

# AS TALLINK GRUPP

## Unaudited Interim Consolidated Condensed Financial Statements

**for the nine months of the financial year 2007/2008  
ended May 31, 2008**

Beginning of the financial year 1. September 2007

End of the financial year 31. August 2008

Commercial Registry No. 10238429

Address Tartu mnt. 13  
10145, Tallinn  
Estonia

Telephone +372 6 409 800

Fax +372 6 409 810

Internet homepage [www.tallink.com](http://www.tallink.com)

Primary activity maritime transportation  
(passengers and cargo transportation)



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## MANAGEMENT REPORT FOR THE INTERIM FINANCIAL STATEMENTS for the nine months of the financial year 2007/2008 ended May 31, 2008

In the third quarter of the 2007/2008 financial year AS Tallink Grupp's (Hereinafter also referred to as the Group) performance was largely influenced by significantly increased fuel costs, higher interest costs and weak traffic volumes on some routes.

The addition of fuel surcharges to the passenger tickets in February 2008 has helped to increase the ticket revenues but not in the full extent of the fuel cost increase. In the third quarter the total fuel cost increase was approximately 156 million EEK (10 million EUR) compared to the third quarter of the previous financial year. Since the beginning of the current financial year in September 2007 until today the price of the fuel for our vessels has increased by approximately 115%. The average fuel price in the third quarter was about 93% higher than in the third quarter of last financial year.

Although the Group was able to improve the EBITDA by 7% which reached 425 million EEK (27 million EUR) in the third quarter of the 2007/2008 financial year, the result after the increased interest costs and depreciation is a net loss of 34 million EEK (2.2 million EUR).

Strong positive development came from Estonia-Finland operations where the new Shuttle service has improved traffic volumes and increased revenues by almost 35%. The segment result shows an increase of 28 million EEK (1.8 million EUR).

In April 2008 the management announced contracting a long-term charter for one of the three Superfast vessels currently operating on the Finland-Germany route. In autumn 2008, when the charter period will start, the Finland-Germany route operations are planned to be continued with two vessels, but the management is ready to make further changes in the operations of the route if and when better business possibilities will become available. The chartering of one vessel and any possible further changes are reasoned from the high fuel prices and decreased cargo volumes from the higher competition, factors which both have significantly affected the results of the route.

Following the integration of our sales offices in Finland and Sweden and partly also from the implementation of the new booking system the sales activities have not been as effective as expected and consequently the traffic volumes between Finland and Sweden have stayed below previous year levels. It is expected that re-routing of M/S Galaxy to Turku-Stockholm route will increase the attractiveness of the route in the market and helps to reach higher passenger volumes. Also additional changes in the sales strategies are currently being implemented to improve the traffic numbers.

### KEY EVENTS IN 3<sup>rd</sup> QUARTER

- Delivery of M/S Superstar;
- Start of operations of 3<sup>rd</sup> hotel in Tallinn.

### 9 MONTHS KEY FIGURES

	01.09.2007-31.05.2008		01.09.2006-31.05.2007		change %
	EEK	EUR	EEK	EUR	
Net sales (million)	8,599.2	549.6	8,351.3	533.7	3.0
Gross profit (million)	1,761.6	112.6	1,838.7	117.5	-4.2
Gross margin (%)	20.5		22.0		
EBITDA (million)	1,206.0	77.1	1,185.3	75.8	1.7
EBITDA margin (%)	14.0		14.2		
Net profit for the period (million)	-142.9	-9.1	41.4	2.6	-445.4
Net profit margin (%)	-1.7		0.5		

Depreciation (million)	690.0	44.1	712.0	45.5	-3.1
Investments (million)	2,142.9	137.0	2,145.0	137.1	-0.1

Weighted average number of ordinary shares outstanding during nine months	671,702,752		673,817,040		-0.3
Earnings per share	-0.21	-0.01	0.06	0.004	-446.5
Number of passengers	4,707,546		4,541,160		3.7
Cargo units	256,032		270,912		-5.5
Average number of employees	6,428		6,093		5.5

	31.05.2008		31.08.2007		change %
	EEK	EUR	EEK	EUR	
Total assets (million)	27,468.6	1,755.6	26,570.9	1,698.2	3.4
Total liabilities (million)	17,539.6	1,121.0	16,436.0	1,050.4	6.7
Interest-bearing liabilities (million)	15,586.8	996.2	14,831.7	947.9	5.1
Total equity (million)	9,929.0	634.6	10,134.9	647.7	-2.0
Liquidity ratio	0.520		0.665		
Equity ratio (%)	36.1		38.1		

Number of ordinary shares outstanding	669,882,040		673,817,040		-0.6
Shareholders equity per share	14.82	0.95	15.04	0.96	-1.5

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 8,559.2 million EEK (549.6 million EUR) in the nine months of 2007/2008 financial year (September 01, 2007 – May 31, 2008) compared to 8,351.3 million EEK (533.7 million EUR) in the nine months of 2006/2007 financial year (September 01, 2006 – May 31, 2007). The sales were positively affected by the first ever winter period of fast ferry operation between Tallinn and Helsinki by Tallink Shuttle service.

The following tables provide an overview of the sales distribution in the nine months of the financial years on geographical and operational segment based approach.

Geographical segments	07/08	06/07	Operational segments	07/08	06/07
Finland - Sweden	43.6%	49.7%	Restaurant and shop sales on-board and on mainland	49.7%	51.1%
Estonia - Finland	27.3%	22.7%	Ticket sales	23.3%	20.4%
Estonia - Sweden	11.5%	11.5%	Sales of cargo transportation	21.8%	21.4%
Finland - Germany	9.1%	10.5%	Accommodation sales	1.2%	0.8%
Latvia - Sweden	3.8%	2.5%	Income from leases of vessels	1.5%	1.3%
Mainland business and lease of vessels	4.7%	3.2%	Other sales	2.6%	5.0%

The Group's gross profit decreased 77.1 million EEK (4.9 million EUR) to 1,761.6 million EEK (112.6 million EUR), EBITDA increased by 1.7% to 1,206.0 million EEK (77.1 million EUR) and the net profit decreased by 184.3 million EEK (11.8 million EUR) from 41.4 million EEK (2.6 million EUR) to -142.9 million EEK (-9.1 million EUR). Basic earnings per

share and diluted earnings per share were -0.21 EEK (-0.01 EUR) in the nine months of 2007/2008 financial year compared to 0.06 EEK (0.00 EUR) in the corresponding period in 2006/2007 financial year.

