

# **AS TALLINK GRUPP**

## **Unaudited Interim Consolidated Condensed Financial Statements**

**for the I<sup>st</sup> half-year of the financial year 2005/2006  
ended February 28, 2006**

Beginning of the financial year 1. September 2005

End of the financial year 31. August 2006

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Primary activity maritime transportation  
(passengers and cargo transportation)

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**MANAGEMENT REPORT FOR INTERIM FINANCIAL STATEMENTS  
for the I<sup>st</sup> half-year of the financial year 2005/2006 ended February 28, 2006**

The first half of the current financial year has been very eventful for Tallink. The successful IPO strengthened the Company's financial position after which Tallink is now able to look into the developments that were not achievable before.

The interim results for the six months are satisfying in general. The seasonality of the business weights the importance of the results to the second half of the financial year. The report hereby reflects the latest business of Tallink and also many of the new projects that have come through during or after the reporting period. These new projects are expected to contribute to the second half of the financial year and to the future results of the Company.

**KEY EVENTS**

- Successful IPO and listing on the Tallinn Stock Exchange;
- Ordering of a new cruise ferry, a sister vessel of M/S Galaxy;
- Negotiations with Latvian authorities to open the Latvia – Sweden operation;
- Management changes in the sales and marketing offices.

**KEY FIGURES**

	01.09.2005–28.02.2006		01.09.2004-28.02.2005		Change %
	EEK	EUR	EEK	EUR	
Net sales (million)	1,786.0	114.1	1,805.4	115.4	-1.1
Net profit for the period (million)	55.2	3.5	49.1	3.1	12.4
Net profit margin (%)	3.1	3.1	2.7	2.7	
EBITDA (million)	255.7	16.3	266.7	17.0	-4.1
EBITDA margin (%)	14.3	14.3	14.8	14.8	
Earnings per share	0.45	0.029	0.45	0.029	1.2
Depreciation (million)	138.5	8.9	135.8	8.7	2.0
Capital Expenditure (million)	492.6	31.5	129,5	8.3	280.3

Number of passengers	1,336,872		1,467,877		-8.9
Cargo units	70,044		61,951		13.1
Average number of employees	2,632		2,721		-3.3

	28.02.2006		31.08.2005		Change %
	EEK	EUR	EEK	EUR	
Total assets (million)	8,605.1	550.0	6,927.2	442.7	24.2
Total liabilities (million)	3,835.7	245.1	4,271.3	273.0	-10.2
Interest-bearing liabilities (million)	3,459.4	221.1	3,836.3	245.2	-9.8
Total equity (million)	4,769.3	304.8	2,655.8	169.7	79.6
Equity/assets ratio (%)	55.4	55.4	38.3	38.3	
Weighted average number of ordinary shares outstanding	122,151,934		110,000,000		11.0
Shareholder's equity per share	39.04	2.50	24.14	1.54	61.7

Net profit margin – Net profit/Net sales;

EBITDA – Earnings before net financial items, share of profit of associates, taxes, depreciation and amortisation;

Earnings per share (EPS) – Net profit attributable to equity holders/weighted average number of ordinary shares outstanding;

Equity ratio – Total Equity /Total assets;

Shareholder's equity per share – Shareholder's equity /Weighted average number of ordinary shares outstanding.

## SALES AND EARNINGS

Net sales of AS Tallink Grupp and its subsidiaries (hereinafter also referred to as the “Group”) amounted to 1,786.0 million EEK (114.1 million EUR) in the period September 1, 2005 – February 28, 2006 compared to 1,805.4 million EEK (115.4 million EUR) in the period September 1, 2004 – February 28, 2005. The sales decreased by 19.4 million EEK (1.2 million EUR). Net sales in the second quarter amounted to 794.0 million EEK (50.7 million EUR) compared to 806.4 million EEK (51.5 million EUR) in the same period in fiscal year 2004/2005.

The following factors had an impact on the sales in the I<sup>st</sup> half of 2005/2006:

- The small decrease in the passenger numbers;
- Increase in cargo volume on Tallinn-Helsinki route;
- Higher ticket revenues;
- Decrease in onboard spending due to the changes in the passenger segments and on-board spending behavior;
- M/S Fantaasia was out of the operations for most of the reporting period.

In the first half-year the operating profit declined by 13.3 million EEK (0.8 million EUR) from 130.5 million EEK (8.3 million EUR) to 117.2 million EEK (7.5 million EUR). Profit before taxes amounted to 55.8 million EEK (3.6 million EUR) and the net profit increased by 6.1 million EEK (0.4 million EUR) from 49.1 million EEK (3.1 million EUR) to 55.2 million EEK (3.5 million EUR).

The net profit in the second quarter declined from 6.1 million EEK (0.4 million EUR) in financial year 2004/2005 to -7.4 million EEK (-0.5 million EUR) in financial year 2005/2006 due to the following factors:

- Weaker than expected sales and marketing;
- M/S Fantaasia out from the operation - in preparation for Riga-Stockholm route.

Geographical segment based approach shows that 64.1% of revenues was earned from the Estonia – Finland line (compared to 61.4% in the corresponding period in financial year 2004/2005), 30.7% from the Estonia – Sweden line (31.9% in 2004/2005) and the remaining 5.2% of revenues was earned from mainland business, charter income and other income (6.7% in 2004/2005).

From operational viewpoint the sales were divided as follows: ticket sales 23.3% (20.8% in 2004/2005), revenue from hotel packages 3.1% (3.3% in 2004/2005), sales of cargo transport 21.4% (18.6% in 2004/2005), restaurant and shop sales on-board and on mainland 46.3% (51.0% in 2004/2005), accommodation sales 2.0% (1.8% in 2004/2005), income from leases of vessels 1.0% (1.3% in 2004/2005) and other income 2.9% (3.2% in 2004/2005).

PER PASSENGER FIGURES	01.09.2005-28.02.2006		01.09.2004-28.02.2005		Change %
	EEK	EUR	EEK	EUR	
Ticket sales per passenger	311.2	19.9	255.9	16.4	21.6
Hotel package sales per passenger	40.9	2.6	40.7	2.6	0.4
On-board sales per passenger	618.2	39.5	627.7	40.1	-1.5

The decrease in the number of passengers and increase in the ticket sales are mainly attributable to the opposite effect of discount ticket marketing campaign in autumn 2004/2005.

## **MARKET DEVELOPMENTS**

Currently the Group is operating on Finland - Estonia route between Helsinki and Tallinn and on the Estonia – Sweden routes (Tallinn-Mariehamn-Stockholm and Paldiski – Kapellskär). The total number of passengers transported with Group vessels during the first half-year of 2005/2006 was 1,336,872, compared to 1,467,877 passengers in the same period in the previous financial year. On Tallinn – Helsinki route 1,073,377 passengers (compared to 1,150,492 passengers in the same period in 2004/2005 financial year) and on Estonia – Sweden routes 263,495 passengers (276,527 passengers in 2004/2005) were transported.

