AS TALLINNA SADAM
(PORT OF TALLINN)

Consolidated interim report for the 6 months ended 30.06.2007

(Translation of the Estonian original)

AS TALLINNA SADAM
(PORT OF TALLINN)

CONSOLIDATED INTERIM REPORT 6 MONTHS 2007

Commercial Registry no	10137319
VAT Registration no.	EE100068489
Mailing address	Sadama 25 15051 Tallinn
Country of incorporation	Republic of Estonia
Phone	+372 631 8001
Fax	+372 631 8006
E-mail	portoftallinn@ts.ee
Web site	http://www.portoftallinn.com/
Field of activity	provision of port services
Beginning of financial year	1 January
End of financial year	31 December
Legal status	Public limited company
Auditor	AS PricewaterhouseCoopers

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MANAGEMENT REPORT

The Management Report of AS Tallinna Sadam is based on consolidated indicators.

1. COMPANY OVERVIEW

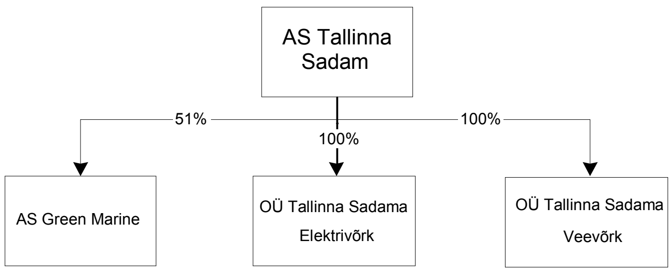
AS Tallinna Sadam is Estonia's largest complex of cargo and passenger ports. All ports are navigable round the year, well accessible and with sufficient depth, ready to receive all vessels passing through the Danish Straits.

The principal business of AS Tallinna Sadam as the Group's parent company is provision of port services as a landlord-type port responsible for infrastructure management and development as well as arrangement of vessel traffic in the port area. The parent company is the owner of five ports: Old City Port located in the centre of Tallinn and known as a passenger port, the commercial port in Paljassaare, the largest commercial port of Estonia in Muuga, the commercial and passenger port in Paldiski (Paldiski South Port), and the newest port in Saaremaa for receiving cruise vessels, which opened in 2006.

At the end of the first six months in 2007, the consolidation group of AS Tallinna Sadam consists of the Parent Company and its three subsidiaries:

- **AS Green Marine** – organisation of ship-generated waste reception and handling at the ports;
- **OÜ Tallinna Sadama Elektrivõrk** – provision of electricity transmission and distribution services at the ports;
- **OÜ Tallinna Sadama Veevõrk** – provision of water and thermal energy transmission and distribution service at the ports (the company had not yet started active business operations as at the end of the first six months in 2007).

The purpose of ownership of the subsidiaries is separation of auxiliary operations from the provision of port services by taking these operations under direct management of the subsidiaries.



2. ECONOMIC ENVIRONMENT

In the autumn, world economic growth for the current year was estimated at 4.5%-5%, but rapid growth in the first six months enabled to increase the forecast to 5.2%.[1] Higher growth expectations are associated mainly with countries undergoing a period of rapid development – China, India and Russia. However, increased expectations for economic growth have also increased the risk level of future growth expectations. The main risks are related to exhaustion of production capacity due to rapid growth and increasing inflation, which increases the likelihood of interference by central banks through further implementation of stricter monetary policies. The risk of oil price increase has not lessened either and the loan quality, being the foundation of stability in money markets, seems to be occasionally an issue of growing concern. Positive indicators are the reduction of risks associated with US internal demand, strengthening of demand in Japan and the Euro-zone, as well as balancing of several other risks to some degree.

[1] IMF World Economic Outlook Update, 25 July 2007

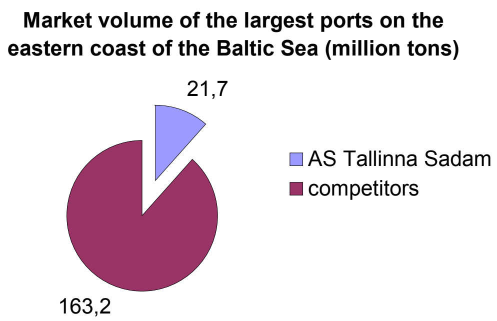
2.1. Developments in Russia

In the first six months in 2007, Russian crude oil production grew by 3% compared to the same period last year. Crude oil export in the same period grew by 5.2%, to 120 million tonnes. According to Russian government forecast, export of Russian oil products will decrease to 101 million tonnes in 2007 and to 99 million tonnes in 2009. Russia's strategic goal is to increase the crude oil processing capacity and sell more oil products in the domestic market. Russia's coal production in the first half of 2007 was 151 million tonnes. Coal production decreased by 1% compared to the previous year. Export volume in the first six months in 2007 was 46.8 million tonnes, representing a growth by 9%. In the next years, Russia intends to replace natural gas with coal in its electricity production, thus increasing the natural gas export volumes, which in turn could mean reduced coal export.

According to forecasts, import of goods to Russia is expected to rise annually by up to 40% in the next three years, reaching nearly 300 billion US dollars in 2010. As the majority of imported goods are transported in sea containers, this would mean a long-term increase in the container flows to Russia also through AS Tallinna Sadam.

2.2. Competitive position

In the first half of 2007, the total cargo volume of the largest ports on the eastern coast of the Baltic Sea, or market volume, amounted to 185 million tonnes, which meant a whole 10% increase in the market volume (in the first six months in 2006, the market volume was 167 million tonnes and the increase 4.9%).



After adding the cargo turnover of other Estonian ports (4.8 million tonnes), the total cargo volume of AS Tallinna Sadam and its competitors in the first half of 2007 was 190 million tonnes, increasing by 18 million tonnes or 10.6% over the same period in 2006. The increased market volume was caused mainly by increased liquid cargo, dry bulk and container volumes.