The Group's earnings were negatively affected by the high fuel price. Compared to the nine months of the previous financial year the Group's fuel costs have increased by around 468 million EEK (30 million EUR). Around 40% of the increase came from the Finland-Germany route. Group's management has already taken action towards improving the route and has agreed to charter out one of the Superfast vessels, Superfast IX, on a five year contract starting from autumn 2008. The charter serves the objective of improving the return on the capital of the Superfast vessels and maintaining the overall Group's return ratios.

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 effective from February 2008.

The Group's earnings were also affected by higher interest rates. During the nine month period Group's interest expenses increased by 121.2 million EEK (7.7 million EUR).

## MARKET DEVELOPMENTS

Following table provides an overview of the passengers, cargo units and passenger vehicles transported in the nine months of 2007/2008 and 2006/2007 financial years.

Passengers	2007/2008	2006/2007	Change %
Finland - Sweden routes	1,890,475	2,156,202	-12.3
Estonia - Finland route	2,015,489	1,702,326	18.4
Estonia - Sweden routes	510,302	470,440	8.5
Latvia - Sweden route	211,981	140,623	50.7
Finland - Germany route	79,299	71,569	10.8
<b>Total</b>	<b>4,707,546</b>	<b>4,541,160</b>	<b>3.7</b>

Cargo units	2007/2008	2006/2007	Change %
Finland - Sweden routes	80,101	98,408	-18.6
Estonia - Finland route	89,983	79,554	13.1
Estonia - Sweden routes	32,795	32,616	0.5
Latvia - Sweden route	9,851	5,847	68.5
Finland - Germany route	43,302	54,487	-20.5
<b>Total</b>	<b>256,032</b>	<b>270,912</b>	<b>-5.5</b>

Passenger vehicles	2007/2008	2006/2007	Change %
Finland - Sweden routes	89,512	105,556	-15.2
Estonia - Finland route	235,117	155,193	51.5
Estonia - Sweden routes	32,143	38,876	-17.3
Latvia - Sweden route	31,640	21,828	45.0
Finland - Germany route	19,278	22,784	-15.4
<b>Total</b>	<b>407,690</b>	<b>344,237</b>	<b>18.4</b>

The following operational factors influenced the traffic volumes development in the nine months:

### Finland-Sweden:

The sale of M/S SkyWind in August 2007 resulted in smaller capacities in the nine months of 2007/2008 financial year compared to the same period of the previous financial year.

In the beginning of the year 2008 the schedule of M/S Sea Wind was changed so that the vessel will not stop in the Åland Islands any more. As a result the vessel is now carrying only cargo units compared to passenger, car and cargo mix before.

**Estonia-Finland:**

Tallink Shuttle service with new M/S Star was operated between Tallinn and Helsinki route compared to the mix of various other and smaller vessels in the nine months of the previous financial year.

In the end of April 2008 the second Tallink Shuttle vessel Superstar started to operate between Tallinn and Helsinki.

**Estonia-Sweden:**

M/S Vana Tallinn does not operate between Paldiski-Kapellskär any more, but was operating on the route in the period of September 2006 until December 2006.

**Latvia-Sweden:**

Until the end of April 2008 the volumes on Latvia-Sweden route were affected by the operations of two vessels and everyday departures to both destinations compared to one vessel operations in the previous financial year.

**Finland-Germany:**

The traffic results were affected by the increased competition in cargo transportation.

**The Group's market shares on the routes operated during a 12 month period ending on the May 31, 2008 were as follows:**

- The Group carried approximately 47% of the passengers and 57% 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 73%;
- The Group is the only provider of daily passenger and ro-ro cargo transportation between Riga and Stockholm;
- The Group carried approximately 53% 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 53% and the approximate market share of ro-ro cargo transportation was 18%.

**PERSONNEL**

On May 31, 2008 the Group employed 6,823 employees (6,368 on May 31, 2007).

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

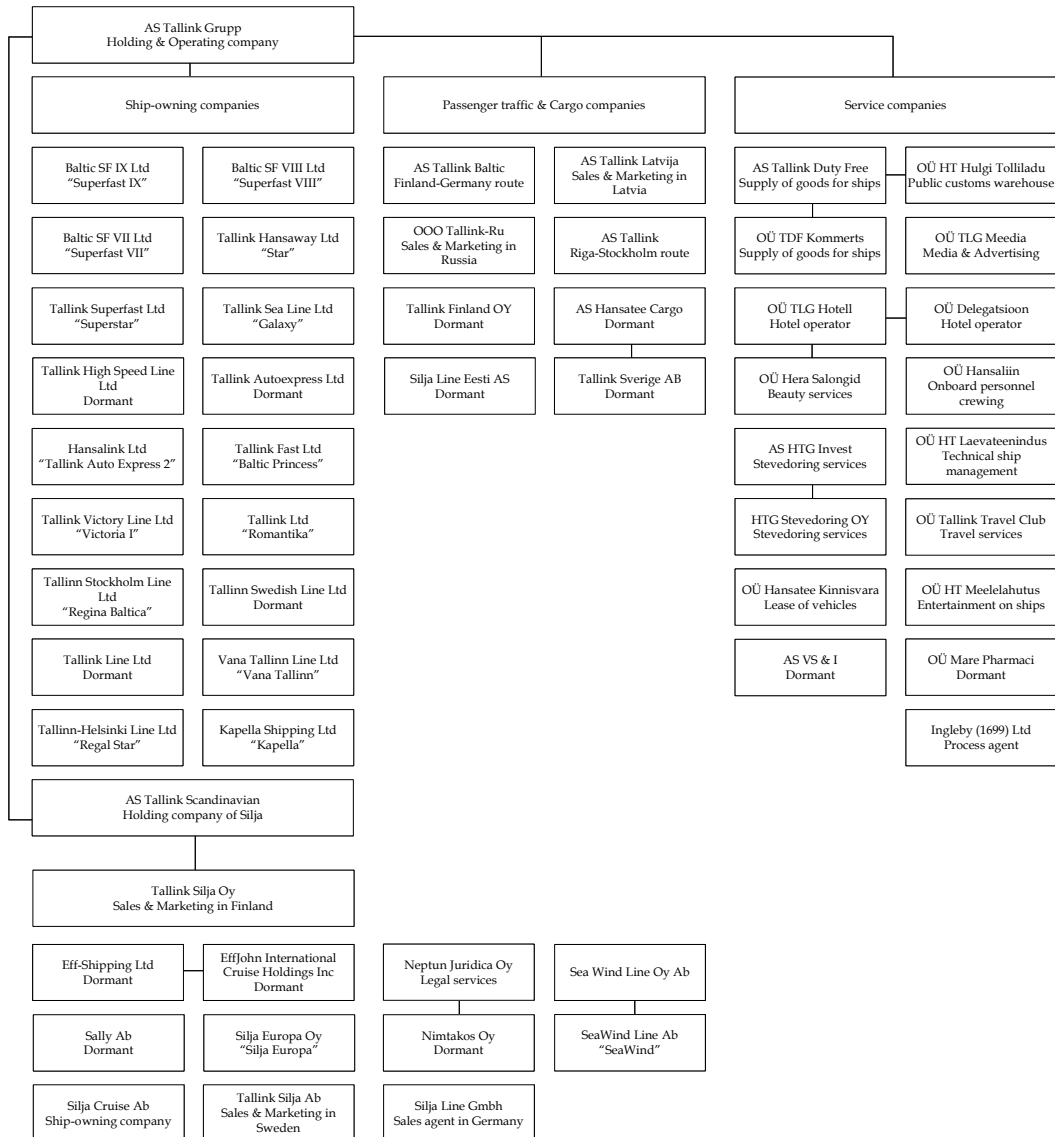
	Average of nine months			End of 3 <sup>rd</sup> quarter		
	2007/2008	2006/2007	change %	29.02.2008	28.02.2007	change %
<b>Onshore total</b>	1,577	1,461	7.9	1,669	1,552	7.5
<i>Estonia</i>	737	582	26.6	791	689	14.8
<i>Finland</i>	581	554	4.9	618	604	2.3
<i>Sweden</i>	196	285	-31.2	192	202	-5.0
<i>Latvia</i>	39	28	48.1	41	34	20.6
<i>Germany</i>	18	9	100.0	20	18	11.1
<i>Russia</i>	6	3	100.0	7	5	40.0
<b>At sea</b>	4,517	4,446	1.6	4,654	4,543	2.4
<b>Hotel*</b>	334	186	79.6	500	273	83.2
<b>Total</b>	6,428	6,093	5.5	6,823	6,368	7.1

