was used for the EUR 11.5 million down payment of the new LNG vessel and repayment of loans. Altogether the Group successfully continued the deleveraging strategy and the net debt decreased by EUR 62 million to a total of EUR 614 million in the second quarter resulting in a solid net debt to EBITDA ratio of 3.4.

In June 2015 AS Tallink Grupp agreed with the main fuel supplier to fix the price of approximately 30% of the fuel purchasing volume until the end of 2015.

In the second quarter of the 2015 financial year the Group's gross profit amounted to EUR 62.4 million and EBITDA to EUR 55.2 million being respectively EUR 11.4 million and EUR 14.1 million more compared to the same period last year. The increase in the Group's results is mainly attributed to the growth in passenger numbers, increased charter revenues and decreased costs related to operations. The increase in the pre-tax profit was affected by higher financial income mainly due to the increase in the fair value of derivative instruments (interest rate swaps) which resulted in EUR 7.3 million lower net finance cost.

The unaudited net profit for the second quarter of the 2015 financial year was EUR 28.5 million or EUR 0.04 per share compared to the net profit of EUR 6.1 million or EUR 0.01 per share in the same period last year.

In June 2015 the shareholders annual general meeting decided to pay a dividend of 0.02 euros per share. The total dividend amount of EUR 13.4 million was paid out in the beginning of July 2015 (third quarter).

Cash flow from operations increased by EUR 8.2 million when compared to the same period last year. The total liquidity, cash and unused credit facilities at the end of the second quarter was EUR 96.2 million providing a strong position for sustainable operations. At the end of the second quarter 2015 the Group had EUR 81.0 million in cash and equivalents and the total of unused credit lines were at EUR 15.2 million.

Q2 KEY FIGURES

		2015 Apr-Jun	2014 Apr-Jun	Change
Revenue	EUR million	253.9	246.5	3.0%
Gross profit	EUR million	62.4	51.0	22.4%
Gross margin		24.6%	20.7%	
EBITDA	EUR million	55.2	41.1	34.3%
EBITDA margin		21.7%	16.7%	
Net profit for the period	EUR million	28.5	6.1	367.7%
Net profit margin		11.2%	2.5%	
Depreciation and amortization	EUR million	19.9	20.0	-0.4%
Investments	EUR million	14.9	6.2	139.0%
Weighted average number of ordinary shares outstanding		669 882 040	669 882 040	
Earnings per share	EUR	0.04	0.01	367.7%
Number of passengers		2 356 039	2 363 510	-0.3%
Number of cargo units		78 659	79 055	-0.5%
Average number of employees		6 903	7 124	-3.1%

		30.06.2015	31.03.2015	
Total assets	EUR million	1 665.5	1 674.5	-0.5%
Interest-bearing liabilities	EUR million	695.5	742.9	-6.4%
Net debt	EUR million	614.5	676.6	-9.2%
Total equity	EUR million	780.2	764.9	2.0%
Equity ratio		46.8%	45.7%	
Net debt to EBITDA		3.4	4.1	
Number of ordinary shares outstanding ¹		669 882 040	669 882 040	0%
Shareholders' equity per share	EUR	1.16	1.14	2.0%

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:

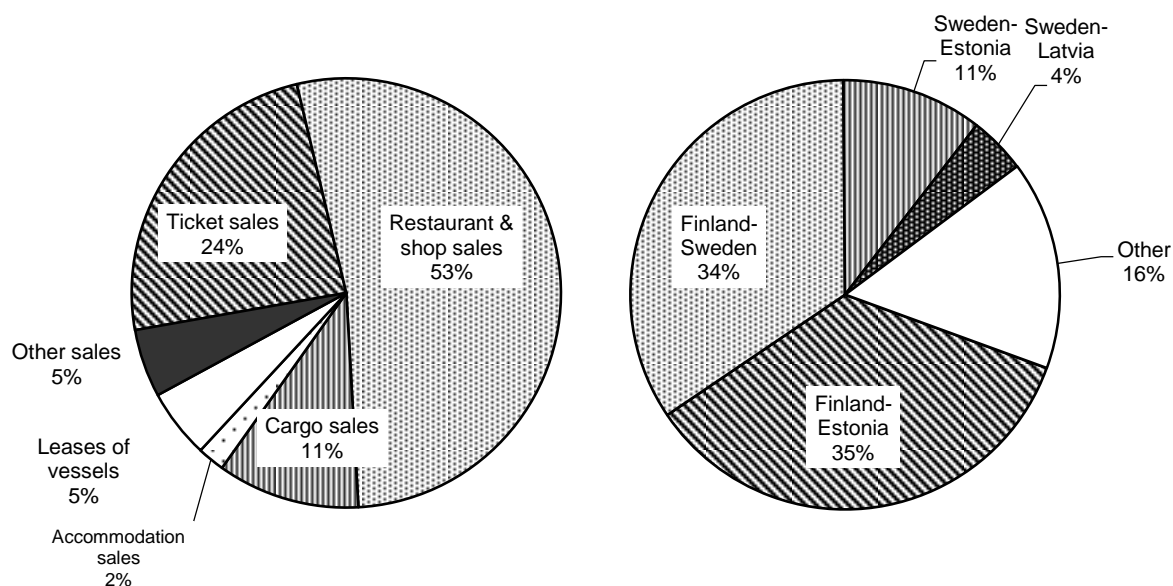
in EUR millions	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q2 change y-o-y
Ticket sales	62.6	76.1	51.2	38.1	61.1	-2.3%
Restaurant & shop sales	133.0	132.1	118.5	100.6	134.1	0.8%
Cargo sales	26.8	25.1	24.6	25.9	27.2	1.8%
Accommodation sales	5.3	6.4	4.0	3.0	5.2	-0.4%
Leases of vessels	8.4	14.1	16.2	15.7	13.2	57.8%
Other sales	10.5	8.9	9.7	6.9	13.0	24.2%
Total revenue	246.5	262.7	224.1	190.2	253.9	3.0%

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

			Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q2 change y-o-y
Finland-	Passengers	th.	1 176	1 325	1 082	918	1 233	4.8%
Estonia	Cargo units	th.	42	44	43	47	51	19.9%
	Revenue	mil.EUR	84.5	91.2	81.0	66.8	89.7	6.2%
	Segment result	mil.EUR	22.3	26.1	23.7	12.6	24.5	9.9%
Finland-	Passengers	th.	708	778	636	585	748	5.6%
Sweden	Cargo units	th.	22	20	23	17	17	-22.6%
	Revenue	mil.EUR	84.2	93.5	77.9	68.2	88.1	4.7%
	Segment result	mil.EUR	0.4	10.2	0.2	-5.1	6.2	1 524.4%
Sweden-	Passengers	th.	266	273	217	196	253	-5.1%
Estonia	Cargo units	th.	11	11	11	9	9	-12.3%
	Revenue	mil.EUR	27.8	31.1	22.9	19.3	27.3	-2.0%
	Segment result	mil.EUR	2.3	5.8	0.1	-2.9	1.9	-17.7%
Sweden-	Passengers	th.	214	186	116	95	123	-42.3%
Latvia	Cargo units	th.	4	3	2	2	2	-59.2%
	Revenue	mil.EUR	18.6	17.9	10.1	8.1	11.0	-41.0%
	Segment result	mil.EUR	0.0	4.1	0.4	-0.4	1.3	2 855.8%
Other	Revenue	mil.EUR	34.2	32.3	34.7	29.6	40.4	18.1%
	Segment result	mil.EUR	9.9	8.4	9.2	6.6	12.1	21.2%
	Inter segment sales	mil.EUR	-2.9	-3.4	-2.4	-1.8	-2.7	-7.8%
	Total revenue	mil.EUR	246.5	262.7	224.1	190.2	253.9	3.0%
	EBITDA	mil.EUR	41.1	64.0	41.1	19.5	55.2	34.3%
	Total segment result	mil.EUR	35.0	54.5	33.6	10.9	45.9	31.3%
	Net profit/-loss	mil.EUR	6.1	36.2	8.4	-13.3	28.5	367.7%

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

The following graphs provide an overview of the sales distribution in the second 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 first half-year and second quarter of 2015 and 2014 financial years.

