AS TALLINK GRUPP

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

1 September 2010 - 31 August 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

CONTENT

MANAGEMENT REPORT

The twelve months and fourth quarter of the 2010/2011 financial year witnessed successful performance of AS Tallink Grupp and its subsidiaries' (the Group). Passenger volume and sales figures registered all-time highs strengthening the Group's position as the leading short cruise and business travel provider on the Baltic Sea.

The Group's unaudited revenue for the twelve months of the 2010/2011 financial year (01.09.2010-31.08.2011) reached 897 million euros which is a strong increase of EUR 83 million or 10% compared to the previous financial year. The number of passengers transported during twelve months of the financial year increased by 8% to 9.1 million passengers being the main driver for the revenue growth. The Group was also able to increase the revenue per passenger. The growth in the passenger volume was supported by increased advertising and sales activities which is visible in the higher marketing expenses.

The twelve months Gross profit was nearly 187 million euros, 11% up from last year. In the same period EBITDA was nearly 159 million euros being 14 million euros or 9% higher than a year ago. The Group's unaudited consolidated net profit for the twelve months of the 2010/2011 financial year amounted to 38 million euros, 76% more than in the twelve months of the previous financial year.

Noticeable contribution to the Group's twelve months earnings comes from the fourth quarter (01.06.2011-31.08.2011) which is the high season. In the fourth quarter of the 2010/2011 financial year the passenger volume increased by 5% to 2.98 million passengers. The Group's revenue for the fourth quarter increased by 24 million euros or 9% in result of the various revenue maximisation measures, introducing the fuel surcharges, improved passenger spending and higher passenger volume. Given the high operating leverage and seasonality in the Group's operations the increase in the revenues in the profitable summer season converted to nearly 13 million euros higher gross profit and EBITDA which were EUR 97 million and EUR 90 million respectively. The net profit for the fourth quarter was 54 million euros, a 27% increase compared to the fourth quarter of the previous financial year. Earnings per share increased by 2 cents to EUR 0.08.

As outlined in the strategy the Group continued to reduce the debt. In the end of fourth quarter the interest bearing liabilities amounted to 1 011 million euros which is 5% less than a year ago. As a result of the improved cash position the Group's net debt is down by 9% to 916 million euros. The ratio of the net debt to EBITDA has fallen to 5.8 as of 31.08.2011.

Similarly to the previous quarters the Group's operating costs increased in the fourth quarter mainly in result of the fuel cost increase due to the high fuel prices. For the fourth quarter the fuel cost was EUR 7 million or 22% higher than a year ago and for the whole twelve months of the 2010/2011 financial year the increase was EUR 28 million which is 26% more compared to the year earlier.

The fourth quarter result met the management expectations.

KEY FIGURES		Q4 2010/2011	Q4 2009/2010	change
Revenue	EUR million	295.9	272.2	8.7%
Gross profit	EUR million	96.9	84.1	15.1%
Gross margin		33%	31%	
EBITDA	EUR million	90.2	77.7	16.1%
EBITDA margin		30%	29%	
Net profit / -loss	EUR million	54.0	42.3	27.6%
Net profit margin		18%	16%	
Depreciation & amortisation	EUR million	17.7	19.3	-8.1%
Investments	EUR million	2.1	0.5	287%
Weighted average number of shares outstanding*		669 882 040	669 882 040	0%
Earnings per share	EUR	0.08	0.06	27.6%
Number of passengers		2 977 564	2 839 850	4.8%
Number of cargo units		70 184	67 297	4.3%
Average number of employees		7 135	6 851	4.1%

		31.08.2011	31.05.2011	change
Total assets	EUR million	1 859	1 827	1.7%
Interest bearing liabilities	EUR million	1 011	1 034	-2.2%
Net debt	EUR million	916	985	-7.0%
Net debt to EBITDA		5.8	6.7	
Total equity	EUR million	706	651	8.4%
Equity ratio		38%	36%	
Number of shares outstanding*		669 882 040	669 882 040	0%
Shareholders' equity per share	EUR	1.05	0.97	8.4%

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

* Share numbers exclude own shares.