In the second quarter of the fiscal year 2005/2006 the number of passengers on Estonia – Finland route decreased by 3.9% and the number of passengers on Estonia – Sweden route increased by 1.3% compared to the same period in previous fiscal year.

The 3.9% decrease in passenger numbers on the Estonia – Finland route in the second quarter of fiscal year was resulted from the general decrease of the total market by 8.2%.

AS Tallink Grupp's approximate market share of passenger transportation on the Estonia - Finland line in the first six months was 46% and the Group is the only scheduled passenger transportation service provider on the Estonia – Sweden lines.

During the reporting period the Group carried a total of 70.0 thousand cargo units and 120.2 thousand passenger cars. The increase in cargo units was 13.1% and the increase in passenger cars was 6.2% compared to the corresponding period in the previous financial year.

The main reason behind the growth in cargo transportation was continuous market development on the Tallinn – Helsinki route. Due to increasing cargo volumes M/S Kapella was transferred to operate between Paldiski-Kapellskär and M/S Regal Star was transferred to Tallinn-Helsinki route from the March 2006. More cargo capacity of M/S Regal Star (more than 1,000 lane metres compared to M/S Kapella) allows us to meet the higher demand better on the Tallinn-Helsinki route.

## **PERSONNEL**

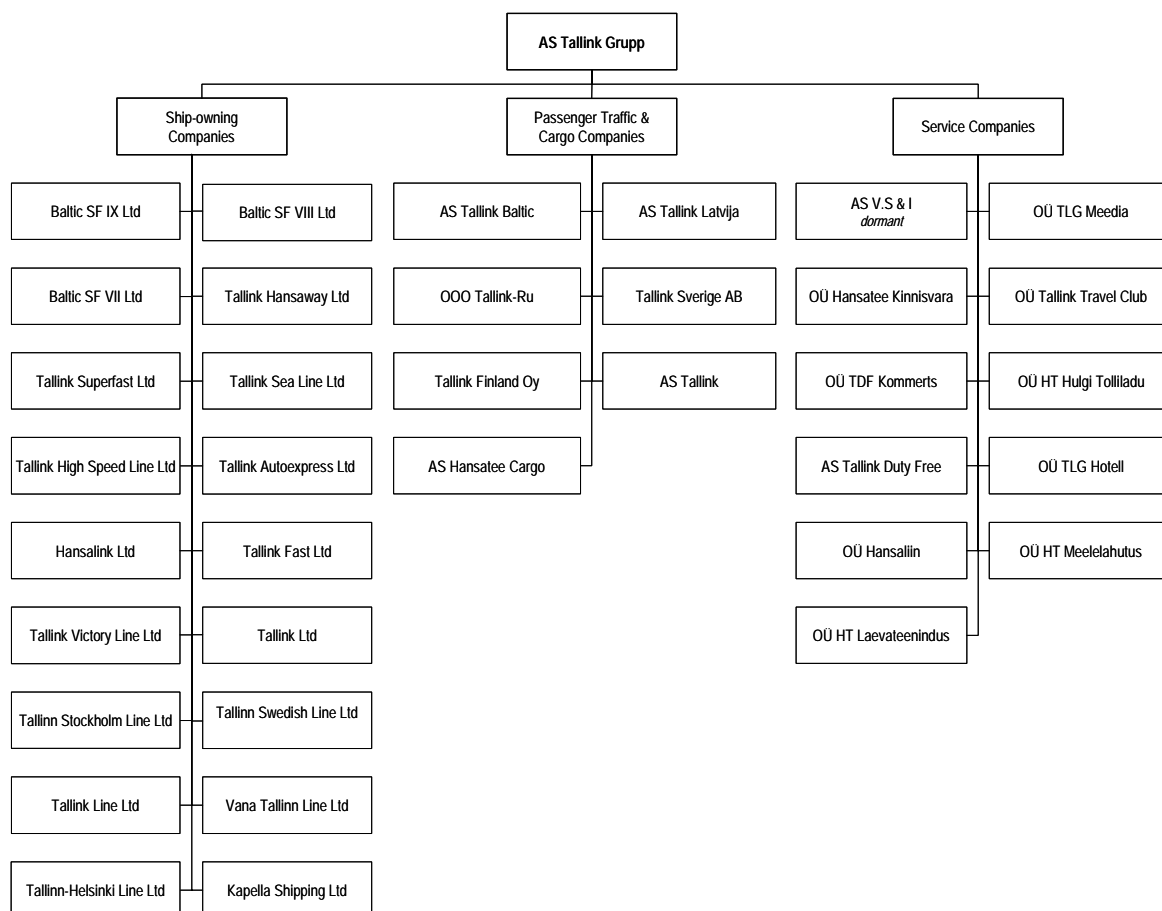
In the period of 1<sup>st</sup> September 2005 to 28<sup>th</sup> of February 2006 the Group employed an average of 2,632 employees (compared to 2,721 in 2004/2005 same period), of whom 1,875 (1,991 in 2004/2005) were employed as vessel personnel, 140 (121 in 2004/2005) were employed in Best Western Hotel Tallink and 617 (609 in 2004/2005) as other on-shore staff.

## **CORPORATE STRUCTURE**

During the first six months of financial year 2005/2006 AS Tallink Grupp established two new subsidiaries with 100% ownership: AS Tallink Latvija and Tallink Hansaway Ltd. (currently dormant). Establishment of another subsidiary with 100 % ownership was decided in October 2005 by the name of Mare Pharmaci OÜ which is in foundation process as the license application is in preparation. Mare Pharmaci OÜ, when entered into the Commercial Register, will be handling pharmacy related sales and services. AS Tallink Latvija was established as sales and marketing company in Latvia, and Tallink Hansaway Ltd. was established for later ship owning purposes.

After the balance sheet date AS Tallink Grupp established another four new subsidiaries with 100% ownership: Baltic SF VII Ltd., Baltic SF VIII Ltd., Baltic SF IX Ltd. and AS Tallink Baltic. The first three were established in Cyprus for acquisition and owning purposes of the three new Superfast ferries, the latter was established as an operating company for the German route.

Consolidating group of AS Tallink Grupp consists of 36 subsidiaries at the time of the report date.



Note: Corporate structure on 10.04.06: All the companies are wholly-owned by AS Tallink Grupp, except for the following: (i) OÜ HT Hulgi Tolliladu and OÜ TDF Kommerts are both wholly-owned by AS Tallink Duty Free, (ii) OÜ TLG Media is jointly-owned by AS Tallink Grupp (2/3) and Mr. Peter Roose (1/3), and (iii) Tallink Sverige AB is wholly-owned by AS Hansatee Cargo.

