



AS TALLINK GRUPP

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

1 January 2014 - 31 December 2014

Beginning of the financial year	1. January 2014
End of the financial year	31. December 2014
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Primary activity	maritime transportation (passenger and cargo transportation)
Auditor	KPMG Baltics OÜ



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MANAGEMENT REPORT

AS Tallink Grupp and its subsidiaries (the Group) carried a total of nearly 8.9 million passengers in the 2014 financial year which is 2.6% less than the the year before. The Group's unaudited consolidated revenue was EUR 921.5 million which is 2.2% lower compared to the previous year. The unaudited gross profit was EUR 181.8 million, EBITDA EUR 150.6 million. Unaudited net profit amounted to EUR 27.3 million or EUR 0.04 per share, which is a 37.1% decrease compared to the previous year.

The 2014 revenue was affected by several actions and changes in the operations and market developments. Most noticeably the revenue from charters increased by 53.1% or EUR 16.3 million. This is a result of more vessels being in charter and is expected to continue showing a positive effect to the profitability in the forthcoming quarters. The ticket and cargo sales decreased by 7.5% and 2.4% respectively. Estonia-Finland route showed a slight decline with passenger's numbers decreasing by 1.3%, however cargo units transported increased by 13.8% and the segment revenue increased by 1.4%. On the Finland-Sweden route the passenger's volume decreased by 3.4%, cargo units transported decreased by 8.8% and the sales decreased by 5.6%. due to Silja Symphony and Silja Serenade being altogether 80 days in upgrade works and did not operate. The Latvia-Sweden route showed a decline with passenger's numbers decreasing by 12.5%, cargo units transported decreased by 26.5%, passenger vehicles transported decreased by 15.0% and the sales decreased by 16.5%. The decline in passenger and cargo volumes on the Latvia-Sweden route is due to Isabelle operating as the only vessel on the route since the beginning of August 2014. Throughout the year there was increased pressure from competitors in the form of aggressive pricing and added capacity.

In the fourth quarter (1 October - 31 December) of the 2014 financial year the Group carried over 2.05 million passengers which is 4.5% less compared to the same period last year. The number of cargo units transported decreased by 1.2% and the number of passenger vehicles transported decreased by 1.7%. The Group's consolidated revenue in the fourth quarter was EUR 224.1 million, being on the same level as in the last year. In the fourth quarter of the 2014 financial year the Group's gross profit amounted to EUR 49.5 million and EBITDA to EUR 41.1 million being respectively 33.4% or EUR 12.4 million and 37.7% or EUR 11.2 million more compared to the same period last year. The unaudited net profit for the fourth quarter of the 2014 financial year was EUR 8.4 million or EUR 0.01 per share compared to the net profit of EUR 7.5 million or EUR 0.01 per share in the same period last year.

In the fourth quarter the Estonia-Finland route showed a 1.8% decline in passenger's numbers, however cargo units transported increased by 8.2% and the segment revenue increased by 0.8%. The Finland-Sweden route showed a decline with passenger's numbers decreasing by 3.1%, cargo units transported decreased by 8.9%, the segment revenue decreased by 3.8%. The results were affected by Silja Symphony being out of operations due to upgrade works for two weeks in October. Despite the slight decline in passenger numbers we maintained our market share on the Finland-Sweden route. The Latvia-Sweden route showed a decline with passenger's numbers decreasing by 32.2%, cargo units transported decreased by 58.8%, passenger vehicles transported decreased by 36.9% and the segment revenue decreased by 35.1%. The results were affected by Romantika changing to Tallinn-Stockholm route, leaving Isabelle as the only operating vessel on the route. The 119.5% higher revenues from charters altogether EUR 16.2 million and lower cost had a positive effect to the fourth quarter result.

The Group was successful in lowering fuel cost in the fourth quarter by approximately EUR 9 million compared to the same period last year. This was a combined effect of reducing consumption through optimising current operations, by way of re-routings and charters and the drop in fuel global prices in the end of the 2014 financial year. The Group had a smooth transition switching to the low sulphur fuel in the end of the fourth quarter.

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 has been visible throughout the year.

The Group successfully continued the deleveraging strategy and the net debt decreased by EUR 44 million to a total of EUR 678 million in the 2014 financial year.

The total liquidity, cash and unused credit facilities at the end of the fourth quarter were EUR 67.9 million providing a strong position for sustainable operations. At the end of the fourth quarter 2014 the Group had EUR 65.3 million in cash and equivalents and the total of unused credit lines were at EUR 2.6 million.

