



AS TALLINK GRUPP

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

1 Jaanuar 2014 - 30 June 2014

| | |
|---------------------------------|---|
| Beginning of the financial year | 1. January 2014 |
| End of the financial year | 31. December 2014 |
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| 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 second quarter (1 April - 30 June) of the 2014 financial year AS Tallink Grupp and its subsidiaries' (the Group) carried nearly 2.4 million passengers which is 0.5% more compared to the same period last year. The number of cargo units transported decreased by 1.0% and the number of passenger vehicles transported increased by 0.7% for the same period as last year.

The Group's consolidated revenue in the second quarter was EUR 246.5 million, being 1.0% or EUR 2.6 million less than a year ago. In the second quarter of the 2014 financial year the Group's gross profit amounted to EUR 51.0 million and EBITDA to EUR 41.1 million being respectively EUR 6.0 million and EUR 5.7 million less compared to the same period last year. The decline in the Group's results is related to maintenance and upgrade works on the vessels Star, Galaxy and Baltic Princess. In the second quarter there were less trips due to ships being out of the operation when compared to the same period in the last year.

In the second quarter the Estonia-Finland route showed a slight decline with passengers numbers decreasing by 2.7%, cargo units transported increased by 6.6%, the sales numbers remained on the last year's level. The operations were affected by the shuttle vessel Star being out of operation for 68 trips in April, undergoing car deck ramp repairs, the ship was only partially replaced during that time. In the same time the competitors on the route have increased the number of departures.

In the second quarter the segment result for the Finland-Sweden segment was EUR 4.9 million lower than last year. The decline came from the Turku-Stockholm route, where revenue decreased due to the vessels Galaxy and Baltic Princess being out of operations for scheduled maintenance works and passengers' spending showing weaknesses in an overall weak macroeconomic development. Meanwhile the recently upgraded cruise ferry Silja Serenade on the Helsinki-Stockholm route has delivered positive developments. Higher customer satisfaction and on-board spending levels are confirming that the investment was successful and has a positive effect to the business in the longer run.

The amortization cost for the 2014 financial year is higher due to the new vessel Isabelle and the group has also changed the useful life estimation of some vessels. In the second quarter the amortization cost was EUR 1.8 million higher when compared to the same period in the last year.

The unaudited net profit for the second quarter of the 2014 financial year was EUR 6.1 million or EUR 0.01 per share compared to the net profit of EUR 9.3 million or EUR 0.01 per share in the same period last year.

In June 2014 the shareholders annual general meeting decided to pay a dividend of 0.03 euros per share. The total dividend amount of EUR 20.1 million was paid out in the beginning of July 2014 (third quarter).

The unstable macro-economic situation in Europe has had a negative impact to the Groups operations. In the first six months of the financial year a noticeable drop in passenger numbers from the Russian market has been observed.

Working together with ship fuel suppliers the Group is preparing for a smooth transition from 1.0% sulphur marine fuel to low sulphur marine fuel in order to meet the new 2015 sulphur emissions regulation.

The total liquidity, cash and unused credit facilities at the end of the first quarter were EUR 75.2 million providing a strong position for sustainable operations. At the end of the second quarter 2014 the Group had EUR 70.2 million in cash and equivalents and the total of unused credit lines were at EUR 5.0 million.

Q2 KEY FIGURES

| | | 2014 Apr-Jun | 2013 Apr-Jun | Change |
|--|-------------|-----------------|-----------------|--------|
| Revenue | EUR million | 246.5 | 249.0 | -1.0% |
| Gross profit | EUR million | 51.0 | 57.0 | -10.6% |
| Gross margin (%) | | 20.7% | 22.9% | |
| EBITDA | EUR million | 41.1 | 46.8 | -12.3% |
| EBITDA margin (%) | | 16.7% | 18.8% | |
| Net profit for the period | EUR million | 6.1 | 9.3 | -34.2% |
| Net profit margin (%) | | 2.5% | 3.7% | |
| Depreciation and amortization | EUR million | 20.0 | 18.2 | 9.6% |
| Investments | EUR million | 20.4 | 35.9 | -43.3% |
| Weighted average number of ordinary shares outstanding | | 669 882 040 | 669 882 040 | |
| Earnings per share | EUR | 0.01 | 0.01 | -34.2% |
| Number of passengers | | 2 363 510 | 2 352 487 | 0.5% |
| Number of cargo units | | 79 055 | 79 843 | -1.0% |
| Average number of employees | | 7 124 | 7 029 | 1.6% |

| | | 30.06.2014 | 31.03.2014 | |
|--|-------------|-------------|-------------|-------|
| Total assets | EUR million | 1 712.0 | 1 711.8 | 0.0% |
| Interest-bearing liabilities | EUR million | 782.0 | 811.5 | -3.6% |
| Net debt | EUR million | 711.8 | 748.9 | -5.0% |
| Total equity | EUR million | 733.9 | 747.8 | -1.9% |
| Equity ratio (%) | | 42.9% | 43.7% | |
| Net debt to EBITDA | | 4.8 | 4.9 | |
| Number of ordinary shares outstanding ¹ | | 669 882 040 | 669 882 040 | 0% |
| Shareholders' equity per share | EUR | 1.10 | 1.12 | -1.9% |