## EVENTS DURING THE I HALF-YEAR OF 2005/2006

The General Shareholders' Meeting of AS Tallink Grupp decided on the 30<sup>th</sup> of November 2005 to increase the share capital by 265 million EEK to 1,365 million EEK by issuing 26.5 million new shares. The Tallinn Stock Exchange approved the listing of Tallink shares on the 9<sup>th</sup> of December 2005. Gross proceeds received by the Company from the new shares issue totaled to EEK 2,186,250 thousand.

The IPO was successful for the Company and the received funds are intended to be used in investment projects and to support the Company's development.

On the 7<sup>th</sup> of December 2005 the Management Board of Tallink Finland OY executed the decision of terminating the employment agreement with Håkan Nordström the Managing Director of Tallink Finland OY. Keijo Mehtonen was appointed as new Managing Director of Tallink Finland OY.

On the 14<sup>th</sup> of December 2005 Tallinn Stockholm Line Limited, a subsidiary of AS Tallink Grupp, prepaid the loan to AS Infortar whereby the loan agreement was terminated.

On the 17<sup>th</sup> of December 2005 AS Tallink Grupp decided to use the rights derived from the option agreement of the cruise ferry Galaxy currently in construction. In reference to the above the Finnish shipyard Aker Finnyards OY and AS Tallink Grupp signed a shipbuilding contract. According to the contract the new 2,800 passenger cruise ferry, sister to the Galaxy, will be delivered by summer 2008.

On the 25<sup>th</sup> of January 2006 AS Tallink Grupp participated in the first round of the indicative bidding for Silja Line. No binding commitments to AS Tallink Grupp resulted from this. No firm result of the auction have been reported to us by the date of this interim report.

On the 25<sup>th</sup> of January 2006 Mr. Väino Konga was appointed to the Board of the Supervisory Council of Tallink Sverige AB and Ms. Kadri Land was appointed as the Managing Director of Tallink Sverige AB.

After the negotiations, on the 27<sup>th</sup> of January 2006 the Freeport of Riga Authority's Supervisory Council agreed to sign an agreement with AS Tallink Grupp in launching a new Riga-Stockholm route. On the 22<sup>nd</sup> of February 2006 AS Tallink Grupp's subsidiary company AS Tallink Latvija signed a cooperation agreement with the Riga Freeport Authority to begin a regular ferry service between Riga and Stockholm.

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

The Group's earnings are not generated evenly throughout the year. The high season for the Group is the summer period and the second quarter of the financial year represents the weakest period for the Group. 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.

During the reporting period the subsidiary company OÜ TLG Media paid dividends to minority interests in the amount of 150.0 thousand EEK (9.6 thousand EUR) for 2004/2005 financial year. No other dividends were distributed for the financial year ended August 31, 2005 or for the first six months of financial year 2005/2006, but all retained earnings were invested in the growth of the business. We currently expect that this policy will also be applied in the foreseeable future.

On the 6<sup>th</sup> of April 2006 M/S Fantaasia began regular ferry service on the Riga-Stockholm route. M/S Fantaasia will depart from Riga every second day. In May M/S Regina Baltica is planned to be introduced on the Riga-Stockholm route which will mean daily departures from both Riga and Stockholm.

On the 6<sup>th</sup> of April 2006 Tallink Fast Limited, a subsidiary company of AS Tallink Grupp, and Compania Trasmediterranea S.A. (Acciona Group) completed the sale of "M/S Tallink Autoexpress". The vessel was sold at the price of 10.5 million EUR. The profit from the sale is not significantly material to the consolidated financial results of AS Tallink Grupp.

On the 21<sup>st</sup> of March 2006 AS Tallink Grupp contracted through some of its subsidiaries to buy from Attica Holdings S.A. three Ro-Pax vessels Superfast VII, Superfast VIII, and Superfast IX for a total cash consideration of 310 million EUR. Superfast VII and Superfast VIII, each with a purchase price of 103 million EUR were delivered on 10<sup>th</sup> of April. The third vessel Superfast IX is to be delivered shortly after. The ferries will start operations on route Hanko – Paldiski and Paldiski – Rostock.

On the 10th of April 2006 Baltic SF VII Limited, Baltic SF VIII Limited and Baltic SF IX Limited, subsidiary companies of AS Tallink Grupp, signed the loan agreement with the syndicate of banks arranged by HSH Nordbank and KfW. The loan of 280 million EUR was signed to finance the purchase of three Superfast ferries. The loan consists of two main tranches of which the long term tranche of 240 million EUR has a maturity of 10 years and the short term tranche of 40 million EUR has a maturity of 2 years. During the current 2005/2006 financial year the loan repayments will amount to 6 million EUR. The EURIBOR based loan has a weighted average interest margin of 1.07%.

The ahead of schedule completion of M/S Galaxy allows her to start operating on the Tallinn – Helsinki route as soon as the end of April 2006. According to the current plans the delivery of the ownership of the vessel will take place in week 16.

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

The reporting period has been very eventful for the Company. Important decisions have been made and substantial changes are waiting ahead in the near future that will grant strong results from the upcoming high-season. From the previous experience of Tallink the introduction of new cruise ferries has increased the revenues for different products related to the vessel together with higher results in passenger volumes. The previous investments have increased the operating efficiency and have continuous positive effect to the Company's success. Similarly it is expected that the launching of M/S Galaxy in April will have positive impact to the results of the current financial year. Furthermore, the recent decisions to acquire three Superfast ferries will expand the Company's market coverage and increase both the sales and the earnings from the 3<sup>rd</sup> quarter of this financial year. Overall we expect the Riga-Stockholm route, Germany route and introduction of Galaxy to add additional increase to our sales approximately 50% from our current sales level on annual basis. The projects are estimated to improve also the profitability margins.

After the completion of the new projects in April, more than half of the Company's fleet will be younger than 10 years which will ensure cost efficiency and stronger profitability in the near future. In the context of the current situation and sound results, the Company is looking forward to the future with further investments and strong development plans.



Unaudited Interim Consolidated Condensed Financial Statements  
 I half-year of the financial year 2005/2006  
 AS Tallink Grupp

**CONSOLIDATED CONDENSED INCOME STATEMENT**

(unaudited, in thousand EEK)	01.12.2005 - 28.02.2006	01.12.2004- 28.02.2005 [1]	01.09.2005- 28.02.2006	01.09.2004 - 28.02.2005 [1]
Net sales (Note 4)	793,969	806,411	1,786,023	1,805,413
Cost of sales	-690,905	-656,379	-1,440,492	-1,449,797
<b>Gross profit</b>	<b>103,064</b>	<b>150,032</b>	<b>345,531</b>	<b>355,616</b>
Marketing expenses	-56,940	-80,229	-160,433	-174,700
Administrative and general expenses	-30,123	-26,414	-68,336	-51,693
Other operating income	821	1,134	984	1,527
Other operating expenses	-266	-178	-543	-296
<b>Operating profit (Note 4)</b>	<b>16,556</b>	<b>44,345</b>	<b>117,203</b>	<b>130,454</b>
Net financial expense (-) / income (Note 5)	-24,258	-37,888	-61,398	-82,233
Income from associates	0	-57	0	423
<b>Profit from normal operation before income tax</b>	<b>-7,702</b>	<b>6,400</b>	<b>55,805</b>	<b>48,644</b>
Income tax	299	-290	-588	498
<b>Net profit for the period</b>	<b>-7,403</b>	<b>6,110</b>	<b>55,217</b>	<b>49,142</b>
Attributable to:				
Equity holders of the parent (Note 6)	-7,601	6,162	54,598	49,194
Minority interests	198	-52	619	-52
<b>Earnings per share (in EEK per share)</b>				
- basic (Note 6)			0.45	0.45
- diluted (Note 6)			0.45	0.45

