

# AS TALLINK GRUPP

## Unaudited Interim Consolidated Financial Statements for the first 16 months of the 2010/2011 financial year

**1 September 2010 - 31 December 2011**

Beginning of the financial year 1. September 2010

End of the financial year 31. December 2011

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Primary activity maritime transportation  
(passenger and cargo transportation)

Auditor KPMG Baltics AS



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## MANAGEMENT REPORT

In the 2010/2011 financial year AS Tallink Grupp and its subsidiaries (the Group) successfully followed the set strategy. Customer satisfaction improved in several main categories. The Group increased its traffic volumes and market shares throughout the financial year. Along with the improvements in the operating results also the reduction in debt is well visible.

The Group's 2010/2011 financial year 16-months unaudited revenue, including the discontinued operations, was EUR 1178.3 million, gross profit EUR 238.7 million, EBITDA 199.1 million. The net profit for the 2010/2011 financial year was EUR 37.5 million. For the continued operations the net revenue amounted to EUR 1152.9 million and gross profit to EUR 251.4 million.

The pro forma results adjusted for the 2011 calendar year (January-December) were following: Revenue EUR 907.6 million, gross profit EUR 192.6 million, EBITDA EUR 162.7 million and net profit EUR 37.7 million.

Due to the change of the financial year this interim report covers the nonstandard four months extended period 01.09.2011-31.12.2011 (hereafter referred also as Q5). As the 2010/2011 financial year was 16-months (01.09.2010-31.12.2011) and the comparative financial year 2009/2010 was 12-months (01.09.2009-31.08.2010) then the financial year figures are not comparable. Additional pro forma financial information for the 2011 calendar year is released separately and is available at the Group's website.

Due to the end of the operations in the Finland-Germany route the Group's Consolidated Statement of Comprehensive Income outlines the results of the continued operations and discontinued operations separately according to the IFRS. In the management report the results are presented as total including the discontinued operations.

## Q5 REVIEW

The Group continued to strengthen its position as the leading short cruise and business travel provider on the Baltic Sea in Q5. The passenger volume increased by nearly 3% and the Group's market shares improved on all the operated routes.

The Group's unaudited revenue for the Q5 of the 2010/2011 financial year (September-December) was EUR 281 million which is nearly 4% higher compared to the same period in the previous year. Gross profit increased by 13% to EUR 52 million and EBITDA by 11% to EUR 40.5 million in the same period comparison. Despite of 39% increase in the fuel prices the Group was able to improve the EBITDA margin for the period to 14.4%. This was largely contributed by the discontinued operations in the Finland-Germany route and chartering out the related vessels. The Group's operating performance was in line with the management expectations.

After the year-end tax assets impairments and revaluation of derivative financial instruments the unaudited net profit for the four month period was negative by EUR 0.9 million. In the same period of the previous year the net profit was negative by EUR 0.3 million when there were no such impairments carried out.

In the 2010/2011 financial year the Group's debt repayments amounted to EUR 112 million. At the end of Q5 (31.12.2011) the interest bearing liabilities were EUR 960 million which is a 5% reduction during Q5. The Group's net debt was EUR 884 million and the ratio of the net debt to EBITDA was 5.4. At the end of the year the Group had EUR 75 million in cash and equivalents which is EUR 30 million more than 31.12.2010. The total liquidity for the Group, including the unused credit lines was EUR 122 million which is.

Q5 KEY FIGURES		2011 Sep-Dec	2010 Sep-Dec*	change
Revenue	EUR million	281.1	270.7	3.8%
Gross profit	EUR million	52.0	46.0	12.9%
Gross margin		18.5%	17.0%	
EBITDA	EUR million	40.5	36.4	11.1%
EBITDA margin		14.4%	13.5%	
Net profit / -loss	EUR million	-0.9	-0.3	-266%
Net profit margin		-0.3%	-0.1%	
Depreciation & amortisation	EUR million	23.7	24.2	-2.0%
Investments	EUR million	2.9	3.8	-22%
Weighted average number of shares outstanding**		669 882 040	669 882 040	0%
Earnings per share	EUR	-0.0	-0.0	-266%
Number of passengers		2 750 344	2 674 580	2.8%
Number of cargo units		95 004	99 431	-4.5%
Average number of employees		6 656	6 586	1.1%

		31.12.2011	31.08.2011	change
Total assets	EUR million	1 800	1 859	-3.2%
Interest bearing liabilities	EUR million	960	1 011	-5.1%
Net debt	EUR million	884	916	-3.5%
Net debt to EBITDA		5.4	5.8	
Total equity	EUR million	705	706	-0.1%
Equity ratio		39%	38%	
Number of shares outstanding**		669 882 040	669 882 040	0%
Shareholders' equity per share	EUR	1.05	1.05	-0.1%

EBITDA – Earnings before net financial items, taxes, depreciation and amortization;

EBITDA margin – EBITDA / net sales;

Gross margin – gross profit / net sales;

Net profit margin – net profit / net sales;

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.

Net debt – Interest bearing liabilities less cash and cash equivalents

Net debt to EBITDA – Net debt / 12-months trailing EBITDA

\* 2010 comparative period include discontinued operations

\*\* Share numbers exclude own shares.

## SALES & SEGMENT RESULTS

The following table provides an overview of the quarterly sales development by operational segments:

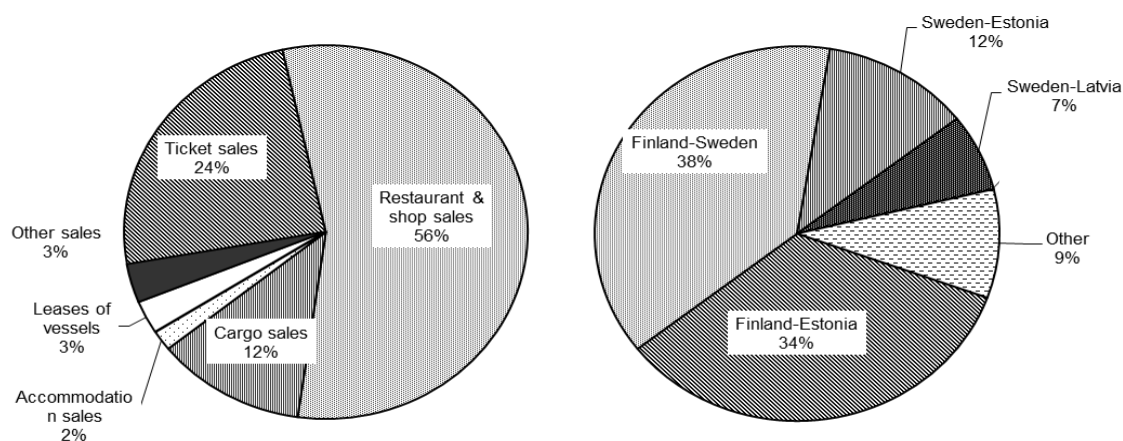
	Q1	Q2	Q3	Q4	Q5
in EUR millions	09/10	10/11	10/11	10/11	10/11
Ticket sales	51.0	42.6	52.4	99.4	68.4
Restaurant & shop sales	108.7	109.7	114.1	147.2	156.6
Cargo sales	29.6	23.3	28.7	26.6	33.8
Accommodation sales	2.9	2.5	3.4	5.9	4.9
Leases of vessels	3.8	5.0	3.6	5.2	8.0
Other sales	7.1	5.6	7.2	11.6	9.5
<b>Total revenue</b>	<b>203.0</b>	<b>188.8</b>	<b>209.5</b>	<b>295.9</b>	<b>281.1</b>