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:

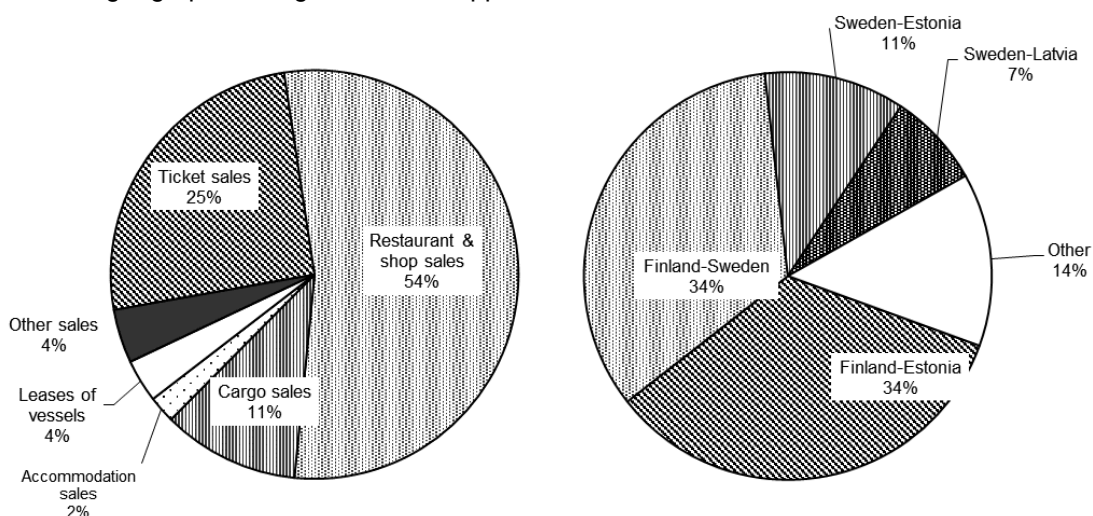
| | Q2 | Q3 | Q4 | Q1 | Q2 | change |
|-------------------------|--------------|--------------|--------------|--------------|--------------|--------|
| in millions of euros | 2013 | 2013 | 2014 | 2014 | 2014 | y-o-y |
| Ticket sales | 66.0 | 86.2 | 53.0 | 40.6 | 62.6 | -5.2% |
| Restaurant & shop sales | 133.2 | 142.9 | 124.9 | 103.9 | 133.0 | -0.1% |
| Cargo sales | 28.4 | 25.9 | 26.7 | 26.5 | 26.8 | -5.9% |
| Accommodation sales | 4.8 | 6.1 | 4.0 | 3.4 | 5.3 | 9.4% |
| Leases of vessels | 7.3 | 8.9 | 7.4 | 8.4 | 8.4 | 14.9% |
| Other sales | 9.3 | 8.5 | 7.9 | 5.4 | 10.5 | 12.2% |
| Total revenue | 249.0 | 278.5 | 224.0 | 188.2 | 246.5 | -1.0% |

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

| | | Q2 | Q3 | Q4 | Q1 | Q2 | Q2 | |
|-----------------------------|----------------------|-------------|--------------|--------------|--------------|--------------|---------------|--------------|
| | | 2013 | 2013 | 2013 | 2014 | 2014 | change | |
| | | | | | | | y-o-y | |
| Finland-Estonia | Passengers | th. | 1 208 | 1 371 | 1 102 | 935 | 1 176 | -2.7% |
| | Cargo units | th. | 40 | 39 | 39 | 39 | 42 | 6.6% |
| | Revenue | mil.EUR | 84.3 | 90.9 | 80.4 | 65.0 | 84.5 | 0.2% |
| | Segment result | mil.EUR | 23.5 | 28.4 | 21.8 | 10.9 | 22.3 | -5.1% |
| Finland-Sweden | Passengers | th. | 700 | 823 | 656 | 592 | 708 | 1.1% |
| | Cargo units | th. | 24 | 22 | 25 | 23 | 22 | -11.6% |
| | Revenue | mil.EUR | 86.4 | 100.9 | 80.9 | 68.4 | 84.2 | -2.5% |
| | Segment result | mil.EUR | 5.3 | 14.9 | 0.3 | -7.9 | 0.4 | -92.9% |
| Sweden-Estonia | Passengers | th. | 240 | 283 | 218 | 217 | 266 | 11.0% |
| | Cargo units | th. | 11 | 10 | 10 | 10 | 11 | -1.3% |
| | Revenue | mil.EUR | 27.5 | 33.2 | 23.0 | 20.6 | 27.8 | 1.2% |
| | Segment result | mil.EUR | 2.6 | 7.7 | -1.0 | -3.5 | 2.3 | -11.4% |
| Sweden-Latvia | Passengers | th. | 204 | 242 | 172 | 161 | 214 | 4.6% |
| | Cargo units | th. | 5 | 4 | 5 | 5 | 4 | -8.8% |
| | Revenue | mil.EUR | 18.7 | 23.8 | 15.6 | 13.3 | 18.6 | -0.5% |
| | Segment result | mil.EUR | 0.1 | 4.7 | -1.2 | -3.2 | 0.0 | -27.1% |
| Other | Revenue | mil.EUR | 34.9 | 33.2 | 26.5 | 22.7 | 34.2 | -2.0% |
| | Segment result | mil.EUR | 7.9 | 8.1 | 3.6 | -0.3 | 9.9 | 25.6% |
| | Inter segment sales | mil.EUR | -2.8 | -3.6 | -2.4 | -1.8 | -2.9 | 5.1% |
| | Total revenue | mil.EUR | 249.0 | 278.4 | 224.0 | 188.2 | 246.5 | -1.0% |
| EBITDA | mil.EUR | 46.8 | 72.5 | 29.8 | 4.5 | 41.1 | -12.3% | |
| Total segment result | mil.EUR | 39.4 | 63.9 | 23.5 | -4.0 | 35.0 | -11.2% | |
| Net profit/-loss | mil.EUR | 9.3 | 44.0 | 7.5 | -23.4 | 6.1 | -34.2% | |