(unaudited, in thousand EUR)	01.12.2005- 28.02.2006	01.12.2004- 28.02.2005 [1]	01.09.2005- 28.02.2006	01.09.2004- 28.02.2005 [1]
Net sales (Note 4)	50,744	51,539	114,148	115,387
Cost of sales	-44,157	-41,950	-92,064	-92,659
<b>Gross profit</b>	<b>6,587</b>	<b>9,589</b>	<b>22,084</b>	<b>22,728</b>
Marketing expenses	-3,640	-5,128	-10,254	-11,165
Administrative and general expenses	-1,925	-1,688	-4,367	-3,304
Other operating income	53	72	63	98
Other operating expenses	-17	-11	-35	-19
<b>Operating profit (Note 4)</b>	<b>1,058</b>	<b>2,834</b>	<b>7,491</b>	<b>8,338</b>
Net financial expense (-) / income (Note 5)	-1,550	-2,421	-3,924	-5,256
Income from associates	0	-4	0	27
<b>Profit from normal operation before income tax</b>	<b>-492</b>	<b>409</b>	<b>3,567</b>	<b>3,109</b>
Income tax	19	-18	-38	32
<b>Net profit for the period</b>	<b>-473</b>	<b>391</b>	<b>3,529</b>	<b>3,141</b>
Attributable to:				
Equity holders of the parent (Note 6)	-485	394	3,490	3,144
Minority interests	12	-3	39	-3
<b>Earnings per share (in EUR per share)</b>				
- basic (Note 6)			0.03	0.03
- diluted (Note 6)			0.03	0.03

[1] correction (Note 8)

**CONSOLIDATED CONDENSED BALANCE SHEET**

(unaudited, in thousand EEK)

<b>ASSETS</b>	<b>28.02.2006</b>	<b>31.08.2005</b>
<b>Current assets</b>		
Cash and cash equivalents	1,669,185	326,786
Receivables and prepaid expenses	183,672	202,540
Other financial assets (Note 7)	2,161	0
Inventories	84,226	84,900
<b>Total current assets</b>	<b>1,939,244</b>	<b>614,226</b>
<b>Non-current assets</b>		
Financial assets	72	72
Property, plant and equipment (Note 8)	6,490,169	6,136,720
Intangible assets (Note 9)	175,606	176,153
<b>Total non-current assets</b>	<b>6,665,847</b>	<b>6,312,945</b>
<b>TOTAL ASSETS</b>	<b>8,605,091</b>	<b>6,927,171</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Current portion of interest-bearing liabilities (Note 10)	683,618	690,473
Payables and prepaid income	375,986	434,683
<b>Total current liabilities</b>	<b>1,059,604</b>	<b>1,125,156</b>
<b>Non-current liabilities</b>		
Interest bearing loans and borrowings (Note 10)	2,775,818	3,145,864
Deferred income tax	327	329
<b>Total non-current liabilities</b>	<b>2,776,145</b>	<b>3,146,193</b>
<b>TOTAL LIABILITIES</b>	<b>3,835,749</b>	<b>4,271,349</b>
<b>EQUITY</b>		
<b>Minority interests</b>	<b>743</b>	<b>274</b>
<b>Equity attributable to equity holders of the parent</b>		
Issued capital (Note 11)	1,365,000	1,100,000
Share premium (Note 11)	1,791,368	0
Unrealised exchange differences	-39	0
Revaluation reserve	2,124	0
Reserves	27,500	27,500
Retained earnings	1,582,646	1,528,048
<b>Total equity attributable to equity holders of the parent</b>	<b>4,768,599</b>	<b>2,655,548</b>
<b>TOTAL EQUITY</b>	<b>4,769,342</b>	<b>2,655,822</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>8,605,091</b>	<b>6,927,171</b>

**CONSOLIDATED CONDENSED BALANCE SHEET**

(unaudited, in thousand EUR)

<b>ASSETS</b>	<b>28.02.2006</b>	<b>31.08.2005</b>
<b>Current assets</b>		
Cash and cash equivalents	106,680	20,885
Receivables and prepaid expenses	11,739	12,945
Other financial assets (Note 7)	138	0
Inventories	5,383	5,426
<b>Total current assets</b>	<b>123,940</b>	<b>39,256</b>
<b>Non-current assets</b>		
Financial assets	5	5
Property, plant and equipment (Note 8)	414,797	392,208
Intangible assets (Note 9)	11,223	11,258
<b>Total non-current assets</b>	<b>426,025</b>	<b>403,471</b>
<b>TOTAL ASSETS</b>	<b>549,965</b>	<b>442,727</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Current portion of interest-bearing liabilities (Note 10)	43,691	44,129
Payables and prepaid income	24,029	27,781
<b>Total current liabilities</b>	<b>67,720</b>	<b>71,910</b>
<b>Non-current liabilities</b>		
Interest bearing loans and borrowings (Note 10)	177,407	201,057
Deferred income tax	21	21
<b>Total non-current liabilities</b>	<b>177,428</b>	<b>201,078</b>
<b>TOTAL LIABILITIES</b>	<b>245,148</b>	<b>272,988</b>
<b>EQUITY</b>		
<b>Minority interests</b>	<b>47</b>	<b>18</b>
<b>Equity attributable to equity holders of the parent</b>		
Issued capital (Note 11)	87,239	70,303
Share premium (Note 11)	114,489	0
Unrealised exchange differences	-2	0
Revaluation reserve	136	0
Reserves	1,758	1,758
Retained earnings	101,150	97,660
<b>Total equity attributable to equity holders of the parent</b>	<b>304,770</b>	<b>169,721</b>
<b>TOTAL EQUITY</b>	<b>304,817</b>	<b>169,739</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>549,965</b>	<b>442,727</b>