The market share of Russia's ports competing with other larger ports on the eastern coast of the Baltic Sea continued to grow and the growth even accelerated slightly in the first half of 2007. Most of the market growth was allocated to the ports of Primorsk and St Petersburg, with 25% and 20% share of the market growth, respectively. They were followed by the ports of Ust-Luga (11%), Gdynia (8%) and Klaipeda (8%). The share of AS Tallinna Sadam in the market volume growth was 6%. Among the largest ports, the cargo volumes decreased in Riga (-1%) and Gdansk (-5%). The market share of AS Tallinna Sadam in cargo transport among the largest ports on the eastern coast of the Baltic Sea decreased slightly compared to the previous year, falling from 12.4% to 11.8%.

With its cargo volume of 36.4 million tonnes, Primorsk was still the largest port on the eastern coast of the Baltic Sea in the first half of 2007. The source of growth at Primorsk Port was liquid cargo. The second largest port was St Petersburg with a cargo volume of 28.3 million tonnes. The cargo volume of AS Tallinna Sadam remained at the third place among the largest ports on the eastern coast of the Baltic Sea, outpacing other ports in the region with the exception of the market leading Russia's largest ports. Klaipeda, Lithuania's largest cargo port, overtook Riga and now ranks fifth after the Port of Ventspils. The cargo volume of the Port of Sillamäe in the first half of 2007 (1 million tonnes), which was opened in 2005 in East-Estonia, was equal with the growth of cargo volume of AS Tallinna Sadam in the same period.

3. RESULTS OF OPERATIONS

The cargo volume passing through the ports of AS Tallinna Sadam increased in the first half of 2007. The number of passenger decreased somewhat as a result of changes in the liner market. However, the growth of cargo volume turned negative in June due to significant reduction of cargo flows from Russia as a result of cargo redirection to the ports of Russia and other Baltic countries.

Cargo volume

In the first half of 2007, the cargo volume passing through the ports of AS Tallinna Sadam increased by 1 million tonnes (or 4.9%), reaching 21.7 million tonnes. The increase in cargo volume was caused mainly by the increase in dry bulk and to a lesser degree also in liquid cargo volumes. The cargo volume of the new coal terminal, operating in Muuga Port for two years, was the main contributor to the growth of dry bulk. Container and rolling stock volumes continued their growth at a stable rate, but their share in the total cargo volume remained insignificant.

By cargo types, the share of dry bulk increased as expected. The majority of the cargo volume was still made up of liquid cargo with 60%, followed by dry bulk with 26% and rolling stock with 8% (in the first half of 2006, the respective figures were 61%, 24% and 8%).

By transport directions, the cargo volume included 86% transit, 8% export and 6% import goods (in the first half of 2006, the respective figures were 85%, 8% and 7%).

The cargo transport through AS Tallinna Sadam is not seasonal in nature. Cargo volume passing through the port in winter may be affected by freezing sea lanes in the Finnish Gulf due to long periods of cold weather where ice-breaking activities may slow down the movement of vessels and cargo (last extraordinarily difficult ice conditions existed at the beginning of 2003). The fluctuations in cargo volume are normally related to changes in market conditions (incl. changes in the world market prices of cargo, development of Russian port capacities or changes in Russia's export duties).

As of May this year, the volume of transit goods arriving in Estonia from Russia by the railway decreased approximately by a third. As railway is also the main channel of cargo transport to the ports of AS Tallinna Sadam, the volume of cargo passing through the ports also decreased as of June. There are currently no dependable data that would enable to predict reliably the duration of this situation.

Number of passengers

In the first half of 2007, the total number of passengers travelling through the ports of AS Tallinna Sadam was 2.9 million, which was 4.1% less than in the same period a year ago (the respective figures stood at 3.0 million passengers and a decrease of 4.6%). The reduction in the number of passengers continued after the sudden increase following the accession to the European Union.

The number of passengers continued to grow on the Tallinn-Stockholm line (increase by 34 thousand passengers or 12%), amounting to 308 thousand passengers. On other lines, the number of passengers decreased: on the Tallinn-Helsinki line by 91 thousand passengers (or 4%) to 2.44 million passengers, and on the Paldiski-Kapellskär line by 41 thousand passengers (62%) to 25 thousand passengers. The Hanko-Paldiski-Rostock line, which operated as a new line in the second quarter of the last year, was not reopened in this year.

The number of traditional cruise passengers increased slightly, amounting to 103 thousand passengers (increase by 2 thousand passengers or 2%). As expected, Saaremaa Harbour that was opened in the last year for receiving cruise passengers did not yet achieve a significant volume of cruise passengers.

In the spring-summer-autumn (warmer) season, passenger ship operators use fast ferries on the Tallinn-Helsinki line to provide faster and more cost-efficient service for growing number of passengers during this period. In the first six months in 2007, fast ferries carried 0.38 million passengers or 16% of the line's volume (the figures in the same period last year were 0.56 million passengers or 22%). The share of seasonal fast ferries on the Tallinn-Helsinki line had decreased in the past year, but the decrease was partially due to replacement of some seasonal fast ferries with larger fast ferries that are operable throughout the year.

The peak period of cruise ship visits is mostly between May and September.

Such seasonal variations occur regularly in passenger transport and, therefore, they do not have an extraordinary effect on the financial results of AS Tallinna Sadam.

Income and expenses

The consolidated sales of AS Tallinna Sadam continued to grow in the first half of 2007 and amounted to EEK 652.4 million (EUR 41.7 million), increasing by 3.8% (in 2006, the respective figures were EEK 628.3 million (EUR 40.2 million) and 8.5% growth). The increase in sales was mainly due to the increase in port dues, offsetting the decrease in the cargo charges and sale of services. Income from port dues rose by EEK 31 million (EUR 2.0 or 9%), while the income from cargo charges and sale of services decreased by EEK 4.4 million (EUR 0.3 million or 4%) and EEK 3.4 million (EUR 0.2 million or 6%), respectively. The increased sales from port dues was caused by the increase in the gross tonnage of passenger vessels that visited the ports of AS Tallinna Sadam, as well as by the indexation of port dues. The total number of vessel visits and the gross tonnage of cargo vessels did not change significantly. The sale of services, comprising mainly the sale of utilities, decreased as a result of a drop in consumption volumes in the first months of the year. Decrease in the income from cargo charges on the background of increased cargo volume was caused by some changes in the cargo structure and tariffs. Income from passenger fees remained unchanged, because the reduction in the income caused by the decline in the number of passengers was offset by the effect of indexation of passenger fees.