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.



The following table provides an overview of the passengers, cargo units and passenger vehicles transported during the first half-year and second quarter of 2014 and 2013 financial years.

| | Q2 | Q2 | Q2 | I half-year | I half-year | I half-year |
|---------------------------|------------------|------------------|--------------|------------------|------------------|-------------|
| | 2014 | 2013 | Change | 2014 | 2013 | Change |
| Passengers | 2 363 510 | 2 352 487 | 0.5% | 4 269 065 | 4 247 830 | 0.5% |
| Finland-Sweden | 707 753 | 700 196 | 1.1% | 1 300 006 | 1 331 158 | -2.3% |
| Estonia-Finland | 1 175 829 | 1 208 082 | -2.7% | 2 111 077 | 2 103 381 | 0.4% |
| Estonia-Sweden | 266 162 | 239 874 | 11.0% | 483 147 | 453 282 | 6.6% |
| Latvia-Sweden | 213 766 | 204 335 | 4.6% | 374 835 | 360 009 | 4.1% |
| Cargo Units | 79 055 | 79 843 | -1.0% | 155 846 | 146 846 | 6.1% |
| Finland-Sweden | 21 596 | 24 437 | -11.6% | 44 618 | 48 325 | -7.7% |
| Estonia-Finland | 42 289 | 39 672 | 6.6% | 81 042 | 68 559 | 18.2% |
| Estonia-Sweden | 10 797 | 10 940 | -1.3% | 21 102 | 20 627 | 2.3% |
| Latvia-Sweden | 4 373 | 4 794 | -8.8% | 9 084 | 9 335 | -2.7% |
| Passenger Vehicles | 299 048 | 297 042 | 0.7% | 514 061 | 503 789 | 2.0% |
| Finland-Sweden | 44 178 | 46 123 | -4.2% | 65 066 | 70 618 | -7.9% |
| Estonia-Finland | 210 540 | 209 106 | 0.7% | 373 251 | 359 840 | 3.7% |
| Estonia-Sweden | 20 962 | 18 665 | 12.3% | 33 938 | 32 237 | 5.3% |
| Latvia-Sweden | 23 368 | 23 148 | 1.0% | 41 806 | 41 094 | 1.7% |

The following operational factors influenced the development:

LATVIA-SWEDEN

In May 2013 the cruise ferry Isabelle replaced the cruise ferry Silja Festival on the Riga-Stockholm route.

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

- The Group carried approximately 57% 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 52% of passengers and 35% of ro-ro cargo on the routes between Finland and Sweden;