**CONSOLIDATED CONDENSED CASH FLOW STATEMENT**

(unaudited, in thousand EEK)	01.09.2005 - 28.02.2006	01.09.2004 - 28.02.2005 [1]
<b>Cash flows from operating activities</b>		
Profit before minority interests	55,217	49,142
Adjustments	199,575	217,310
Changes in assets related to operating activities	21,251	47,522
Changes in liabilities related to operating activities	-56,484	-61,712
Income tax repaid	141	160
	<b>219,700</b>	<b>252,422</b>
<b>Cash flow used for investing activities</b>		
Purchase of property, plant, equipment and intangible assets (Notes 8,9)	-492,633	-128,535
Proceeds from disposals of property, plant, equipment	775	219
Acquisition of subsidiaries	0	90
Dividends received	0	1,200
Interest received	8,876	1,581
	<b>-482,982</b>	<b>-125,445</b>
<b>Cash flow from (+)/ used for (-) financing activities</b>		
Proceeds from loans and bonds (Note 10)	0	266,994
Redemption of loans and bonds (Note 10)	-363,276	-619,938
Change in overdraft (Note 10)	-18,249	178,989
Repayment of finance lease liabilities (Note 10)	-488	-392
Interest paid	-68,375	-83,640
Issue of shares (Note 11 )	2,056,368	0
Dividends paid to minority interests	-150	0
Income tax on dividends	-149	0
	<b>1,605,681</b>	<b>-257,987</b>
<b>TOTAL NET CASH FLOW</b>	<b>1,342,399</b>	<b>-131,010</b>
<b>Cash and cash equivalents:</b>		
- at the beginning of period	326,786	366,668
- increase (+) / decrease (-)	1,342,399	-131,010
<b>Cash and cash equivalents at end of period</b>	<b>1,669,185</b>	<b>235,658</b>

(unaudited, in thousand EUR)	01.09.2005 - 28.02.2006	01.09.2004 - 28.02.2005 [1]
<b>Cash flows from operating activities</b>		
Profit before minority interests	3,529	3,141
Adjustments	12,755	13,889
Changes in assets related to operating activities	1,358	3,037
Changes in liabilities related to operating activities	-3,610	-3,944
Income tax repaid	9	10
	<b>14,041</b>	<b>16,133</b>
<b>Cash flow used for investing activities</b>		
Purchase of property, plant, equipment and intangible assets (Notes 8, 9)	-31,485	-8,215
Proceeds from disposals of property, plant, equipment	50	14
Acquisition of subsidiaries	0	6
Dividends received	0	77
Interest received	567	101
	<b>-30,868</b>	<b>-8,017</b>
<b>Cash flow from (+)/ used for (-) financing activities</b>		
Proceeds from loans and bonds (Note 10)	0	17,064
Redemption of loans and bonds (Note 10)	-23,217	-39,621
Change in overdraft (Note 10)	-1,166	11,439
Repayment of finance lease liabilities (Note 10)	-31	-25
Interest paid	-4,369	-5,346
Issue of shares (Note 11)	131,425	0
Dividends paid to minority interests	-10	0
Income tax on dividends	-10	0
	<b>102,622</b>	<b>-16,489</b>
<b>TOTAL NET CASH FLOW</b>	<b>85,795</b>	<b>-8,373</b>

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<b>Cash and cash equivalents:</b>		
- at the beginning of period	20,885	23,434
- increase (+) / decrease (-)	85,795	-8,373
<b>Cash and cash equivalents at end of period</b>	<b>106,680</b>	<b>15,061</b>
[1] correction (Note 8)		

**CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT**

(unaudited, in thousand EEK)	Issued capital	Share premium	Unrealised exchange differences	Revaluation reserve	Reserves	Retained earnings	Total
<b>At 31 August 2004</b>	<b>275,000</b>	<b>414,870</b>	<b>0</b>	<b>0</b>	<b>27,500</b>	<b>1,465,007</b>	<b>2,182,377</b>
<b>Changes in equity for I half-year of 2004/2005</b>							
Share issue	825,000	-414,870	0	0	0	-410,130	0
Net profit of the I half-year of the year 2004/2005 (Note 6) [1]	0	0	0	0	0	49,194	49,194
<b>Total changes for the period</b>	<b>825,000</b>	<b>-414,870</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-360,936</b>	<b>49,194</b>
<b>At 28 February 2005</b>	<b>1,100,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>27,500</b>	<b>1,104,071</b>	<b>2,231,571</b>
<b>At 31 August 2005</b>	<b>1,100,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>27,500</b>	<b>1,528,048</b>	<b>2,655,548</b>
<b>Changes in equity for I half-year of 2005/2006</b>							
Share issue (Note 11 )	265,000	1,791,368	0	0	0	0	2,056,368
Net profit of the I half-year of the year 2005/2006 (Note 6)	0	0	0	0	0	54,598	54,598
Current year adjustment (Note 7)	0	0	-39	2,124	0	0	2,085
<b>Total changes for the period</b>	<b>265,000</b>	<b>1,791,368</b>	<b>-39</b>	<b>2,124</b>	<b>0</b>	<b>54,598</b>	<b>2,113,051</b>
<b>At 28 February 2006</b>	<b>1,365,000</b>	<b>1,791,368</b>	<b>-39</b>	<b>2,124</b>	<b>27,500</b>	<b>1,582,646</b>	<b>4,768,599</b>

(unaudited, in thousand EUR)	Issued capital	Share premium	Unrealised exchange differences	Revaluation reserve	Reserves	Retained earnings	Total
<b>At 31 August 2004</b>	<b>17,576</b>	<b>26,515</b>	<b>0</b>	<b>0</b>	<b>1,758</b>	<b>93,631</b>	<b>139,480</b>
<b>Changes in equity for I half-year of 2004/2005</b>							
Share issue	52,727	-26,515	0	0	0	-26,212	0
Net profit of the I half-year of the year 2004/2005 (Note 6) [1]	0	0	0	0	0	3,144	3,144
<b>Total changes for the period</b>	<b>52,727</b>	<b>-26,515</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-23,068</b>	<b>3,144</b>
<b>At 28 February 2005</b>	<b>70,303</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,758</b>	<b>70,563</b>	<b>142,624</b>
<b>At 31 August 2005</b>	<b>70,303</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,758</b>	<b>97,660</b>	<b>169,721</b>
<b>Changes in equity for I half-year of 2005/2006</b>							
Share issue (Note 11)	16,936	114,489	0	0	0	0	131,425
Net profit of the I half-year of the year 2005/2006 (Note 6)	0	0	0	0	0	3,490	3,490
Current year adjustment (Note 7)	0	0	-2	136	0	0	134
<b>Total changes for the period</b>	<b>16,936</b>	<b>114,489</b>	<b>-2</b>	<b>136</b>	<b>0</b>	<b>3,490</b>	<b>135,049</b>
<b>At 28 February 2006</b>	<b>87,239</b>	<b>114,489</b>	<b>-2</b>	<b>136</b>	<b>1,758</b>	<b>101,150</b>	<b>304,770</b>

[1] Correction (Note 8)

## 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 I half-year of the financial year 2005/2006 were authorised for issue in accordance with a resolution of the Management Board on April 10, 2006. AS Tallink Grupp is a limited company incorporated in Estonia and employed 2,601 people at February 28, 2006 (August 31, 2005: 2,694).