The operating profit[2] for the first half of 2007 amounted to EEK 340 million (EUR 21.8 million), which exceeds the operating profit for the same period last year by EEK 2 million (EUR 0.1 million or 0.6%).

The expenses related to operating activities totalled EEK 312 million (EUR 20.0 million), increasing by EEK 22 million (EUR 1.4 million or 7.6%). The increase in personnel expenses as a result of higher wages (increase by EEK 10.3 million (EUR 0.7 million or 17%)) was the main contributor to the growth of expenses. Depreciation and impairment of fixed assets amounted to EEK 99 million (EUR 6.3 million), increasing by EEK 7.8 million (EUR 0.5 million) as a result of growth in the total volume of fixed assets and a one-time impairment. Operating expenses did not change significantly and amounted to EEK 142 million (EUR 9.1 million), increasing only by 2.8%.

The operating margin[3] of the Group was 52%, which once again meant slight reduction compared with the same period last year (the corresponding figure was 54%), mainly due the relatively higher growth of expenses related to operating activities compared with the increase in sales.

The operating profit amounted to EEK 342 million (EUR 21.9 million), which is EEK 134 million (EUR 8.6 million) less than the respective indicator from the last year. The drop in operating profit was mainly caused by the decrease in other income, which in the same period last year included one-time profit from the sales of fixed assets amounting to EEK 131 million (EUR 8.4 million). The company

[2] operating profit before other income and other expenses
[3] operating profit/sales

sold a number of its buildings, mainly at the ports of Paljassaare and Muuga, as continuing their use for a long term was not justified.

The interest expenses totalled EEK 36.2 million (EUR 2.3 million), increasing by EEK 7.7 million (EUR 0.5 million) or 27% over the same period in the last year. The increase in interest expenses is associated with higher interest rates, which made the use of loan capital more expensive. However, the impact of the rise of interest rates for AS Tallinna Sadam remained limited as a result of the reduction of interest rate risk through use of derivative instruments.

The consolidated net profit for the first six months in 2007 amounted to EEK 229.6 million (EUR 14.7 million), which meant a reduction of net profit by EEK 133 million (EUR 8.5 million) or 37% compared with the same period a year earlier. The decrease in the net profit was caused mainly by the non-recurrence of the last year's profit from the sale of fixed assets (EEK 131 million (EUR 8.4 million)) and increase in interest expenses.

The financial risks affecting AS Tallinna Sadam and the methods used for their hedging are presented in Note 5 to the interim report.

Return

The return on assets of AS Tallinna Sadam (annualized net profit divided by the average volume of assets in the period) was 7.1%, which was significantly lower than the 12.1% return on assets in the last year, which was achieved as a result of the one-time profit from the sale of fixed assets. When calculating the return on assets on the basis of adjusted net profit[4], the return on assets in the first half of the year would be 9.7% compared with 10.5% a year earlier. Lower return on assets is caused by the increased volume of assets.

In the first half of 2007, the return on equity of AS Tallinna Sadam (annualized net profit divided by the average volume of equity in the period) was 10.4%, which was also lower than the 17.5% return on equity in the last year, which was gained as a result of the one-time profit from the sale of fixed assets. The corresponding figure based on adjusted net profit was 14% (and 15.2% a year earlier) and the decrease was associated with the increase in the average volume of equity.

4. INVESTMENTS AND DEVELOPMENT

In the first half of 2007, the Group invested a total of EEK 405 million (EUR 25.9 million) in new infrastructure objects and improvement of existing infrastructure, which surpassed the investments made in the same period last year (EEK 195 million (EUR 12.5 million) in total) by EEK 210 million (EUR 13.4 million) or 108%. Most of the investments were traditionally related to water transport facilities (quays and aquatory), with the greatest part used to improve passenger vessel reception conditions at the Old City Port. Additionally, investments were made in the improvement of cargo vessel service opportunities, purchase of land to increase the area at the rear of the port, development of Muuga industrial park, and expansion of the network of access routes to the port.

In addition to investments, AS Tallinna Sadam incurs each year substantial research and development costs, which totalled nearly EEK 6 million (EUR 0.4 million) in the first half of 2007, remaining at the last year's level. The main part of research and development costs are directed at finding lucrative trade flows and analysis of potential development projects in terms of their environmental, structural and economic feasibility.

[4] Net profit has been adjusted by income tax expense on dividends and by the profit from the sale of fixed assets that are not associated with principal business

5. ENVIRONMENTAL PROTECTION

The activities targeted at environmental protection play a very important role due to the large-scale development projects of AS Tallinna Sadam. The major projects continued in the first half of 2007 included environmental impact assessments for the expansion of the eastern part of Muuga Port and for the western part of the port. Studies are conducted to assess the impact of development on the environment, people, animals, plants, etc., and to develop measures for reducing negative environmental impact. The bird population and marine environment are monitored after completion of Saaremaa Harbour. Post-dredging monitoring and environmental impact assessment for port expansion are carried out at Paldiski South Port. Noise research and air surveillance are carried out at Muuga Port.

6. ORGANISATION AND PERSONNEL

In the first half of 2007, the average number of the Group's employees was 559 (566 in the same period in 2006) and employee wages and salaries totalled EEK 45.8 million (EUR 2.9 million), compared with EEK 40.2 million (EUR 2.6 million) a year earlier.

In the first half of 2007, the members of the Supervisory Board of the Parent Company received remuneration totalling EEK 271 thousand (EUR 17 thousand), while the corresponding amount in the previous year was EEK 281 thousand (EUR 18 thousand).

In the first half of 2007, the members of the Management Board of the Parent Company received remuneration totalling EEK 1 129 thousand (EUR 72 thousand). In the first half of 2006, the members of the Management Board received remuneration totalling EEK 1 168 thousand (EUR 75 thousand).