PERSONNEL

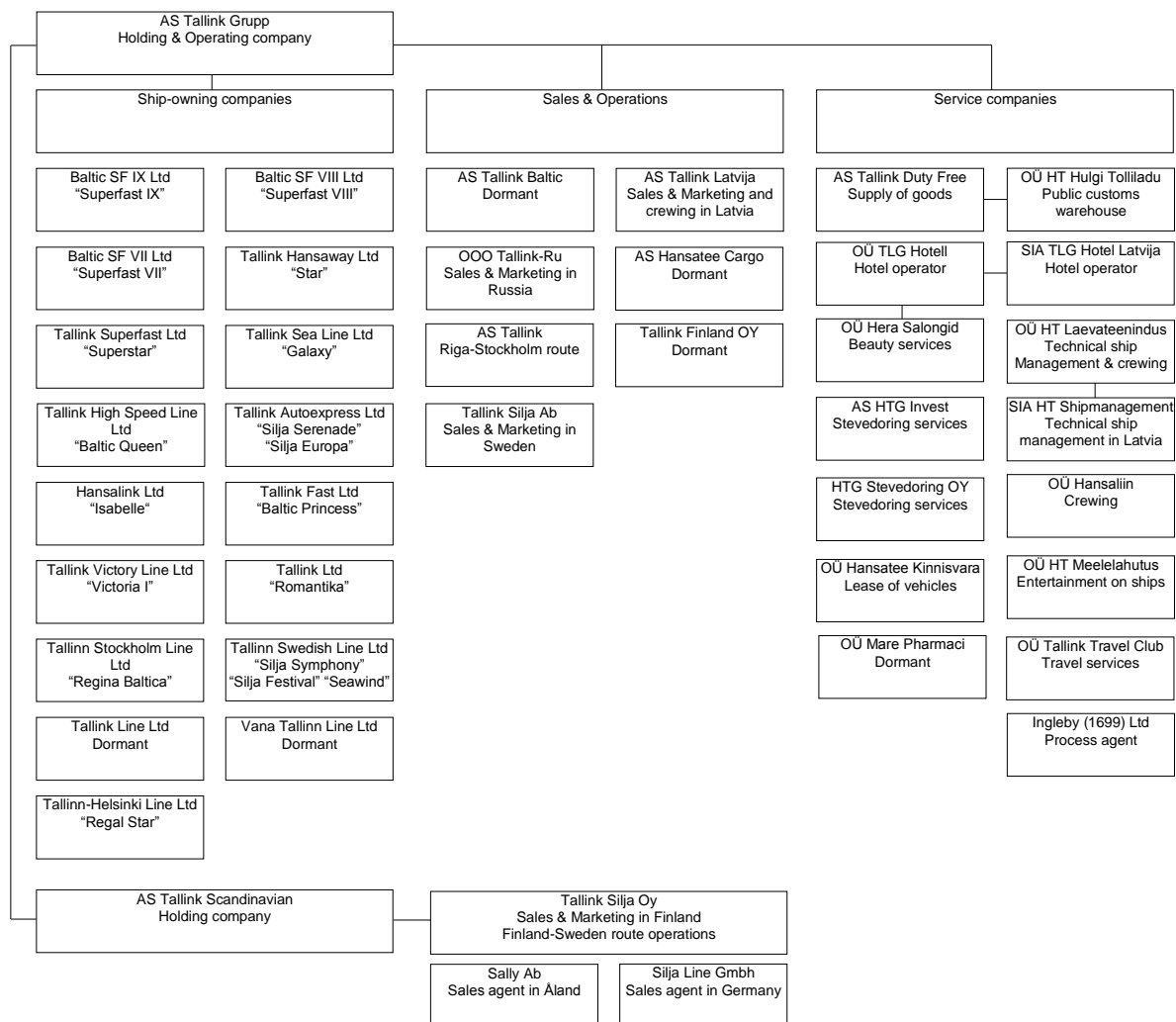
30 June 2014 the Group employed 7 461 employees (7 436, 30 June 2013). The following table provides a more detailed overview of the Group's personnel.

| | Average of 2nd quarter | | | Average of 1st half-year | | | End of 2nd quarter | | |
|----------------------|------------------------|--------------|--------------|--------------------------|--------------|--------------|--------------------|--------------|--------------|
| | 2014 | 2013 | change % | 2014 | 2013 | change % | 30.06.14 | 30.06.13 | change % |
| Onshore total | 1 584 | 1 599 | -0.9% | 1 562 | 1 578 | -1.0% | 1 618 | 1 661 | -2.6% |
| <i>Estonia</i> | 810 | 812 | -0.2% | 806 | 805 | 0.1% | 810 | 823 | -1.6% |
| <i>Finland</i> | 494 | 505 | -2.2% | 483 | 499 | -3.2% | 522 | 531 | -1.7% |
| <i>Sweden</i> | 193 | 197 | -2.0% | 187 | 191 | -2.1% | 199 | 217 | -8.3% |
| <i>Latvia</i> | 73 | 71 | 2.8% | 72 | 68 | 5.9% | 73 | 76 | -3.9% |
| <i>Germany</i> | 4 | 4 | 0.0% | 4 | 4 | 0.0% | 4 | 4 | 0.0% |
| <i>Russia</i> | 10 | 10 | 0.0% | 10 | 11 | -9.1% | 10 | 10 | 0.0% |
| At sea | 4 921 | 4 843 | 1.6% | 4 839 | 4 740 | 2.1% | 5 191 | 5 170 | 0.4% |
| Hotel* | 619 | 587 | 5.5% | 605 | 581 | 4.1% | 652 | 605 | 7.8% |
| Total | 7 124 | 7 029 | 1.4% | 7 006 | 6 899 | 1.6% | 7 461 | 7 436 | 0.3% |

* 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:

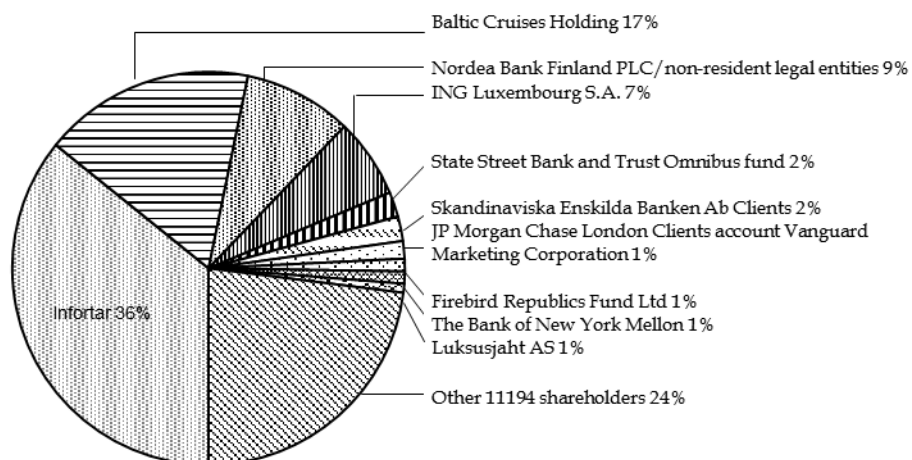


The Group also owns:

34% of AS Tallink Takso

SHAREHOLDERS & SHARE PRICE DEVELOPMENT

The following chart displays the shareholder structure of AS Tallink Grupp as of 30 June 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 Q2

In April the shuttle vessel Star did not operate 11 days due to the car deck repairs, the vessel was partially replaced by cruise ferries Victoria I and Baltic Queen. The cruise ferry Isabelle did not operate for 8 days due to scheduled maintenance, the vessel was not replaced during that time.

In May the cruise ferries Galaxy and Baltic Princess did not operate for 9 and 11 days respectively due to the scheduled maintenance, the vessels were not replaced during that time.

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).

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 charter the following re-routings were done in our operations: Baltic Queen which was operating on Tallinn-Stockholm today changed to Tallinn-Helsinki route on 7 August 2014 and Romantika which is was operating on Riga-Stockholm route changed to Tallinn-Stockholm route. Isabelle continues the service on Riga-Stockholm route.

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.

Following the successful launch of the refurbished Silja Serenade, the sister ship Silja Symphony will be upgraded similarly, in autumn 2014. In 2014 the Group plans to invest altogether more than EUR 20 million in upgrading the vessels on the Helsinki-Stockholm route.

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 and continuously weak Nordic economic environment the Management expects the results to be weaker for the 2014 financial year compared to the 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 second 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.

A handwritten signature in blue ink, consisting of a long horizontal stroke with a loop at the end and a small mark above it.

Enn Pant

Chairman of the Management Board

A handwritten signature in blue ink, featuring a large, stylized 'A' and 'H'.

Andres Hunt

Vice Chairman of the Management Board

A handwritten signature in blue ink, with a large, stylized 'L' and 'K'.

Lembit Kitter

Member of the Management Board

A handwritten signature in blue ink, with a large, stylized 'J' and 'S'.

Janek Stalmeister

Member of the Management Board

A handwritten signature in blue ink, with a large, stylized 'P' and 'R'.

Peter Roose

Member of the Management Board

A handwritten signature in blue ink, with a large, stylized 'K' and 'L'.

Kadri Land

Member of the Management Board

14.08.2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| (unaudited, in thousands of euros) | 01.04.2014- 30.06.2014 | 01.04.2013- 30.06.2013 | 01.01.2014- 30.06.2014 | 01.01.2013- 30.06.2013 |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| Revenue (Note 3) | 246,463 | 249,027 | 434,669 | 439,610 |
| Cost of sales | -195,503 | -192,055 | -371,922 | -366,394 |
| Gross profit | 50,960 | 56,972 | 62,747 | 73,216 |
| Marketing expenses | -16,001 | -17,583 | -31,799 | -33,716 |
| Administrative expenses | -13,888 | -11,161 | -25,277 | -22,401 |
| Other income | 312 | 482 | 525 | 808 |
| Other expenses | -292 | -117 | -340 | -129 |
| Result from operating activities | 21,091 | 28,593 | 5,856 | 17,778 |
| Finance income (Note 4) | 551 | 8,609 | 3,867 | 11,213 |
| Finance costs (Note 4) | -10,192 | -19,017 | -21,637 | -28,323 |
| Profit/-loss before income tax | 11,450 | 18,185 | -11,914 | 668 |
| Income tax | -5,349 | -8,911 | -5,359 | -8,919 |
| Net profit/-loss for the period | 6,101 | 9,274 | -17,273 | -8,251 |
| Other comprehensive income/-expense | | | | |
| Items that may be reclassified to profit or loss | | | | |
| Exchange differences on translating foreign operations | -51 | 68 | 8 | 77 |
| Other comprehensive income/-expense for the period | -51 | 68 | 8 | 77 |
| Total comprehensive income/-expense for the period | 6,050 | 9,342 | -17,265 | -8,174 |
| Earnings per share (in EUR per share) | | | | |
| - basic (Note 5) | 0.01 | 0.01 | -0.03 | -0.01 |
| - diluted (Note 5) | 0.01 | 0.01 | -0.03 | -0.01 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(unaudited, in thousands of euros)