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

			Q1	Q2	Q3	Q4	Q5
			10/11	10/11	10/11	10/11	10/11
<b>Finland-Estonia</b>	Passengers	th.	968	912	996	1 327	1 367
	Cargo units	th.	27	24	30	30	42
	Revenue	mil.EUR	65.7	58.5	66.9	83.4	96.3
	Segment result	mil.EUR	19.1	13.4	18.5	30.6	28.6
<b>Finland-Sweden</b>	Passengers	th.	696	709	712	1 057	907
	Cargo units	th.	26	23	26	22	32
	Revenue	mil.EUR	81.8	81.3	83.5	119.9	108.4
	Segment result	mil.EUR	4.5	2.9	0.4	29.6	2.1
<b>Sweden-Estonia</b>	Passengers	th.	178	229	214	301	272
	Cargo units	th.	13	11	11	10	14
	Revenue	mil.EUR	22.7	23.2	24.7	35.5	33.8
	Segment result	mil.EUR	1.1	1.0	0.9	9.5	1.4
<b>Sweden-Latvia</b>	Passengers	th.	138	146	165	256	204
	Cargo units	th.	4	4	5	4	7
	Revenue	mil.EUR	12.1	12.0	14.3	22.5	19.0
	Segment result	mil.EUR	-1.7	-2.6	-2.2	4.8	-2.5
<b>Finland-Germany</b>	Passengers	th.	14	3	11	36	0
	Cargo units	th.	7	2	4	4	0
	Revenue	mil.EUR	7.4	1.5	5.1	11.3	0.0
	Segment result	mil.EUR	-4.5	-4.0	-4.4	-1.3	0.0
<b>Other</b>	Revenue	mil.EUR	15.3	13.8	17.2	26.6	26.6
	Segment result	mil.EUR	0.9	-0.5	1.2	9.4	2.5
	Inter segment sales	milj.EUR	-2.0	-1.6	-2.1	-3.3	-3.0
	<b>Total revenue</b>	milj.EUR	<b>203.0</b>	<b>188.8</b>	<b>209.5</b>	<b>295.9</b>	<b>281.1</b>
	<b>EBITDA</b>	milj.EUR	<b>27.5</b>	<b>18.2</b>	<b>22.7</b>	<b>90.2</b>	<b>40.5</b>
	<b>Total segment result</b>	milj.EUR	<b>19.4</b>	<b>10.3</b>	<b>14.3</b>	<b>82.7</b>	<b>32.4</b>
	<b>Net profit/-loss</b>	milj.EUR	<b>1.1</b>	<b>-9.4</b>	<b>-7.3</b>	<b>54.0</b>	<b>-0.9</b>

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

The following graphs provide an overview of the sales distribution in the Q5 on a operational and geographical segment based approach



## MARKET DEVELOPMENTS

The following table provides an overview of the passengers, cargo units and passenger vehicles transported during the twelve months and last four months of the financial year were the following:

	September - December			12 months		
	2011	2010	Change	2011	2010	Change
<b>Passengers</b>	<b>2 750 344</b>	<b>2 674 580</b>	<b>2.8%</b>	<b>9 144 290</b>	<b>8 713 866</b>	<b>4.9%</b>
Finland-Sweden	906 907	916 556	-1.1%	3 164 272	3 163 162	0.0%
Estonia-Finland	1 367 235	1 299 642	5.2%	4 270 254	3 974 927	7.4%
Estonia-Sweden	272 167	251 114	8.4%	943 250	881 361	7.0%
Latvia-Sweden	204 035	190 286	7.2%	719 470	639 072	12.6%
Finland-Germany	0	16 982	-100.0%	47 044	55 344	-15.0%
<b>Cargo Units</b>	<b>95 004</b>	<b>99 431</b>	<b>-4.5%</b>	<b>283 438</b>	<b>270 494</b>	<b>4.8%</b>
Finland-Sweden	31 996	32 765	-2.3%	95 878	91 757	4.5%
Estonia-Finland	42 102	35 615	18.2%	118 414	107 747	9.9%
Estonia-Sweden	14 303	17 032	-16.0%	42 248	39 520	6.9%
Latvia-Sweden	6 603	5 647	16.9%	18 632	15 834	17.7%
Finland-Germany	0	8 372	-100.0%	8 266	15 636	-47.1%
<b>Passenger Vehicles</b>	<b>313 700</b>	<b>311 032</b>	<b>0.9%</b>	<b>1 062 482</b>	<b>1 010 915</b>	<b>5.1%</b>
Finland-Sweden	37 677	39 713	-5.1%	168 658	180 322	-6.5%
Estonia-Finland	227 244	218 894	3.8%	714 263	657 950	8.6%
Estonia-Sweden	20 326	20 316	0.0%	73 592	70 832	3.9%
Latvia-Sweden	28 453	27 446	3.7%	90 869	84 649	7.3%
Finland-Germany	0	4 663	-100.0%	15 100	17 162	-12.0%

Finland-Germany operations were discontinued in August 2011. Vessels M/S Superfast VII and M/S Superfast VIII were chartered out for at least three years.

**The Group's market shares on the routes operated during a 12 month period ending 31 December 2011 were as follows:**

- The Group carried approximately 58% of the passengers and 48% of ro-ro cargo on the route between Tallinn and Helsinki;
- The Group is the only provider of daily passenger transportation between Estonia and Sweden.
- The Group is the only provider of daily passenger and ro-ro cargo transportation between Riga and Stockholm;
- The Group carried approximately 55% of passengers and 34% 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 23% and the approximate market share of ro-ro cargo transportation was 3%.

