

# AS TALLINK GRUPP

## Unaudited Interim Consolidated Condensed Financial Statements

**for the I half-year of the financial year 2007/2008  
ended February 29, 2008**

Beginning of the financial year 1. September 2007

End of the financial year 31. August 2008

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Primary activity maritime transportation  
(passengers and cargo transportation)



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## MANAGEMENT REPORT FOR THE INTERIM FINANCIAL STATEMENTS for the I half-year of the financial year 2007/2008 ended February 29, 2008

The second quarter development of AS Tallink Grupp and its subsidiaries (hereinafter also referred to as “the Group”) was better by most of the key operational numbers in the comparison to the last financial year, which is very pleasing especially in the current high fuel price environment. Commonly to our business, the first half year and second quarter are the lowest seasons of the financial year. The Group revenues increased by 11% to 2,743 million EEK (175 million EUR) and EBITDA increased by 22% to 328 million EEK (21 million EUR) in the second quarter. The Group reached a new record breaking result in passenger transportation in February 2008.

During its first autumn and winter period the new, year around Tallink Shuttle service drove the increase in passenger transportation and revenues on the Estonia-Finland segment. The segment result has improved significantly. The speed, stable operating schedule and improved onboard services of a new shuttle vessel M/S Star are of great advantages over the old type fast crafts in the service between Tallinn and Helsinki. In fact, this translated into the first ever winter period when the customers have had the chance to enjoy fast crossings between Tallinn and Helsinki. At the time of this report the second shuttle vessel M/S Superstar has arrived to her home port in Tallinn. With the similar main characteristics she will join M/S Star whereby Tallink Shuttle service will then provide frequent daily departures from both of the ports, Tallinn and Helsinki.

The increased fuel prices have had pressure to the Group results. The fuel cost has risen by approximately 297 million EEK (19 million EUR) during the first half-year period which is a 47% increase. Given its long distance and fast service almost half of the fuel cost increase accounts to the Finland-Germany route. As a result of the increased fuel cost and lower cargo volumes resulting from the higher competition in the cargo transportation, the Finland-Germany segment result has declined. The Management is currently looking for a solution to optimize the operations of the Superfast vessels and to improve their utilisation. The target is to improve the return on the capital of the Superfast vessels and to maintain the overall Group’s return ratios.

### KEY EVENTS IN 1<sup>st</sup> HALF-YEAR

- Implementation of new booking and check-in system;
- Sale of M/S Meloodia;
- Share buyback program;
- Annual General Meeting.

### 1<sup>st</sup> HALF-YEAR KEY FIGURES

	01.09.2007-29.02.2008		01.09.2006-28.02.2007		change %
	EEK	EUR	EEK	EUR	
Net sales (million)	5,663.2	361.9	5,448.8	348.2	3.9
Gross profit (million)	1,148.3	73.4	1,154.8	73.8	-0.6
Gross margin (%)	20.3		21.2		
EBITDA (million)	781.4	49.9	789.1	50.4	-1.0
EBITDA margin (%)	13.8		14.5		
Net profit for the period (million)	-108.8	-7.0	2.6	0.2	
Net profit margin (%)	-1.9		0.0		
Depreciation (million)	464.9	29.7	509.1	32.5	-8.7
Investments (million)	494.4	31.6	413.6	26.4	19.5

Weighted average number of ordinary shares outstanding during 1 <sup>st</sup> half-year	672,623,111		673,817,040		-0.2%
Earnings per share	-0.16	-0.01	0.00	0.00	
Number of passengers	3,080,334		2,978,815		3.4
Cargo units	171,271		175,935		-2.7
Average number of employees	6,309		5,972		5.6

	29.02.2008		31.08.2007		change %
	EEK	EUR	EEK	EUR	
Total assets (million)	25,811.9	1,649.7	26,570.9	1,698.2	-2.9
Total liabilities (million)	15,847.7	1,012.9	16,436.0	1,050.4	-3.6
Interest-bearing liabilities (million)	14,284.8	913.0	14,831.7	947.9	-3.7
Total equity (million)	9,964.2	636.8	10,134.9	647.7	-1.7
Liquidity ratio	0.577		0.665		
Equity ratio (%)	38.6		38.1		

Number of ordinary shares outstanding	669,882,040		673,817,040		-0.6
Shareholders equity per share	14.87	0.95	15.04	0.96	-1.1

Net profit margin – net profit / net sales;

EBITDA – Earnings before net financial items, share of profit of associates, taxes, depreciation and amortization, income from negative goodwill;

EBITDA margin – EBITDA / net sales;

Gross margin – gross profit / net sales

Liquidity ratio – current assets / current liabilities

Equity ratio – total equity / total assets;

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

Shareholder's equity per share – shareholder's equity / number of shares outstanding.

\* Share numbers have been adjusted in connection with the bonus issue in January 2007

## SALES AND EARNINGS

Net sales of the Group amounted to 5,663.2 million EEK (361.9 million EUR) in the first half-year of 2007/2008 financial year (September 01, 2007 – February 29, 2008) compared to 5,448.8 million EEK (348.2 million EUR) in the first half-year of 2006/2007 financial year (September 01, 2006 – February 28, 2007). The sales were positively affected by the first ever winter period of fast ferry operation between Tallinn and Helsinki provided by M/S Star and the Tallink Shuttle service. Also various campaigns helped to improve the revenues. However, the lower marketing and sales activity during the transition period to the new Group-wide booking and check-in system mainly in October and November 2007 had a negative impact on the sales and earnings during the first quarter neutralizing the second quarter 11% sales increase and 22% EBITDA increase effect to the cumulative half-year performance.

The following tables provide an overview of the sales distribution in the first half-year on geographical and operational segment based approach.

Geographical segments	07/08	06/07	Operational segments	07/08	06/07
Finland - Sweden	44.3%	50.8%	Restaurant and shop sales on-board and on mainland	49.9%	51.9%
Estonia - Finland	25.9%	23.2%	Ticket sales	22.9%	20.2%
Estonia - Sweden	11.5%	11.1%	Sales of cargo transportation	22.2%	21.5%
Finland - Germany	9.9%	9.8%	Accommodation sales	1.0%	0.7%
Latvia - Sweden	3.8%	2.2%			

Mainland business and lease of vessels	4.6%	2.9%	Income from leases of vessels	1.7%	1.3%
			Other sales	2.3%	4.3%

The Group's gross profit decreased 6.4 million EEK (0.4 million EUR) to 1,148.3 million EEK (73.4 million EUR), EBITDA decreased by 1.0% to 781.4 million EEK (49.9 million EUR) and the net profit decreased by 111.4 million EEK (7.1 million EUR) from 2.6 million EEK (0.2 million EUR) to -108.8 million EEK (-7.0 million EUR). Basic earnings per share and diluted earnings per share were -0.16 EEK (-0.01 EUR) in the first half-year of 2007/2008 financial year compared to 0.00 EEK (0.00 EUR) in the corresponding period in 2006/2007 financial year. In the second quarter the gross profit and EBITDA showed a 16% and 22% increase respectively compared to the second quarter of the previous financial year.

The Group's earnings were negatively affected by the high fuel price. Compared to the first half-year of previous financial year the Group's fuel costs increased by around 297 million EEK (19 million EUR). Nearly half of the increase came from the Finland-Germany route. In order to reduce the impact from the increased fuel price the fuel surcharges, previously included only in the cargo fares, were introduced also to the passenger tickets in January 2008.

The Group's earnings were also affected by the higher interest rates. The net financial costs have increased by 148.6 million EEK (9.5 million EUR) during the first half-year period.

## MARKET DEVELOPMENTS

Following table provides an overview of the passengers, cargo units and passenger vehicles transported in the first half-year of 2007/2008 and 2006/2007 financial years.