| ASSETS | 30.06.2014 | 31.12.2013 |
|--|-------------------|-------------------|
| Current assets | | |
| Cash and cash equivalents | 70,214 | 72,012 |
| Trade and other receivables | 46,544 | 40,544 |
| Prepayments | 10,171 | 3,185 |
| Derivatives | 0 | 679 |
| Inventories | 32,189 | 33,457 |
| Total current assets | 159,118 | 149,877 |
| Non-current assets | | |
| Investments in equity-accounted investees | 262 | 262 |
| Other financial assets | 252 | 385 |
| Deferred income tax assets | 17,413 | 17,413 |
| Investment property | 300 | 300 |
| Property, plant and equipment (Note 7) | 1,478,535 | 1,495,895 |
| Intangible assets (Note 8) | 56,095 | 57,925 |
| Total non-current assets | 1,552,857 | 1,572,180 |
| TOTAL ASSETS | 1,711,975 | 1,722,057 |
| LIABILITIES AND EQUITY | | |
| Current liabilities | | |
| Interest bearing loans and borrowings (Note 9) | 132,445 | 106,014 |
| Trade and other payables | 104,680 | 97,387 |
| Dividends payable (Note 12, 14) | 20,096 | 0 |
| Deferred income | 41,646 | 28,315 |
| Derivatives (Note 6) | 29,600 | 30,888 |
| Total current liabilities | 328,467 | 262,604 |
| Non-current liabilities | | |
| Interest bearing loans and borrowings (Note 9) | 649,591 | 688,327 |
| Other liabilities | 61 | 63 |
| Total non-current liabilities | 649,652 | 688,390 |
| TOTAL LIABILITIES | 978,119 | 950,994 |
| EQUITY | | |
| Equity attributable to equity holders of the parent | | |
| Share capital | 404,290 | 404,290 |
| Share premium | 639 | 639 |
| Reserves | 72,444 | 70,111 |
| Retained earnings | 256,483 | 296,023 |
| Total equity attributable to equity holders of the parent | 733,856 | 771,063 |
| TOTAL EQUITY | 733,856 | 771,063 |
| TOTAL LIABILITIES AND EQUITY | 1,711,975 | 1,722,057 |

CONSOLIDATED CASH FLOW STATEMENT

| (unaudited, in thousands of euros) | 01.01.2014 - 30.06.2014 | 01.01.2013- 30.06.2013 |
|---|----------------------------|---------------------------|
| Cash flows from operating activities | | |
| Net profit/-loss for the period | -17,273 | -8,251 |
| Adjustments | 64,136 | 66,397 |
| Changes in receivables and prepayments related to operating activities | -12,844 | -15,320 |
| Changes in inventories | 1,268 | -561 |
| Changes in liabilities related to operating activities | 15,615 | 18,778 |
| Income tax paid | -4 | -203 |
| | 50,898 | 60,840 |
| Cash flow used for investing activities | | |
| Purchase of property, plant and equipment and intangible assets (Notes 7, 8, 9) | -20,351 | -35,865 |
| Proceeds from disposals of property, plant and equipment | 114 | 265 |
| Interest received | 9 | 16 |
| | -20,228 | -35,584 |
| Cash flow from (+)/ used for (-) financing activities | | |
| Proceeds from loans | 0 | 24,000 |
| Redemption of loans (Note 9) | -39,920 | -148,205 |
| Change in overdraft (Note 9) | 26,589 | 4,812 |
| Proceeds from bonds | 0 | 115,487 |
| Repayment of finance lease liabilities (Note 9) | -97 | -3 |
| Interest paid | -17,040 | -16,006 |
| Payments for settlement of derivatives | -2,000 | -2,247 |
| Payment of transaction costs related to loans | 0 | -565 |
| | -32,468 | -22,727 |
| TOTAL NET CASH FLOW | -1,798 | 2,529 |
| Cash and cash equivalents: | | |
| - at the beginning of period | 72,012 | 65,600 |
| - increase (+) / decrease (-) | -1,798 | 2,529 |
| Cash and cash equivalents at the end of period | 70,214 | 68,129 |