### 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 August 31, 2005.

In the latest annual consolidated financial statement exchange rate differences from reflecting the subsidiaries were stated in consolidated condensed income statement.

In the current financial statements these exchange rate differences are stated in the balance sheet under the equity as unrealised exchange differences. There is no need to retrospective correction as these differences have no significant effect to the financial statements.

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

In September 2005 AS Tallink Grupp established a new subsidiary Tallink Hansaway Limited with 100% of the ownership. The payment into the share capital in the amount of 27 thousand EEK (2 thousand EUR) was made in November 2005. The new subsidiary has been registered in Cyprus and was established for later ship owning purpose.

In October 2005 AS Tallink Grupp started to establish a new subsidiary OÜ Mare Pharmaci with 100% of the ownership. The payment into the share capital in the amount of 40 thousand EEK (3 thousand EUR) was made in cash. The new subsidiary will be registered in Estonia and will supply medical services. The company is not registered yet due to delay in license acceptance.

In November 2005 AS Tallink Grupp established a new subsidiary AS Tallink Latvija with 100% of the ownership. The payment into the share capital in the amount of 562 thousand EEK (36 thousand EUR) was made in cash. The new subsidiary has been registered in Latvia and was established for sales and marketing purpose in Latvia.

### 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, revenue from packages, 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 thousand EEK)

01.09.2005-28.02.2006	Estonia Finland Routes	Estonia Sweden routes	Other routes	Estonia mainland business	Elimination of inter-segment sales	Total
<b>Revenue</b>						
Sales to external customers	1,144,692	547,428	19,150	74,753		1,786,023
Inter-segment sales	90,887	4,590	0	66,075	-161,552	0
	<b>1,235,579</b>	<b>552,018</b>	<b>19,150</b>	<b>140,828</b>	<b>-161,552</b>	<b>1,786,023</b>
<b>Segment result</b>	<b>178,497</b>	<b>-22,848</b>	<b>3,082</b>	<b>26,367</b>		<b>185,098</b>
Unallocated expenses						-67,895
<b>Operating profit</b>						<b>117,203</b>

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<b>01.09.2004-28.02.2005</b>	<b>Estonia Finland routes</b>	<b>Estonia Sweden routes</b>	<b>Other routes</b>	<b>Estonia mainland business</b>	<b>Elimination of inter-segment sales</b>	<b>Total</b>
<b>Revenue</b>						
Sales to external customers	1,107,764	575,051	65,321	57,277		1,805,413
Inter-segment sales	111,683	10,640	13,909	44,178	-180,410	0
	<b>1,219,447</b>	<b>585,691</b>	<b>79,230</b>	<b>101,455</b>	<b>-180,410</b>	<b>1,805,413</b>
<b>Segment result</b>	<b>172,071</b>	<b>26,306</b>	<b>-29,568</b>	<b>8,625</b>		<b>177,434</b>
Unallocated expenses						-46,980
<b>Operating profit</b>						<b>130,454</b>

(in thousand EUR)

<b>01.09.2005-28.02.2006</b>	<b>Estonia Finland routes</b>	<b>Estonia Sweden routes</b>	<b>Other routes</b>	<b>Estonia mainland business</b>	<b>Elimination of inter-segment sales</b>	<b>Total</b>
<b>Revenue</b>						
Sales to external customers	73,159	34,987	1,224	4,778		114,148
Inter-segment sales	5,809	293	0	4,223	-10,325	0
	<b>78,968</b>	<b>35,280</b>	<b>1,224</b>	<b>9,001</b>	<b>-10,325</b>	<b>114,148</b>
<b>Segment result</b>	<b>11,408</b>	<b>-1,460</b>	<b>197</b>	<b>1,685</b>		<b>11,830</b>
Unallocated expenses						-4,339
<b>Operating profit</b>						<b>7,491</b>

<b>01.09.2004-28.02.2005</b>	<b>Estonia Finland routes</b>	<b>Estonia Sweden routes</b>	<b>Other routes</b>	<b>Estonia mainland business</b>	<b>Elimination of inter-segment sales</b>	<b>Total</b>
<b>Revenue</b>						
Sales to external customers	70,799	36,752	4,175	3,661		115,387
Inter-segment sales	7,138	680	889	2,823	-11,530	0
	<b>77,937</b>	<b>37,432</b>	<b>5,064</b>	<b>6,484</b>	<b>-11,530</b>	<b>115,387</b>
<b>Segment result</b>	<b>10,997</b>	<b>1,681</b>	<b>-1,889</b>	<b>551</b>		<b>11,340</b>
Unallocated expenses						-3,002
<b>Operating profit</b>						<b>8,338</b>

**Operational segments**

	(in thousand EEK)		(in thousand EUR)	
	<b>01.09.2005- 28.02.2006</b>	<b>01.09.2004- 28.02.2005</b>	<b>01.09.2005- 28.02.2006</b>	<b>01.09.2004- 28.02.2005</b>
Ticket sales	416,067	375,612	26,592	24,006
Revenue from packages	54,664	59,766	3,494	3,820
Sales of cargo transport	382,289	336,435	24,433	21,502
Accommodation sales	35,522	31,732	2,270	2,028
Restaurant and shops sales on-board and on mainland	826,412	921,392	52,817	58,888
Income from leases of vessels	18,369	23,312	1,174	1,490
Other	52,700	57,164	3,368	3,653
<b>Total revenue of the Group</b>	<b>1,786,023</b>	<b>1,805,413</b>	<b>114,148</b>	<b>115,387</b>

**Note 5 FINANCIAL EXPENSE AND INCOME**

	(in thousand EEK)		(in thousand EUR)	
	<b>01.09.2005 - 28.02.2006</b>	<b>01.09.2004 - 28.02.2005</b>	<b>01.09.2005 - 28.02.2006</b>	<b>01.09.2004 - 28.02.2005</b>
Interest expenses	-70,682	-83,623	-4,517	-5,345
Net foreign exchange gains/losses	-1,383	-99	-89	-6
Other interest and financial income	10,747	1,550	687	99
Other financial expenses	-80	-61	-5	-4
<b>Net financial expense (-) / income</b>	<b>-61,398</b>	<b>-82,233</b>	<b>-3,924</b>	<b>-5,256</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.

	(in thousand EEK)		(in thousand EUR)	
	01.09.2005 - 28.02.2006	01.09.2004 - 28.02.2005	01.09.2005 - 28.02.2006	01.09.2004 - 28.02.2005
Weighted average number of ordinary shares (pcs) [1]	122,151,934	110,000,000	122,151,934	110,000,000
Net profit attributable to ordinary shareholders	54,598	49,194	3,490	3,144
Earnings per share (in EEK/EUR per share)	0.45	0.45	0.03	0.03

[1] As a result of the issuing new shares, the share capital increased from 110,000,000 shares to 136,500,000 on December 08, 2005. The calculation of weighted average number of ordinary shares bases on the following:

- period from September 01, 2005 to December 07, 2005 (98 days) – 110,000,000 shares;
- period from December 08, 2005 to February 28, 2006 (83 days) – 136,500,000 shares.