**PERSONNEL**

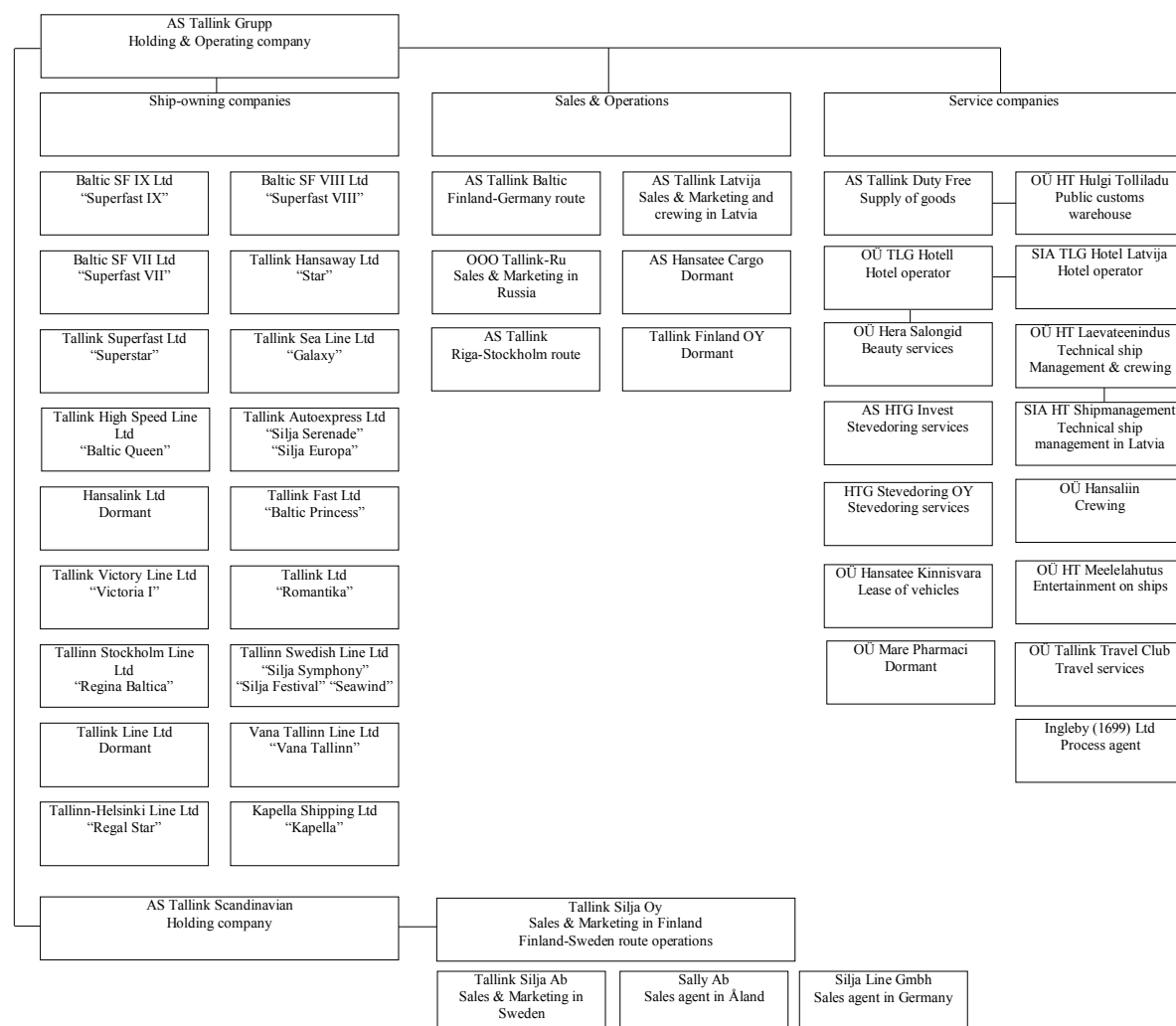
On 31 December 2011 the Group employed 6 610 employees. The following table provides a more detailed overview of the Group's personnel.

	Average of period Sep - Dec			End of financial year		
	2011	2010	change %	31.12.2011	31.08.2010	change %
<b>Onshore total</b>	<b>1 505</b>	<b>1 477</b>	<b>1.9%</b>	<b>1 467</b>	<b>1 529</b>	<b>-4.1%</b>
<i>Estonia</i>	779	781	-0.3%	776	767	1.2%
<i>Finland</i>	464	453	2.4%	445	496	-10.3%
<i>Sweden</i>	186	174	6.9%	172	196	-12.2%
<i>Latvia</i>	62	55	12.7%	60	55	9.1%
<i>Germany</i>	6	8	-25.0%	6	9	-33.3%
<i>Russia</i>	8	6	33.3%	8	6	33.3%
<b>At sea</b>	<b>4 576</b>	<b>4 562</b>	<b>0.3%</b>	<b>4 565</b>	<b>4 648</b>	<b>-1.8%</b>
<b>Hotel*</b>	<b>575</b>	<b>547</b>	<b>5.1%</b>	<b>578</b>	<b>538</b>	<b>7.4%</b>
<b>Total</b>	<b>6 656</b>	<b>6 586</b>	<b>1.1%</b>	<b>6 610</b>	<b>6 715</b>	<b>-1.6%</b>

\* The number of hotel personnel is not included in the total number of ashore personnel.