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 | 158 | 0 | 158 | 158 |
| Total comprehensive income and expense for the period | | | | | | | | | | |
| Net profit/-loss for the period (Note 5) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -8,251 | -8,251 | -8,251 |
| Total other comprehensive income and expense | 0 | 0 | 77 | 0 | 0 | 0 | 0 | 0 | 77 | 77 |
| Total comprehensive income and expense for the period | 0 | 0 | 77 | 0 | 0 | 0 | 0 | -8,251 | -8,174 | -8,174 |
| At 30 June 2013 | 404,290 | 639 | -25 | 58,993 | 16,651 | -4,163 | 685 | 242,250 | 719,320 | 719,320 |
| 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 | 154 | 0 | 154 | 154 |
| Total comprehensive income and expense for the period | | | | | | | | | | |
| 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 |
| At 30 June 2014 | 404,290 | 639 | 20 | 56,777 | 18,822 | -4,163 | 988 | 256,483 | 733,856 | 733,856 |

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 2014 were authorised for issue in accordance with a resolution of the Management Board on 14 August 2014. AS Tallink Grupp is a limited company incorporated in Estonia and employed 7,461 people at 30 June 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)

| 01.01.2014-30.06.2014 | Estonia- Finland route | Estonia- Sweden routes | Latvia- Sweden route | Finland- Sweden routes | Others | 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 |

| 01.01.2013-30.06.2013 | Estonia- Finland route | Estonia- Sweden routes | Latvia- Sweden route | Finland- Sweden routes | Others | Elimination of intersegment sales | Total |
|---------------------------------------|------------------------------|------------------------------|----------------------------|------------------------------|---------------|---|----------------|
| Revenue | | | | | | | |
| Sales to external customers | 146,089 | 48,783 | 32,546 | 161,377 | 50,815 | 0 | 439,610 |
| Inter-segment sales | 0 | 0 | 0 | 0 | 4,338 | -4,338 | 0 |
| | 146,089 | 48,783 | 32,546 | 161,377 | 55,153 | -4,338 | 439,610 |
| Segment result | 32,759 | 870 | -2,459 | 145 | 8,185 | 0 | 39,500 |
| Unallocated expenses | | | | | | | -21,722 |
| Net financial items (Note 4) | | | | | | | -17,110 |
| Profit/-loss before income tax | | | | | | | 668 |

Revenue by service

| (in thousands of euros) | 01.01.2014- 30.06.2014 | 01.01.2013- 30.06.2013 |
|---|---------------------------|---------------------------|
| Ticket sales | 103,188 | 110,036 |
| Sales of cargo transport | 53,282 | 52,962 |
| Sales of accommodation | 8,651 | 7,911 |
| Restaurant and shops sales on-board and on mainland | 236,905 | 239,464 |
| Income from leases of vessels | 16,818 | 14,526 |
| Other | 15,825 | 14,711 |
| Total revenue of the Group | 434,669 | 439,610 |

Note 4 FINANCE INCOME AND FINANCE COSTS

| (in thousands of euros) | 01.01.2014- 30.06.2014 | 01.01.2013- 30.06.2013 |
|--|---------------------------|---------------------------|
| Net foreign exchange gains | 1,700 | 6,112 |
| Income from interest rate swaps | 900 | 5,047 |
| Income from foreign exchange derivatives | 1,236 | 0 |
| Interest income | 31 | 54 |
| Total finance income | 3,867 | 11,213 |
| Interest expenses | -16,958 | -17,497 |
| Expenses from interest rate swaps | -3,527 | -2,247 |
| Expenses from foreign exchange derivatives | -1,152 | -8,579 |
| Total finance costs | -21,637 | -28,323 |

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.

| | 01.04.2014- 30.06.2014 | 01.04.2013- 30.06.2013 | 01.01.2014- 30.06.2014 | 01.01.2013- 30.06.2013 |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| 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 | 1,898,207 | 0 | 1,558,194 |
| Weighted average number of ordinary shares, diluted (pcs) | 669,882,040 | 671,780,247 | 669,882,040 | 671,440,234 |
| Net profit/-loss attributable to ordinary shareholders | 6,101 | 9,274 | -17,273 | -8,251 |
| Earnings per share, basic (in EUR per share) | 0.01 | 0.01 | -0.03 | -0.01 |
| Earnings per share, diluted (in EUR per share) | 0.01 | 0.01 | -0.03 | -0.01 |

Weighted average number of ordinary shares

| (pcs) | 01.04.2014- 30.06.2014 | 01.04.2013- 30.06.2013 | 01.01.2014- 30.06.2014 | 01.01.2013- 30.06.2013 |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| 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 30.06.2014 AS Tallink Grupp had three interest rate derivative contracts with total notional amount of EUR 270,000 thousand with the maturities in years 2014, 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 30.06.2014 is EUR-14,586 thousand. The fair value of the cross-currency rate derivatives recognized in the current interim financial statements as of 30.06.2014 is EUR -15,014 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 | 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 of 30 June 2014 | 4,323 | 1,461,903 | 10,532 | 1,777 | 1,478,535 |

As of 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 |

| | 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 | 221 | 31,390 | 2,968 | 35 | 34,614 |
| Reclassification | 0 | 2,135 | -2,135 | 0 | 0 |
| Disposals | -214 | 0 | -779 | 0 | -993 |
| Depreciation for the period | -206 | -31,333 | -2,115 | 0 | -33,654 |
| Book value as of 30 June 2013 | 5,454 | 1,512,081 | 8,946 | 481 | 1,526,962 |