	Q2 2015	Q2 2014	Q2 Change	I half-year 2015	I half-year 2014	I half-year Change
Passengers	2 356 039	2 363 510	-0.3%	4 149 453	4 269 065	-2.8%
Finland-Sweden	747 732	707 753	5.6%	1 332 531	1 300 006	2.5%
Estonia-Finland	1 232 520	1 175 829	4.8%	2 150 816	2 111 077	1.9%
Estonia-Sweden	252 511	266 162	-5.1%	448 080	483 147	-7.3%
Latvia-Sweden	123 276	213 766	-42.3%	218 026	374 835	-41.8%
Cargo Units	78 659	79 055	-0.5%	153 831	155 846	-1.3%
Finland-Sweden	16 719	21 596	-22.6%	33 751	44 618	-24.4%
Estonia-Finland	50 685	42 289	19.9%	97 688	81 042	20.5%
Estonia-Sweden	9 469	10 797	-12.3%	18 701	21 102	-11.4%
Latvia-Sweden	1 786	4 373	-59.2%	3 691	9 084	-59.4%
Passenger Vehicles	298 723	299 048	-0.1%	510 152	514 061	-0.8%
Finland-Sweden	45 782	44 178	3.6%	66 075	65 066	1.6%
Estonia-Finland	219 169	210 540	4.1%	384 085	373 251	2.9%
Estonia-Sweden	19 130	20 962	-8.7%	33 000	33 938	-2.8%
Latvia-Sweden	14 642	23 368	-37.3%	26 992	41 806	-35.4%

The Group's market shares on the routes operated during a 12 month period ending 30 June 2015 were as follows:

- The Group carried approximately 55% of the passengers and 63% 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 52% of passengers and 30% of ro-ro cargo on the routes between Finland and Sweden.

PERSONNEL

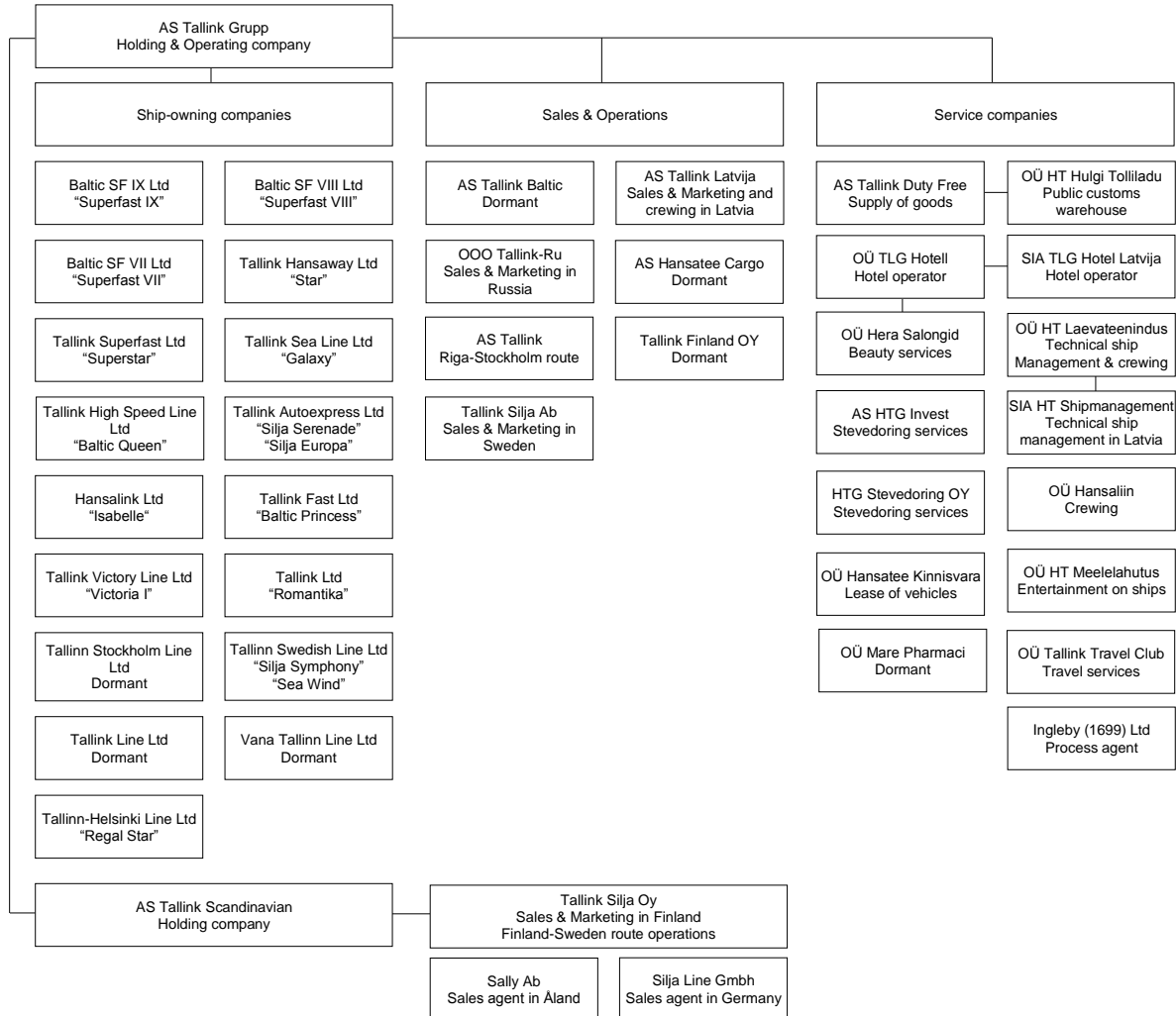
30 June 2015 the Group employed 7 271 employees (7 461, 30 June 2014). The following table provides a more detailed overview of the Group's personnel.