## CORPORATE STRUCTURE

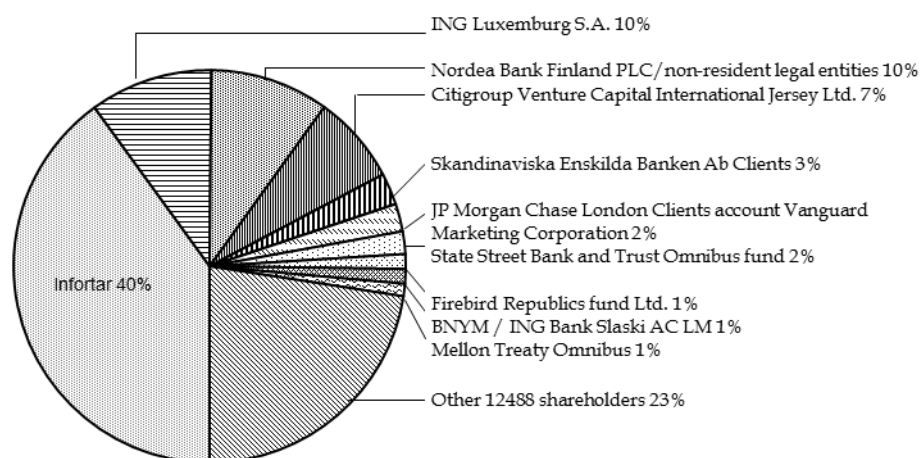
On the report date, the Group consisted of 46 companies. Most of the subsidiaries are wholly-owned companies of AS Tallink Grupp. The following chart describes the structure of the Group as on the date of reporting:



The Group further owns:  
34% of AS Tallink Takso

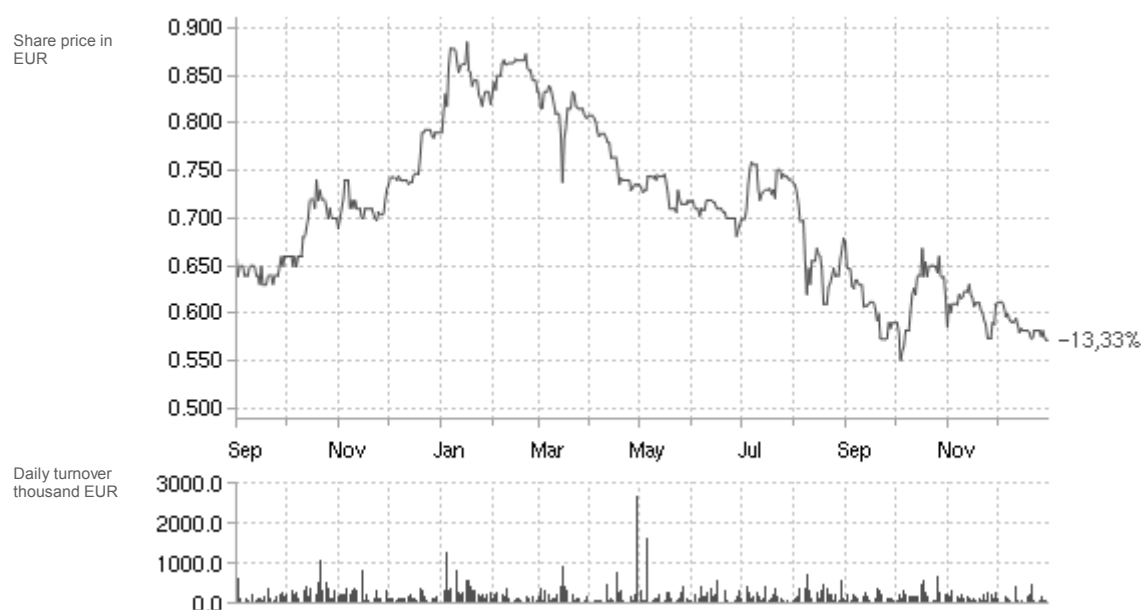
## SHAREHOLDERS & SHARE PRICE DEVELOPMENT

The following chart displays the shareholder structure of AS Tallink Grupp as of 31 December 2011.



Source: Estonian Central Register of Securities

Since 9<sup>th</sup> of December 2005 the shares of AS Tallink Grupp are listed on the Tallinn Stock Exchange, where the share are traded under the symbol TAL1T. The following chart gives an overview of the share price development in the 2010/2011 financial year.



Source: Nasdaq OMX Baltic

## EVENTS AFTER THE BALANCE SHEET DATE AND THE OUTLOOK

The Group's earnings are not generated evenly throughout the year. Summer period is the high season in the Group's operations. In the opinion of the Group's management and based on the experience of the previous financial years the majority of the earnings are generated during summer (June-August).

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

The Group's fleet renewal program has been completed and thus the Group's investment requirement is relatively small going ahead. This helps to concentrate on the core operations.

At 31.12.2011 the Group had EUR 75 million in cash and equivalents. The total liquidity for the Group, including the unused credit lines was EUR 122 million – a comfortable position for the low season.

The management estimates overall improvement in the Group results in the 2012 financial year. Due to the different tactics in the product offering and campaigns as well as lower consumer sentiment in the beginning of the 2012 the volume and revenue development is weaker compared to the beginning of the 2011. Fuel prices have continued to increase and will further increase the fuel cost for the Group's ships. At the same time a positive impact shall be expected from the closure of the Finland-Germany route which previous negative result will change to positive result from chartering of ships.

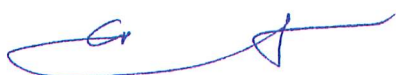
## RISKS

The Group's business, financial condition and results from operations could be materially affected by various risks. These risks are not the only ones. Additional risks and uncertainties not presently known to us, or that we currently believe are immaterial or unlikely, could also impair our business. The order of presentation of the risk factors below is not intended to be an indication of the probability of their occurrence or of their potential effect on our business.

- Accidents, disasters
- Macroeconomic development
- Changes in laws and regulations
- Relations with trade unions
- Increase in the fuel prices and interest rates
- Market and customer behaviour

## MANAGEMENT BOARD'S CONFIRMATION TO THE MANAGEMENT REPORT

The Management Board confirms that to the best of their knowledge the management report of AS Tallink Grupp for the Q5 (September-December) of 2010/2011 financial year presents true and fair view of the development, results and the financial position of the Group and includes the overview of the main risks and uncertainties.

A handwritten signature in blue ink, consisting of a large 'E' followed by a stylized 'P'.

Enn Pant

Chairman of the Management Board

A handwritten signature in blue ink, featuring a large 'A' and 'H'.

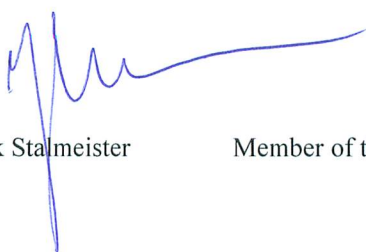
Andres Hunt

Vice Chairman of the Management Board

A handwritten signature in blue ink, with a large 'L' and 'K'.

Lembit Kitter

Member of the Management Board

A handwritten signature in blue ink, with a large 'J' and 'S'.