\* 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:

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

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

In April 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 2,080 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.

In April 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 sale was completed on July 03, 2008. M/S Fantaasia was sold at the price of 270 million EEK (17.2 million EUR). The profit from the sale was not significant to the consolidated results of AS Tallink Grupp.

In April 2008 AS Tallink Grupp purchased 100% shareholding in Silja Line Eesti AS from its subsidiary Tallink Silja Oy. The company has no current activities and is dormant. This intra-group transaction has no impact to the consolidated results.

In April 2008 a subsidiary of AS Tallink Grupp, Baltic SF IX Ltd. and Marine Atlantic Inc, a Canadian company with the state participation therein, concluded the charter agreement of Superfast IX for five years. The vessel will be delivered to the charterers after the summer high season, probably in October.

In May 2008 Tallink Silja Oy withdrew from its 33% joint membership in Searail EEIG. The Group however continues to provide sea transportation to the rail units under a separate commercial agreement.

In May 2008 AS Tallink Grupp's subsidiary OÜ TLG Hotell acquired 100% of OÜ Delegatsioon shares from AS Heal and OÜ Haapsalu HMR for 1 EEK (0.06 EUR) and started to operate Pirita Top Spa hotel, which is third hotel operated by the Group.

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

On July 10, 2008 AS Tallink Grupp's subsidiary Tallink Fast Ltd. took delivery of the new cruise ferry Baltic Princess from Aker Yards OY shipyard in Helsinki, Finland. The 212 metres long M/S Baltic Princess has capacity for 2,800 passengers, 1,130 lane metres car deck for the vehicles and speed of up to 24 knots. The project of around 2.58 billion EEK (165 million EUR) was financed with a loan of 2 billion EEK (132 million EUR) from the bank syndicate of HSH Nordbank, Nordea Bank, SEB and European Investment Bank. M/S Baltic Princess started operations on July 15, 2008 between Tallinn and Helsinki.

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 last quarter of the financial year.

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

In the last quarter the improvement of the Shuttle service from the addition of M/S Superstar is expected to maintain the high performance of the Estonia-Finland route. The delivery of new cruise vessel M/S Baltic Princess from the shipyard in mid-July was later than expected



and the consequent re-routings on the Turku-Stockholm and Riga-Stockholm routes are therefore also delayed leading to smaller than estimated overall positive impact in the current financial year.

The fuel price has continued to increase very rapidly and therefore the pressure to the results is significantly high.

As a result of all the above the management will review the Group's forecasted targets. The reviewed targets will be announced in a separately release.

The announced change on the Finland-Germany route will not have its estimated positive impact to the current financial year but starting from autumn 2008. Unless no further changes are made two Superfast vessels are planned to continue on the Finland-Germany route with the optimized schedule starting from September. The chartering will increase the result for one vessel and reduce the operating costs for the Finland-Germany route by one third. The continued two vessels operations will have the possibility to operate at higher utilisation ratios and therefore also at higher profitability levels.

Unaudited Interim Consolidated Condensed Financial Statements  
 Nine months of the financial year 2007/2008  
 AS Tallink Grupp

**CONSOLIDATED CONDENSED INCOME STATEMENT**

(unaudited, in thousands of EEK)	<b>01.03.2008- 31.05.2008</b>	<b>01.03.2007- 31.05.2007</b>	<b>01.09.2007- 31.05.2008</b>	<b>01.09.2006 - 31.05.2007</b>
Net sales (Note 4)	2,936,043	2,902,495	8,599,203	8,351,273
Cost of sales	-2,322,753	-2,218,578	-6,837,587	-6,512,606
<b>Gross profit</b>	<b>613,290</b>	<b>683,917</b>	<b>1,761,616</b>	<b>1,838,667</b>
Marketing expenses	-208,673	-241,528	-588,913	-645,216
Administrative and general expenses	-224,196	-274,926	-693,373	-754,165
Other operating items	19,157	19,221	36,674	27,471
Income from negative goodwill	0	0	0	689
Financial income (Note 5)	17,622	56,121	48,234	147,166
Financial expenses (Note 5)	-251,302	-210,728	-707,004	-578,277
Income from associates	0	6,493	0	6,493
<b>Profit/-loss from normal operation before income tax</b>	<b>-34,102</b>	<b>38,570</b>	<b>-142,766</b>	<b>42,828</b>
Income tax	-62	205	-172	-1,448
<b>Net profit/-loss for the period</b>	<b>-34,164</b>	<b>38,775</b>	<b>-142,938</b>	<b>41,380</b>
Attributable to:				
Equity holders of the parent (Note 6)	-34,164	38,775	-142,938	41,380
<b>Earnings per share</b> (in EEK per share)				
- basic (Note 6)	-0.05	0.06	-0.21	0.06
- diluted (Note 6)	-0.05	0.06	-0.21	0.06