	Average of 2nd quarter			Average of 1st half-year			End of 2nd quarter		
	2015	2014	change %	2015	2014	change %	30.06.15	30.06.14	change %
Onshore total	1 556	1 584	-1.8%	1 534	1 562	-1.8%	1 615	1 618	-0.2%
<i>Estonia</i>	771	810	-4.8%	769	806	-4.6%	783	810	-3.3%
<i>Finland</i>	501	494	1.4%	483	483	0.0%	532	522	1.9%
<i>Sweden</i>	206	193	6.7%	204	187	9.1%	220	199	10.6%
<i>Latvia</i>	64	73	-12.3%	6	72	-11.1%	66	73	-9.6%
<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	4 712	4 921	-4.2%	4 633	4 839	-4.3%	4 964	5 191	-4.4%
Hotel*	635	619	2.6%	623	605	3.0%	692	652	6.1%
Total	6 903	7 124	-3.1%	6 790	7 006	-3.1%	7 271	7 461	-2.5%

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

CORPORATE STRUCTURE

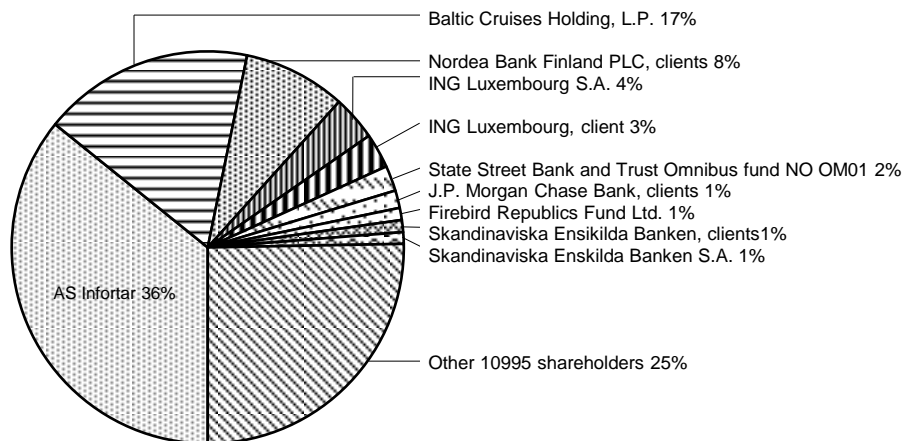
On the report date, the Group consisted of 44 companies. All of the subsidiaries are wholly-owned companies of AS Tallink Grupp. The following chart describes the structure of the Group as on the date of reporting 30 June 2015:



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 June 2015.



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.



EVENTS IN Q2

AS Tallink Grupp management board member Mr. Peter Roose changed to the position of CEO of OÜ TLG Hotell (Tallink Hotels) effective 1st of June 2015. Therefore the Supervisory Board of AS Tallink Grupp has resolved to recall Mr. Peter Roose from the Management Board of AS Tallink Grupp effective 1st of June 2015. Mr. Lembit Kitter will continue the Group's Sales and Marketing steering at the AS Tallink Grupp Management Board level.

AS Tallink Grupp's subsidiary company Tallinn Stockholm Line Ltd. has completed the sale of the vessel Regina Baltica in April 2015 and delivered the vessel to the company Regina Holding SIA.

AS Tallink Grupp's subsidiary company Tallinn Swedish Line Ltd. has completed the sale of the vessel Silja Festival in June 2015 and delivered the vessel to the company Medinvest SPA.