Janek Stalmeister

Member of the Management Board

29.02.2012

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(unaudited, in thousands of EUR)

	01.09.2011- 31.12.2011	01.09.2010- 31.12.2010	01.09.2010- 31.12.2011	01.09.2009- 31.08.2010*
<b>Continuing operations</b>				
Revenue (Note 3)	281,109	261,768	1,152,994	791,530
Cost of sales	-229,120	-210,262	-901,597	-611,286
<b>Gross profit</b>	<b>51,989</b>	<b>51,506</b>	<b>251,397</b>	<b>180,244</b>
Marketing expenses	-19,631	-19,367	-78,172	-51,738
Administrative expenses	-14,422	-13,661	-54,988	-40,259
Other income	326	85	1,291	906
Other expenses	-1,289	-63	-1,326	-2,236
<b>Results from operating activities</b>	<b>16,973</b>	<b>18,500</b>	<b>118,202</b>	<b>86,917</b>
Finance income (Note 4)	-3,075	7,822	4,277	5,238
Finance costs (Note 4)	-13,529	-20,343	-69,324	-52,661
Share of loss of associates	-100	-57	-157	-373
<b>Profit/-loss before income tax</b>	<b>269</b>	<b>5,922</b>	<b>52,998</b>	<b>39,121</b>
Income tax	-1,187	0	-1,302	-2,634
<b>Net profit/-loss from continuing operations</b>	<b>-918</b>	<b>5,922</b>	<b>51,696</b>	<b>36,487</b>
<b>Discontinued operation (Note 3)</b>				
Profit/-loss from discontinued operation (net of tax)	0	-6,173	-14,220	-14,637
<b>Net profit/-loss for the period</b>	<b>-918</b>	<b>-251</b>	<b>37,476</b>	<b>21,850</b>
<b>Other comprehensive income/-expense</b>				
Exchange differences on translating foreign operations	-6	-12	76	709
Changes in fair value of cash flow hedges	0	-705	-705	732
Revaluation of property, plant and equipment	0	0	0	1,730
<b>Other comprehensive income/-expense for the period</b>	<b>-6</b>	<b>-717</b>	<b>-629</b>	<b>3,171</b>
<b>Total comprehensive income/-expense for the period</b>	<b>-924</b>	<b>-968</b>	<b>36,847</b>	<b>25,021</b>
Profit/-loss attributable to:				
Equity holders of the parent (Note 5)	-918	-251	37,476	21,850
Total comprehensive income/-expense attributable to:				
Equity holders of the parent	-924	-968	36,847	25,021
<b>Earnings per share (in EUR per share)</b>				
- basic (Note 5)	0.00	0.00	0.06	0.03
- diluted (Note 5)	0.00	0.00	0.06	0.03

\* Financial year has changed from 01.09.-31.08. to 01.01.-31.12.. Due to this change the financial years are not comparable. Reporting financial year has 16 months and comparative financial year has 12 months. See also Note 2.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(unaudited, in thousands of EUR)

ASSETS	31.12.2011	31.08.2010
<b>Current assets</b>		
Cash and cash equivalents	75,421	57,488
Trade and other receivables	35,152	42,040
Prepayments	7,087	9,752
Derivatives	0	705
Inventories	25,198	20,035
<b>Total current assets</b>	<b>142,858</b>	<b>130,020</b>
<b>Non-current assets</b>		
Investments in associates	226	214
Other financial assets	2,551	317
Deferred income tax assets	9,452	10,664
Investment property	300	300
Property, plant and equipment (Note 7)	1,583,002	1,663,100
Intangible assets (Note 8)	61,153	66,700
<b>Total non-current assets</b>	<b>1,656,684</b>	<b>1,741,295</b>
<b>TOTAL ASSETS</b>	<b>1,799,542</b>	<b>1,871,315</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Interest bearing loans and borrowings (Note 9)	145,261	63,627
Trade and other payables	86,793	94,054
Deferred income	25,226	23,965
Derivatives (Note 6)	22,668	17,634
<b>Total current liabilities</b>	<b>279,948</b>	<b>199,280</b>
<b>Non-current liabilities</b>		
Interest bearing loans and borrowings (Note 9)	814,305	1,004,244
Other liabilities	198	74
<b>Total non-current liabilities</b>	<b>814,503</b>	<b>1,004,318</b>
<b>TOTAL LIABILITIES</b>	<b>1,094,451</b>	<b>1,203,598</b>
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	404,290	430,648
Share premium	639	639
Reserves	70,497	72,607
Retained earnings	229,665	163,823
<b>Total equity attributable to equity holders of the parent</b>	<b>705,091</b>	<b>667,717</b>
<b>TOTAL EQUITY</b>	<b>705,091</b>	<b>667,717</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,799,542</b>	<b>1,871,315</b>

## CONSOLIDATED CASH FLOW STATEMENT

(unaudited, in thousands of EUR)

	01.09.2010 - 31.12.2011	01.09.2009 - 31.08.2010
<b>Cash flows from operating activities</b>		
Net profit/-loss for the period	37,476	21,850
Adjustments	164,038	127,208
Changes in assets related to operating activities	5,735	9,796
Changes in liabilities related to operating activities	-3,711	5,009
Income tax paid	-107	-71
	<b>203,431</b>	<b>163,792</b>
<b>Cash flow used for investing activities</b>		
Purchase of property, plant and equipment and intangible assets (Notes 7, 8)	-13,258	-6,112
Proceeds from disposals of property, plant and equipment	84	6,704
Issue of shares by associates (Note 13)	-169	-587
Issue of shares by other companies	-5	0
Payments from settlement of derivatives	-7,236	-4,460
Interest received	380	173
	<b>-20,204</b>	<b>-4,282</b>
<b>Cash flow from (+)/ used for (-) financing activities</b>		
Redemption of loans (Note 9)	-112,093	-60,348
Change in overdraft	0	-46,115
Repayment of finance lease liabilities (Note 9)	-114	-403
Interest paid	-53,087	-45,138
	<b>-165,294</b>	<b>-152,004</b>
<b>TOTAL NET CASH FLOW</b>	<b>17,933</b>	<b>7,506</b>
<b>Cash and cash equivalents:</b>		
- at the beginning of period	57,488	49,982
- increase (+) / decrease (-)	17,933	7,506
<b>Cash and cash equivalents at end of period</b>	<b>75,421</b>	<b>57,488</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(unaudited, in thousands of EUR)