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

MANAGEMENT BOARD'S CONFIRMATION OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The Management Board confirms the correctness and completeness of AS Tallinna Sadam consolidated interim financial statements for 6 months ended 30.06.2007 as presented on pages 10 - 23.

The Management Board confirms that:

1. the accounting principles used in preparing the consolidated interim financial statements are in compliance with International Financial Reporting Standards as they have been adopted in the European Union;

2. the consolidated interim financial statements present a true and fair view of the financial position, the results of operations and the cash flows of the group;

3. AS Tallinna Sadam and its subsidiaries are going concerns.

Ain Kaljurand
Chairman of the Management Board

Allan Kiil
Member of the Management Board

Tallinn, 29 August 2007

BALANCE SHEET

in thousands of (unaudited)	Note	EEK 30.06.2007	EEK 31.12.2006	EUR 30.06.2007	EUR 31.12.2006
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		201 392	514 693	12 871	32 895
Available for sale financial assets		2 855	2 855	182	182
Other financial assets through profit and loss		0	34 855	0	2 228
Trade and other receivables	**2**	154 108	111 783	9 849	7 144
Total current assets		**358 355**	**664 186**	**22 902**	**42 449**
NON-CURRENT ASSETS					
Other long-term receivables		8 585	8 585	549	549
Property, plant and equipment	**3**	6 194 000	5 757 872	395 871	367 995
Total non-current assets		**6 202 585**	**5 766 457**	**396 420**	**368 544**
Total assets		**6 560 940**	**6 430 643**	**419 322**	**410 993**
LIABITLITIES					
Current liabilities					
Current portion of long-term debt	**5**	107 244	185 282	6 854	11 842
Supplier and other short-term payables	**4**	182 060	112 617	11 636	7 196
Payable to shareholders	**7**	200 000	0	12 782	0
Short-term provisions		650	17 839	42	1 141
Total current liabilities		**489 954**	**315 738**	**31 314**	**20 179**
Non-current liabilities					
Long-term borrowings	**5**	1 661 386	1 661 386	106 182	106 182
Long-term provisions		3 712	3 712	237	237
Government grants	**6**	16 851	18 358	1 077	1 173
Other long-term payables		6 017	3 000	386	192
Total non-current liabilities		**1 687 966**	**1 686 456**	**107 882**	**107 784**
Total liabilities		**2 177 920**	**2 002 194**	**139 196**	**127 963**
EQUITY					
Capital and reserves attributable to equity holders of the Parent Company					
Share capital at nominal value	**7**	2 777 369	2 755 619	177 506	176 116
Statutory reserve capital		275 562	275 000	17 612	17 576
Hedge reserve		11 746	8 494	751	543
Retained earnings		1 087 071	792 908	69 476	50 676
Net profit for the period		228 565	594 724	14 608	38 010
Capital and reserves attributable to equity holders of the Parent Company		**4 380 313**	**4 426 745**	**279 953**	**282 921**
Minority interest		2 707	1 704	173	109
Total equity		**4 383 020**	**4 428 449**	**280 126**	**283 030**
Total liabilities and equity		**6 560 940**	**6 430 643**	**419 322**	**410 993**

The accompanying notes form an integral part of these consolidated interim financial statements.

INCOME STATEMENT

in thousands of (unaudited)	Note	EEK 6 months 2007	EEK 6 months 2006	EUR 6 months 2007	EUR 6 months 2006
Sales		652 380	628 316	41 695	40 157
Other income		5 544	135 688	354	8 672
Operating expenses		-141 999	-138 071	-9 076	-8 824
Personnel expenses		-70 728	-60 436	-4 521	-3 863
Depreciation and impairment	**3**	-99 196	-91 388	-6 339	-5 841
Other expenses		-3 948	-1 789	-252	-114
Operating profit		**342 053**	**472 320**	**21 861**	**30 187**
Finance income and costs					
Interest expenses		-36 211	-28 492	-2 314	-1 821
Other finance income and costs, net		8 342	4 279	533	273
Total finance income and costs		-27 869	-24 213	*-1 781*	*-1 548*
Profit before tax		**314 184**	**448 107**	**20 080**	**28 639**
Income tax expense	**7**	-84 616	-85 130	-5 408	-5 441
Net profit for the period		**229 568**	**362 977**	**14 672**	**23 198**
attributable to:					
Equity holders of the Parent Company		228 565	362 594	14 608	23 174
Minority interest		1 003	383	64	24
Basic earnings and diluted earnings per share (in kroons, euros)		0,83	1,32	0,05	0,08

The accompanying notes form an integral part of these consolidated interim financial statements.

CASH FLOW STATEMENT

in thousands of (unaudited)	Note	EEK 6 months 2007	EEK 6 months 2006	EUR 6 months 2007	EUR 6 months 2006
Cash receipts from sale of goods and services		676 187	661 346	43 216	42 268
Cash receipts related to other income		12 660	7 287	809	466
Payments to suppliers		-246 739	-195 539	-15 770	-12 497
Payments to and on behalf of employees		-55 591	-61 097	-3 553	-3 905
Payments for other expenses		-444	-2 431	-28	-156
Income tax on dividends paid	**7**	-17 830	0	-1 140	0
Cash flows from operating activities		**368 243**	**409 566**	**23 534**	**26 176**
Purchases of property, plant and equipment (PPE)	**8**	-514 062	-192 457	-32 855	-12 300
Proceeds from sale of PPE	**8**	1 005	162 365	64	10 377
Purchases of other financial investments		-11 851	-19 744	-757	-1 262
Proceeds from sale of other financial investments		47 284	10 000	3 022	639
Interest received		9 290	3 136	594	200
Cash used by investing activities		**-468 334**	**-36 700**	**-29 932**	**-2 346**
Issue of bonds		0	264 428	0	16 900
Redemption of bonds		0	-100 000	0	-6 391
Repayments of borrowings		-78 038	-43 811	-4 988	-2 800
Dividends paid	**7**	-100 000	-285 000	-6 391	-18 215
Interest paid	**5**	-35 150	-26 793	-2 246	-1 712
Other payments related to financing activities		-22	-248	-1	-16
Cash used by financing activities		**-213 210**	**-191 424**	**-13 626**	**-12 234**
TOTAL CASH FLOWS		**-313 301**	**181 442**	**-20 024**	**11 596**
Cash and cash equivalents at beginning of the period		514 693	145 659	32 895	9 309
Change in cash and cash equivalents		-313 301	181 442	-20 024	11 596
Cash and cash equivalents at end of the period		201 392	327 101	12 871	20 906

The accompanying notes form an integral part of these consolidated interim financial statements.