(unaudited, in thousands of EUR)	<b>01.03.2008- 31.05.2008</b>	<b>01.03.2007- 31.05.2007</b>	<b>01.09.2007- 31.05.2008</b>	<b>01.09.2006 - 31.05.2007</b>
Net sales (Note 4)	187,647	185,504	549,589	533,744
Cost of sales	-148,451	-141,793	-437,001	-416,231
<b>Gross profit</b>	<b>39,196</b>	<b>43,711</b>	<b>112,588</b>	<b>117,513</b>
Marketing expenses	-13,336	-15,437	-37,638	-41,237
Administrative and general expenses	-14,329	-17,571	-44,315	-48,200
Other operating items	1,224	1,229	2,344	1,756
Income from negative goodwill	0	0	0	44
Financial income (Note 5)	1,127	3,587	3,083	9,406
Financial expenses (Note 5)	-16,061	-13,468	-45,186	-36,959
Income from associates	0	415	0	415
<b>Profit/-loss from normal operation before income tax</b>	<b>-2,179</b>	<b>2,466</b>	<b>-9,124</b>	<b>2,738</b>
Income tax	-4	13	-11	-93
<b>Net profit/-loss for the period</b>	<b>-2,183</b>	<b>2,479</b>	<b>-9,135</b>	<b>2,645</b>
Attributable to:				
Equity holders of the parent (Note 6)	-2,183	2,479	-9,135	2,645
<b>Earnings per share</b> (in EUR per share)				
- basic (Note 6)	0.00	0.00	-0.01	0.00
- diluted (Note 6)	0.00	0.00	-0.01	0.00

**CONSOLIDATED CONDENSED BALANCE SHEET**

(unaudited, in thousands of EEK)

<b>ASSETS</b>	<b>31.05.2008</b>	<b>31.08.2007</b>
<b>Current assets</b>		
Cash and cash equivalents	444,962	1,303,609
Receivables	1,208,035	815,093
Prepayments	146,622	124,134
Derivatives (Note 7)	0	1,799
Inventories	325,643	272,352
<b>Total current assets</b>	<b>2,125,262</b>	<b>2,516,987</b>
<b>Non-current assets</b>		
Investments in associates	5,282	3,242
Other financial assets and prepayments	7,621	9,279
Deferred income tax assets	153,277	153,102
Investment property	4,694	4,694
Property, plant and equipment (Note 8)	23,901,464	22,600,001
Intangible assets (Note 9)	1,270,953	1,283,592
<b>Total non-current assets</b>	<b>25,343,291</b>	<b>24,053,910</b>
<b>TOTAL ASSETS</b>	<b>27,468,553</b>	<b>26,570,897</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Current portion of interest-bearing liabilities (Note 10)	2,202,334	2,247,390
Payables	1,681,620	1,408,369
Deferred income	182,533	121,008
Derivatives (Note 7)	21,990	7,980
<b>Total current liabilities</b>	<b>4,088,477</b>	<b>3,784,747</b>
<b>Non-current liabilities</b>		
Interest bearing loans and borrowings (Note 10)	13,384,477	12,584,261
Deferred income tax liability	63,447	63,463
Pension liability	3,192	3,489
<b>Total non-current liabilities</b>	<b>13,451,116</b>	<b>12,651,213</b>
<b>TOTAL LIABILITIES</b>	<b>17,539,593</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	1,192,417	1,202,991
Retained earnings	1,988,374	2,183,777
<b>Total equity attributable to equity holders of the parent</b>	<b>9,928,960</b>	<b>10,134,937</b>
<b>TOTAL EQUITY</b>	<b>9,928,960</b>	<b>10,134,937</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>27,468,553</b>	<b>26,570,897</b>

**CONSOLIDATED CONDENSED BALANCE SHEET**

(unaudited, in thousands of EUR)

<b>ASSETS</b>	<b>31.05.2008</b>	<b>31.08.2007</b>
<b>Current assets</b>		
Cash and cash equivalents	28,438	83,315
Receivables	77,208	52,094
Prepayments	9,371	7,934
Derivatives (Note 7)	0	115
Inventories	20,812	17,407
<b>Total current assets</b>	<b>135,829</b>	<b>160,865</b>
<b>Non-current assets</b>		
Investments in associates	338	207
Other financial assets and prepayments	487	594
Deferred income tax assets	9,796	9,785
Investment property	300	300
Property, plant and equipment (Note 8)	1,527,582	1,444,403
Intangible assets (Note 9)	81,229	82,036
<b>Total non-current assets</b>	<b>1,619,732</b>	<b>1,537,325</b>
<b>TOTAL ASSETS</b>	<b>1,755,561</b>	<b>1,698,190</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Current portion of interest-bearing liabilities (Note 10)	140,755	143,634
Payables	107,475	90,011
Deferred income	11,666	7,734
Derivatives (Note 7)	1,405	510
<b>Total current liabilities</b>	<b>261,301</b>	<b>241,889</b>
<b>Non-current liabilities</b>		
Interest bearing loans and borrowings (Note 10)	855,424	804,281
Deferred income tax	4,055	4,056
Pension liability	204	223
<b>Total non-current liabilities</b>	<b>859,683</b>	<b>808,560</b>
<b>TOTAL LIABILITIES</b>	<b>1,120,984</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	76,209	76,885
Retained earnings	127,081	139,569
<b>Total equity attributable to equity holders of the parent</b>	<b>634,577</b>	<b>647,741</b>
<b>TOTAL EQUITY</b>	<b>634,577</b>	<b>647,741</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,755,561</b>	<b>1,698,190</b>

**CONSOLIDATED CONDENSED CASH FLOW STATEMENT**

(unaudited, in thousands of EEK)	<b>01.09.2007 - 31.05.2008</b>	<b>01.09.2006 - 31.05.2007</b>
<b>Cash flows from operating activities</b>		
Net profit/-loss for the period	-142,938	41,380
Adjustments	1,339,130	1,129,215
Changes in assets related to operating activities	-411,372	129,412
Changes in inventories	-52,273	-26,031
Changes in liabilities related to operating activities	279,939	-194,544
Income tax repaid/-paid	288	-268
	<b>1,012,774</b>	<b>1,079,164</b>
<b>Cash flow used for investing activities</b>		
Purchase of property, plant, equipment and intangible assets (Notes 8, 9)	-2,142,902	-2,145,034
Proceeds from disposals of property, plant, equipment	200,536	243,222
Proceeds from settlement of derivatives	53,367	68,328
Payments of settlement of derivatives	-18,146	-42
Acquisition of subsidiary (Note 3)	1,885	0
Acquisition of associate (Note 3)	-2,040	0
Acquisition of minority interests	0	-1,157
Interest received	8,501	17,415
	<b>-1,898,799</b>	<b>-1,817,268</b>
<b>Cash flow from (+)/ used for (-) financing activities</b>		
Payment of transaction costs (Note 11)	-65	-6,520
Repurchase of own shares (Note 11)	-65,067	0
Proceeds from loans and bonds (Note 10)	1,401,617	1,357,847
Redemption of loans and bonds (Note 10)	-1,192,822	-985,765
Change in overdraft (Note 10)	531,195	266,989
Repayment of finance lease liabilities (Note 10)	-10,030	-30,562
Interest paid	-637,450	-565,290
	<b>27,378</b>	<b>36,699</b>
<b>TOTAL NET CASH FLOW</b>	<b>-858,647</b>	<b>-701,405</b>
<b>Cash and cash equivalents:</b>		
- at the beginning of period	1,303,609	1,407,608
- increase (+) / decrease (-)	-858,647	-701,405
<b>Cash and cash equivalents at end of period</b>	<b>444,962</b>	<b>706,203</b>