	Share capital	Share premium	Translation reserve	Ships revaluation reserve	Cash flow hedge reserve	Mandatory legal reserve	Reserve for treasury shares	Share option programme reserve	Retained earnings	Share- holders' equity	Total equity
<b>At 31 August 2009</b>	<b>430,648</b>	<b>639</b>	<b>-324</b>	<b>65,507</b>	<b>-27</b>	<b>10,869</b>	<b>-4,163</b>	<b>0</b>	<b>139,547</b>	<b>642,696</b>	<b>642,696</b>
<b>Changes in equity for the first 12 months of 2009/2010</b>											
Transfer from revaluation reserve	0	0	0	-2,426	0	0	0	0	2,426	0	0
Total comprehensive income and expense for the period											
Net profit of the first 12 months of the year 2009/2010											
(Note 5)	0	0	0	0	0	0	0	0	21,850	21,850	21,850
Total other comprehensive income and expense	0	0	709	1,730	732	0	0	0	0	3,171	3,171
<b>Total comprehensive income and expense for the period</b>	<b>0</b>	<b>0</b>	<b>709</b>	<b>1,730</b>	<b>732</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21,850</b>	<b>25,021</b>	<b>25,021</b>
<b>At 31 August 2010</b>	<b>430,648</b>	<b>639</b>	<b>385</b>	<b>64,811</b>	<b>705</b>	<b>10,869</b>	<b>-4,163</b>	<b>0</b>	<b>163,823</b>	<b>667,717</b>	<b>667,717</b>
<b>At 31 August 2010</b>	<b>430,648</b>	<b>639</b>	<b>385</b>	<b>64,811</b>	<b>705</b>	<b>10,869</b>	<b>-4,163</b>	<b>0</b>	<b>163,823</b>	<b>667,717</b>	<b>667,717</b>
<b>Changes in equity for the first 16 months of 2010/2011</b>											
Transfer from profit for 2009/2010	0	0	0	0	0	1,093	0	0	-1,093	0	0
Decrease of share capital (Note 10)	-26,358	0	0	0	0	0	0	0	26,358	0	0
Transfer from revaluation reserve	0	0	0	-3,101	0	0	0	0	3,101	0	0
Contributions by and distributions to owners of the company (Note 11)	0	0	0	0	0	0	0	527	0	527	527
Total comprehensive income and expense for the period											
Net profit of the first 16 months of the year 2010/2011 (Note 5)	0	0	0	0	0	0	0	0	37,476	37,476	37,476
Total other comprehensive income and expense	0	0	76	0	-705	0	0	0	0	-629	-629
<b>Total comprehensive income and expense for the period</b>	<b>0</b>	<b>0</b>	<b>76</b>	<b>0</b>	<b>-705</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>37,476</b>	<b>36,847</b>	<b>36,847</b>
<b>At 31 December 2011</b>	<b>404,290</b>	<b>639</b>	<b>461</b>	<b>61,710</b>	<b>0</b>	<b>11,962</b>	<b>-4,163</b>	<b>527</b>	<b>229,665</b>	<b>705,091</b>	<b>705,091</b>

## **NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

### **Note 1 CORPORATE INFORMATION**

The interim consolidated financial statements of AS Tallink Grupp and its subsidiaries (hereinafter as “the Group”) for the first 16 months of the financial year 2010/2011 were authorised for issue in accordance with a resolution of the Management Board on 29 February 2012. AS Tallink Grupp is a limited company incorporated in Estonia and employed 6,610 people at 31 December 2011 (31 August 2010: 6,715).

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

The interim consolidated financial statements of AS Tallink Grupp have been prepared in a condensed form in accordance with IFRS as adopted by EU and in accordance with the requirements of International Accounting Standard (IAS) 34 “Interim Financial Reporting”.

The same accounting policies and methods of computation are followed in the interim consolidated financial statements as in the annual consolidated financial statements of AS Tallink Grupp for the financial year ended on 31 August 2010.

The interim consolidated financial statements have been prepared in thousand Euros (EUR).

Due to change of the financial year, the reporting financial year of 01.09.2010 until 31.12.2011 consists of 16 months.

### **Note 3 SEGMENT INFORMATION**

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

## Geographical segments

(in thousands of EUR)

01.09.2010-31.12.2011	Estonia- Finland route	Estonia- Sweden routes	Latvia- Sweden route	Germany- Finland route (Discontinued)	Finland- Sweden routes	Others	Elimination of intersegment sales	Total
<b>Revenue</b>								
Sales to external customers	370,816	139,785	79,963	25,322	474,896	87,534	0	1,178,316
Inter-segment sales	0	0	0	0	0	12,041	-12,041	0
	<b>370,816</b>	<b>139,785</b>	<b>79,963</b>	<b>25,322</b>	<b>474,896</b>	<b>99,575</b>	<b>-12,041</b>	<b>1,178,316</b>
<b>Segment result</b>	<b>110,147</b>	<b>13,984</b>	<b>-4,242</b>	<b>-14,220</b>	<b>39,569</b>	<b>13,767</b>	<b>0</b>	<b>159,005</b>
Unallocated expenses								-55,023
Net financial items (Note 4)								-65,047
Share of loss of associates								-157
<b>Profit before income tax</b>								<b>38,778</b>

01.09.2009-31.08.2010	Estonia- Finland route	Estonia- Sweden routes	Latvia- Sweden route	Germany- Finland route (Discontinued)	Finland- Sweden routes	Others	Elimination of intersegment sales	Total
<b>Revenue</b>								
Sales to external customers	240,128	90,577	52,558	22,342	354,035	54,232	0	813,872
Inter-segment sales	0	0	0	0	0	7,645	-7,645	0
	<b>240,128</b>	<b>90,577</b>	<b>52,558</b>	<b>22,342</b>	<b>354,035</b>	<b>61,877</b>	<b>-7,645</b>	<b>813,872</b>
<b>Segment result</b>	<b>73,227</b>	<b>9,279</b>	<b>-2,558</b>	<b>-14,637</b>	<b>42,261</b>	<b>6,297</b>	<b>0</b>	<b>113,869</b>
Unallocated expenses								-41,589
Net financial items (Note 4)								-47,423
Share of loss of associates								-373
<b>Profit before income tax</b>								<b>24,484</b>

## Operational segments

(in thousands of EUR)	01.09.2010- 31.12.2011	01.09.2009- 31.08.2010
Ticket sales	313,817	217,234
Sales of cargo transport	142,146	98,495
Accommodation sales	19,593	10,998
Restaurant and shops sales on-board and on mainland	636,182	441,640
Income from leases of vessels	25,558	17,062
Other	41,020	28,443
<b>Total revenue of the Group</b>	<b>1,178,316</b>	<b>813,872</b>

## Discontinued operation

In August 2011 the Group ended traffic between Germany and Finland.