The 2014 financial year result did not meet the management's expectations, however the fourth quarter result was strong and provides a good base for the forthcoming year. Due to increased competition, continuously weak Nordic economic environment and one-off effects the annual results for the 2014 financial year were weaker than expected. During the financial year several steps have been taken including charters, upgrades and re-routings with the goal to optimise operations. A positive effect to the profitability can be seen from the fourth quarter result. The management expects an improvement in the results for the 2015 financial year.

Q4 KEY FIGURES

		2014 Oct-Dec	2013 Oct-Dec	Change
Revenue	EUR million	224.1	224.0	0.1%
Gross profit	EUR million	49.5	37.1	33.4%
Gross margin (%)		22.1%	16.6%	
EBITDA	EUR million	41.1	29.8	37.7%
EBITDA margin (%)		18.3%	13.3%	
Net profit for the period	EUR million	8.4	7.5	11.5%
Net profit margin (%)		3.7%	3.4%	
Depreciation and amortization	EUR million	20.9	18.6	12.0%
Investments	EUR million	18.1	5.0	265.6%
Weighted average number of ordinary shares outstanding		669 882 040	669 882 040	
Earnings per share	EUR	0.01	0.01	11.5%
Number of passengers		2 051 410	2 148 204	-4.5%
Number of cargo units		77 816	78 771	-1.2%
Average number of employees		6 715	6 898	-2.7%

		31.12.2014	30.09.2014	
Total assets	EUR million	1 685.6	1 688.4	-0.2%
Interest-bearing liabilities	EUR million	743.4	770.9	-3.6%
Net debt	EUR million	678.1	704.8	-3.8%
Total equity	EUR million	778.3	770.1	1.1%
Equity ratio (%)		46.2%	45.6%	
Net debt to EBITDA		4.5	5.1	
Number of ordinary shares outstanding ¹		669 882 040	669 882 040	0%
Shareholders' equity per share	EUR	1.16	1.15	0.7%

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:

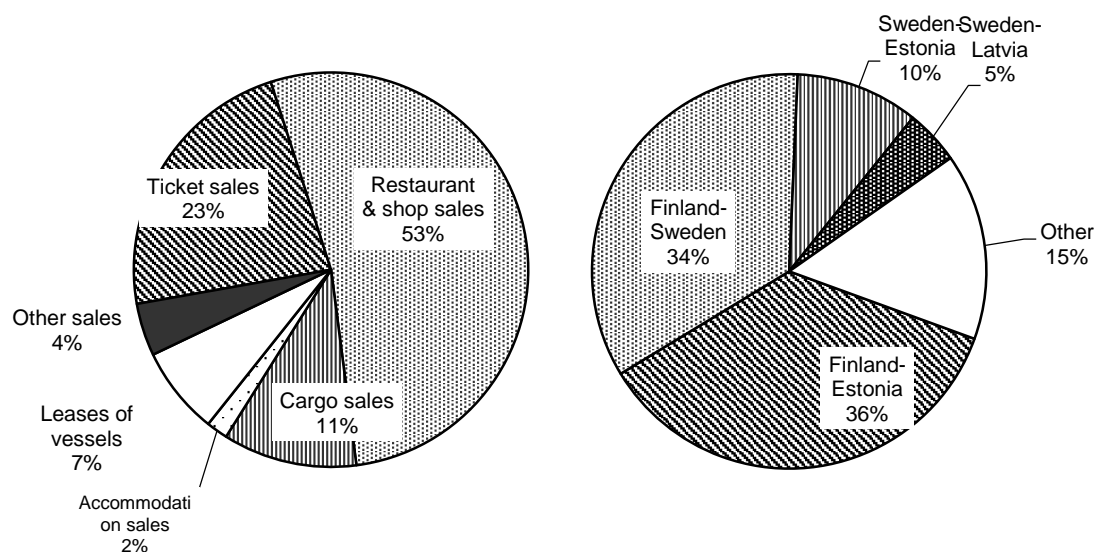
in EUR millions	Q4	Q1	Q2	Q3	Q4	change y-o-y
	2013	2014	2014	2014	2014	
Ticket sales	53.0	40.6	62.6	76.1	51.2	-3.5%
Restaurant & shop sales	124.9	103.9	133.0	132.1	118.5	-5.1%
Cargo sales	26.7	26.5	26.8	25.1	24.6	-7.8%
Accommodation sales	4.0	3.4	5.3	6.4	4.0	-1.3%
Leases of vessels	7.4	8.4	8.4	14.1	16.2	119.5%
Other sales	7.9	5.4	10.5	8.9	9.7	22.0%
Total revenue	224.0	188.2	246.5	262.7	224.1	0.1%