STATEMENT OF CHANGES IN EQUITY

in thousands of EEK (unaudited)	Capital and reserves attributable to the eguity holders of the Parent Company				Total	Minority interest	Total equity
	Share capital at nominal value	Statutory reserve capital	Hedging reserve	Retained earnings			
Equity as at 31 December 2005	**2 750 000**	**275 000**	**-6 030**	**1 077 911**	**4 096 881**	**830**	**4 097 711**
Revaluation of hedging instruments	0	0	12 547	0	12 547	0	**12 547**
Net income recognised directly in equity	*0*	*0*	*12 547*	*0*	*12 547*	*0*	***12 547***
Net profit for the period	0	0	0	362 594	362 594	383	**362 977**
Total recognised income and expenses for 6 months 2006	*0*	*0*	*12 547*	*362 594*	*387 688*	*383*	***388 071***
Increase of share capital	5 619	0	0	0	5 619	0	**5 619**
Dividends declared	0	0	0	-285 000	-285 000	0	**-285 000**
Other	0	0	0	-2	-2	0	**-2**
Equity as at 30 June 2006	**2 755 619**	**275 000**	**6 517**	**1 155 503**	**4 192 639**	**1 213**	**4 193 852**

in thousands of EEK (unaudited)	Capital and reserves attributable to the eguity holders of the Parent Company				Total	Minority interest	Total equity
	Share capital at nominal value	Statutory reserve capital	Hedging reserve	Retained earnings			
Equity as at 31 December 2006	**2 755 619**	**275 000**	**8 494**	**1 387 632**	**4 426 745**	**1 704**	**4 428 449**
Revaluation of hedging instruments	0	0	3 252	0	3 252	0	**3 252**
Net income recognised directly in equity	*0*	*0*	*3 252*	*0*	3 252	*0*	**3 252**
Net profit for the period	0	0	0	228 565	228 565	1 003	**229 568**
Total recognised income and expenses for 6 months 2007	*0*	*0*	*3 252*	*228 565*	231 817	*1 003*	***232 820***
Increase of share capital	21 750	0	0	0	21 750	0	**21 750**
Transfers to reserve capital	0	562	0	-562	0	0	**0**
Dividends declared	0	0	0	-300 000	-300 000	0	**-300 000**
Other	0	0	0	1	1	0	**1**
Equity as at 30 June 2007	**2 777 369**	**275 562**	**11 746**	**1 315 636**	**4 380 313**	**2 707**	**4 383 020**

The accompanying notes form an integral part of these consolidated interim financial statements.

STATEMENT OF CHANGES IN EQUITY (continued)

in thousands of EUR (unaudited)	Capital and reserves attributable to the eguity holders of the Parent Company				Total	Minority interest	Total equity
	Share capital at nominal value	Statutory reserve capital	Hedging reserve	Retained earnings			
Equity as at 31 December 2005	**175 757**	**17 576**	**-385**	**68 891**	**261 839**	**53**	**261 892**
Revaluation of hedging instruments	0	0	802	0	802	0	**802**
Net income recognised directly in equity	*0*	*0*	*802*	*0*	*802*	*0*	***802***
Net profit for the period	0	0	0	23 174	23 174	24	**23 198**
Total recognised income and expenses for 6 months 2006	*0*	*0*	*802*	*23 174*	*23 976*	*24*	***24 000***
Increase of share capital	359	0	0	0	359	0	**359**
Dividends declared	0	0	0	-18 215	-18 215	0	**-18 215**
Equity as at 30 June 2006	**176 116**	**17 576**	**417**	**73 850**	**267 959**	**77**	**268 036**

in thousands of EUR (unaudited)	Capital and reserves attributable to the eguity holders of the Parent Company				Total	Minority interest	Total equity
	Share capital at nominal value	Statutory reserve capital	Hedging reserve	Retained earnings			
Equity as at 31 December 2006	**176 116**	**17 576**	**543**	**88 686**	**282 921**	**109**	**283 030**
Revaluation of hedging instruments	0	0	208	0	208	0	**208**
Net income recognised directly in equity	*0*	*0*	*208*	*0*	*208*	*0*	***208***
Net profit for the period	0	0	0	14 608	14 608	64	**14 672**
Total recognised income and expenses for 6 months 2007	*0*	*0*	*208*	*14 608*	*14 816*	*64*	***14 880***
Increase of share capital	1 390	0	0	0	1 390	0	**1 390**
Transfers to reserve capital	0	36	0	-36	0	0	**0**
Dividends declared	0	0	0	-19 173	-19 173	0	**-19 173**
Other	0	0	0	-1	-1	0	-1
Equity as at 30 June 2007	**177 506**	**17 612**	**751**	**84 084**	**279 953**	**173**	**280 126**

The accompanying notes form an integral part of these consolidated interim financial statements.

Note 1. ACCOUNTING AND REPORTING POLICIES

AS Tallinna Sadam (hereinafter the Parent Company) is an incorporated entity registered in the Republic of Estonian at 05 November 1996. The Parent Company's consolidated interim financial statements for the 6 months ended 30.06.2007 include the parent company and its subsidiaries (hereinafter the Group).

The consolidated interim financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" as adopted in the European Union.
All Group companies use uniform accounting policies. These policies have been consistently applied to all the periods presented in the financial statements.
The interim financial statements have been prepared in thousands of Estonian kroons and in thousands of Euros.