SALES & SEGMENT RESULTS

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

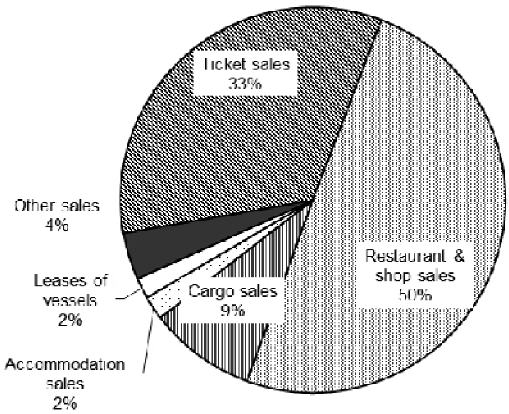
in EUR millions	Q4 09/10	Q1 10/11	Q2 10/11	Q3 10/11	**Q4 10/11**	Q4 change y-o-y
Ticket sales	88.6	51.0	42.6	52.4	**99.4**	12.1%
Restaurant & shop sales	136.4	108.7	109.7	114.1	**147.2**	7.9%
Cargo sales	26.0	29.6	23.3	28.7	**26.6**	2.4%
Accommodation sales	4.6	2.9	2.5	3.4	**5.9**	29.8%
Leases of vessels	4.8	3.8	5.0	3.6	**5.2**	7.5%
Other sales	11.8	7.1	5.6	7.2	**11.6**	-1.5%
Total revenue	272.2	203.0	188.8	209.5	**295.9**	8.7%

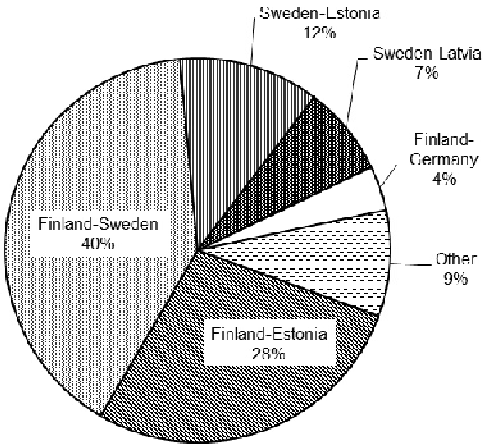
The following table provides an overview of the quarterly sales and result development by geographical segments:

			Q4 09/10	Q1 10/11	Q2 10/11	Q3 10/11	**Q4 10/11**	Q4 change y-o-y
Finland-Estonia	Passengers	th.	1 236	968	912	996	1 327	7.4%
	Cargo units	th.	27	27	24	30	30	12.9%
	Revenue	mil.EUR	72.6	65.7	58.5	66.9	83.4	14.9%
	Segment result	mil.EUR	25.6	19.1	13.4	18.5	30.6	19.4%
Finland-Sweden	Passengers	th.	1 054	696	709	712	1 057	0.3%
	Cargo units	th.	23	26	23	26	22	-3.1%
	Revenue	mil.EUR	116.7	81.8	81.3	83.5	119.9	2.7%
	Segment result	mil.EUR	29.4	4.5	2.9	0.4	29.6	0.7%
Sweden-Estonia	Passengers	th.	285	178	229	214	301	5.6%
	Cargo units	th.	8	13	11	11	10	12.9%
	Revenue	mil.EUR	32.1	22.7	23.2	24.7	35.5	10.5%
	Segment result	mil.EUR	8.2	1.1	1.0	0.9	9.5	16.4%
Sweden-Latvia	Passengers	th.	229	138	146	165	256	11.8%
	Cargo units	th.	4	4	4	5	4	1.5%
	Revenue	mil.EUR	19.9	12.1	12.0	14.3	22.5	12.9%
	Segment result	mil.EUR	3.3	-1.7	-2.6	-2.2	4.8	48.5%
Finland-Germany	Passengers	th.	35	14	3	11	36	0.9%
	Cargo units	th.	5	7	2	4	4	-18.9%
	Revenue	mil.EUR	11.5	7.4	1.5	5.1	11.3	-1.7%
	Segment result	mil.EUR	-1.2	-4.5	-4.0	-4.4	-1.3	-9.9%
Other	Revenue	mil.EUR	21.7	15.3	13.8	17.2	26.6	22.8%
	Segment result	mil.EUR	4.7	0.9	-0.5	1.2	9.4	100.2%
	Inter segment sales	milj.EUR	-2.4	-2.0	-1.6	-2.1	-3.3	38.8%
	Total revenue	milj.EUR	**272.2**	**203.0**	**188.8**	**209.5**	**295.9**	**8.7%**
	EBITDA	milj.EUR	**77.7**	**27.5**	**18.2**	**22.7**	**90.2**	**16.1%**
	Total segment result	milj.EUR	**70.0**	**19.4**	**10.3**	**14.3**	**82.7**	**18.1%**
	Net profit/-loss	milj.EUR	**42.3**	**1.1**	**-9.4**	**-7.3**	**54.0**	**27.6%**

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

The following graphs provide an overview of the sales distribution in the fourth quarter on 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 fourth quarter of 2010/2011 and 2009/2010 financial years.