**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 derivative 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:

Interest rate hedging	At 31 August 2005	At 31 August 2005	At 28 February 2006	At 28 February 2006
	Notional amount EEKm	Fair value EEKm	Notional amount EEKm	Fair value EEKm
Interest rate swap qualified as a cash flow hedge	0	0	1197.0	2.2
Interest rate swap not qualified as a cash flow hedge	106.2	-0.9	79.6	0.0

Interest rate hedging	At 31 August 2005	At 31 August 2005	At 28 February 2006	At 28 February 2006
	Notional amount EURm	Fair value EURm	Notional amount EURm	Fair value EURm
Interest rate swap qualified as a cash flow hedge	0	0	76.5	0.1
Interest rate swap not qualified as a cash flow hedge	6.8	-0.1	5.1	0.0

**Note 8 PROPERTY, PLANT AND EQUIPMENT**

(in thousand EEK)

	Land and building	Ships	Plant and equipment	Prepayments [2]	Total
<b>Book value at Aug 31, 2005</b>	<b>11,587</b>	<b>5,818,082</b>	<b>31,299</b>	<b>275,752</b>	<b>6,136,720</b>
Additions	9	50,544	5,393	436,608	492,554
Disposals	0	0	-553	0	-553
Exchange rate differences	0	0	-9	0	-9
Depreciation for the period	-812	-128,849	-8,882	0	-138,543
<b>Book value at Feb 28, 2006</b>	<b>10,784</b>	<b>5,739,777</b>	<b>27,248</b>	<b>712,360</b>	<b>6,490,169</b>
<b>At February 28, 2006</b>					
-Cost	19,192	6,976,699	96,848	712,360	7,805,099
-Accumulated depreciation	-8,408	-1,236,922	-69,600	0	-1,314,930

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	Land and building	Ships	Plant and equipment	Construction in progress	Pre-payments	Total
<b>Book value at Aug 31, 2004</b>	<b>11,378</b>	<b>5,920,022</b>	<b>37,190</b>	<b>82,128</b>	<b>220</b>	<b>6,050,938</b>
Additions	0	9,845	7,845	47,200	64,638	129,528
Depreciation for the period[1]	-688	-126,324	-8,797	0	0	-135,809
<b>Book value at Feb 28, 2005</b>	<b>10,690</b>	<b>5,803,543</b>	<b>36,238</b>	<b>129,328</b>	<b>64,858</b>	<b>6,044,657</b>

**At February 28, 2005**

-Cost	17,516	6,794,486	97,309	129,328	64,858	7,103,497
-Accumulated depreciation	-6,826	-990,943	-61,071	0	0	-1,058,840

(in thousand EUR)

	Land and building	Ships	Plant and equipment	Prepayments [2]	Total
<b>Book value at Aug 31, 2005</b>	<b>741</b>	<b>371,843</b>	<b>2,000</b>	<b>17,624</b>	<b>392,208</b>
Additions	1	3,230	345	27,904	31,480
Disposals	0	0	-35	0	-35
Exchange rate differences	0	0	-1	0	-1
Depreciation for the period	-52	-8,235	-568	0	-8,855
<b>Book value at Feb 28, 2006</b>	<b>690</b>	<b>366,838</b>	<b>1,741</b>	<b>45,528</b>	<b>414,797</b>

**At February 28, 2006**

-Cost	1,227	445,892	6,190	45,528	498,837
-Accumulated depreciation	-537	-79,054	-4,449	0	-84,040

	Land and building	Ships	Plant and equipment	Construction in progress	Pre-payments	Total
<b>Book value at Aug 31, 2004</b>	<b>727</b>	<b>378,358</b>	<b>2,377</b>	<b>5,249</b>	<b>14</b>	<b>386,725</b>
Additions	0	629	501	3,017	4,131	8,278
Depreciation for the period[1]	-44	-8,073	-562	0	0	-8,679
<b>Book value at Feb 28, 2005</b>	<b>683</b>	<b>370,914</b>	<b>2,316</b>	<b>8,266</b>	<b>4,145</b>	<b>386,324</b>

**At February 28, 2005**

-Cost	1,119	434,247	6,219	8,266	4,145	453,996
-Accumulated depreciation	-436	-63,333	-3,903	0	0	-67,672

[1] Correction. In the financial year of 2004/2005 the Group changed its estimations on the useful lives of components of two new cruise ships. In the interim report for the 6-months period ended on 28 February 2005, the previous estimations on useful lives were used for calculating and recording depreciation charge. The total effect of the change during the first half-year of 2004/2005 is decrease of depreciation charge by 12,421 thousand EEK (794 thousand EUR).

[2] including prepayments for 4 new ships.

**Note 9 INTANGIBLE ASSETS**

	(in thousand EEK)			(in thousand EUR)		
	Goodwill	Patents and licenses	Total	Goodwill	Patents and licenses	Total
<b>Book value at Aug 31, 2005</b>	<b>173,148</b>	<b>3,005</b>	<b>176,153</b>	<b>11,066</b>	<b>192</b>	<b>11,258</b>
Additions	0	79	79	0	5	5
Amortisation for the period	0	-626	-626	0	-40	-40
<b>Book value at Feb 28, 2006</b>	<b>173,148</b>	<b>2,458</b>	<b>175,606</b>	<b>11,066</b>	<b>157</b>	<b>11,223</b>

**At February 28, 2006**

Cost	173,148	6,469	179,617	11,066	413	11,479
Accumulated amortisation	0	-4,011	-4,011	0	-256	-256

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	(in thousand EEK)			(in thousand EUR)		
	Goodwill	Patents and licenses	Total	Goodwill	Patents and licenses	Total
<b>Book value at Aug 31, 2004</b>	<b>173,148</b>	<b>3,295</b>	<b>176,443</b>	<b>11,066</b>	<b>211</b>	<b>11,277</b>
Additions	0	92	92	0	5	5
Amortisation for the period	0	-551	-551	0	-35	-35
<b>Book value at Feb 28, 2005</b>	<b>173,148</b>	<b>2,836</b>	<b>175,984</b>	<b>11,066</b>	<b>181</b>	<b>11,247</b>

At February 28, 2005						
Cost	173,148	5,686	178,834	11,066	363	11,429
Accumulated amortisation	0	-2,850	-2,850	0	-182	-182

**Note 10 INTEREST BEARING LOANS AND BORROWINGS**

(in thousand EEK)