Passengers	2007/2008	2006/2007	Change %
Finland - Sweden routes	1,284,861	1,448,889	-11.3
Estonia - Finland route	1,294,266	1,112,879	16.3
Estonia - Sweden routes	319,547	296,289	7.8
Latvia - Sweden route	131,277	73,916	77.6
Finland - Germany route	50,383	46,842	7.6
<b>Total</b>	<b>3,080,334</b>	<b>2,978,815</b>	<b>3.4</b>

Cargo units	2007/2008	2006/2007	Change %
Finland - Sweden routes	52,345	65,497	-20.1
Estonia - Finland route	58,732	49,783	18.0
Estonia - Sweden routes	22,130	21,931	0.9
Latvia - Sweden route	6,186	3,448	79.4
Finland - Germany route	31,878	35,276	-9.6
<b>Total</b>	<b>171,271</b>	<b>175,935</b>	<b>-2.7</b>

Passenger vehicles	2007/2008	2006/2007	Change %
Finland - Sweden routes	59,551	68,356	-12.9
Estonia - Finland route	148,633	97,633	52.2
Estonia - Sweden routes	20,368	25,602	-20.4
Latvia - Sweden route	19,467	13,321	46.1
Finland - Germany route	12,253	15,042	-18.5
<b>Total</b>	<b>260,272</b>	<b>219,954</b>	<b>18.3</b>

The following operational factors influenced the traffic volumes development in the first half-year:

**Finland-Sweden:**

The sale of M/S SkyWind in August 2007 resulted in smaller capacities in the first half-year of 2007 compared to the same period of previous year.

**Estonia-Finland:**

Tallink Shuttle service with new M/S Star was operated between Tallinn and Helsinki route compared to the Autoexpress service and the operations of M/S Meloodia and M/S Regal Star in the same period of last year.

**Estonia-Sweden:**

M/S Vana Tallinn does not operate between Paldiski-Kapellskär any more, but was operating on the route in September until December in the last year.

**Latvia-Sweden:**

The operations of two vessels and everyday departures to both destinations compared to one vessel operations in previous financial year have increased the volumes on Latvia-Sweden route.

**Finland-Germany:**

The cargo transportation on route between Finland and Germany was affected by the increased competition in January and February 2008.

**The Group's market shares on routes operated during the first half-year of 2007/2008 financial year were as follows:**

The Group carried approximately 51% of the passengers and 58% 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 and the approximate market share of ro-ro cargo transportation was 69%;

The Group is the only provider of daily passenger and ro-ro cargo transportation between Riga and Stockholm;

The Group carried approximately 50% of passengers and 33% of ro-ro cargo on the routes between Finland and Sweden;

The Group's approximate market share of passenger transportation on the route between Finland and Germany was 56% and the approximate market share of ro-ro cargo transportation was 20%.

**PERSONNEL**

On February 29, 2008 the Group employed 6,311 employees (6,000 on February 28, 2007).

The following table provides a more detailed overview of the Group's personnel.

	Average of 1 <sup>st</sup> half-year			End of 1 <sup>st</sup> half-year		
	2007/2008	2006/2007	change %	29.02.2008	28.02.2007	change %
<b>Onshore total</b>	1,535	1,350	13.7	1,558	1,297	20.1
<i>Estonia</i>	734	550	33.5	765	565	35.4
<i>Finland</i>	543	538	0.9	545	510	6.9
<i>Sweden</i>	194	224	-13.4	186	180	3.3
<i>Latvia</i>	40	27	48.1	38	28	35.7
<i>Germany</i>	18	8	125.0	18	11	63.6
<i>Russia</i>	6	3	100.0	6	3	100.0
<b>At sea</b>	4,479	4,464	0.3	4,458	4,484	-0.6

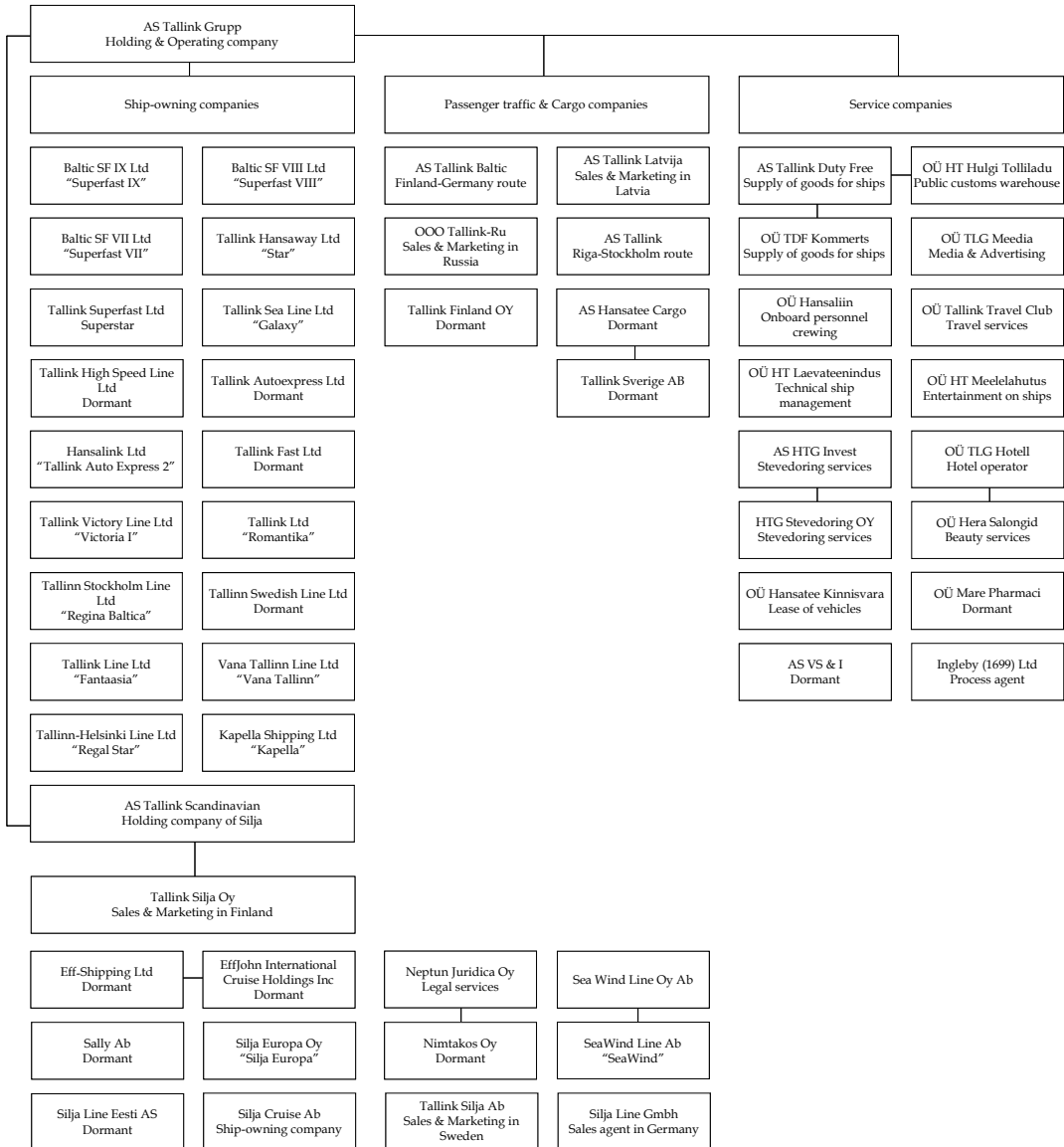
Hotel*	295	158	86.7	295	219	34.7
Total	6,309	5,972	5.6	6,311	6,000	5.2

\* 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 60 companies. Most of the subsidiaries are wholly-owned companies of AS Tallink Grupp.

The following graph represents the Group structure on the report date:



The Group further owns:

- 33% of Searail EEIG;
- 34% of AS Tallink Takso
- 50% of Suomen Jakelutiet Oy;
- Suomen Jakelutiet Oy further holds 50% of Suomen Hotellivaraukset Oy.