	Q4 2010/2011	Q4 2009/2010	Q4 change	12 months 2010/2011	12 months 2009/2010	12 months change
Passengers	**2 977 564**	**2 839 850**	**4.8%**	**9 068 526**	**8 428 055**	**7.6%**
Finland-Sweden	1 056 909	1 053 511	0.3%	3 173 921	3 136 360	1.2%
Estonia-Finland	1 327 274	1 236 162	7.4%	4 202 661	3 790 030	10.9%
Estonia-Sweden	301 301	285 431	5.6%	922 197	837 935	10.1%
Latvia-Sweden	256 296	229 283	11.8%	705 721	605 837	16.5%
Finland-Germany	35 784	35 463	0.9%	64 026	57 893	10.6%
Cargo Units	**70 184**	**67 297**	**4.3%**	**287 865**	**258 773**	**11.2%**
Finland-Sweden	21 984	22 690	-3.1%	96 647	91 412	5.7%
Estonia-Finland	30 447	26 976	12.9%	111 927	104 388	7.2%
Estonia-Sweden	9 508	8 425	12.9%	44 977	33 278	35.2%
Latvia-Sweden	3 882	3 824	1.5%	17 676	15 211	16.2%
Finland-Germany	4 363	5 382	-18.9%	16 638	14 484	14.9%
Passenger Vehicles	**378 953**	**374 304**	**1.2%**	**1 059 814**	**964 876**	**9.8%**
Finland-Sweden	83 140	90 401	-8.0%	170 694	181 451	-5.9%
Estonia-Finland	225 485	217 145	3.8%	705 913	617 689	14.3%
Estonia-Sweden	28 216	27 435	2.8%	73 582	66 197	11.2%
Latvia-Sweden	30 562	27 864	9.7%	89 862	82 584	8.8%
Finland-Germany	11 550	11 459	0.8%	19 763	16 955	16.6%

The following operational factors influenced the development:

FINLAND-GERMANY

In mid August 2011 M/S Superfast VII and M/S Superfast VIII stopped operating on the Rostock-Helsinki route. The operations on the route were ended and the ships started a long-term charter.

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

- The Group carried approximately 58% of the passengers and 49% 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 27% and the approximate market share of ro-ro cargo transportation was 6%.

PERSONNEL

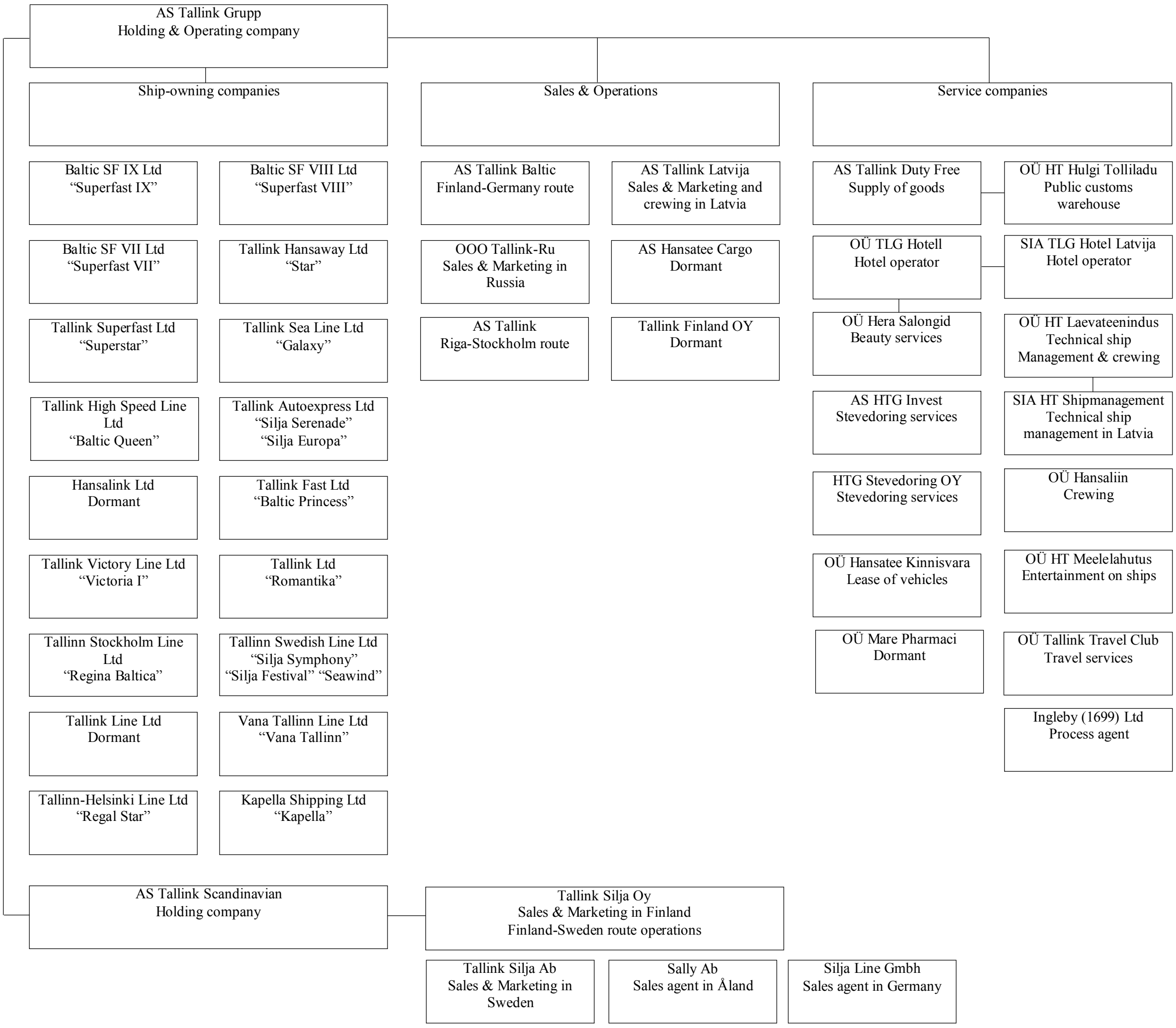
On 31 August 2011 the Group employed 6 825 employees (6 715, on 31 August 2010).The following table provides a more detailed overview of the Group's personnel.