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

			Q4	Q1	Q2	Q3	Q4	Q4
			2013	2014	2014	2014	2014	change y-o-y
Finland- Estonia	Passengers	th.	1 102	935	1 176	1 325	1 082	-1.8%
	Cargo units	th.	39	39	42	44	43	8.2%
	Revenue	mil.EUR	80.4	65.0	84.5	91.2	81.0	0.8%
	Segment result	mil.EUR	21.8	10.9	22.3	26.1	23.7	8.9%
Finland- Sweden	Passengers	th.	656	592	708	778	636	-3.1%
	Cargo units	th.	25	23	22	20	23	-8.9%
	Revenue	mil.EUR	80.9	68.4	84.2	93.5	77.9	-3.8%
	Segment result	mil.EUR	0.3	-7.9	0.4	10.2	0.2	-15.3%
Sweden- Estonia	Passengers	th.	218	217	266	273	217	-0.6%
	Cargo units	th.	10	10	11	11	11	8.2%
	Revenue	mil.EUR	23.0	20.6	27.8	31.1	22.9	-0.3%
	Segment result	mil.EUR	-1.0	-3.5	2.3	5.8	0.1	107.3%
Sweden- Latvia	Passengers	th.	172	161	214	186	116	-32.2%
	Cargo units	th.	5	5	4	3	2	-58.8%
	Revenue	mil.EUR	15.6	13.3	18.6	17.9	10.1	-35.1%
	Segment result	mil.EUR	-1.2	-3.2	0.0	4.1	0.4	133.5%
Other	Revenue	mil.EUR	26.5	22.7	34.2	32.3	34.7	30.9%
	Segment result	mil.EUR	3.6	-0.3	9.9	8.4	9.4	162.4%
	<i>Inter segment sales</i>	mil.EUR	-2.4	-1.8	-2.9	-3.4	-2.4	1.4%
	Total revenue	mil.EUR	224.0	188.2	246.5	262.7	224.1	0.1%
	EBITDA	mil.EUR	29.8	4.5	41.1	64.0	41.1	37.7%
	Total segment result	mil.EUR	23.5	-4.0	35.0	54.5	33.8	44.1%
	Net profit/-loss	mil.EUR	7.5	-23.4	6.1	36.2	8.4	11.5%

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

The following graphs provide an overview of the sales distribution in the fourth 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 twelve months and fourth quarter of 2014 and 2013 financial years.

	Q4		Change	12 months		Change
	2014	2013		2014	2013	
Passengers	2 051 410	2 148 204	-4.5%	8 881 732	9 114 812	-2.6%
Finland-Sweden	636 056	656 344	-3.1%	2 713 789	2 810 290	-3.4%
Estonia-Finland	1 081 973	1 101 822	-1.8%	4 518 013	4 575 993	-1.3%
Estonia-Sweden	217 093	218 475	-0.6%	973 254	954 974	1.9%
Latvia-Sweden	116 288	171 563	-32.2%	676 676	773 555	-12.5%
Cargo Units	77 816	78 771	-1.2%	310 492	301 660	2.9%
Finland-Sweden	22 711	24 942	-8.9%	87 197	95 599	-8.8%
Estonia-Finland	42 507	39 271	8.2%	167 411	147 169	13.8%
Estonia-Sweden	10 656	9 847	8.2%	42 347	40 479	4.6%
Latvia-Sweden	1 942	4 711	-58.8%	13 537	18 413	-26.5%
Passenger Vehicles	244 018	248 131	-1.7%	1 112 381	1 119 889	-0.7%
Finland-Sweden	26 031	25 675	1.4%	161 197	165 034	-2.3%
Estonia-Finland	189 332	186 613	1.5%	798 082	790 255	1.0%
Estonia-Sweden	15 052	14 282	5.4%	73 889	71 398	3.5%
Latvia-Sweden	13 603	21 561	-36.9%	79 213	93 202	-15.0%

The Group's market shares on the routes operated during a 12 month period ending 31 December 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