**CONSOLIDATED CONDENSED CASH FLOW STATEMENT**

(unaudited, in thousands of EUR)	<b>01.09.2007 - 31.05.2008</b>	<b>01.09.2006 - 31.05.2007</b>
<b>Cash flows from operating activities</b>		
Net profit/-loss for the period	-9,135	2,645
Adjustments	85,586	72,170
Changes in assets related to operating activities	-26,291	8,271
Changes in inventories	-3,341	-1,664
Changes in liabilities related to operating activities	17,891	-12,434
Income tax repaid/-paid	18	-17
	<b>64,728</b>	<b>68,971</b>
<b>Cash flow used for investing activities</b>		
Purchase of property, plant, equipment and intangible assets (Notes 8, 9)	-136,956	-137,092
Proceeds from disposals of property, plant, equipment	12,817	15,545
Proceeds from settlement of derivatives	3,411	4,367
Payments of settlement of derivatives	-1,160	-3
Acquisition of subsidiary (Note 3)	120	0
Acquisition of associate (Note 3)	-130	0
Acquisition of minority interests	0	-74
Interest received	543	1,113
	<b>-121,355</b>	<b>-116,144</b>
<b>Cash flow from (+)/ used for (-) financing activities</b>		
Payment of transaction costs (Note 11)	-4	-417
Repurchase of own shares (Note 11)	-4,159	0
Proceeds from loans and bonds (Note 10)	89,580	86,782
Redemption of loans and bonds (Note 10)	-76,235	-63,002
Change in overdraft (Note 10)	33,950	17,064
Repayment of finance lease liabilities (Note 10)	-641	-1,954
Interest paid	-40,741	-36,128
	<b>1,750</b>	<b>2,345</b>
<b>TOTAL NET CASH FLOW</b>	<b>-54,877</b>	<b>-44,828</b>
<b>Cash and cash equivalents:</b>		
- at the beginning of period	83,315	89,963
- increase (+) / decrease (-)	-54,877	-44,828
<b>Cash and cash equivalents at end of period</b>	<b>28,438</b>	<b>45,135</b>

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**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 first nine months 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 first nine months of the year 2006/2007 (Note 6)	0	0	0	0	0	0	0	0	41,380	41,380	0	41,380
Net losses on cash flow hedges	0	0	0	0	0	37,709	0	0	0	37,709	0	37,709
Foreign currency translation	0	0	0	1,573	0	0	0	0	0	1,573	0	1,573
<b>Total income and expense for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,573</b>	<b>0</b>	<b>37,709</b>	<b>0</b>	<b>0</b>	<b>41,380</b>	<b>80,662</b>	<b>0</b>	<b>80,662</b>
<b>At 31 May 2007</b>	<b>6,738,170</b>	<b>9,999</b>	<b>0</b>	<b>1,596</b>	<b>1,138,827</b>	<b>30,073</b>	<b>101,710</b>	<b>0</b>	<b>1,134,375</b>	<b>9,154,750</b>	<b>0</b>	<b>9,154,750</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 first nine months 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 first nine months of the year 2007/2008 (Note 6)	0	0	0	0	0	0	0	0	-142,938	-142,938	0	-142,938
Foreign currency translation	0	0	0	2,093	0	0	0	0	0	2,093	0	2,093
<b>Total income and expense for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,093</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-142,938</b>	<b>-140,845</b>	<b>0</b>	<b>-140,845</b>
<b>At 31 May 2008</b>	<b>6,738,170</b>	<b>9,999</b>	<b>0</b>	<b>2,505</b>	<b>1,100,869</b>	<b>0</b>	<b>154,175</b>	<b>-65,132</b>	<b>1,988,374</b>	<b>9,928,960</b>	<b>0</b>	<b>9,928,960</b>

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(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 first nine months 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 first nine months of the year 2006/2007 (Note 6)	0	0	0	0	0	0	0	0	2,645	2,645	0	2,645
Net losses on cash flow hedges	0	0	0	0	0	2,410	0	0	0	2,410	0	2,410
Foreign currency translation	0	0	0	100	0	0	0	0	-1	99	0	99
<b>Total income and expense for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100</b>	<b>0</b>	<b>2,410</b>	<b>0</b>	<b>0</b>	<b>2,644</b>	<b>5,154</b>	<b>0</b>	<b>5,154</b>
<b>At 31 May 2007</b>	<b>430,648</b>	<b>639</b>	<b>0</b>	<b>102</b>	<b>72,784</b>	<b>1,922</b>	<b>6,500</b>	<b>0</b>	<b>72,500</b>	<b>585,095</b>	<b>0</b>	<b>585,095</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 first nine months 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 first nine months of the year 2007/2008 (Note 6)	0	0	0	0	0	0	0	0	-9,135	-9,135	0	-9,135
Foreign currency translation	0	0	0	134	0	0	0	0	0	134	0	134
<b>Total income and expense for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>134</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-9,135</b>	<b>-9,001</b>	<b>0</b>	<b>-9,001</b>
<b>At 31 May 2008</b>	<b>430,648</b>	<b>639</b>	<b>0</b>	<b>161</b>	<b>70,358</b>	<b>0</b>	<b>9,853</b>	<b>-4,163</b>	<b>127,081</b>	<b>634,577</b>	<b>0</b>	<b>634,577</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 nine months of the financial year 2007/2008 were authorised for issue in accordance with a resolution of the Management Board on 17 July 2008. AS Tallink Grupp is a limited company incorporated in Estonia and employed 6,823 people at 31 May 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.

In March 2008 the share capital of AS Tallink Takso was increased. The change in share capital was registered in April 2008. After this transaction AS Tallink Grupp is having the same percentage in share capital as before. The payment of 2,040 thousand EEK (*130 thousand EUR*) was made in March 2008.