(in thousands of EUR)	01.09.2010- 31.12.2011	01.09.2009- 31.08.2010
<b>Results of discontinued operation</b>		
Revenue	25,322	22,342
Expenses	-39,542	-36,979
<b>Results from operating activities</b>	<b>-14,220</b>	<b>-14,637</b>
<b>Results from operating activities, net of tax</b>	<b>-14,220</b>	<b>-14,637</b>
<b>Profit/-loss for the period</b>	<b>-14,220</b>	<b>-14,637</b>
Basic earnings per share (EUR)	-0.02	-0.02
Diluted earnings per share (EUR)	-0.02	-0.02

All assets related to "Germany and Finland route" segment were distributed between other geographical segments.

## Note 4 FINANCE INCOME AND COSTS

(in thousands of EUR)	01.09.2010- 31.12.2011	01.09.2009- 31.08.2010
Net foreign exchange gains	1,797	3,421
Income from derivatives	2,095	1,644
Interest income	385	173
<b>Total finance income</b>	<b>4,277</b>	<b>5,238</b>
Interest expenses	-56,158	-39,606
Losses from derivatives	-13,166	-13,055
<b>Total finance costs</b>	<b>-69,324</b>	<b>-52,661</b>

## Note 5 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. As the company does not have any potential ordinary shares, then the diluted earnings per share are equal to basic earnings per share.

	01.09.2011- 31.12.2011	01.09.2010- 31.12.2010	01.09.2010- 31.12.2011	01.09.2009- 31.08.2010
Weighted average number of ordinary shares (pcs)	669,882,040	669,882,040	669,882,040	669,882,040
Net profit/-loss attributable to ordinary shareholders	-918	-251	37,476	21,850
Earnings per share (in EUR per share)	0.00	0.00	0.06	0.03

**Weighted average number of ordinary shares**  
(pcs)

	<b>01.09.2011- 31.12.2011</b>	<b>01.09.2010- 31.12.2010</b>	<b>01.09.2010- 31.12.2011</b>	<b>01.09.2009- 31.08.2010</b>
Issued ordinary shares at the beginning of period	673,817,040	673,817,040	673,817,040	673,817,040
Effect of own shares held	-3,935,000	-3,935,000	-3,935,000	-3,935,000
Weighted average number of ordinary shares at end of period	669,882,040	669,882,040	669,882,040	669,882,040

**Note 6 DERIVATIVE INSTRUMENTS**

The Group uses interest rate swaps to manage its exposure to movements in interest rates. Where the effectiveness of the hedge relationship in a cash flow hedge is demonstrated, changes in the fair value are included in the hedging reserve in shareholders' equity and released to match actual payments on the hedged item. Changes in fair value of derivatives which do not qualify for hedge accounting under IAS 39 are recognized directly in the income statement.

As of 31.12.2011 AS Tallink Grupp had three interest rate derivative contracts with total notional amount of 270,000 thousand EUR with the maturities in years 2012, 2014 and 2018. The fair value of the interest rate derivatives recognized in the current interim financial statements as of 31.12.2011 is -22,668 thousand EUR.

**Note 7 PROPERTY, PLANT AND EQUIPMENT**

(in thousands of EUR)

	<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 2010</b>	<b>5,934</b>	<b>1,651,486</b>	<b>5,655</b>	<b>25</b>	<b>1,663,100</b>
Additions	195	6,066	6,349	22	12,632
Exchange rate differences	88	0	7	0	95
Disposals	0	-3,687	-28	0	-3,715
Depreciation for the period	-2,043	-83,808	-3,259	0	-89,110
<b>Book value at 31 December 2011</b>	<b>4,174</b>	<b>1,570,057</b>	<b>8,724</b>	<b>47</b>	<b>1,583,002</b>

**At 31 December 2011**

-Cost	9,625	1,651,873	25,069	47	1,686,614
-Accumulated depreciation	-5,451	-81,816	-16,345	0	-103,612

	<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 2009</b>	<b>6,933</b>	<b>1,715,515</b>	<b>4,910</b>	<b>1,413</b>	<b>1,728,771</b>
Additions	230	3,912	3,188	-1,388	5,942
Revaluation	0	1,730	0	0	1,730
Exchange rate differences	197	0	-13	0	184
Disposals	0	-6,075	-285	0	-6,360
Reclassification (Note 8)	0	0	861	0	861
Impairment loss	0	-1,257	0	0	-1,257
Depreciation for the period	-1,426	-62,339	-3,006	0	-66,771
<b>Book value at 31 August 2010</b>	<b>5,934</b>	<b>1,651,486</b>	<b>5,655</b>	<b>25</b>	<b>1,663,100</b>

**At 31 August 2010**

-Cost	9,429	1,651,486	19,708	25	1,680,648
-Accumulated depreciation	-3,495	0	-14,053	0	-17,548

## Note 8 INTANGIBLE ASSETS

(in thousands of EUR)

	Goodwill	Trademark	Others	Total
<b>Book value at 31 August 2010</b>	<b>11,066</b>	<b>46,138</b>	<b>9,496</b>	<b>66,700</b>
Additions	0	0	626	626
Amortisation for the period	0	-3,888	-2,285	-6,173
<b>Book value at 31 December 2011</b>	<b>11,066</b>	<b>42,250</b>	<b>7,837</b>	<b>61,153</b>

### At 31 December 2011

-Cost	11,066	58,288	20,171	89,525
-Accumulated amortisation	0	-16,038	-12,334	-28,372

(in thousands of EUR)

	Goodwill	Trademark	Others	Total
<b>Book value at 31 August 2009</b>	<b>11,066</b>	<b>49,054</b>	<b>12,403</b>	<b>72,523</b>
Additions	0	0	187	187
Reclassification (Note 7)	0	0	-861	-861
Amortisation for the period	0	-2,916	-2,233	-5,149
<b>Book value at 31 August 2010</b>	<b>11,066</b>	<b>46,138</b>	<b>9,496</b>	<b>66,700</b>

### At 31 August 2010

-Cost	11,066	58,288	20,172	89,526
-Accumulated amortisation	0	-12,150	-10,676	-22,826

## Note 9 INTEREST BEARING LOANS AND BORROWINGS

(in thousands of EUR)

	31 August 2010	Repayments	Other changes [1]	31 December 2011
Lease liabilities	174	-114	0	60
Long-term bank loans	1,067,697	-112,093	3,902	959,506
<b>TOTAL</b>	<b>1,067,871</b>	<b>-112,207</b>	<b>3,902</b>	<b>959,566</b>
incl. short-term portion	63,627			145,261
long-term portion	1,004,244			814,305

[1] Other changes are related to amortisation of transaction costs.