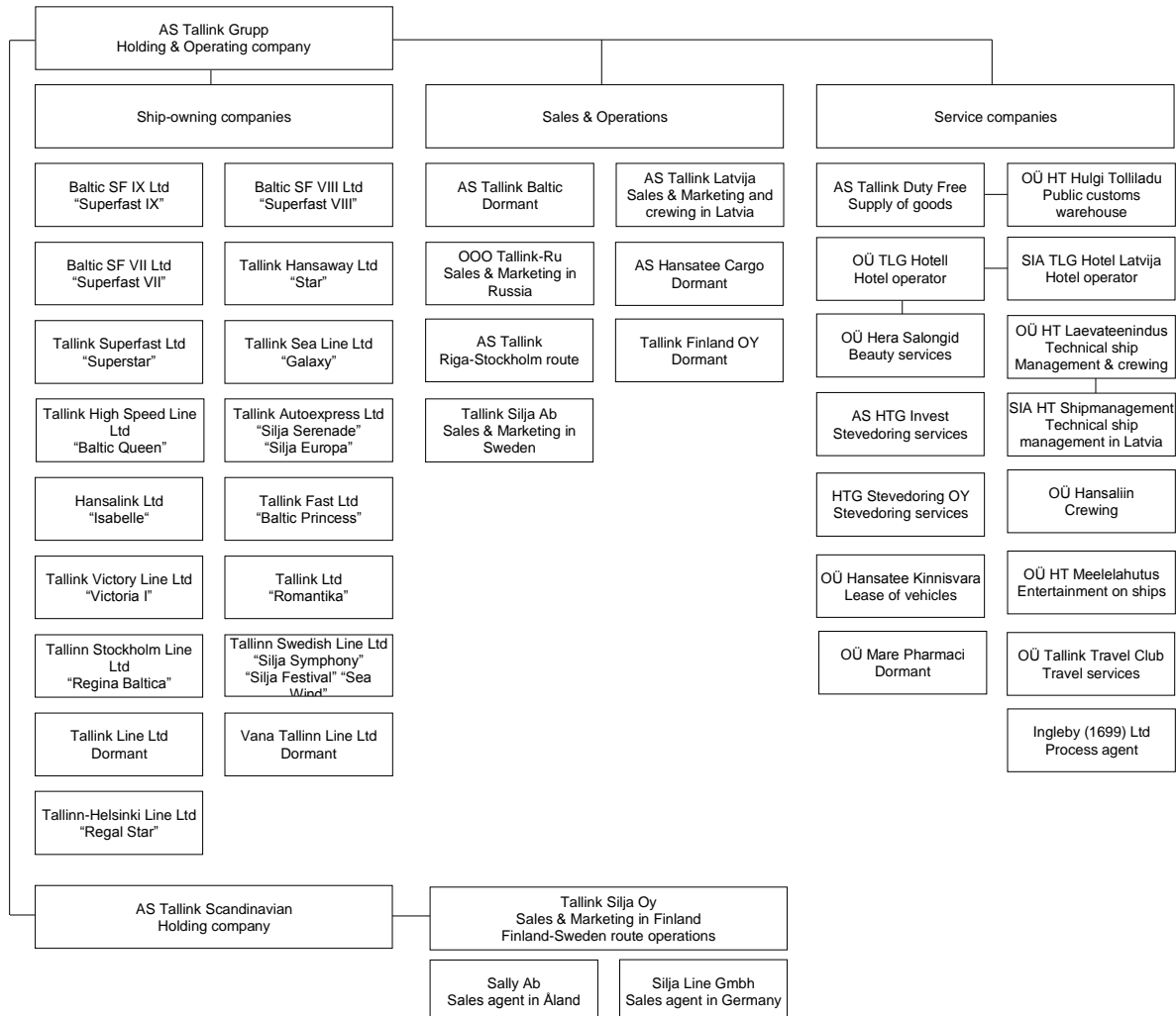
31 December 2014 the Group employed 6 654 employees (6 907, 31 December 2013). The following table provides a more detailed overview of the Group's personnel.

	Average of 4th quarter			Average of 12 months			End of fiscal year		
	2014	2013	change %	2014	2013	change %	31.12.14	31.12.13	change %
Onshore total	1 528	1 561	-2.1%	1 561	1 581	-1.3%	1 521	1 548	-1.7%
<i>Estonia</i>	779	803	-3.0%	799	806	-0.9%	770	798	-3.5%
<i>Finland</i>	472	481	-1.9%	484	495	-2.2%	471	475	-0.8%
<i>Sweden</i>	196	188	4.3%	194	195	-0.5%	199	189	5.3%
<i>Latvia</i>	67	75	-10.7%	70	71	-1.4%	67	72	-6.9%
<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	4 584	4 754	-3.6%	4 783	4 784	0.0%	4 525	4 771	-5.2%
Hotel*	603	583	3.4%	608	583	4.3%	608	588	3.4%
Total	6 715	6 898	-2.7%	6 952	6 948	0.1%	6 654	6 907	-3.7%

* 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:

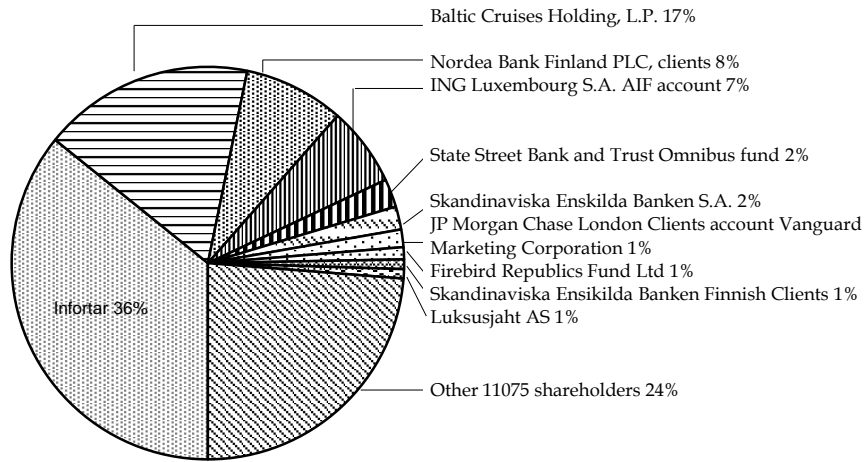


The Group also owns:

34% of AS Tallink Takso

SHAREHOLDERS & SHARE PRICE DEVELOPMENT

The following chart displays the shareholder structure of AS Tallink Grupp as of 31 December 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 Q4

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 cruise ferry *Silja Symphony* was out of operations in October for a total of 15 days and hence had an effect to passenger and cargo volumes on Sweden-Finland routes.

A Special General Meeting was held on 5th of December 2014. The resolutions adopted were: Election of the member of the Supervisory Board, remuneration for work of the member of the Supervisory Board.

The 7 317 500 share options issued by AS Tallink Grupp during the share option program had an exercise period from 31 May 2014 to 30 November 2014. As none of the option holders to whom option contracts were issued exercised the right to purchase shares by 30 November 2014 AS Tallink Grupp has cancelled 7 317 500 of the share options on 5 December 2014. The amount of outstanding share options after the cancellation remains 7 375 268.

AS Tallink Grupp and Meyer Turku Oy shipyard signed a Letter of Intent for the construction of an environmentally friendly car-passenger ferry for the Tallinn-Helsinki route shuttle operations. The ship will cost around 230 million euros and will be built at Turku shipyard for delivery in the beginning of 2017. The new ferry will be about 212 metres in length with a gross tonnage of 49 000. The ship will operate on the route between Helsinki and Tallinn and she is planned to carry 2800 passengers.

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 Chairman of the Management Board, Chief Executive Officer Mr. Enn Pant, resigned on 1st of January 2015. On 1st of January Mr. Pant joined the Supervisory Board as the Chairman of the Supervisory board. Starting from 1st of January of 2015 the new Chairman of the Management board and Chief Executive Officer is Mr. Janek Stalmeister.

A subsidiary of AS Tallink Grupp, Baltic SF IX Limited and Marine Atlantic Inc, a Canadian company with the state participation therein, have agreed to continue the charter MV *Atlantic Vision* (ex. *Superfast IX*), until November 2017. The vessel has been on the long-term bareboat charter since November 14, 2008.

The Group started operating the cargo ferry *Sea Wind* between Finland and Estonia in the beginning of 2015. *Sea Wind* discontinued operating between Finland and Sweden in the end of December, 2014.

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.

In management's opinion, the Group's financial position allows the Group to pay dividends. Management will propose to the shareholders' general meeting a dividend distribution of EUR 0.02 per share, i.e. EUR 13,397,641 in aggregate.

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 fourth 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 blue ink signature of Janek Stalmeister, consisting of a vertical line on the left and a horizontal line on the right with a small peak in the middle.

Janek Stalmeister Chairman of the Management Board

A blue ink signature of Andres Hunt, featuring a series of overlapping loops and a long horizontal stroke at the end.

Andres Hunt Vice Chairman of the Management Board

A blue ink signature of Lembit Kitter, showing a series of connected loops and a long horizontal stroke.

Lembit Kitter Member of the Management Board

A blue ink signature of Peter Roose, with two large, distinct loops at the beginning followed by a series of smaller loops.

Peter Roose Member of the Management Board

A blue ink signature of Kadri Land, featuring a large, flowing loop at the start followed by several smaller loops.