In May 2008 a subsidiary company of AS Tallink Grupp, OÜ TLG Hotell purchased 100% share of OÜ Deleagatsioon from AS Heal and OÜ Haapsalu HMR. The purchase price was 1 EEK (*0,06 EUR*). The main activities of OÜ Deleagatsioon include hotel management, travel arrangement and tourism related services. The transaction is considered as a related party transaction. The fair value of identifiable assets and liabilities of OÜ Deleagatsioon acquired are:

	in thousands of EEK		in thousands of EUR	
	Carrying value	Recognised on acquisition	Carrying value	Recognised on acquisition
Cash and bank accounts	1,885	1,885	120	120
Receivables and prepayments	3,616	3,616	231	231
Inventories	1,018	1,018	65	65
Property, plant & equipment	10,258	10,258	656	656
Intangible assets	69	69	5	5
<b>Total assets</b>	<b>16,846</b>	<b>16,846</b>	<b>1,077</b>	<b>1,077</b>
Short-term liabilities	20,260	20,260	1,295	1,295
Long-term liabilities	5,972	5,972	382	382
<b>Total liabilities</b>	<b>26,232</b>	<b>26,232</b>	<b>1,677</b>	<b>1,677</b>
<b>Fair value of net assets</b>		<b>-9,386</b>		<b>-600</b>
<b>Purchase price</b>		<b>0</b>		<b>0</b>
<b>Goodwill</b>		<b>9,386</b>		<b>600</b>
Cash flow on acquisition:	in thousands of EEK		in thousands of EUR	
Net cash acquired with the subsidiary		1,885		120
Cash paid		0		0
<b>Net cash flow</b>		<b>1,885</b>		<b>120</b>

In May 2008 AS Tallink Grupp's subsidiary Tallink Silja OY has withdrawn from its 33% holding in the Finnish joint company Searail EEIG.

**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).

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**Geographical segments**

(in thousands of EEK)

<b>01.09.2007-31.05.2008</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	2,317,152	1,013,090	326,616	784,306	3,751,501	265,857	140,681	0	8,599,203
Inter-segment sales	0	0	0	0	0	72,227	0	-72,227	0
	<b>2,317,152</b>	<b>1,013,090</b>	<b>326,616</b>	<b>784,306</b>	<b>3,751,501</b>	<b>338,084</b>	<b>140,681</b>	<b>-72,227</b>	<b>8,599,203</b>
<b>Segment result</b>									
	<b>740,410</b>	<b>74,836</b>	<b>-66,202</b>	<b>-72,457</b>	<b>420,154</b>	<b>8,936</b>	<b>67,026</b>	<b>0</b>	<b>1,172,703</b>
Unallocated expenses									-656,699
Net financial items (Note 5)									-658,770
<b>Loss before income tax</b>									<b>-142,766</b>
<b>01.09.2006-31.05.2007</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	1,894,015	956,294	210,009	874,425	4,151,955	158,721	105,854	0	8,351,273
Inter-segment sales	0	0	0	0	0	46,670	0	-46,670	0
	<b>1,894,015</b>	<b>956,294</b>	<b>210,009</b>	<b>874,425</b>	<b>4,151,955</b>	<b>205,391</b>	<b>105,854</b>	<b>-46,670</b>	<b>8,351,273</b>
<b>Segment result</b>									
	<b>569,437</b>	<b>73,015</b>	<b>-19,674</b>	<b>53,039</b>	<b>503,773</b>	<b>10,950</b>	<b>2,911</b>	<b>0</b>	<b>1,193,451</b>
Unallocated expenses									-726,694
Negative goodwill									689
Net financial items (Note 5)									-431,111
Income from associates									6,493
<b>Profit before income tax</b>									<b>42,828</b>

The notes on pages 17 to 26 form an integral part of these financial statements.

Notes to the unaudited interim financial statements  
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 AS Tallink Grupp

(in thousands of EUR)

<b>01.09.2007-31.05.2008</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	148,093	64,748	20,875	50,126	239,765	16,991	8,991	0	549,589
Inter-segment sales	0	0	0	0	0	4,619	0	-4,619	0
	<b>148,093</b>	<b>64,748</b>	<b>20,875</b>	<b>50,126</b>	<b>239,765</b>	<b>21,610</b>	<b>8,991</b>	<b>-4,619</b>	<b>549,589</b>
<b>Segment result</b>	<b>47,321</b>	<b>4,783</b>	<b>-4,231</b>	<b>-4,631</b>	<b>26,853</b>	<b>571</b>	<b>4,284</b>	<b>0</b>	<b>74,950</b>
Unallocated expenses									-41,971
Net financial items (Note 5)									-42,103
<b>Loss before income tax</b>									<b>-9,124</b>
<b>01.09.2006-31.05.2007</b>									
<b>01.09.2006-31.05.2007</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	121,050	61,119	13,422	55,886	265,358	10,144	6,765	0	533,744
Inter-segment sales	0	0	0	0	0	2,983	0	-2,983	0
	<b>121,050</b>	<b>61,119</b>	<b>13,422</b>	<b>55,886</b>	<b>265,358</b>	<b>13,127</b>	<b>6,765</b>	<b>-2,983</b>	<b>533,744</b>
<b>Segment result</b>	<b>36,394</b>	<b>4,666</b>	<b>-1,257</b>	<b>3,390</b>	<b>32,197</b>	<b>700</b>	<b>186</b>	<b>0</b>	<b>76,276</b>
Unallocated expenses									-46,444
Negative goodwill									44
Net financial items (Note 5)									-27,553
Income from associates									415
<b>Profit before income tax</b>									<b>2,738</b>

The notes on pages 17 to 26 form an integral part of these financial statements.

**Operational segments**

	(in thousands of EEK)		(in thousands of EUR)	
	01.09.2007- 31.05.2008	01.09.2006- 31.05.2007	01.09.2007- 31.05.2008	01.09.2006- 31.05.2007
Ticket sales	2,001,855	1,701,315	127,942	108,734
Sales of cargo transport	1,875,014	1,789,957	119,835	114,399
Accommodation sales	99,055	67,011	6,331	4,283
Restaurant and shops sales on-board and on mainland	4,269,771	4,267,672	272,888	272,754
Income from leases of vessels	130,555	105,706	8,344	6,756
Other	222,953	419,612	14,249	26,818
<b>Total revenue of the Group</b>	<b>8,599,203</b>	<b>8,351,273</b>	<b>549,589</b>	<b>533,744</b>

**Note 5 FINANCIAL INCOME AND EXPENSES**

	(in thousands of EEK)		(in thousands of EUR)	
	01.09.2007- 31.05.2008	01.09.2006- 31.05.2007	01.09.2007- 31.05.2008	01.09.2006- 31.05.2007
Net foreign exchange gains	8,929	10,398	571	665
Income from interest rate swap	31,377	119,812	2,005	7,657
Other interest and financial income	7,928	16,956	507	1,084
<b>Total financial income</b>	<b>48,234</b>	<b>147,166</b>	<b>3,083</b>	<b>9,406</b>
Interest expenses	-690,951	-569,791	-44,160	-36,416
Expenses from interest rate swap	-1,799	0	-115	0
Net expenses from foreign exchange derivatives	-10,166	-3,745	-650	-240
Other financial expenses	-4,088	-4,741	-261	-303
<b>Total financial expenses</b>	<b>-707,004</b>	<b>-578,277</b>	<b>-45,186</b>	<b>-36,959</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.