AS Tallink Grupp's subsidiary Tallink Line Ltd. and Nordea Bank Finland Plc have signed the loan agreement in June 2015 to finance the construction of the new LNG powered fast ferry in amount of EUR 184 million with the maturity of twelve years from the drawdown that will be done upon the delivery of the vessel in the beginning of 2017.

EVENTS AFTER THE BALANCE SHEET DATE AND THE OUTLOOK

The start of production of Tallink's new generation LNG powered fast ferry for the Tallinn-Helsinki route was celebrated on the 4th of August 2015 at Meyer Turku shipyard. The new LNG powered fast ferry will cost around 230 million euros, 20% of the total cost will be paid during the construction period and remaining 80% upon the delivery of the vessel in the beginning of 2017. By the end of July 2015 AS Tallink Grupp has made total EUR 23 million down payment for the new LNG vessel, next tranches of down payment, EUR 11.5 million each, are payable in April 2016 and July 2016. Remaining EUR 184 million is financed with loan and will be paid upon the delivery of the vessel in the beginning of 2017.

In the first half year of 2015 the positive effect from chartering activities has been clearly visible as in the comparable period last year fewer ships were in charter. Looking forward to the second half of the 2015 financial year the chartering revenues will decrease compared to the previous year as Silja Europa charter becomes comparable with the last year and two ships previously in charter were sold in the second quarter of 2015.

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).

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

With an aim to increase revenue generation improvements in product development continue being made, emphasis is on retail sales and upgrades to the public areas on the vessels. Cost reductions in some areas are processed in order to adapt with the changed economic environment. The changes in operations done during the past year and cost reductions resulted in a higher profitability in the past quarters and the management expects the effect to continue and result in an improvement in the results for the 2015 financial 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 second quarter of the 2015 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.



Chairman of the Management Board
Janek Stalmeister



Vice Chairman of the Management Board
Andres Hunt



Member of the Management Board
Lembit Kitter



Member of the Management Board
Kadri Land

Tallinn 13.09.2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(unaudited, in thousands of euros)	01.04.2015- 30.06.2015	01.04.2014- 30.06.2014	01.01.2015- 30.06.2015	01.01.2014- 30.06.2014
Revenue (Note 3)	253,862	246,463	444,015	434,669
Cost of sales	-191,489	-195,503	-355,538	-371,922
Gross profit	62,373	50,960	88,477	62,747
Marketing expenses	-16,481	-16,001	-31,716	-31,799
Administrative expenses	-11,603	-13,888	-23,318	-25,277
Other income	1,362	312	1,485	525
Other expenses	-390	-292	-581	-340
Result from operating activities	35,261	21,091	34,347	5,856
Finance income (Note 4)	1,621	551	7,297	3,867
Finance costs (Note 4)	-4,000	-10,192	-20,608	-21,637
Profit/-loss before income tax	32,882	11,450	21,036	-11,914
Income tax	-4,350	-5,349	-5,850	-5,359
Net profit/-loss for the period	28,532	6,101	15,186	-17,273
Other comprehensive income/-expense				
Items that may be reclassified to profit or loss				
Exchange differences on translating foreign operations	28	-51	-54	8
Other comprehensive income/-expense for the period	28	-51	-54	8
Total comprehensive income/-expense for the period	28,560	6,050	15,132	-17,265
Earnings per share (in EUR per share)				
- basic (Note 5)	0.043	0.009	0.023	0.026
- diluted (Note 5)	0.043	0.009	0.023	0.026

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(unaudited, in thousands of euros)

ASSETS	30.06.2015	31.12.2014
Current assets		
Cash and cash equivalents	81,048	65,311
Trade and other receivables	44,028	38,210
Prepayments	10,670	5,448
Inventories	30,424	31,315
Total current assets	166,170	140,284
Non-current assets		
Investments in equity-accounted investees	286	286
Other financial assets	332	252
Deferred income tax assets	21,349	21,338
Investment property	300	300
Property, plant and equipment (Note 7)	1,423,409	1,467,964
Intangible assets (Note 8)	53,608	55,174
Total non-current assets	1,499,284	1,545,314
TOTAL ASSETS	1,665,454	1,685,598
LIABILITIES AND EQUITY		
Current liabilities		
Interest bearing loans and borrowings (Note 9)	145,730	149,850
Trade and other payables	95,415	91,236
Dividends (Note 12, 14)	13,398	0
Income tax liability	6,344	1,300
Deferred income	39,891	29,408
Derivatives (Note 6)	34,694	41,982
Total current liabilities	335,472	313,776
Non-current liabilities		
Interest bearing loans and borrowings (Note 9)	549,806	593,532
Total non-current liabilities	549,806	593,532
TOTAL LIABILITIES	885,278	907,308
EQUITY		
Equity attributable to equity holders of the parent		
Share capital	404,290	404,290
Share premium	639	639
Reserves	71,590	70,129
Retained earnings	303,657	303,232
Total equity attributable to equity holders of the parent	780,176	778,290
TOTAL EQUITY	780,176	778,290
TOTAL LIABILITIES AND EQUITY	1,665,454	1,685,598