Kadri Land Member of the Management Board

26.02.2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(unaudited, in thousands of euros)	01.10.2014- 31.12.2014	01.10.2013- 31.12.2013	01.01.2014- 31.12.2014	01.01.2013- 31.12.2013
Revenue (Note 3)	224,141	223,982	921,466	941,983
Cost of sales	-174,619	-186,859	-739,626	-751,827
Gross profit	49,522	37,123	181,840	190,156
Marketing expenses	-15,702	-13,650	-62,585	-63,292
Administrative expenses	-13,870	-12,679	-49,443	-45,148
Other income	709	1,035	1,696	2,120
Other expenses	-496	-664	-854	-805
Result from operating activities	20,163	11,165	70,654	83,031
Finance income (Note 4)	4,623	5,757	11,760	21,547
Finance costs (Note 4)	-19,059	-14,538	-52,443	-57,503
Share of profit/-loss from equity accounted investees	24	17	24	17
Profit/-loss before income tax	5,751	2,401	29,995	47,092
Income tax	2,633	5,117	-2,734	-3,786
Net profit/-loss for the period	8,384	7,518	27,261	43,306
Other comprehensive income/-expense				
Items that may be reclassified to profit or loss				
Exchange differences on translating foreign operations	242	34	286	114
Other comprehensive income/-expense for the period	242	34	286	114
Total comprehensive income/-expense for the period	8,626	7,552	27,547	43,420
Earnings per share (in EUR per share)				
- basic (Note 5)	0.01	0.01	0.04	0.06
- diluted (Note 5)	0.01	0.01	0.04	0.06

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(unaudited, in thousands of euros)

ASSETS	31.12.2014	31.12.2013
Current assets		
Cash and cash equivalents	65,311	72,012
Trade and other receivables	38,210	40,544
Prepayments	5,448	3,185
Derivatives	0	679
Inventories	31,315	33,457
Total current assets	140,284	149,877
Non-current assets		
Investments in equity-accounted investees	286	262
Other financial assets	252	385
Deferred income tax assets	21,338	17,413
Investment property	300	300
Property, plant and equipment (Note 7)	1,467,964	1,495,895
Intangible assets (Note 8)	55,174	57,925
Total non-current assets	1,545,314	1,572,180
TOTAL ASSETS	1,685,598	1,722,057
LIABILITIES AND EQUITY		
Current liabilities		
Interest bearing loans and borrowings (Note 9)	149,850	106,014
Trade and other payables	92,536	97,387
Deferred income	29,408	28,315
Derivatives (Note 6)	41,982	30,888
Total current liabilities	313,776	262,604
Non-current liabilities		
Interest bearing loans and borrowings (Note 9)	593,532	688,327
Other liabilities	0	63
Total non-current liabilities	593,532	688,390
TOTAL LIABILITIES	907,308	950,994
EQUITY		
Equity attributable to equity holders of the parent		
Share capital	404,290	404,290
Share premium	639	639
Reserves	70,129	70,111
Retained earnings	303,232	296,023
Total equity attributable to equity holders of the parent	778,290	771,063
TOTAL EQUITY	778,290	771,063
TOTAL LIABILITIES AND EQUITY	1,685,598	1,722,057

CONSOLIDATED CASH FLOW STATEMENT

(unaudited, in thousands of euros)	01.01.2014 - 31.12.2014	01.01.2013- 31.12.2013
Cash flows from operating activities		
Net profit/-loss for the period	27,261	43,306
Adjustments	124,329	118,619
Changes in receivables and prepayments related to operating activities	-2,291	4,229
Changes in inventories	2,142	-4,031
Changes in liabilities related to operating activities	-803	6,649
Income tax paid/repaid	71	-378
	150,709	168,394
Cash flow used for investing activities		
Purchase of property, plant and equipment and intangible assets (Notes 7, 8, 9)	-49,148	-43,291
Proceeds from disposals of property, plant and equipment	215	1,318
Interest received	140	114
	-48,793	-41,859
Cash flow from (+)/ used for (-) financing activities		
Proceeds from loans	0	24,000
Redemption of loans (Note 9)	-89,842	-198,126
Change in overdraft (Note 9)	43,993	18,456
Proceeds from bonds	0	115,487
Repayment of finance lease liabilities (Note 9)	-75	-96
Interest paid	-33,270	-32,439
Payments for settlement of derivatives	-3,985	-4,451
Payment of transaction costs related to loans	0	-557
Dividends paid (Note 12)	-20,096	-33,494
Income tax on dividends paid	-5,342	-8,903
	-108,617	-120,123
TOTAL NET CASH FLOW	-6,701	6,412
Cash and cash equivalents:		
- at the beginning of period	72,012	65,600
- increase (+) / decrease (-)	-6,701	6,412
Cash and cash equivalents at the end of period	65,311	72,012