As of 30 June 2013

| | | | | | |
|---------------------------|--------|-----------|---------|-----|-----------|
| -gross carrying amount | 12,639 | 1,681,084 | 28,448 | 481 | 1,722,652 |
| -accumulated depreciation | -7,185 | -169,003 | -19,502 | 0 | -195,690 |

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 | 1,506 | 1,506 |
| Amortisation for the period | 0 | -1,458 | -1,878 | -3,336 |
| Book value as of 30 June 2014 | 11,066 | 34,960 | 10,069 | 56,095 |

As of 30 June 2014

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

| | Goodwill | Trademark | Others | Total |
|--|---------------|---------------|--------------|---------------|
| Book value as of 31 December 2012 | 11,066 | 39,334 | 8,599 | 58,999 |
| Additions | 0 | 0 | 1,251 | 1,251 |
| Amortisation for the period | 0 | -1,458 | -963 | -2,421 |
| Book value as of 30 June 2013 | 11,066 | 37,876 | 8,887 | 57,829 |

As of 30 June 2013

| | | | | |
|---------------------------|--------|---------|---------|---------|
| -cost | 11,066 | 58,288 | 23,495 | 92,849 |
| -accumulated amortisation | 0 | -20,412 | -14,608 | -35,020 |

Note 9 INTEREST BEARING LOANS AND BORROWINGS

(in thousands of euros)

| | 31 December 2013 | New loans | Repayments | Exchange rate differences | Other changes [1] | 30 June 2014 |
|---------------------------|---------------------|---------------|----------------|---------------------------------|----------------------|----------------|
| Liabilities under finance | | | | | | |
| lease | 237 | 249 | -97 | 0 | 0 | 389 |
| Bonds | 106,389 | 0 | 0 | -514 | 128 | 106,003 |
| Overdraft | 18,456 | 26,589 | 0 | 0 | 0 | 45,045 |
| Long-term bank loans | 669,259 | 0 | -39,920 | 0 | 1,260 | 630,599 |
| TOTAL | 794,341 | 26,838 | -40,017 | -514 | 1,388 | 782,036 |
| incl. current portion | 106,014 | | | | | 132,445 |
| Non-current portion | 688,327 | | | | | 649,591 |

[1] Other changes are related to capitalisation and amortisation of transaction costs.

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 245,611 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 384,988 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 2014 the maximum number of authorised common shares is 2,133,333,333.

At 30 June 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 June 2014 14,692,768 share options were valid and outstanding. Average remaining time to maturity of the outstanding share options is 2-27 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.

Note 13 RELATED PARTY DISCLOSURES

(in thousands of euros)

| 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 |
| 6 months of 2013 or 30.06.2013 | Sales to related parties | Purchases from related parties | Receivables from related parties | Payables to related parties |
| AS Infortar | 34 | 27 | 8 | 5 |
| AS HT Valuuta | 58 | 0 | 1 | 0 |
| AS Vara HTG | 0 | 959 | 0 | 0 |
| OÜ Mersok | 0 | 5 | 0 | 1 |
| AS Vaba Maa | 10 | 281 | 2 | 79 |
| OÜ Sunbeam | 0 | 1,684 | 0 | 0 |
| AS Gastrolink | 1 | 502 | 0 | 83 |
| AS Tallink Takso | 0 | 36 | 0 | 8 |
| OÜ Topspa Kinnisvara | 0 | 1,285 | 0 | 0 |
| OÜ Hansa Hotell | 0 | 408 | 0 | 0 |
| OÜ Fastinvest | 0 | 601 | 0 | 0 |
| SIA Happy Trails | 0 | 1,667 | 0 | 323 |
| Eesti Laevaomanike Liit | 0 | 6 | 0 | 0 |
| SEB Tallink Tennis Team | 5 | 50 | 5 | 0 |

Note 14 SUBSEQUENT EVENTS

Announced dividends were paid out on 08.07.2014.

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 2014 ended 30 June 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 blue ink signature of Enn Pant, consisting of a long horizontal stroke with a loop at the end.

Chairman of the Management Board
Enn Pant

A blue ink signature of Andres Hunt, featuring a stylized 'A' and 'H'.

Vice Chairman of the Management Board
Andres Hunt

A blue ink signature of Janek Stalmeister, with a prominent vertical stroke.

Member of the Management Board
Janek Stalmeister

A blue ink signature of Lembit Kitter, with a stylized 'L' and 'K'.

Member of the Management Board
Lembit Kitter

A blue ink signature of Peter Roose, with a stylized 'P' and 'R'.

Member of the Management Board

Peter Roose

A blue ink signature of Kadri Land, with a stylized 'K' and 'L'.

Member of the Management Board

Kadri Land

Tallinn 14.08.2014