Note 2. TRADE AND OTHER RECEIVABLES

in thousands of	EEK 30.06.2007	EEK 31.12.2006	EUR 30.06.2007	EUR 31.12.2006
Trade receivables	94 794	85 907	6 058	5 490
VAT prepayment	35 641	7 327	2 278	468
Derivatives	13 116	9 078	838	580
Other prepayments	6 196	4 387	396	280
Other assets	1 548	1 543	99	99
Other receivables	2 813	3 541	180	227
Total trade and other receivables	**154 108**	**111 783**	**9 849**	**7 144**

Note 3. PROPERTY, PLANT AND EQUIPMENT

in thousands of EEK	Land and buildings	Machinery and equipment	Other PPE	Construction in progress	Pre-payments	Total
Property, plant and equipment as at 31 December 2005						
Cost	6 305 106	655 439	71 458	165 034	7 248	**7 204 285**
Accumulated depreciation and impairment	-1 279 605	-340 369	-49 449	0	0	**-1 669 423**
Net book amount	**5 025 501**	**315 070**	**22 009**	**165 034**	**7 248**	**5 534 862**
Acquisitions (Note 8)	144 045	24 472	934	-12 551	-3 789	**153 111**
Reconstruction (Note 8)	104 114	1 637	560	-67 872	0	**38 439**
Sold at net book amount (Note 8)	-19 253	-80	-2	0	0	**-19 335**
Depreciation	-70 438	-15 882	-3 679	0	0	**-89 999**
Written off due obsolescence	-1 389	0	0	0	0	**-1 389**
Reclassified at net book amount	-123	0	0	0	0	**-123**
Property, plant and equipment at 30 June 2006						
Cost	6 524 635	671 902	72 879	84 611	3 459	**7 357 486**
Accumulated depreciation and impairment	-1 342 178	-346 685	-53 057	0	0	**-1 741 920**
Net book amount	**5 182 457**	**325 217**	**19 822**	**84 611**	**3 459**	**5 615 566**

Note 3 continued

in thousands of EEK	Land and buildings	Machinery and equipment	Other PPE	Construction in progress	Pre-payments	Total
Property, plant and equipment as at 31 December 2006						
Cost	6 629 734	687 238	71 352	169 503	22 878	**7 580 705**
Accumulated depreciation and impairment	-1 404 151	-364 819	-53 863	0	0	**-1 822 833**
Net book amount	**5 225 583**	**322 419**	**17 489**	**169 503**	**22 878**	**5 757 872**
Acquisitions (Note 8)	189 677	45 729	4 832	23 483	131 888	**395 609**
Reconstruction (Note 8)	168 875	3 710	0	-30 919	0	**141 666**
Sold at net book amount (note 8)	-271	-1 634	-46	0	0	**-1 951**
Depreciation	-74 063	-16 386	-3 845	0	0	**-94 294**
Impairment	-2 974	-1 892	0	0	0	**-4 866**
Written off due obsolescence	-36	0	0	0	0	**-36**
Property, plant and equipment at 30 June 2007						
Cost	6 984 963	725 887	73 384	162 067	154 766	**8 101 067**
Accumulated depreciation and impairment	-1 478 172	-373 941	-54 954	0	0	**-1 907 067**
Net book amount	**5 506 791**	**351 946**	**18 430**	**162 067**	**154 766**	**6 194 000**

in thousands of EUR	Land and buildings	Machinery and equipment	Other PPE	Construction in progress	Pre-payments	Total
Property, plant and equipment as at 31 December 2005						
Cost	402 970	41 890	4 567	10 548	463	**460 438**
Accumulated depreciation and impairment	-81 782	-21 754	-3 160	0	0	**-106 696**
Net book amount	**321 188**	**20 136**	**1 407**	**10 548**	**463**	**353 742**
Acquisitions (Note 8)	9 206	1 564	60	-802	-242	**9 786**
Reconstruction (Note 8)	6 654	105	36	-4 338	0	**2 457**
Sold at net book amount (Note 8)	-1 230	-5	0	0	0	**-1 235**
Depreciation	-4 502	-1 015	-235	0	0	**-5 752**
Written off due obsolescence	-89	0	0	0	0	**-89**
Reclassified at net book amount	-8	0	0	0	0	**-8**
Property, plant and equipment at 30 June 2006						
Cost	417 000	42 942	4 659	5 408	221	470 230
Accumulated depreciation and impairment	-85 781	-22 157	-3 391	0	0	-111 329
Net book amount	**331 219**	**20 785**	**1 268**	**5 408**	**221**	**358 901**

Note 3 continued

in thousands of EUR	Land and buildings	Machinery and equipment	Other PPE	Construction in progress	Pre-payments	Total
Property, plant and equipment as at 31 December 2006						
Cost	423 717	43 923	4 560	10 833	1 462	**484 495**
Accumulated depreciation and impairment	-89 742	-23 316	-3 442	0	0	**-116 500**
Net book amount	**333 975**	**20 607**	**1 118**	**10 833**	**1 462**	**367 995**
Acquisitions (Note 8)	12 123	2 923	309	1 501	8 429	**25 285**
Reconstruction (Note 8)	10 793	237	0	-1 976	0	**9 054**
Sold at net book amount (Note 8)	-17	-104	-3	0	0	**-124**
Depreciation	-4 733	-1 047	-246	0	0	**-6 026**
Impairment	-190	-121	0	0	0	**-311**
Written off due obsolescence	-2	0	0	0	0	**-2**
Property, plant and equipment at 30 June 2007						
Cost	446 421	46 394	4 690	10 358	9 891	517 754
Accumulated depreciation and impairment	-94 472	-23 899	-3 512	0	0	-121 883
Net book amount	**351 949**	**22 495**	**1 178**	**10 358**	**9 891**	**395 871**