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
Transfer from revaluation reserve	0	0	0	-2,216	0	0	0	2,216	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	307	0	307	307
Total comprehensive income and expense for the period										
Net profit/-loss for the period (Note 5)	0	0	0	0	0	0	0	43,306	43,306	43,306
Total other comprehensive income and expense	0	0	114	0	0	0	0	0	114	114
Total comprehensive income and expense for the period	0	0	114	0	0	0	0	43,306	43,420	43,420
At 31 December 2013	404,290	639	12	56,777	16,651	-4,163	834	296,023	771,063	771,063
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
Transfer from revaluation reserve	0	0	0	-2,215	0	0	0	2,215	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	-224	0	-224	-224
Total comprehensive income and expense for the period										
Net profit/-loss for the period (Note 5)	0	0	0	0	0	0	0	27,261	27,261	27,261
Total other comprehensive income and expense	0	0	286	0	0	0	0	0	286	286
Total comprehensive income and expense for the period	0	0	286	0	0	0	0	27,261	27,547	27,547
At 31 December 2014	404,290	639	298	54,562	18,822	-4,163	610	303,232	778,290	778,290

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 12 months of the financial year 2014 were authorised for issue in accordance with a resolution of the Management Board on 26 February 2015. AS Tallink Grupp is a limited company incorporated in Estonia and employed 6,654 people at 31 December 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)

01.01.2014-31.12.2014	Estonia- Finland route	Estonia- Sweden routes	Latvia- Sweden route	Finland- Sweden routes	Others	Elimination of intersegment sales	Total
Revenue							
Sales to external customers	321,738	102,442	60,023	323,969	113,294	0	921,466
Inter-segment sales	0	0	0	0	10,553	-10,553	0
	321,738	102,442	60,023	323,969	123,847	-10,553	921,466
Segment result							
Unallocated expenses	82,937	4,648	1,297	2,964	27,409	0	119,255
Net financial items (Note 4)							-48,601
Share of profit/-loss from equity accounted investees							-40,683
							24
Profit/-loss before income tax							29,995

01.01.2013-31.12.2013	Estonia- Finland route	Estonia- Sweden routes	Latvia- Sweden route	Finland- Sweden routes	Others	Elimination of intersegment sales	Total
Revenue							
Sales to external customers	317,408	104,922	71,917	343,200	104,536	0	941,983
Inter-segment sales	0	0	0	0	10,295	-10,295	0
	317,408	104,922	71,917	343,200	114,831	-10,295	941,983
Segment result							
Unallocated expenses	82,948	7,584	1,116	15,325	19,891	0	126,864
Net financial items (Note 4)							-43,833
Share of profit/-loss from equity accounted investees							-35,956
							17
Profit/-loss before income tax							47,092

Revenue by service

(in thousands of euros)	01.01.2014- 31.12.2014	01.01.2013- 31.12.2013
Ticket sales	230,459	249,210
Sales of cargo transport	103,060	105,568
Sales of accommodation	18,967	17,976
Restaurant and shops sales on-board and on mainland	487,546	507,307
Income from leases of vessels	47,072	30,755
Other	34,362	31,167
Total revenue of the Group	921,466	941,983

Note 4 FINANCE INCOME AND FINANCE COSTS

(in thousands of euros)	01.01.2014- 31.12.2014	01.01.2013- 31.12.2013
Net foreign exchange gains	10,411	13,289
Income from interest rate swaps	1,274	8,143
Interest income	75	115
Total finance income	11,760	21,547
Interest expenses	-35,411	-36,802
Expenses from interest rate swaps	-9,864	-4,451
Expenses from foreign exchange derivatives	-7,168	-16,250
Total finance costs	-52,443	-57,503

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.

	01.10.2014- 31.12.2014	01.10.2013- 31.12.2013	01.01.2014- 31.12.2014	01.01.2013- 31.12.2013
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	-1,348,971	0	-1,348,971
Weighted average number of ordinary shares, diluted (pcs)	669,882,040	671,231,011	669,882,040	671,231,011
Net profit/-loss attributable to ordinary shareholders	8,384	7,518	27,261	43,306
Earnings per share, basic (in EUR per share)	0.01	0.01	0.04	0.06
Earnings per share, diluted (in EUR per share)	0.01	0.01	0.04	0.06

Weighted average number of ordinary shares

(pcs)	01.10.2014- 31.12.2014	01.10.2013- 31.12.2013	01.01.2014- 31.12.2014	01.01.2013- 31.12.2013
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 31.12.2014 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 31.12.2014 is EUR -18,564 thousand. The fair value of the cross-currency rate derivatives recognized in the current interim financial statements as of 31.12.2014 is EUR -23,418 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	4	41,480	4,743	383	46,610
Exchange rate differences	0	0	3	0	3
Disposals	0	0	-189	0	-189
Depreciation for the period	-1,116	-69,110	-4,129	0	-74,355
Book value as of 31 December 2014	3,729	1,451,400	10,000	2,835	1,467,964