## **EVENTS DURING THE SECOND QUARTER OF 2007/2008**

In December 2007 the Group completed the sale of M/S Meloodia to the Singaporean company at the price of 199.5 million EEK (12.75 million EUR).

The Management Board of the Group initiated the share buyback program which started on December 10, 2007 and ended on January 17, 2008. During the share buyback program AS Tallink Grupp bought back total of 3,935,000 own shares, which is 0.584% of the total share capital. The total contribution for the shares amounted to 65.1 million EEK (4.2 million EUR). The average share price paid was 16.54 EEK (1.057 EUR) per share.

On December 11, 2007 AS Tallink Grupp's subsidiary Tallink High Speed Line Limited and Danske Bank A/S, Helsinki Branch signed the loan agreement in amount of 2,253 million EEK (144 million EUR). The loan will be used for financing the new cruise ferry "Cruise 5" currently under construction in Aker Yards. The loan which has a Finnish Export Credit Agency "Finnvera" guarantee will be secured by the collateral on the new vessel and the corporate guarantee of AS Tallink Grupp. This EURIBOR based loan will be drawn on the delivery of the vessel, presumably in spring 2009 and has the final maturity of twelve years from the drawdown.

The Annual General Meeting of AS Tallink Grupp was held on January 29, 2008. The Meeting approved the annual report of the 2006/2007 financial year and decided not to pay dividends. Another important decisions, among others, were setting the terms of the share option program, re-election of the members of Supervisory Board and authorization of acquisition of own shares.

## **EVENTS AFTER THE BALANCE SHEET DATE AND THE OUTLOOK**

On April 01, 2008 AS Tallink Grupp's subsidiary OÜ TLG Hotell agreed in principle to acquire 100% of OÜ Delegatsioon. The company currently operates Pirita Top Spa hotel in Tallinn. The acquisition will not have a significant effect to the consolidated accounts of AS Tallink Grupp.

On April 08, 2008 AS Tallink Grupp's subsidiary Tallink Superfast Ltd took delivery of a new generation fast ropax M/S Superstar from Fincantieri Cantieri Navali S.p.A. shipyard in Ancona, Italy. The 175 metres long M/S Superstar has capacity for up to 1,080 passengers, 1,930 lane metres for ro-ro cargo and the vessel's service speed is 27.5 knots. The project cost totalled around 1.9 billion EEK (120 million EUR) of which 1.45 billion EEK (93 million EUR) was financed from the long-term loan. The loan has the Italian Export Credit Agency "SACE" guarantee and will be secured with the collateral of new Superstar vessel and the corporate guarantee of AS Tallink Grupp. The loan has fixed interest rate until its final maturity after twelve years.

On April 15, 2008 Tallink Line Ltd., a subsidiary of AS Tallink Grupp and Boa RoRo AS of Trondheim, Norway came to an agreement about the sale of M/S Fantaasia. The completion of the sale and the delivery of the vessel is scheduled to June 2008 and until that time the current charter agreement of M/S Fantaasia was extended with Kystlink Estonia OÜ which is a company related with the buyer. M/S Fantaasia is going to be sold at the price of 270 million EEK (17.2 million EUR). The profit from the sale is not significant to the consolidated results of AS Tallink Grupp.

Group's earnings are not generated evenly throughout the year. High season for the Group is the summer period. In the opinion of the Group's management and based on the experience of



the previous financial years the majority of the earnings are generated during the second half of the financial year.

AS Tallink Grupp does not have any substantial ongoing research and development projects.

Based on the rather positive performance in the second quarter and the high season period ahead, the Group's business development looks promising. However, as the fuel prices have been increasing rapidly and more than expected, the fuel cost continues to have high pressure on the earnings margins. By today's estimations the negative impact to the previously set earnings targets should not be more than 10%.

During the second half-year the improvement of Shuttle service from the addition of M/S Superstar, the delivery of new cruise vessel M/S Baltic Princess and the consequent re-routings on the Turku-Stockholm and Riga-Stockholm routes are expected to have a positive impact to the Group operations. Additionally, as mentioned above, the Management is looking for a solution to improve the result from the Superfast vessels currently on the Estonia-Finland-Germany route.

**CONSOLIDATED CONDENSED INCOME STATEMENT**

(unaudited, in thousands of EEK)	<b>01.12.2007- 29.02.2008</b>	<b>01.12.2006- 28.02.2007</b>	<b>01.09.2007- 29.02.2008</b>	<b>01.09.2006 - 28.02.2007</b>
Net sales (Note 4)	2,743,058	2,471,915	5,663,160	5,448,778
Cost of sales	-2,244,210	-2,041,164	-4,514,834	-4,294,028
<b>Gross profit</b>	<b>498,848</b>	<b>430,751</b>	<b>1,148,326</b>	<b>1,154,750</b>
Marketing expenses	-186,758	-167,747	-380,240	-403,688
Administrative and general expenses	-229,877	-249,683	-469,177	-479,239
Other operating items	14,700	823	17,517	8,250
Income from negative goodwill	0	0	0	689
Financial income (Note 5)	23,724	66,409	30,612	91,045
Financial expenses (Note 5)	-231,928	-190,841	-455,702	-367,549
<b>Profit/-loss from normal operation before income tax</b>	<b>-111,291</b>	<b>-110,288</b>	<b>-108,664</b>	<b>4,258</b>
Income tax	-107	-1,708	-110	-1,653
<b>Net profit/-loss for the period</b>	<b>-111,398</b>	<b>-111,996</b>	<b>-108,774</b>	<b>2,605</b>
Attributable to:				
Equity holders of the parent (Note 6)	-111,398	-111,996	-108,774	2,605
<b>Earnings per share</b> (in EEK per share)				
- basic (Note 6)	-0.17	-0.17	-0.16	0.00
- diluted (Note 6)	-0.17	-0.17	-0.16	0.00
(unaudited, in thousands of EUR)	<b>01.12.2007- 29.02.2008</b>	<b>01.12.2006- 28.02.2007</b>	<b>01.09.2007- 29.02.2008</b>	<b>01.09.2006 - 28.02.2007</b>
Net sales (Note 4)	175,313	157,984	361,942	348,240
Cost of sales	-143,431	-130,454	-288,550	-274,438
<b>Gross profit</b>	<b>31,882</b>	<b>27,530</b>	<b>73,392</b>	<b>73,802</b>
Marketing expenses	-11,936	-10,721	-24,302	-25,800
Administrative and general expenses	-14,692	-15,958	-29,986	-30,629
Other operating items	940	53	1,120	527
Income from negative goodwill	0	0	0	44
Financial income (Note 5)	1,516	4,244	1,956	5,819
Financial expenses (Note 5)	-14,823	-12,197	-29,125	-23,491
<b>Profit/-loss from normal operation before income tax</b>	<b>-7,113</b>	<b>-7,049</b>	<b>-6,945</b>	<b>272</b>
Income tax	-7	-109	-7	-106
<b>Net profit/-loss for the period</b>	<b>-7,120</b>	<b>-7,158</b>	<b>-6,952</b>	<b>166</b>
Attributable to:				
Equity holders of the parent (Note 6)	-7,120	-7,158	-6,952	166
<b>Earnings per share</b> (in EUR per share)				
- basic (Note 6)	-0.01	-0.01	-0.01	0.00
- diluted (Note 6)	-0.01	-0.01	-0.01	0.00

## CONSOLIDATED CONDENSED BALANCE SHEET

(unaudited, in thousands of EEK)