	01.03.2008 - 31.05.2008	01.03.2007 - 31.05.2007	01.09.2007 - 31.05.2008	01.09.2006 - 31.05.2007
Weighted average number of ordinary shares (pcs)	669,882,040	673,817,040	671,702,752	673,817,040
Net profit/-loss attributable to ordinary shareholders (in thousands of EEK)	-34,164	38,775	-142,938	41,380
Earnings per share (in EEK per share)	-0.05	0.06	-0.21	0.06

	01.03.2008 - 31.05.2008	01.03.2007 - 31.05.2007	01.09.2007 - 31.05.2008	01.09.2006 - 31.05.2007
Weighted average number of ordinary shares (pcs)	669,882,040	673,817,040	671,702,752	673,817,040
Net profit/-loss attributable to ordinary shareholders (in thousands of EUR)	-2,183	2,479	-9,135	2,645
Earnings per share (in EUR per share)	0.00	0.00	-0.01	0.00

<b>Weighted average number of ordinary shares (pcs)</b>	01.03.2008 - 31.05.2008	01.03.2007 - 31.05.2007	01.09.2007 - 31.05.2008	01.09.2006 - 31.05.2007
Issued ordinary shares at the beginning of period	669,882,040	673,817,040	673,817,000	168,454,260
Effect of own shares held	0	0	-2,114,248	0
Effect of bonus issue	0	0		505,362,780
Weighted average number of ordinary shares at end of period	669,882,040	673,817,040	671,702,752	673,817,040

Due to share buyback transactions during first 9 months of 2007/2008 the weighted average number of ordinary shares for reporting period is 671,702,752 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 derivatives 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.

In the reporting period AS Tallink Grupp has entered into three interest rate derivative contracts with total notional amount of 4,340,977 thousand EEK (277,439 thousand EUR) with the maturities in years 2012, 2014 and 2020. In the reporting period these derivative transactions have resulted positive cash flow for the Group. The fair value of the derivatives recognized in the current interim financial statements as of 31.05.2008 is -32,858 thousand EEK (-2,100 thousand EUR).

**Note 8 PROPERTY, PLANT AND EQUIPMENT**

(in thousands of EEK)

	<b>Land and building</b>	<b>Ships</b>	<b>Plant and equipment</b>	<b>Prepayments</b>	<b>Total</b>
<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	0	1,860,206	21,671	225,894	2,107,771
Acquisition of subsidiary (Note 3)	571	0	9,687	0	10,258
Transfer to intangible assets (Note 9)	0	0	0	-2,089	-2,089
Exchange rate differences	203	32	362	0	597
Disposals	-13	-183,545	-856	0	-184,414
Depreciation for the period	-6,189	-586,934	-37,537	0	-630,660
<b>Book value at 31 May 2008</b>	<b>128,236</b>	<b>22,664,976</b>	<b>105,745</b>	<b>1,002,507</b>	<b>23,901,464</b>

**At 31 May 2008**

-Cost	160,326	23,967,762	246,779	1,002,507	25,377,374
-Accumulated depreciation	-32,090	-1,302,786	-141,034	0	-1,475,910

	<b>Land and building</b>	<b>Ships</b>	<b>Plant and equipment</b>	<b>Prepayments</b>	<b>Total</b>
<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	2,137	1,784,069	56,857	231,680	2,074,743
Purchase of new subsidiary	0	0	500	152	652
Exchange rate differences	0	0	-1	1	0
Disposals	-235	-216,879	-10,702	0	-227,816
Depreciation for the period	-9,775	-594,731	-48,201	0	-652,707
<b>Book value at 31 May 2007</b>	<b>138,116</b>	<b>22,026,057</b>	<b>114,417</b>	<b>773,435</b>	<b>23,052,025</b>

**At 31 May 2007**

-Cost	160,683	22,609,776	215,276	773,435	23,759,170
-Accumulated depreciation	-22,567	-583,719	-100,859	0	-707,145

Notes to the unaudited interim financial statements  
 Nine months of the financial year 2007/2008  
 AS Tallink Grupp

(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	0	118,889	1,384	14,437	134,710
Acquisition of subsidiary (Note 3)	36	0	620	0	656
Transfer to intangible assets (Note 9)	0	0	0	-133	-133
Exchange rate differences	13	2	23	0	38
Disposals	0	-11,731	-54	0	-11,785
Depreciation for the period	-396	-37,512	-2,399	0	-40,307
<b>Book value at 31 May 2008</b>	<b>8,196</b>	<b>1,448,556</b>	<b>6,758</b>	<b>64,072</b>	<b>1,527,582</b>

**At 31 May 2008**

-Cost	10,247	1,531,819	15,772	64,072	1,621,910
-Accumulated depreciation	-2,051	-83,263	-9,014	0	-94,328

	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	137	114,023	3,634	14,806	132,600
Purchase of new subsidiary	0	0	32	10	42
Disposals	-15	-13,861	-684	0	-14,560
Depreciation for the period	-625	-38,010	-3,081	0	-41,716
<b>Book value at 31 May 2007</b>	<b>8,827</b>	<b>1,407,722</b>	<b>7,313</b>	<b>49,431</b>	<b>1,473,293</b>

**At 31 May 2007**

-Cost	10,270	1,445,028	13,759	49,431	1,518,488
-Accumulated depreciation	-1,443	-37,306	-6,446	0	-45,195

**Note 9 INTANGIBLE ASSETS**

	(in thousands of EEK)				(in thousands of EUR)			
	Goodwill	Trade-mark	Others	Total	Goodwill	Trade-mark	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	35,131	35,131	0	0	2,246	2,246
Acquisition of subsidiary (Note 3)	9,386	0	69	9,455	600	0	5	605
Transfer from property, plant and equipment (Note 8)	0	0	2,089	2,089	0	0	133	133
Amortization for the period	0	-34,218	-25,096	-59,314	0	-2,187	-1,604	-3,791
<b>Book value at 31 May 2008</b>	<b>183,795</b>	<b>824,563</b>	<b>262,595</b>	<b>1,270,953</b>	<b>11,747</b>	<b>52,699</b>	<b>16,783</b>	<b>81,229</b>