Note 4. SUPPLIER AND OTHER SHORT-TERM PAYABLES

in thousands of	**EEK 30.06.2007**	**EEK 31.12.2006**	**EUR 30.06.2007**	**EUR 31.12.2006**
Supplier payables	64 371	60 746	4 114	3 882
Tax liabilities	8 875	3 085	567	197
Customer prepayments for goods and services	7 125	6 415	456	410
Payables to employees	13 515	12 628	864	807
Interest liabilities	26 528	24 681	1 696	1 577
Accrued payables with regard to taxes calculated on wages and salaries	4 479	3 922	286	251
Accrued payable with regard to income tax on dividends	56 410	0	3 605	0
Other payables	757	1 140	48	72
Total supplier and other short-term payables	**182 060**	**112 617**	**11 636**	**7 196**

Note 5. BORROWINGS

in thousands of	**EEK 30.06.2007**	**EEK 31.12.2006**	**EUR 30.06.2007**	**EUR 31.12.2006**
Current portion of long-term borrowings				
Bank loans	107 244	185 282	6 854	11 842
Total current portion of long-term borrowings	**107 244**	**185 282**	**6 854**	**11 842**
Long-term borrowings				
Bank loans	1 396 959	1 396 959	89 282	89 282
Bonds issued	264 427	264 427	16 900	16 900
Total long-term borrowings	**1 661 386**	**1 661 386**	**106 182**	**106 182**
Total borrowings	**1 768 630**	**1 846 668**	**113 036**	**118 024**

Note 5 continued

Interest paid

in thousands of	**EEK 6 months 2007**	**EEK 6 months 2006**	**EUR 6 months 2007**	**EUR 6 months 2006**
On bonds issued	5 135	3 400	328	217
On bank loans	31 106	19 620	1 988	1 254
On derivatives	-1 091	3 773	-70	241
Total interest paid	**35 150**	**26 793**	**2 246**	**1 712**

Bonds

The bonds of AS Tallinna Sadam issued through a private placement at 17 March 2006 are listed on the Tallinn Stock Exchange with a nominal value of EEK 264 427 thousand (EUR 16 900 thousand) and a maturity of 3 years. The bonds were issued with a floating interest rate, the base interest is 6-month Euribor plus a margin of 0.32% per annum. Accounting for the effect of derivative instruments used to hedge the interest rate risk, the weighted average interest rate on bonds was 4.47% per annum as at 30 June 2007.

in thousands of	**EEK 30.06.2007**	**EEK 31.12.2006**	**EUR 30.06.2007**	**EUR 31.12.2006**
Carrying amount of bonds	264 427	264 427	16 900	16 900
Fair value of bonds based on the quoted sales price at the reporting date*	264 666	267 349	16 915	17 087

***** Based on ex pit transactions between banks and funds

Long-term loans

In the first half of 2007, the loan principal payments amounted to EEK 78 037 thousand (EUR 4 988 thousand). In the same period of 2006, the principal payments amounted to EEK 43 811 thousand (EUR 2 800 thousand).

As at 30.06.2007, the Group had no undrawn loans. As at 30.06.2006, the comparable amount was EEK 203 406 thousand (EUR 13 000 thousand).

As at 30.06.2006, the weighted average interest rate on loans was 4.4% per annum (as at 30.06.2006: 3.189% per annum). Considering the effect of derivative financial instruments used for hedging the interest rate risk, the weighted average interest rate on the loan portfolio as at 30.06.2007 was 4.094% per annum (as at 30.06.2006: 3.389% per annum).

The maturities of the loans are between 2013 – 2016.

Maturities of loans drawn

in thousands of	**EEK 30.06.2007**	**EEK 31.12.2006**	**EUR 30.06.2007**	**EUR 31.12.2006**
< 1 year	107 244	185 282	6 854	11 842
1 - 5 years	831 530	831 530	53 144	53 144
> 5 years	565 429	565 429	36 137	36 137
Total loans	**1 504 203**	**1 582 241**	**96 135**	**101 123**

Note 6. GOVERNMENT GRANTS

Balance sheet item "Government grants" includes the balances of following projects:

in thousands of	EEK	EEK	EUR	EUR
	30.06.2007	**31.12.2006**	**30.06.2007**	**31.12.2006**
Projects:				
Technical Assistance for the Construction of Breakwaters in Muuga Port and Paldiski South Harbour for Environmental Protection Purposes	7 330	8 837	469	565
Technical Assistance for the Extension of Eastern Part of Muuga Port	9 063	9 063	579	579
Designing the Complex of Terminals for Receiving and Managing Dangerous Ship-generated Waste at Muuga Port	458	458	29	29
Total government grants	**16 851**	**18 358**	**1 077**	**1 173**

Grants related to income

Project of the EU TEN-T Fund "Technical Assistance for the Construction of Breakwaters in Muuga Port and Paldiski South Harbour for Environmental Protection Purposes"

The project "Technical Assistance for the Construction of Breakwaters in Muuga Port and Paldiski South Harbour for Environmental Protection Purposes" is co-financed by TEN-T Fund of the European Union to the extent of 50%. Research and analyses are conducted within the framework of the project and projects are prepared for building breakwaters in Muuga Port and Paldiski South Harbour.

in thousands of	EEK	EEK	EUR	EUR
	30.06.2007	**31.12.2006**	**30.06.2007**	**31.12.2006**
Unamortized balance at beginning of the reporting period	8 837	0	565	0
Grants from TEN-T Fund	0	11 610	0	742
Amortised during the reporting period	-1 507	-2 773	-96	-177
Unamortized balance at end of the reporting period	**7 330**	**8 837**	**469**	**565**

Grants related to assets

Project of the EU Cohesion Fund "Technical Assistance for the Extension of Eastern Part of Muuga Port".

Required documents for the construction of the eastern part of the port, including an estimate of environmental effects and project documents, were prepared within the framework of the technical assistance project. The rate of co-financing by the EU in the project was 80.45%.

in thousands of	EEK	EEK	EUR	EUR
	30.06.2007	**31.12.2006**	**30.06.2007**	**31.12.2006**
Unamortized balance at the beginning of the reporting period	9 063	6 759	579	432
Co-financing received	0	2 304	0	147
Unamortized balance at end of the reporting period	**9 063**	**9 063**	**579**	**579**

Project of the EU Cohesion Fund "Construction of Eastern Part of Muuga Port".