<b>ASSETS</b>	<b>29.02.2008</b>	<b>31.08.2007</b>
<b>Current assets</b>		
Cash and cash equivalents	420,538	1,303,609
Receivables	1,038,422	815,093
Prepayments	172,106	124,134
Derivatives (Note 7)	7,394	1,799
Inventories	276,085	272,352
<b>Total current assets</b>	<b>1,914,545</b>	<b>2,516,987</b>
<b>Non-current assets</b>		
Investments in associates	3,242	3,242
Other financial assets and prepayments	7,668	9,279
Deferred income tax assets	153,278	153,102
Investment property	4,694	4,694
Property, plant and equipment (Note 8)	22,453,005	22,600,001
Intangible assets (Note 9)	1,275,469	1,283,592
<b>Total non-current assets</b>	<b>23,897,356</b>	<b>24,053,910</b>
<b>TOTAL ASSETS</b>	<b>25,811,901</b>	<b>26,570,897</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Current portion of interest-bearing liabilities (Note 10)	1,823,732	2,247,390
Payables	1,329,383	1,408,369
Deferred income	166,822	121,008
Derivatives (Note 7)	0	7,980
<b>Total current liabilities</b>	<b>3,319,937</b>	<b>3,784,747</b>
<b>Non-current liabilities</b>		
Interest bearing loans and borrowings (Note 10)	12,461,082	12,584,261
Deferred income tax liability	63,447	63,463
Pension liability	3,254	3,489
<b>Total non-current liabilities</b>	<b>12,527,783</b>	<b>12,651,213</b>
<b>TOTAL LIABILITIES</b>	<b>15,847,720</b>	<b>16,435,960</b>
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	6,738,170	6,738,170
Share premium	9,999	9,999
Reserves	1,193,474	1,202,991
Retained earnings	2,022,538	2,183,777
<b>Total equity attributable to equity holders of the parent</b>	<b>9,964,181</b>	<b>10,134,937</b>
<b>TOTAL EQUITY</b>	<b>9,964,181</b>	<b>10,134,937</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>25,811,901</b>	<b>26,570,897</b>

## CONSOLIDATED CONDENSED BALANCE SHEET

(unaudited, in thousands of EUR)

<b>ASSETS</b>	<b>29.02.2008</b>	<b>31.08.2007</b>
<b>Current assets</b>		
Cash and cash equivalents	26,877	83,315
Receivables	66,367	52,094
Prepayments	11,000	7,934
Derivatives (Note 7)	473	115
Inventories	17,645	17,407
<b>Total current assets</b>	<b>122,362</b>	<b>160,865</b>
<b>Non-current assets</b>		
Investments in associates	207	207
Other financial assets and prepayments	490	594
Deferred income tax assets	9,796	9,785
Investment property	300	300
Property, plant and equipment (Note 8)	1,435,009	1,444,403
Intangible assets (Note 9)	81,517	82,036
<b>Total non-current assets</b>	<b>1,527,319</b>	<b>1,537,325</b>
<b>TOTAL ASSETS</b>	<b>1,649,681</b>	<b>1,698,190</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Current portion of interest-bearing liabilities (Note 10)	116,558	143,634
Payables	84,963	90,011
Deferred income	10,662	7,734
Derivatives (Note 7)	0	510
<b>Total current liabilities</b>	<b>212,183</b>	<b>241,889</b>
<b>Non-current liabilities</b>		
Interest bearing loans and borrowings (Note 10)	796,408	804,281
Deferred income tax	4,055	4,056
Pension liability	208	223
<b>Total non-current liabilities</b>	<b>800,671</b>	<b>808,560</b>
<b>TOTAL LIABILITIES</b>	<b>1,012,854</b>	<b>1,050,449</b>
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	430,648	430,648
Share premium	639	639
Reserves	76,276	76,885
Retained earnings	129,264	139,569
<b>Total equity attributable to equity holders of the parent</b>	<b>636,827</b>	<b>647,741</b>
<b>TOTAL EQUITY</b>	<b>636,827</b>	<b>647,741</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,649,681</b>	<b>1,698,190</b>

**CONSOLIDATED CONDENSED CASH FLOW STATEMENT**

(unaudited, in thousands of EEK)	<b>01.09.2007 - 29.02.2008</b>	<b>01.09.2006 - 28.02.2007</b>
<b>Cash flows from operating activities</b>		
Net profit/-loss for the period	-108,774	2,605
Adjustments	880,913	791,295
Changes in assets related to operating activities	-270,924	144,588
Changes in inventories	-3,733	11,190
Changes in liabilities related to operating activities	-36,461	-451,185
Income tax repaid/-paid	344	-652
	<b>461,365</b>	<b>497,841</b>
<b>Cash flow used for investing activities</b>		
Purchase of property, plant, equipment and intangible assets (Notes 8, 9)	-494,290	-413,633
Proceeds from disposals of property, plant, equipment	200,228	6,803
Proceeds from settlement of derivatives	9,683	15,682
Payments of settlement of derivatives	-18,146	-42
Acquisition of minority interests	0	-1,157
Interest received	7,443	13,527
	<b>-295,082</b>	<b>-378,820</b>
<b>Cash flow from (+)/ used for (-) financing activities</b>		
Transaction costs of issue of shares	0	-6,520
Repurchase of own shares (Note 11)	-65,067	0
Redemption of loans and bonds (Note 10)	-821,577	-602,014
Change in overdraft (Note 10)	270,935	27,978
Repayment of finance lease liabilities (Note 10)	-8,402	-23,130
Interest paid	-425,243	-343,024
	<b>-1,049,354</b>	<b>-946,710</b>
<b>TOTAL NET CASH FLOW</b>	<b>-883,071</b>	<b>-827,689</b>
<b>Cash and cash equivalents:</b>		
- at the beginning of period	1,303,609	1,407,608
- increase (+) / decrease (-)	-883,071	-827,689
<b>Cash and cash equivalents at end of period</b>	<b>420,538</b>	<b>579,919</b>

(unaudited, in thousands of EUR)	<b>01.09.2007 - 29.02.2008</b>	<b>01.09.2006 - 28.02.2007</b>
<b>Cash flows from operating activities</b>		
Net profit/-loss for the period	-6,952	166
Adjustments	56,301	50,573
Changes in assets related to operating activities	-17,315	9,241
Changes in inventories	-239	715
Changes in liabilities related to operating activities	-2,330	-28,836
Income tax repaid/-paid	22	-41
	<b>29,487</b>	<b>31,818</b>
<b>Cash flow used for investing activities</b>		
Purchase of property, plant, equipment and intangible assets (Notes 8, 9)	-31,591	-26,436
Proceeds from disposals of property, plant, equipment	12,797	435
Proceeds from settlement of derivatives	619	1,003
Payments of settlement of derivatives	-1,160	-3
Acquisition of minority interests	0	-74
Interest received	476	864
	<b>-18,859</b>	<b>-24,211</b>
<b>Cash flow from (+)/ used for (-) financing activities</b>		
Transaction costs of issue of shares	0	-417
Repurchase of own shares (Note 11)	-4,159	0
Redemption of loans and bonds (Note 10)	-52,508	-38,476
Change in overdraft (Note 10)	17,316	1,788
Repayment of finance lease liabilities (Note 10)	-537	-1,478
Interest paid	-27,178	-21,923
	<b>-67,066</b>	<b>-60,506</b>
<b>TOTAL NET CASH FLOW</b>	<b>-56,438</b>	<b>-52,899</b>
<b>Cash and cash equivalents:</b>		
- at the beginning of period	83,315	89,963
- increase (+) / decrease (-)	-56,438	-52,899
<b>Cash and cash equivalents at end of period</b>	<b>26,877</b>	<b>37,064</b>

**CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY**

(unaudited, in thousands of EEK)	Share capital	Share premium	Unregistered share capital with share premium	Unrealised exchange differences	Ships revaluation reserve	Cash flow hedge reserve	Mandatory legal reserve	Reserve for own shares	Retained earnings	Shareholders' equity	Minority interests	Total equity
<b>At 31 August 2006</b>	<b>1,415,000</b>	<b>2,012,394</b>	<b>1,475,727</b>	<b>23</b>	<b>1,138,827</b>	<b>-7,636</b>	<b>27,500</b>	<b>0</b>	<b>3,012,254</b>	<b>9,074,089</b>	<b>1,189</b>	<b>9,075,278</b>
<b>Changes in equity for the I half-year of 2006/2007</b>												
Share issue	5,323,170	-2,002,395	-1,475,727	0	0	0	0	0	-1,845,049	-1	0	-1
Distribution of profit 2005/2006	0	0	0	0	0	0	74,210	0	-74,210	0	0	0
Acquisition of minority interests	0	0	0	0	0	0	0	0	0	0	-1,189	-1,189
Income and expense for the period												
Net profit of the I half-year of the year 2006/2007 (Note 6)	0	0	0	0	0	0	0	0	2,605	2,605	0	2,605
Net losses on cash flow hedges	0	0	0	0	0	4,601	0	0	0	4,601	0	4,601
Foreign currency translation	0	0	0	1,614	0	0	0	0	0	1,614	0	1,614
<b>Total income and expense for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,614</b>	<b>0</b>	<b>4,601</b>	<b>0</b>	<b>0</b>	<b>2,605</b>	<b>8,820</b>	<b>0</b>	<b>8,820</b>
<b>At 28 February 2007</b>	<b>6,738,170</b>	<b>9,999</b>	<b>0</b>	<b>1,637</b>	<b>1,138,827</b>	<b>-3,035</b>	<b>101,710</b>	<b>0</b>	<b>1,095,600</b>	<b>9,082,908</b>	<b>0</b>	<b>9,082,908</b>
<b>At 31 August 2007</b>	<b>6,738,170</b>	<b>9,999</b>	<b>0</b>	<b>412</b>	<b>1,100,869</b>	<b>0</b>	<b>101,710</b>	<b>0</b>	<b>2,183,777</b>	<b>10,134,937</b>	<b>0</b>	<b>10,134,937</b>
<b>Changes in equity for the I half-year of 2007/2008</b>												
Own shares acquired (Note 11)	0	0	0	0	0	0	0	-65,132	0	-65,132	0	-65,132
Distribution of profit 2006/2007	0	0	0	0	0	0	52,465	0	-52,465	0	0	0
Income and expense for the period												
Net loss of the I half-year of the year 2007/2008 (Note 6)	0	0	0	0	0	0	0	0	-108,774	-108,774	0	-108,774
Foreign currency translation	0	0	0	3,150	0	0	0	0	0	3,150	0	3,150
<b>Total income and expense for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,150</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-108,774</b>	<b>-105,624</b>	<b>0</b>	<b>-105,624</b>
<b>At 29 February 2008</b>	<b>6,738,170</b>	<b>9,999</b>	<b>0</b>	<b>3,562</b>	<b>1,100,869</b>	<b>0</b>	<b>154,175</b>	<b>-65,132</b>	<b>2,022,538</b>	<b>9,964,181</b>	<b>0</b>	<b>9,964,181</b>

(unaudited, in thousands of EUR)	Share capital	Share premium	Unregistered share capital with share premium	Unrealised exchange differences	Ships revaluation reserve	Cash flow hedge reserve	Mandatory legal reserve	Reserve for own shares	Retained earnings	Shareholders' equity	Minority interests	Total equity
<b>At 31 August 2006</b>	<b>90,435</b>	<b>128,615</b>	<b>94,316</b>	<b>2</b>	<b>72,784</b>	<b>-488</b>	<b>1,758</b>	<b>0</b>	<b>192,518</b>	<b>579,940</b>	<b>76</b>	<b>580,016</b>
<b>Changes in equity for the I half-year of 2006/2007</b>												
Share issue	340,213	-127,976	-94,316	0	0	0	0	0	-117,920	1	0	1
Distribution of profit 2005/2006	0	0	0	0	0	0	4,742	0	-4,742	0	0	0
Acquisition of minority interests	0	0	0	0	0	0	0	0	0	0	-76	-76
Income and expense for the period												
Net profit of the I half-year of the year 2006/2007 (Note 6)	0	0	0	0	0	0	0	0	166	166	0	166
Net losses on cash flow hedges	0	0	0	0	0	294	0	0	0	294	0	294
Foreign currency translation	0	0	0	103	0	0	0	0	0	103	0	103
<b>Total income and expense for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>103</b>	<b>0</b>	<b>294</b>	<b>0</b>	<b>0</b>	<b>166</b>	<b>563</b>	<b>0</b>	<b>563</b>
<b>At 28 February 2007</b>	<b>430,648</b>	<b>639</b>	<b>0</b>	<b>105</b>	<b>72,784</b>	<b>-194</b>	<b>6,500</b>	<b>0</b>	<b>70,022</b>	<b>580,504</b>	<b>0</b>	<b>580,504</b>
<b>At 31 August 2007</b>	<b>430,648</b>	<b>639</b>	<b>0</b>	<b>27</b>	<b>70,358</b>	<b>0</b>	<b>6,500</b>	<b>0</b>	<b>139,569</b>	<b>647,741</b>	<b>0</b>	<b>647,741</b>
<b>Changes in equity for the I half-year of 2007/2008</b>												
Own shares acquired (Note 11)	0	0	0	0	0	0	0	-4,163	0	-4,163	0	-4,163
Distribution of profit 2006/2007	0	0	0	0	0	0	3,353	0	-3,353	0	0	0
Income and expense for the period												
Net loss of the I half-year of the year 2007/2008 (Note 6)	0	0	0	0	0	0	0	0	-6,952	-6,952	0	-6,952
Foreign currency translation	0	0	0	201	0	0	0	0	0	201	0	201
<b>Total income and expense for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>201</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-6,952</b>	<b>-6,751</b>	<b>0</b>	<b>-6,751</b>
<b>At 29 February 2008</b>	<b>430,648</b>	<b>639</b>	<b>0</b>	<b>228</b>	<b>70,358</b>	<b>0</b>	<b>9,853</b>	<b>-4,163</b>	<b>129,264</b>	<b>636,827</b>	<b>0</b>	<b>636,827</b>



## NOTES TO THE UNAUDITED INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

### **Note 1**                    **CORPORATE INFORMATION**

The interim consolidated condensed financial statements of AS Tallink Grupp and its subsidiaries (hereinafter as “the group”) for the first six months of the financial year 2007/2008 were authorised for issue in accordance with a resolution of the Management Board on 17 April 2008. AS Tallink Grupp is a limited company incorporated in Estonia and employed 6,311 people at 29 February 2008 (31 August 2007: 6,481).

### **Note 2**                    **BASIS OF PREPARATION**

The interim consolidated condensed 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 condensed financial statements as in the annual consolidated financial statements of AS Tallink Grupp for the financial year ended on 31 August 2007.

The interim consolidated condensed financial statements have been prepared in thousand Estonian kroons (EEK). The respective EEK numbers have been expressed also in thousand Euros (EUR) using exchange rate 1 EUR=15.6466 EEK.

### **Note 3**                    **SUBSIDIARIES AND ASSOCIATES**

In August 2007 AS Tallink Grupp co-established new associate company AS Tallink Takso. AS Tallink Grupp has 34% of the share capital. The prepayment into share capital in the amount of 1,020 thousand EEK (*65 thousand EUR*) was made in August 2007. The company was registered in September 2007.

### **Note 4**                    **SEGMENT INFORMATION**

The primary segments of the group are geographical segments (by the routes and mainland) and the secondary segments are operational segments (tickets sales, sales of cargo transport, accommodation sales, restaurant and shops sales on-board and on mainland, income from leases of vessels and others).