CONSOLIDATED CASH FLOW STATEMENT

(unaudited, in thousands of euros)

	01.01.2015- 30.06.2015	01.01.2014- 30.06.2014
Cash flows from operating activities		
Net profit/-loss for the period	15,186	-17,273
Adjustments	59,282	64,136
Changes in receivables and prepayments related to operating activities	-10,917	-12,844
Changes in inventories	891	1,268
Changes in liabilities related to operating activities	14,097	15,615
Income tax paid	-246	-4
	78,293	50,898
Cash flow used in investing activities		
Purchase of property, plant and equipment and intangible assets (Notes 7, 8)	-18,499	-20,351
Proceeds from disposals of property, plant and equipment	25,001	114
Interest received	41	9
	6,543	-20,228
Cash flow used in financing activities		
Repayment of loans (Note 9)	-49,381	-39,920
Change in overdraft (Note 9)	-2,644	26,589
Payment of finance lease liabilities (Note 9)	-40	-97
Interest paid	-14,744	-17,040
Payments for settlement of derivatives	-2,290	-2,000
	-69,099	-32,468
TOTAL NET CASH FLOW	15,737	-1,798
Cash and cash equivalents:		
- at the beginning of period	65,311	72,012
- increase (+) / decrease (-)	15,737	-1,798
- at the end of period	81,048	70,214

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(unaudited, in thousands of euros)

	Share capital premium	Share premium	Translation reserve	Ships revaluation reserve	Mandatory legal reserve	Reserve for treasury shares	Share option programme reserve	Retained earnings	Equity attributable to equity holders of the Parent	Total equity
As at 31 December 2013	404,290	639	12	56,777	16,651	-4,163	834	296,023	771,063	771,063
Net profit/-loss for the period (Note 5)	0	0	0	0	0	0	0	-17,273	-17,273	-17,273
Total other comprehensive income and expense	0	0	8	0	0	0	0	0	8	8
Total comprehensive income and expense for the period	0	0	8	0	0	0	0	-17,273	-17,265	-17,265
Transaction with owners of the company										
Transfer from profit	0	0	0	0	2,171	0	0	-2,171	0	0
Dividends	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	154	0	154	154
Transactions with owners, recognised directly in equity	0	0	0	0	2,171	0	154	-22,267	-19,942	-19,942
As at 30 June 2015	404,290	639	20	56,777	18,822	-4,163	988	256,483	733,856	733,856
As at 31 December 2014	404,290	639	298	54,562	18,822	-4,163	610	303,232	778,290	778,290
Net profit/-loss for the period (Note 5)	0	0	0	0	0	0	0	15,186	15,186	15,186
Total other comprehensive income and expense	0	0	-54	0	0	0	0	0	-54	-54
Total comprehensive income and expense for the period	0	0	-54	0	0	0	0	15,186	15,132	15,132
Transaction with owners of the company										
Transfer from profit	0	0	0	0	1,363	0	0	-1,363	0	0
Dividends (Note 12)	0	0	0	0	0	0	0	-13,398	-13,398	-13,398
Share-based payment transactions (Note 11)	0	0	0	0	0	0	152	0	152	152
Transactions with owners, recognised directly in equity	0	0	0	0	1,363	0	152	-14,761	-13,246	-13,246
As at 30 June 2015	404,290	639	244	54,562	20,185	-4,163	762	303,657	780,176	780,176

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 6 months of the financial year 2015 were authorised for issue in accordance with a resolution of the Management Board on 13 August 2015. AS Tallink Grupp is a limited company incorporated in Estonia and employed 7,271 people at 30 June 2015 (31 December 2014: 6,654).

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 2014.