	Aug 31, 2005	Repayments	Other changes [1]	Feb 28, 2006
Lease liability	1,916	-488	-14	1,414
Bonds	193,306	0	3,288	196,594
Bank overdrafts	18,249	-18,249	0	0
Long-term bank loans	3,524,336	-264,746	1,838	3,261,428
Other long-term loans	98,530	-98,530	0	0
<b>TOTAL</b>	<b>3,836,337</b>	<b>-382,013</b>	<b>5,112</b>	<b>3,459,436</b>
incl. short-term portion	690,473			683,618
long-term portion	3,145,864			2,775,818

(in thousand EUR)

	Aug 31, 2005	Repayments	Other changes [1]	Feb 28, 2006
Lease liability	122	-31	-1	90
Bonds	12,355	0	210	12,565
Bank overdrafts	1,166	-1,166	0	0
Long-term bank loans	225,246	-16,920	117	208,443
Other long-term loans	6,297	-6,297	0	0
<b>TOTAL</b>	<b>245,186</b>	<b>-24,414</b>	<b>326</b>	<b>221,098</b>
incl. short-term portion	44,129			43,691
long-term portion	201,057			177,407

[1] Other changes related to bonds are the amortisation of discount of bonds. Other changes related to lease liabilities are the foreign exchange losses. 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 183,250 thousand EEK (11,712 thousand EUR) and ship mortgages.

AS Tallink Grupp has given guarantees to HSH Nordbank AG and Skandinaviska Enskilda Banken AB for the loans granted to overseas subsidiaries amounting to 3,014,597 thousand EEK (192,668 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.

**Note 11 SHARE CAPITAL**

According to AS Tallink Grupp Shareholders' General Meeting on November 30, 2005, AS Tallink Grupp decided to increase the share capital from 1,100,000 thousand EEK (70,303 thousand EUR) to 1,365,000 thousand EEK (87,239 thousand EUR) by issuing 26,500 thousand new shares with the par value of 10 EEK each. The new shares were issued at a premium of 72.50 EEK (4.63 EUR) per share. These new shares were sold during IPO. The payment for new shares was made on December 08, 2005. The share premium has been reduced by the expenses related to the issuing of shares. The issue of new shares resulted in the amounts of share capital, share premium and retained earnings as follows:

	(in thousand EEK)		(in thousand EUR)	
	Issued capital	Share premium	Issued capital	Share premium
<b>Balance before issuing new shares</b>	<b>1,100,000</b>	<b>0</b>	<b>70,303</b>	<b>0</b>
Nominal amount of new shares (10 EEK each)	+ 265,000	0	+16,936	0
Share premium (72.50 EEK each)	0	1,921,250	0	122,790
Expenses related to the issue	0	-129,882	0	-8,301
<b>Balance after issuing new shares</b>	<b>1,365,000</b>	<b>1,791,368</b>	<b>87,239</b>	<b>114,489</b>

**Note 12 RELATED PARTY DISCLOSURES**

(in thousand EEK)

<b>I half-year of 2005/2006 or 28.02.2006</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	270	3,149	69	595
AS Infortar, interest expense	0	1,824	0	0
AS HT Valuuta	958	0	58	0
AS Vaba Maa	0	1,386	0	158
AS Mersok	0	72	0	0
AS Gastrolink	15	130	19	0
OÜ Infor Invest	0	50	0	50

<b>I half-year of 2004/2005 or 28.02.2005</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	0	3,323	0	98,918
AS Infortar, interest expense	0	3,311	0	536
AS HT Valuuta	1,134	0	1,533	0
AS Vaba Maa	0	1,662	0	194
AS Mersok	0	72	0	28

(in thousand EUR)

<b>I half-year of 2005/2006 or 28.02.2006</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	17	201	4	38
AS Infortar, interest expense	0	117	0	0
AS HT Valuuta	15	0	4	0
AS Vaba Maa	0	89	0	10
AS Mersok	0	5	0	0
AS Gastrolink	1	8	1	0
OÜ Infor Invest	0	3	0	3

<b>I half-year of 2004/2005 or 28.02.2005</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	0	212	0	6,322
AS Infortar, interest expense	0	212	0	34
AS HT Valuuta	72	0	98	0
AS Vaba Maa	0	106	0	12
AS Mersok	0	5	0	2

**Note 13 COMMITMENTS**

*Capital investment commitments*

On October 12, 2005 Fincantieri Cantieri Navali Italiani S.p.A. and AS Tallink Grupp signed a shipbuilding contract to construct a new ro-pax type ferry. The new ship should be delivered in 2008. The shipbuilding contract price of new ship is 113,000,000 EUR. 20 % will be paid during construction and 80 % will be paid on delivery of the ship.

On December 17, 2005 Aker Finnyards OY and AS Tallink Grupp signed a shipbuilding contract to construct a new passenger cruise ship. The new ship should be delivered in summer of 2008. The shipbuilding contract price of new ship is approximately 165,000,000 EUR. 20 % will be paid during construction and 80 % will be paid on delivery of the ship.

**Note 14 EVENTS AFTER BALANCE SHEET DATE**

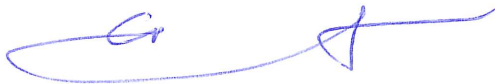
In March 2006 AS Tallink Grupp established a new subsidiary AS Tallink Baltic with 100% of the ownership. The payment into the share capital in the amount of 400 thousand EEK (26 thousand EUR) was made in cash. The new subsidiary has been registered in Estonia.

In March 2006 AS Tallink Grupp established three new subsidiaries: Baltic SF VII Limited, Baltic SF VIII Limited and Baltic SF IX Limited. The payment into share capital in the amount of 27 thousand EEK (2 thousand EUR) per company was made in March 2006. These new subsidiaries have been registered in Cyprus and were established for later ship owning purpose.

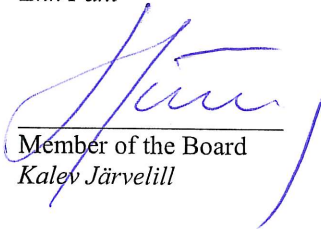
**MANAGEMENT BOARD'S APPROVAL OF THE INTERIM CONSOLIDATED  
CONDENSED FINANCIAL STATEMENTS**

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 six months of the financial year 2005/2006 ended February 28, 2006 prepared in accordance with IFRS as adopted by EU and in accordance with IAS 34 give a true and fair view of the financial position of the Group and of the result of its operations and cash flows.

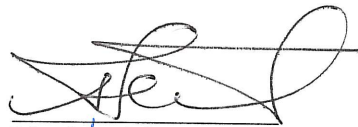
AS Tallink Grupp and its subsidiaries are able to continue as a going concern for a period of at least one year of the date of approving these financial statements.



Chairman of the Board  
*Enn Pant*



Member of the Board  
*Kalev Järvelill*



Member of the Board  
*Andres Hunt*



Member of the Board  
*Keijo Mehtonen*

Tallinn  
April 10, 2006