**Geographical segments**

(in thousands of EEK)

<b>01.09.2007-29.02.2008</b>	<b>Estonia Finland route</b>	<b>Estonia Sweden routes</b>	<b>Latvia Sweden route</b>	<b>Germany Finland route</b>	<b>Finland Sweden route</b>	<b>Estonia mainland business</b>	<b>Others</b>	<b>Elimination of intersegment sales</b>	<b>Total</b>
<b>Revenue</b>									
Sales to external customers	1,468,968	650,448	215,378	559,685	2,509,018	156,172	103,491	0	5,663,160
Inter-segment sales	0	0	0	0	0	44,457	0	-44,457	0
	<b>1,468,968</b>	<b>650,448</b>	<b>215,378</b>	<b>559,685</b>	<b>2,509,018</b>	<b>200,629</b>	<b>103,491</b>	<b>-44,457</b>	<b>5,663,160</b>
<b>Segment result</b>	<b>454,471</b>	<b>43,987</b>	<b>-44,628</b>	<b>-33,102</b>	<b>310,419</b>	<b>-6,712</b>	<b>43,651</b>	<b>0</b>	<b>768,086</b>
Unallocated expenses									-451,660
Net financial items (Note 5)									-452,090
<b>Loss before income tax</b>									<b>-108,664</b>
<b>01.09.2006-28.02.2007</b>									
<b>01.09.2006-28.02.2007</b>	<b>Estonia Finland route</b>	<b>Estonia Sweden routes</b>	<b>Latvia Sweden route</b>	<b>Germany Finland route</b>	<b>Finland Sweden route</b>	<b>Estonia mainland business</b>	<b>Others</b>	<b>Elimination of intersegment sales</b>	<b>Total</b>
<b>Revenue</b>									
Sales to external customers	1,263,479	606,185	119,308	533,104	2,770,502	87,132	69,068	0	5,448,778
Inter-segment sales	0	0	0	0	0	37,281	0	-37,281	0
	<b>1,263,479</b>	<b>606,185</b>	<b>119,308</b>	<b>533,104</b>	<b>2,770,502</b>	<b>124,413</b>	<b>69,068</b>	<b>-37,281</b>	<b>5,448,778</b>
<b>Segment result</b>	<b>311,055</b>	<b>39,190</b>	<b>-13,603</b>	<b>39,274</b>	<b>355,902</b>	<b>4,758</b>	<b>14,486</b>	<b>0</b>	<b>751,062</b>
Unallocated expenses									-470,989
Negative goodwill									689
Net financial items (Note 5)									-276,504
<b>Profit before income tax</b>									<b>4,258</b>

(in thousands of EUR)

<b>01.09.2007-29.02.2008</b>	<b>Estonia Finland route</b>	<b>Estonia Sweden routes</b>	<b>Latvia Sweden route</b>	<b>Germany Finland route</b>	<b>Finland Sweden route</b>	<b>Estonia mainland business</b>	<b>Others</b>	<b>Elimination of intersegment sales</b>	<b>Total</b>
<b>Revenue</b>									
Sales to external customers	93,884	41,571	13,765	35,771	160,356	9,981	6,614	0	361,942
Inter-segment sales	0	0	0	0	0	2,841	0	-2,841	0
	<b>93,884</b>	<b>41,571</b>	<b>13,765</b>	<b>35,771</b>	<b>160,356</b>	<b>12,822</b>	<b>6,614</b>	<b>-2,841</b>	<b>361,942</b>
<b>Segment result</b>	<b>29,046</b>	<b>2,811</b>	<b>-2,852</b>	<b>-2,115</b>	<b>19,839</b>	<b>-429</b>	<b>2,790</b>	<b>0</b>	<b>49,090</b>
Unallocated expenses									-28,866
Net financial items (Note 5)									-27,169
<b>Loss before income tax</b>									<b>-6,945</b>

<b>01.09.2006-28.02.2007</b>	<b>Estonia Finland route</b>	<b>Estonia Sweden routes</b>	<b>Latvia Sweden route</b>	<b>Germany Finland route</b>	<b>Finland Sweden route</b>	<b>Estonia mainland business</b>	<b>Others</b>	<b>Elimination of intersegment sales</b>	<b>Total</b>
<b>Revenue</b>									
Sales to external customers	80,751	38,742	7,625	34,072	177,067	5,569	4,414	0	348,240
Inter-segment sales	0	0	0	0	0	2,383	0	-2,383	0
	<b>80,751</b>	<b>38,742</b>	<b>7,625</b>	<b>34,072</b>	<b>177,067</b>	<b>7,952</b>	<b>4,414</b>	<b>-2,383</b>	<b>348,240</b>
<b>Segment result</b>	<b>19,880</b>	<b>2,505</b>	<b>-869</b>	<b>2,510</b>	<b>22,746</b>	<b>304</b>	<b>926</b>	<b>0</b>	<b>48,002</b>
Unallocated expenses									-30,102
Negative goodwill									44
Net financial items (Note 5)									-17,672
<b>Profit before income tax</b>									<b>272</b>

**Operational segments**

	(in thousands of EEK)		(in thousands of EUR)	
	01.09.2007- 29.02.2008	01.09.2006- 28.02.2007	01.09.2007- 29.02.2008	01.09.2006- 28.02.2007
Ticket sales	1,297,004	1,102,595	82,894	70,469
Sales of cargo transport	1,256,776	1,172,695	80,323	74,949
Accommodation sales	56,509	37,292	3,611	2,383
Restaurant and shops sales on-board and on mainland	2,826,154	2,830,270	180,624	180,887
Income from leases of vessels	94,283	68,970	6,026	4,408
Other	132,434	236,956	8,464	15,144
<b>Total revenue of the Group</b>	<b>5,663,160</b>	<b>5,448,778</b>	<b>361,942</b>	<b>348,240</b>

**Note 5 FINANCIAL INCOME AND EXPENSES**

	(in thousands of EEK)		(in thousands of EUR)	
	01.09.2007- 29.02.2008	01.09.2006- 28.02.2007	01.09.2007- 29.02.2008	01.09.2006- 28.02.2007
Net foreign exchange gains	6,683	7,313	427	468
Income from interest rate swap	17,077	70,103	1,091	4,480
Other interest and financial income	6,852	13,629	438	871
<b>Total financial income</b>	<b>30,612</b>	<b>91,045</b>	<b>1,956</b>	<b>5,819</b>
Interest expenses	-440,436	-356,702	-28,149	-22,798
Expenses from interest rate swap	-1,799	-4,725	-115	-302
Net expenses from foreign exchange derivatives	-10,166	-3,299	-650	-211
Other financial expenses	-3,301	-2,823	-211	-180
<b>Total financial expenses</b>	<b>-455,702</b>	<b>-367,549</b>	<b>-29,125</b>	<b>-23,491</b>

**Note 6 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. As the company does not have any potential ordinary shares, then the diluted earnings per share are equal to basic earnings per share.

	01.12.2007 - 29.02.2008	01.12.2006 - 28.02.2007	01.09.2007 - 29.02.2008	01.09.2006 - 28.02.2007
Weighted average number of ordinary shares (pcs)	671,429,183	673,817,040	672,623,111	673,817,040
Net profit/-loss attributable to ordinary shareholders (in thousands of EEK)	-111,398	-111,996	-108,774	2,605
Earnings per share (in EEK per share)	-0.17	-0.17	-0.16	0.00

	01.12.2007 - 29.02.2008	01.12.2006 - 28.02.2007	01.09.2007 - 29.02.2008	01.09.2006 - 28.02.2007
Weighted average number of ordinary shares (pcs)	671,429,183	673,817,040	672,623,111	673,817,040
Net profit/-loss attributable to ordinary shareholders (in thousands of EUR)	-7,120	-7,158	-6,952	166
Earnings per share (in EUR per share)	-0.01	-0.01	-0.01	0.00

**Weighted average number of ordinary shares**

(pcs)	01.12.2007 - 29.02.2008	01.12.2006 - 28.02.2007	01.09.2007 - 29.02.2008	01.09.2006 - 28.02.2007
Issued ordinary shares at the beginning of period	673,817,040	168,454,260	673,817,040	168,454,260
Effect of own shares held	-2,387,857	0	-1,193,929	0
Effect of bonus issue	0	505,362,780	0	505,362,780
Weighted average number of ordinary shares at end of period	671,429,183	673,817,040	672,623,111	673,817,040

Due to share buyback transactions during I half-year of 2007/2008 the weighted average number of ordinary shares for reporting period is 672,623,111 shares (Note 11).