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)

01.01.2015-30.06.2015	Estonia- Finland route	Estonia- Sweden route	Latvia- Sweden route	Finland- Sweden route	Other	Elimination of intersegment sales	Total
Revenue							
Sales to external customers	156,506	46,560	19,081	156,331	65,537	0	444,015
Inter-segment sales	0	0	0	0	4,519	-4,519	0
	156,506	46,560	19,081	156,331	70,056	-4,519	444,015
Segment result							
	37,128	-1,007	861	1,120	18,659	0	56,761
Unallocated expenses							-22,414
Net financial items (Note 4)							-13,311
Profit/loss before income tax							21,036

01.01.2014-30.06.2014	Estonia- Finland route	Estonia- Sweden route	Latvia- Sweden route	Finland- Sweden route	Other	Elimination of intersegment sales	Total
Revenue							
Sales to external customers	149,514	48,422	31,965	152,637	52,131	0	434,669
Inter-segment sales	0	0	0	0	4,769	-4,769	0
	149,514	48,422	31,965	152,637	56,900	-4,769	434,669
Segment result							
	33,164	-1,197	-3,147	-7,491	9,619	0	30,948
Unallocated expenses							-25,092
Net financial items (Note 4)							-17,770
Profit/loss before income tax							-11,914

Revenue by service

(in thousands of euros)	01.01.2015- 30.06.2015	01.01.2014- 30.06.2014
Ticket sales	99,235	103,188
Sales of cargo transport	53,098	53,282
Sales of accommodation	8,246	8,651
Restaurant and shops sales on-board and on mainland	234,664	236,905
Income from charter of vessels	28,907	16,818
Other	19,865	15,825
Total revenue of the Group	444,015	434,669

Note 4 FINANCE INCOME AND FINANCE COSTS

(in thousands of euros)	01.01.2015- 30.06.2015	01.01.2014- 30.06.2014
Net foreign exchange gains	0	1,700
Income from interest rate swaps	3,772	900
Income from foreign exchange derivatives	3,516	1,236
Interest income arising from financial assets not measured at fair value through profit or loss	9	31
Total finance income	7,297	3,867
Net foreign exchange losses	-2,496	0
Interest expense arising from financial liabilities measured at amortised cost	-15,822	-16,958
Expenses from interest rate swaps	-2,290	-3,527
Expenses from foreign exchange derivatives	0	-1,152
Total finance costs	-20,608	-21,637

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.

	01.04.2015- 30.06.2015	01.04.2014- 30.06.2014	01.01.2015- 30.06.2015	01.01.2014- 30.06.2014
Weighted average number of ordinary shares, basic (pcs)	669,882,040	669,882,040	669,882,040	669,882,040
Weighted average number of ordinary shares, diluted (pcs)	669,882,040	669,882,040	669,882,040	669,882,040
Net profit/-loss attributable to ordinary shareholders	28,532	6,101	15,186	-17,273
Earnings per share, basic (in EUR per share)	0.043	0.009	0.023	-0.026
Earnings per share, diluted (in EUR per share)	0.043	0.009	0.023	-0.026

Weighted average number of ordinary shares

(pcs)	01.04.2015- 30.06.2015	01.04.2014- 30.06.2014	01.01.2015- 30.06.2015	01.01.2014- 30.06.2014
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 30.06.2015 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 30.06.2015 is EUR -14,792 thousand. The fair value of the cross-currency rate derivatives recognized in the current interim financial statements as of 30.06.2015 is EUR -19,902 thousand.

Note 7 PROPERTY, PLANT AND EQUIPMENT

(in thousands of euros)

	Land and building	Ships	Plant and equipment	Prepayments	Total
Book value as at 31 December 2014	3,729	1,451,400	10,000	2,835	1,467,964
Additions	334	1,420	1,192	14,382	17,328
Disposals	0	-24,335	-34	0	-24,369
Depreciation for the period	-570	-35,007	-1,937	0	-37,514
Book value as at 30 June 2015	3,493	1,393,478	9,221	17,217	1,423,409

As at 30 June 2015

-gross carrying amount	13,120	1,667,584	31,289	17,217	1,729,210
-accumulated depreciation	-9,627	-274,106	-22,068	0	-305,801

	Land and building	Ships	Plant and equipment	Prepayments	Total
Book value as at 31 December 2013	4,841	1,479,030	9,572	2,452	1,495,895
Additions	51	16,768	2,950	-675	19,094
Exchange rate differences	0	0	3	0	3
Disposals	0	0	-95	0	-95
Depreciation for the period	-569	-33,895	-1,898	0	-36,362
Book value as at 30 June 2014	4,323	1,461,903	10,532	1,777	1,478,535