**At 31 May 2008**

Cost	183,795	912,009	328,407	1,424,211	11,747	58,288	20,989	91,024
Accumulated amortization	0	-87,446	-65,812	-153,258	0	-5,589	-4,206	-9,795

	(in thousands of EEK)				(in thousands of EUR)			
	Goodwill	Trade-mark	Others	Total	Goodwill	Trade-mark	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	70,291	70,291	0	0	4,492	4,492
Purchase of new subsidiary	1,261	0	0	1,261	81	0	0	81
Amortization for the period	0	-34,218	-25,087	-59,305	0	-2,187	-1,603	-3,790
<b>Book value at 31 May 2007</b>	<b>174,409</b>	<b>870,187</b>	<b>226,083</b>	<b>1,270,679</b>	<b>11,147</b>	<b>55,615</b>	<b>14,449</b>	<b>81,211</b>

**At 31 May 2007**

Cost	174,409	912,009	261,804	1,348,222	11,147	58,288	16,732	86,167
Accumulated amortization	0	-41,822	-35,721	-77,543	0	-2,673	-2,283	-4,956

**Note 10 INTEREST BEARING LOANS AND BORROWINGS**

(in thousands of EEK)

	<b>31 August 2007</b>	<b>New loans</b>	<b>New subsidiary</b>	<b>Repayments</b>	<b>Other changes [1]</b>	<b>31 May 2008</b>
Lease liability	23,548	0	6,681	-10,030	0	20,199
Bank overdrafts	74,143	531,195	0	0	0	605,338
Long-term bank loans	14,733,960	1,401,617	0	-1,192,822	18,519	14,961,274
<b>TOTAL</b>	<b>14,831,651</b>	<b>1,932,812</b>	<b>6,681</b>	<b>-1,202,852</b>	<b>18,519</b>	<b>15,586,811</b>
incl. short-term portion	2,247,390					2,202,334
long-term portion	12,584,261					13,384,477

(in thousands of EUR)

	<b>31 August 2007</b>	<b>New loans</b>	<b>New subsidiary</b>	<b>Repayments</b>	<b>Other changes [1]</b>	<b>31 May 2008</b>
Lease liability	1,505	0	427	-641	0	1,291
Bank overdrafts	4,739	33,949	0	0	0	38,688
Long-term bank loans	941,671	89,580	0	-76,235	1,184	956,200
<b>TOTAL</b>	<b>947,915</b>	<b>123,529</b>	<b>427</b>	<b>-76,876</b>	<b>1,184</b>	<b>996,179</b>
incl. short-term portion	143,634					140,755
long-term portion	804,281					855,424

[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, Skandinaviska Enskilda Banken AB and HSBC Bank Plc for the loans granted to overseas subsidiaries amounting to 10,312,743 thousand EEK (659,104 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 4,568,432 thousand EEK (291,976 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 31 May 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), including fees of 65 thousand EEK (4 thousand EUR).

According to the Articles of Association of the Parent effective as of 31 May 2008 the maximum number of authorised common shares is 2,000,000 thousand. As of 31 May 2008 no share options are issued.



**Note 12 RELATED PARTY DISCLOSURES**

(in thousands of EEK)

<b>9 months of 2007/2008 or 31.05.2008</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	1,051	2,044	130	0
AS HT Valuuta	1,855	0	688	0
AS Vara HTG	0	33,549	0	0
OÜ Mersok	0	108	0	0
AS Vaba Maa	0	7,958	0	1,989
OÜ Sunbeam	0	34,594	0	0
AS Gastrolink	12	5,961	0	672
Gastrolink Finland OY	5	0	0	0
AS Tallink Takso	229	0	27	0
OÜ Topspa Kinnisvara	0	5,500	0	0
Searail EEIG [1]	33,734	0	0	0
<b>9 months of 2006/2007 or 31.05.2007</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	783	3,060	108	221
AS Infortar – purchase of OÜ				
Hera Salongid	0	960	0	0
AS HT Valuuta	1,798	0	54	0
AS Vara HTG	0	35,836	0	0
OÜ Sunbeam	0	9,375	0	725
OÜ Mersok	0	108	0	14
AS Vaba Maa	0	3,191	0	105
OÜ Hera Salongid [2]	179	147	0	0
AS Gastrolink	55	3,744	3	287
Gastrolink Finland OY	12	256	0	0
AS Baltic Tours	2,718	1,784	7,439	0
Searail EEIG	60,944	0	11,516	0

(in thousands of EUR)

<b>9 months of 2007/2008 or 31.05.2008</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	67	131	8	0
AS HT Valuuta	119	0	44	0
AS Vara HTG	0	2,144	0	0
OÜ Mersok	0	7	0	0
AS Vaba Maa	0	509	0	127
OÜ Sunbeam	0	2,211	0	0
AS Gastrolink	1	381	0	43
Gastrolink Finland OY	1	0	0	0
AS Tallink Takso	15	0	2	0
OÜ Topspa Kinnisvara	0	352	0	0
Searail EEIG [1]	2,156	0	0	0
<b>9 months of 2006/2007 or 31.05.2007</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	50	196	7	14
AS Infortar – purchase of OÜ				
Hera Salongid	0	61	0	0
AS HT Valuuta	115	0	3	0
AS Vara HTG	0	2,290	0	0
OÜ Sunbeam	0	599	0	46
OÜ Mersok	0	7	0	1
AS Vaba Maa	0	204	0	7
OÜ Hera Salongid [2]	11	9	0	0
AS Gastrolink	4	239	0	18
Gastrolink Finland OY	1	16	0	0
AS Baltic Tours	174	114	475	0
Searail EEIG	3,895	0	736	0

[1] Transactions until 22.05.2008.

[2] 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 was delivered in July 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 July 2008 M/S Fantaasia was sold.

In July 2008 the group made final contractual payment of 2,049,705 thousand EEK (*131,000 thousand EUR*) to Aker Yards OY concerning new passenger cruise ferry Baltic Princess delivered in July 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 9 months of the financial year 2007/2008 ended 31 May 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.

\_\_\_\_\_  
Chairman of the Board  
*Emm Pant*

\_\_\_\_\_  
Member of the Board  
*Andres Hunt*

\_\_\_\_\_  
Member of the Board  
*Keijo Mehtonen*

\_\_\_\_\_  
Member of the Board  
*Lembit Kitter*

Tallinn

\_\_\_\_\_