As a result of the issuing new shares, the share capital increased from 168,454,260 shares to 673,817,040 shares on 31 January 2007. Since the increase of share capital was bonus issue, the average number of ordinary shares for comparative period has been adjusted and 673,817,040 have been used as an average number of ordinary shares in the calculation of earning per share for comparative period.

#### Note 7 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.

Movements in the fair values of interest rate financial instruments were as follows:

(in thousands of EEK)	Maturity	29.02.2008		31.08.2007	
		Notional amount	Fair value	Notional amount	Fair value
Interest rate swap	2007	0	0	2,253,110	1,799
Interest rate swap	2007	0	0	1,564,660	-1,252
Foreign exchange rate swap	2007	0	0	277,211	-1,205
Foreign exchange rate swap	2007	0	0	187,759	-5,523
Total derivatives with positive value			0		1,799
Total derivatives with negative value			0		7,980

(in thousands of EUR)	Maturity	29.02.2008		31.08.2007	
		Notional amount	Fair value	Notional amount	Fair value
Interest rate swap	2007	0	0	144,000	115
Interest rate swap	2007	0	0	100,000	-80
Foreign exchange rate swap	2007	0	0	17,717	-77
Foreign exchange rate swap	2007	0	0	12,000	-353
Total derivatives with positive value			0		115
Total derivatives with negative value			0		510

In the reporting period AS Tallink Grupp has entered into two interest rate swap contracts with total notional amount of 3,219,320 thousand EEK (200,000 thousand EUR) with the maturity in years 2012 and 2014. AS Tallink Grupp will receive 3-months EURIBOR and will pay fixed conditional coupons to the counterparty bank. The transactions are so far with the positive cash flow for the group. As of 29.02.2008 the receivable from these derivatives is 7,394 thousand EEK (473 thousand EUR). The potential change in the fair value of abovementioned derivatives is estimated non-significant and is not recognized in the current interim financial statements as of 29.02.2008.

#### Note 8 PROPERTY, PLANT AND EQUIPMENT

(in thousands of EEK)	Land and building	Ships	Plant and equipment	Prepayments	Total
<b>Book value at 31 August 2007</b>	<b>133,664</b>	<b>21,575,217</b>	<b>112,418</b>	<b>778,702</b>	<b>22,600,001</b>
Additions	3,614	42,755	19,512	397,149	463,030
Transfer to intangible assets (Note 9)	0	0	0	-2,089	-2,089
Exchange rate differences	-203	-94	-9	1	-305
Disposals	-14	-183,545	-603	0	-184,162
Depreciation for the period	-6,614	-388,473	-28,383	0	-423,470
<b>Book value at 29 February 2008</b>	<b>130,447</b>	<b>21,045,860</b>	<b>102,935</b>	<b>1,173,763</b>	<b>22,453,005</b>

#### At 29 February 2008

-Cost	162,963	22,150,185	235,175	1,173,763	23,722,086
-Accumulated depreciation	-32,516	-1,104,325	-132,240	0	-1,269,081

	Land and building	Ships	Plant and equipment	Prepayments	Total
<b>Book value at 31 August 2006</b>	<b>145,989</b>	<b>21,053,598</b>	<b>115,964</b>	<b>541,602</b>	<b>21,857,153</b>
Additions	0	44,341	20,536	293,192	358,069
Purchase of new subsidiary	0	0	500	152	652
Exchange rate differences	-78	0	-14	0	-92
Disposals	0	0	-5,348	0	-5,348
Depreciation for the period	-6,001	-425,053	-33,020	0	-464,074
<b>Book value at 28 February 2007</b>	<b>139,910</b>	<b>20,672,886</b>	<b>98,618</b>	<b>834,946</b>	<b>21,746,360</b>

**At 28 February 2007**

-Cost	158,703	21,092,137	191,551	834,946	22,277,337
-Accumulated depreciation	-18,793	-419,251	-92,933	0	-530,977

(in thousands of EUR)	Land and building	Ships	Plant and equipment	Prepayments	Total
<b>Book value at 31 August 2007</b>	<b>8,543</b>	<b>1,378,908</b>	<b>7,184</b>	<b>49,768</b>	<b>1,444,403</b>
Additions	231	2,733	1,247	25,382	29,593
Transfer to intangible assets (Note 9)	0	0	0	-133	-133
Exchange rate differences	-13	-6	0	0	-19
Disposals	-1	-11,731	-38	0	-11,770
Depreciation for the period	-423	-24,828	-1,814	0	-27,065
<b>Book value at 29 February 2008</b>	<b>8,337</b>	<b>1,345,076</b>	<b>6,579</b>	<b>75,017</b>	<b>1,435,009</b>

**At 29 February 2008**

-Cost	10,415	1,415,655	15,030	75,017	1,516,117
-Accumulated depreciation	-2,078	-70,579	-8,451	0	-81,108

	Land and building	Ships	Plant and equipment	Prepayments	Total
<b>Book value at 31 August 2006</b>	<b>9,330</b>	<b>1,345,570</b>	<b>7,412</b>	<b>34,615</b>	<b>1,396,927</b>
Additions	0	2,834	1,312	18,738	22,884
Purchase of new subsidiary	0	0	32	10	42
Exchange rate differences	-5	0	-1	0	-6
Disposals	0	0	-342	0	-342
Depreciation for the period	-383	-27,166	-2,110	0	-29,659
<b>Book value at 28 February 2007</b>	<b>8,942</b>	<b>1,321,238</b>	<b>6,303</b>	<b>53,363</b>	<b>1,389,846</b>

**At 28 February 2007**

-Cost	10,143	1,348,033	12,242	53,363	1,423,781
-Accumulated depreciation	-1,201	-26,795	-5,939	0	-33,935

**Note 9 INTANGIBLE ASSETS**

	(in thousands of EEK)				(in thousands of EUR)			
	Goodwill	Trademark	Others	Total	Goodwill	Trademark	Others	Total
<b>Book value at 31 August 2007</b>	<b>174,409</b>	<b>858,781</b>	<b>250,402</b>	<b>1,283,592</b>	<b>11,147</b>	<b>54,886</b>	<b>16,003</b>	<b>82,036</b>
Additions	0	0	31,260	31,260	0	0	1,998	1,998
Transfer from property, plant and equipment (Note 8)	0	0	2,089	2,089	0	0	133	133
Amortization for the period	0	-22,812	-18,660	-41,472	0	-1,458	-1,192	-2,650
<b>Book value at 29 February 2008</b>	<b>174,409</b>	<b>835,969</b>	<b>265,091</b>	<b>1,275,469</b>	<b>11,147</b>	<b>53,428</b>	<b>16,942</b>	<b>81,517</b>

At 29 February 2008

Cost	174,409	912,009	324,417	1,410,835	11,147	58,288	20,734	90,169
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Accumulated amortization	0	-76,040	-59,326	-135,366	0	-4,860	-3,792	-8,652
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	(in thousands of EEK)				(in thousands of EUR)			
	Goodwill	Trademark	Others	Total	Goodwill	Trademark	Others	Total
<b>Book value at 31 August 2006</b>	<b>173,148</b>	<b>904,405</b>	<b>180,879</b>	<b>1,258,432</b>	<b>11,066</b>	<b>57,802</b>	<b>11,560</b>	<b>80,428</b>
Additions	0	0	55,564	55,564	0	0	3,551	3,551
Purchase of new subsidiary	1,261	0	0	1,261	81	0	0	81
Amortization for the period	0	-22,812	-22,184	-44,996	0	-1,458	-1,418	-2,876
<b>Book value at 28 February 2007</b>	<b>174,409</b>	<b>881,593</b>	<b>214,259</b>	<b>1,270,261</b>	<b>11,147</b>	<b>56,344</b>	<b>13,693</b>	<b>81,184</b>