As at 30 June 2014

-gross carrying amount	12,833	1,695,267	30,016	1,777	1,739,893
-accumulated depreciation	-8,510	-233,364	-19,484	0	-261,358

Note 8 INTANGIBLE ASSETS

(in thousands of euros)

	Goodwill	Trademark	Others	Total
Book value as at 31 December 2014	11,066	33,502	10,606	55,174
Additions	0	0	1,201	1,201
Amortisation for the period	0	-1,458	-1,309	-2,767
Book value as at 30 June 2015	11,066	32,044	10,498	53,608

As at 30 June 2015

-cost	11,066	58,288	28,683	98,037
-accumulated amortisation	0	-26,244	-18,185	-44,429

	Goodwill	Trademark	Others	Total
Book value as at 31 December 2013	11,066	36,418	10,441	57,925
Additions	0	0	1,506	1,506
Amortisation for the period	0	-1,458	-1,878	-3,336
Book value as at 30 June 2014	11,066	34,960	10,069	56,095

As at 30 June 2014

-cost	11,066	58,288	26,978	96,332
-accumulated amortisation	0	-23,328	-16,909	-40,237

Note 9 INTEREST BEARING LOANS AND BORROWINGS

(in thousands of euros)

	31 December 2014	New loans	Repayments	Exchange rate differences	Other changes [1]	30 June 2015
Liabilities under finance						
lease	358	30	-40	8	-17	339
Unsecured bonds	98,636	0	0	2,814	124	101,574
Overdraft	62,449	0	-2,644	0	0	59,805
Long-term bank loans	581,939	0	-49,381	0	1,260	533,818
TOTAL	743,382	30	-52,065	2,822	1,367	695,536
incl. current portion	149,850					145,730
Non-current portion	593,532					549,806

[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 210,133 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 323,685 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 June 2015 the maximum number of authorised common shares is 2,133,333,333.

At 30 June 2015 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 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 June 2015 7,318,638 share options were valid and outstanding. Average remaining time to maturity of the outstanding share options is 6-12 months.

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 period.

Note 12 DIVIDENDS

According to the resolution of the Annual General Meeting there were announced dividends to the shareholders EUR 0.02 per share, in the total amount of EUR 13,397,640.80.

Note 13 RELATED PARTY DISCLOSURES

(in thousands of euros)

6 months of 2015 or 30.06.2015	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
AS Infortar	31	19	6	0
AS HT Valuuta	53	0	1	0
AS Vara HTG	0	959	0	1,029
OÜ Mersok	0	5	0	0
AS Vaba Maa	6	339	1	62
OÜ Sunbeam	0	1,770	0	354
AS Gastrolink	4	493	1	45
AS Tallink Takso	1	43	0	7
OÜ Topspa Kinnisvara	0	1,350	0	0
OÜ Hansa Hotell	0	425	0	90
OÜ Fastinvest	0	620	0	0
SIA Happy Trails	0	1,648	0	329
Eesti Laevaomanike Liit	0	7	0	0
MTÜ Eesti Tennise Liit	10	78	9	0
6 months of 2014 or 30.06.2014	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
AS Infortar	49	23	10	5
AS HT Valuuta	59	0	1	0
AS Vara HTG	0	959	0	0
OÜ Mersok	0	5	0	1
AS Vaba Maa	7	276	1	40
OÜ Sunbeam	0	1,726	0	0
AS Gastrolink	0	551	0	91
AS Tallink Takso	1	25	0	10
OÜ Topspa Kinnisvara	0	1,317	0	0
OÜ Hansa Hotell	0	418	0	0
OÜ Fastinvest	0	621	0	0
SIA Happy Trails	0	1,652	0	428
Eesti Laevaomanike Liit	0	7	0	0
SEB Tallink Tennis Team	0	50	0	0
OÜ Inf Maja	1	0	1	0

Note 14 SUBSEQUENT EVENTS

Announced dividends were paid out on 08.07.2015.

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 second quarter of the financial year 2015 ended 30 June 2015 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.




Chairman of the Management Board
Janek Stalmeister



Vice Chairman of the Management Board
Andres Hunt



Member of the Management Board
Lembit Kitter



Member of the Management Board
Kadri Land

Tallinn 13.08.2015