Bank overdrafts are secured with commercial pledge (in the total amount of 20,204 thousand EUR) and ship mortgages.

AS Tallink Grupp has given guarantees to HSH Nordbank AG, Nordea Bank Plc, Skandinaviska Enskilda Banken AB, KfW IPEX Bank, Danske Bank A/S and HSBC Bank Plc. for the loans granted to overseas subsidiaries amounting to 776,989 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 182,517 thousand EUR. The primary securities for these loans are the pledge of shares of Tallink Silja Oy Ab and mortgages on the Silja ships.

## Note 10 SHARE CAPITAL

According to the Articles of Association of the Parent effective as of 31 December 2011 the maximum number of authorised common shares is 2,133,333,333.

In relation to the adoption of the euro currency in Estonia the Shareholders Annual General Meeting decided on 08 February 2011 to decrease the share capital. On 07 March 2011 the share capital change was registered in the Commercial Register. The registered share capital of AS Tallink Grupp is EUR 404 290 224 the number of shares is 673 817 040 and the nominal value of a share is EUR 0.60.

At 31 December 2011 the Group held 3,935 thousand of the AS Tallink Grupp shares. Total cost of share buyback transactions of 3,935 thousand shares is 4,163 thousand EUR.

#### Note 11 SHARE OPTION PROGRAMME

In June 2011 the Group issued 7,317,500 share options of which 3,510,000 to the Management Board and Supervisory Board members and 3,807,500 to other Group employees. Each option gives right to purchase one share of AS Tallink Grupp. The share options were issued in accordance of the Share Option Programme which resolution was adopted at the Shareholders General Meeting on 08.02.2011. The options issued represent around 49% of the total authorized limit and 1.1% of the total shares outstanding. The terms and conditions of exercise of the issued share options are following: non-transferable; exercisable not earlier than 36 months from issue or 31.05.2014 and not later than 30.11.2014; exercise price EUR 0.858 in case of new shares issued or average acquisition cost in case existing shares will be purchased from the market; options are to be settled by physical delivery of shares.

At 31 December 2011 7,317,500 share options were valid and outstanding. Average remaining time to maturity of the outstanding share options is 29 months.

The fair value of the services received in return for share options granted is based on the fair value of share options granted, measured using the Black-Scholes model as of grant date. The Group used independent external advisor for the valuation share options who in addition to the share options terms and conditions used the following inputs for measurement: spot price of share EUR 0.72 as of 31.05.2011; expected volatility 30% based on historic analyse; option average time to maturity 42 months; the 3.4% and 8.1% annual dividend yields in 2012 and 2013 result in an effective dividend yield of 11.3% (based on the equity analysts' consensus) and; risk-free interest rate 1.411%

The fair value of the received services in amount of 527 thousand EUR is recorded as an expense in the consolidated statement of comprehensive income and the fair value of share options in the same amount is held as a share option reserve in the equity.

The outstanding share options have not diluting effect due to their exercise price being higher than the average price in the stock market during the period.

#### Note 12 RELATED PARTY DISCLOSURES

(in thousands of EUR)

<b>16 months of 2010/2011 or 31.12.2011</b>	<b>Sales to related parties</b>	<b>Purchases from related parties</b>	<b>Amounts owed by related parties</b>	<b>Amounts owed to related parties</b>
AS Infortar	47	87	6	0
AS HT Valuuta	178	0	1	0
AS Vara HTG	0	3,125	0	0
OÜ Mersok	0	12	0	0
AS Vaba Maa	12	1,491	1	137
OÜ Sunbeam	0	4,233	0	0
AS Gastrolink	1	1,269	0	26
AS Tallink Takso	0	119	0	13
OÜ Topspa Kinnisvara	0	3,241	0	0
OÜ Hansa Hotell	0	1,031	0	0
OÜ Fastinvest	0	1,412	0	0
SIA Happy Trails	9	4,220	1	35
Eesti Laevaomanike Liit	0	13	0	0
SEB Tallink Tennis Team	0	10	0	0
<b>12 months of 2009/2010 or 31.08.2010</b>	<b>Sales to related parties</b>	<b>Purchases from related parties</b>	<b>Amounts owed by related parties</b>	<b>Amounts owed to related parties</b>
AS Infortar	3	73	1	0
AS HT Valuuta	184	0	0	0
AS Vara HTG	0	2,301	0	0
OÜ Mersok	0	9	0	0
AS Vaba Maa	9	836	1	47
OÜ Sunbeam	0	3,097	0	0
AS Gastrolink	1	851	0	34
AS Tallink Takso	0	73	0	9
OÜ Topspa Kinnisvara	0	2,367	0	0
OÜ Hansa Hotell	0	752	0	0
OÜ Fastinvest	0	1,016	0	0
SIA Happy Trails	0	1,774	0	539
Eesti Laevaomanike Liit	0	13	0	0

**Note 13 SUBSIDIARIES AND ASSOCIATES**

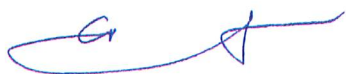
In March 2011 the Group entity Silja Europa Oy Ab merged into Tallink Silja Oy Ab and the group entity Exlaw Oy AB has been liquidated.

In December 2011 the share capital of associate AS Tallink Takso was increased. The change in share capital was registered in December 2011. After this transaction AS Tallink Grupp is having the same percentage in share capital as before. The payment of 169 thousand EUR was made in December 2011.

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

Hereby we declare our responsibility for the Interim Consolidated Financial Statements and confirm that the AS Tallink Grupp's Unaudited Interim Consolidated Financial Statements for the first 16 months of the financial year 2010/2011 ended 31 December 2011 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.

A handwritten signature in blue ink, consisting of a stylized 'E' followed by a horizontal line and a small flourish.

Chairman of the Management Board  
*Enn Pant*

A handwritten signature in blue ink, featuring a large, stylized 'A' followed by a horizontal line and a small flourish.

Vice Chairman of the Management Board  
*Andres Hunt*

A handwritten signature in blue ink, consisting of a stylized 'J' followed by a horizontal line and a small flourish.

Member of the Management Board  
*Janek Stalmeister*

A handwritten signature in blue ink, consisting of a stylized 'L' followed by a horizontal line and a small flourish.

Member of the Management Board  
*Lembit Kitter*

Tallinn 29.02.2012