At 28 February 2007								
Cost	174,409	912,009	249,153	1,335,571	11,147	58,288	15,923	85,358
Accumulated amortization	0	-30,416	-34,894	-65,310	0	-1,944	-2,230	-4,174

#### Note 10 INTEREST BEARING LOANS AND BORROWINGS

(in thousands of EEK)

	31 August 2007	New loans	Repayments	Other changes [1]	29 February 2008
Lease liability	23,548	0	-8,402	0	15,146
Bank overdrafts	74,143	270,935	0	0	345,078
Long-term bank loans	14,733,960	0	-821,577	12,207	13,924,590
<b>TOTAL</b>	<b>14,831,651</b>	<b>270,935</b>	<b>-829,979</b>	<b>12,207</b>	<b>14,284,814</b>
incl. short-term portion	2,247,390				1,823,732
long-term portion	12,584,261				12,461,082

(in thousands of EUR)

	31 August 2007	New loans	Repayments	Other changes [1]	29 February 2008
Lease liability	1,505	0	-537	0	968
Bank overdrafts	4,739	17,316	0	0	22,055
Long-term bank loans	941,671	0	-52,508	780	889,943
<b>TOTAL</b>	<b>947,915</b>	<b>17,316</b>	<b>-53,045</b>	<b>780</b>	<b>912,966</b>
incl. short-term portion	143,634				116,558
long-term portion	804,281				796,408

[1] Other changes related to long-term bank loans are the amortisation of transaction costs.

Bank overdrafts are secured with commercial pledge (in the total amount of 316,120 thousand EEK (20,203 thousand EUR) and ship mortgages.

AS Tallink Grupp has given guarantees to HSH Nordbank AG, Nordea Bank Plc and Skandinaviska Enskilda Banken AB for the loans granted to overseas subsidiaries amounting to 9,109,358 thousand EEK (582,194 thousand EUR). 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. AS Tallink Grupp has given guarantee to HSH Nordbank AB for the loan granted to Tallink Silja Oy Ab amounting to 4,721,784 thousand EEK (301,777 thousand EUR). The primary securities for these loans are the pledge of shares of Tallink Silja Oy Ab and mortgages on the ships belonging to the above-mentioned subsidiary.

#### Note 11 SHARE CAPITAL

At 29 February 2008 the Group held 3,935 thousand of the AS Tallink Grupp shares. Total cost of share buyback transactions of 3,935 thousand shares is 65,132 thousand EEK (4,163 thousand EUR). This sum is including fees from Hansapank 65 thousand EEK (4 thousand EUR) paid in March 2008.

According to the Articles of Association of the Parent effective as of 29 February 2008 the maximum number of authorised common shares is 2,000,000 thousand. As of 29.02.2008 no share options are issued.

**Note 12 RELATED PARTY DISCLOSURES**

(in thousands of EEK)

<b>6 months of 2007/2008 or 29.02.2008</b>	<b>Sales to related party</b>	<b>Purchases from related parties</b>	<b>Amounts owed by related parties</b>	<b>Amounts owed to related parties</b>
AS Infortar	655	1,473	123	0
AS HT Valuuta	1,216	0	60	0
AS Vara HTG	0	27,868	3,000	0
OÜ Mersok	0	72	0	14
AS Vaba Maa	0	5,118	0	110
OÜ Sunbeam	0	23,063	0	0
AS Gastrolink	101	3,337	0	501
Gastrolink Finland OY	5	0	0	0
AS Tallink Takso	199	0	233	0
Searail EEIG	33,734	0	10,264	6,462
<b>6 months of 2006/2007 or 28.02.2007</b>	<b>Sales to related party</b>	<b>Purchases from related parties</b>	<b>Amounts owed by related parties</b>	<b>Amounts owed to related parties</b>
AS Infortar	547	2,065	117	281
AS Infortar – purchase of OÜ				
Hera Salongid	0	960	0	0
AS HT Valuuta	1,330	0	761	0
AS Vara HTG	0	28,336	0	0
OÜ Mersok	0	72	0	28
AS Vaba Maa	0	2,207	0	129
OÜ Hera Salongid [1]	32	147	0	0
AS Gastrolink	49	1,303	0	205
Gastrolink Finland OY	11	0	0	0
AS Baltic Tours	2,641	0	10,961	0
Searail EEIG	18,573	0	12,815	6,572

(in thousands of EUR)

<b>6 months of 2007/2008 or 29.02.2008</b>	<b>Sales to related party</b>	<b>Purchases from related parties</b>	<b>Amounts owed by related parties</b>	<b>Amounts owed to related parties</b>
AS Infortar	42	94	8	0
AS HT Valuuta	78	0	4	0
AS Vara HTG	0	1,781	192	0
OÜ Mersok	0	5	0	1
AS Vaba Maa	0	327	0	7
OÜ Sunbeam	0	1,474	0	0
AS Gastrolink	6	213	0	32
Gastrolink Finland OY	0	0	0	0
AS Tallink Takso	13	0	15	0
Searail EEIG	2,156	0	656	413
<b>6 months of 2006/2007 or 28.02.2007</b>	<b>Sales to related party</b>	<b>Purchases from related parties</b>	<b>Amounts owed by related parties</b>	<b>Amounts owed to related parties</b>
AS Infortar	35	132	7	18
AS Infortar – purchase of OÜ				
Hera Salongid	0	61	0	0
AS HT Valuuta	85	0	49	0
AS Vara HTG	0	1,811	0	0
OÜ Mersok	0	5	0	2
AS Vaba Maa	0	141	0	8
OÜ Hera Salongid [1]	2	9	0	0
AS Gastrolink	3	83	0	13
Gastrolink Finland OY	1	0	0	0
AS Baltic Tours	169	0	701	0
Searail EEIG	1,187	0	819	420

[1] Transactions until 31.12.2006.



**Note 13**                    **COMMITMENTS**

***Capital investment commitments***

In December 2005 Aker Finnyards OY and AS Tallink Grupp signed a shipbuilding contract to construct a new passenger cruise ship "Cruise 4" christened as Baltic Princess. The new ship should be delivered in summer of 2008. The shipbuilding contract price of new ship is approximately 2,581,689 thousand EEK (*165,000 thousand EUR*). 20 % will be paid during construction and 80 % will be paid on delivery of the ship.

In April 2007 Aker Finnyards OY and AS Tallink Grupp signed a shipbuilding contract to construct a new large cruise ferry "Cruise 5". The new ship should be delivered in 2009. The shipbuilding contract price of new ship is approximately 2,816,388 thousand EEK (*180,000 thousand EUR*). 20 % will be paid during construction and 80 % will be paid on delivery of the ship.

**Note 14**                    **EVENTS AFTER BALANCE SHEET DATE**

In March 2008 AS Tallink Grupp made prepayment of 187,759 thousand EEK (*12,000 thousand EUR*) to Aker Finnyards OY.

In April 2008 the group made final contractual payment of 1,414,453 thousand EEK (*90,400 thousand EUR*) to Fincantieri Cantieri Navali Italiani S.p.A. concerning new fast passenger ship Superstar delivered in April 2008.

## MANAGEMENT BOARD'S APPROVAL OF THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Hereby we declare our responsibility for the Interim Consolidated Condensed Financial Statements and confirm that the AS Tallink Grupp's Interim Consolidated Condensed Financial Statements for the first 6 months of the financial year 2007/2008 ended 29 February 2008 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.

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Chairman of the Board  
*Enn Pant*

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Member of the Board  
*Andres Hunt*

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Member of the Board  
*Keijo Mehtonen*

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Member of the Board  
*Lembit Kitter*

Tallinn

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