As of 31 December 2014

-gross carrying amount	12,786	1,714,237	30,838	2,835	1,760,696
-accumulated depreciation	-9,057	-262,837	-20,838	0	-292,732

	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	723	31,786	5,082	2,006	39,597
Reclassification	0	2,135	-2,135	0	0
Disposals	-214	-1,538	-866	0	-2,618
Depreciation for the period	-1,321	-63,242	-3,516	0	-68,079
Book value as of 31 December 2013	4,841	1,479,030	9,572	2,452	1,495,895

As of 31 December 2013

-gross carrying amount	12,782	1,678,733	27,692	2,452	1,721,659
-accumulated depreciation	-7,941	-199,703	-18,120	0	-225,764

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	2,802	2,802
Amortisation for the period	0	-2,916	-2,637	-5,553
Book value as of 31 December 2014	11,066	33,502	10,606	55,174

As of 31 December 2014

-cost	11,066	58,288	27,562	96,916
-accumulated amortisation	0	-24,786	-16,956	-41,742

	Goodwill	Trademark	Others	Total
Book value as of 31 December 2012	11,066	39,334	8,599	58,999
Additions	0	0	4,023	4,023
Amortisation for the period	0	-2,916	-2,181	-5,097
Book value as of 31 December 2013	11,066	36,418	10,441	57,925

As of 31 December 2013

-cost	11,066	58,288	25,802	95,156
-accumulated amortisation	0	-21,870	-15,361	-37,231

Note 9 INTEREST BEARING LOANS AND BORROWINGS

(in thousands of euros)

	31 December 2013	New loans	Repayments	Exchange rate differences	Other changes [1]	31 December 2014
Liabilities under finance						
lease	237	264	-75	-18	-50	358
Bonds	106,389	0	0	-8,008	255	98,636
Overdraft	18,456	43,993	0	0	0	62,449
Long-term bank loans	669,259	0	-89,842	0	2,522	581,939
TOTAL	794,341	44,257	-89,917	-8,026	2,727	743,382
incl. current portion	106,014					149,850
Non-current portion	688,327					593,532

[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 227,873 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 354,066 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 31 December 2014 the maximum number of authorised common shares is 2,133,333,333.

At 31 December 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.

As none of the option holders to whom option contracts were issued exercised the right to purchase shares by 30 November 2014 AS Tallink Grupp has cancelled 7,317,500 of the share options on 5 December 2014.

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 31 December 2014 7,318,638 share options were valid and outstanding. Average remaining time to maturity of the outstanding share options is 12-18 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)

12 months of 2014 or 31.12.2014	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
AS Infortar	176	47	1	5
AS HT Valuuta	113	0	1	0
AS Vara HTG	0	2,775	0	857
OÜ Mersok	0	9	0	1
AS Vaba Maa	13	673	1	85
OÜ Sunbeam	0	3,709	0	257
AS Gastrolink	4	1,163	1	76
AS Tallink Takso	1	83	1	14
OÜ Topspa Kinnisvara	0	2,634	0	0
OÜ Hansa Hotell	0	1,033	0	178
OÜ Fastinvest	0	1,234	0	0
SIA Happy Trails	1	3,305	0	337
Eesti Laevaomanike Liit	0	14	0	0
MTÜ SEB Tallink Tennis Team	0	50	0	0
OÜ Inf Maja	3	0	0	0
MTÜ Eesti Tennis Liit	24	165	1	0
12 months of 2013 or 31.12.2013	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
AS Infortar	84	50	10	5
AS HT Valuuta	118	0	1	0
AS Vara HTG	0	2,693	0	775
OÜ Mersok	0	9	0	1
AS Vaba Maa	20	681	2	60
OÜ Sunbeam	0	3,648	0	280
AS Gastrolink	2	1,057	0	92
AS Tallink Takso	0	77	0	14
OÜ Topspa Kinnisvara	0	2,570	0	0
OÜ Hansa Hotell	0	914	0	98
OÜ Fastinvest	0	1,186	0	0
SIA Happy Trails	5	3,314	1	495
Eesti Laevaomanike Liit	0	13	0	0
MTÜ SEB Tallink Tennis Team	6	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 fourth quarter of the financial year 2014 ended 31 December 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.



Chairman of the Management Board
Janek Stalmeister



Vice Chairman of the Management Board
Andres Hunt



Member of the Management Board
Peter Roose



Member of the Management Board
Lembit Kitter



Member of the Management Board
Kadri Land

Tallinn 26.02.2015