At 26 December 2006, a decision was adopted by the European Commission to co-finance the eligible costs of stage I construction of the extension of the eastern part of Muuga Port from the EU Cohesion Fund.

The extension area is located on the eastern coast of Muuga Bay between the existing coal and container terminals. The project covers dredging works of the sea up to -16 meters (with the volume of 6.7 million m^3) and setting up a new area covering 66 hectares with the depletion of sand from the bottom of the sea and its transportation (with the volume of 2.9 million m^3). A total of approximately 1 200 m of quays with the necessary quay equipment will be built. The European Commission will finance the extension of Muuga Port with EEK 361 280 thousand (EUR 23 090 thousand).

As of 30.06.2007 no transactions have taken place with regard to this project.

Note 6 continued

Project of the Environmental Investment Centre "Designing the Complex of Terminals for Receiving and Managing Dangerous Ship-generated Waste at Muuga Port".

The grant received from the Environmental Investment Centre is used to finance the project "Designing the Complex of Terminals for Receiving and Managing Dangerous Ship-generated Waste at Muuga Port". The project's total cost is estimated at EEK 1 680 thousand (EUR 107 thousand).

A total of EEK 458 thousand (EUR 29 thousand) was received for financing the project from the Environmental Investment Centre.

in thousands of	**EEK**	**EEK**	**EUR**	**EUR**
	30.06.2007	**31.12.2006**	**30.06.2007**	**31.12.2006**
Unamortized balance at beginning of the reporting period	458	458	29	29
Unamortized balance at end of the reporting period	**458**	**458**	**29**	**29**

Note 7. EQUITY

Share capital

As at 30.06.2007 AS Tallinna Sadam had 277 736 901 registered shares. The nominal value of one share is 10 kroons (0.64 euros). All company's shares belong to the Republic of Estonia. The owner of the shares and the exerciser of the rights of the shareholder is the Ministry of Economic Affairs and Communications, represented by the Minister of Economic Affairs and Communications at the General Meeting of Shareholders.

The maximum number of ordinary shares established in the articles of association of AS Tallinna Sadam is 1 000 000 000. As at 30 June 2007 and 31 December 2006, all shares issued (277 736 901 and 275 561 901 shares respectively) had been fully paid for.

	EEK	**EEK**	**EUR**	**EUR**
	30.06.2007	**31.12.2006**	**30.06.2007**	**31.12.2006**
Share capital (in thousands of)	2 777 369	2 755 619	177 506	176 116
Nominal value of shares (in kroons, euros)	10	10	0,64	0,64

Dividends

in thousands of	**EEK 6 months 2007**	**EEK 6 months 2006**	**EUR 6 months 2007**	**EUR 6 months 2006**
Dividends declared during the period	300 000	285 000	19 173	18 215
Dividends paid out during the period	100 000	285 000	6 391	18 215
Dividends per share (in kroons, euros)	1,08	1,04	0,07	0,07

Income tax on dividends

in thousands of	**EEK 6 months 2007**	**EEK 6 months 2006**	**EUR 6 months 2007**	**EUR 6 months 2006**
Accrued	84 616	85 130	5 408	5 441
Paid out	17 830	0	1 140	0

Note 7 continued

Earnings per share

	6 months 2007	6 months 2006
Weighted average number of shares (pcs)	276 649 401	275 004 618

	EEK 6 months 2007	EEK 6 months 2006	EUR 6 months 2007	EUR 6 months 2006
Profit for the period attributable to equity holders of the Parent Company (in thousands of)	228 565	362 594	14 608	23 174
Basic earnings and diluted earnings per share (in kroons, euros)	0,83	1,32	0,05	0,08

Note 8. EXPLANATIONS TO THE CASH FLOW STATEMENT

Non-monetary transactions with customers and suppliers

During the period the following settlements have been made:

- receipts from the provision of services and payments to suppliers for goods and services in the amount of EEK 1 032 thousand (EUR 66 thousand), during the period 01.01. – 30.06.2006 in the amount of EEK 3 320 thousand (EUR 212 thousand);
- tax receivables and liabilities in the amount of EEK 40 012 thousand (EUR 8 641 thousand), during the period 01.01. – 30.06.2006 in the amount of EEK 8 641 thousand (EUR 552 thousand).

Purchase of property, plant and equipment

in thousands of	EEK 6 months 2007	EEK 6 months 2006	EUR 6 months 2007	EUR 6 months 2006
Cash flows	**-514 062**	**-192 457**	**-32 855**	**-12 300**
Settlements	-941	-1 374	-61	-88
Non-monetary contribution into share capital	-21 750	-5 619	-1 390	-359
Paid for the previous period	34 323	25 423	2 194	1 624
Payable at the end of the period	-34 845	-17 523	-2 227	-1 120
Total adjustments	*-23 213*	*907*	*-1 484*	*57*
Acquisition and reconstruction (Note 3)	**537 275**	**191 550**	**34 339**	**12 243**

Note 8 continued

Proceeds from sale of PPE

in thousands of	**EEK 6 months 2007**	**EEK 6 months 2006**	**EUR 6 months 2007**	**EUR 6 months 2006**
Cash flows	**1 005**	**162 365**	**64**	**10 377**
Settlements	381	1 106	24	70
Receivable at the end of the period	496	7 650	32	490
Total adjustments	*877*	*8 756*	*56*	*560*
Sale of PPE	1 882	171 121	120	10 937
Profit from sale of PPE	-69	133 163	-4	8 512
Sold at net book amount (Note 3)	1 951	19 335	124	1 235
Sold non-current assets held for sale	0	18 623	0	1 190
Total sold at net book amount	**1 951**	**37 958**	**124**	**2 425**

Note 9. EVENTS AFTER THE BALANCE SHEET DATE

Long-term loans

On 12 July 2007 AS Tallinna Sadam made a principal payment in the amount of EEK 28 163 thousand (EUR 1 800 thousand) to Nordic Investment Bank in relation to a loan in the amount of EEK 253 474 thousand (EUR 16 200 thousand).