	Average of 4th quarter			Average of 12 months			End of 4th quarter		
	2010/11	**2009/10**	**change**	**2010/11**	**2009/10**	**change**	**31.08.11**	**31.08.10**	**change**
Onshore total	**1 582**	**1 491**	**6.1%**	**1 505**	**1 493**	**0.8%**	**1 572**	**1 529**	**2.8%**
Estonia	807	754	7.0%	791	745	6.2%	794	767	3.5%
Finland	504	487	3.5%	463	499	-7.2%	488	496	-1.6%
Sweden	196	178	10.1%	180	176	2.3%	213	196	8.7%
Latvia	61	56	8.9%	58	54	7.4%	63	55	14.5%
Germany	7	10	-30.0%	7	13	-46.2%	7	9	-22.2%
Russia	7	6	16.7%	6	6	0.0%	7	6	16.7%
At sea	4 980	4 827	3.2%	4 693	4 628	1.4%	4 686	4 648	0.8%
Hotel*	573	533	7.5%	557	491	13.4%	567	538	5.4%
Total	**7 135**	**6 851**	**4.1%**	**6 755**	**6 612**	**2.2%**	**6 825**	**6 715**	**1.6%**

* 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:

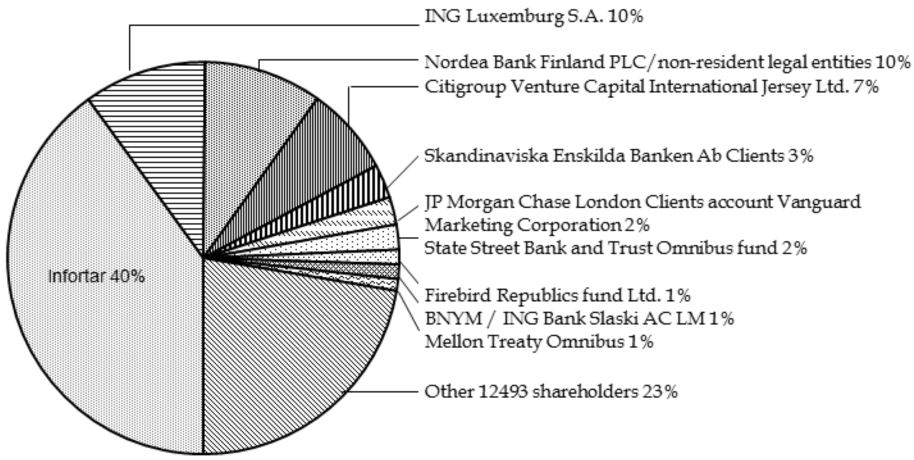


The Group further owns:

- 34% of AS Tallink Takso

SHAREHOLDERS & SHARE PRICE DEVELOPMENT

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



Source: Estonian Central Register of Securities

Since 9th 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 DURING THE 4th QUARTER OF THE 2010/2011 FINANCIAL YEAR

In August the Group ended operations on the Finland-Germany route. The vessels M/S Superfast VII and M/S Superfast VIII were chartered to Stena Line Ltd. for at least a three year period.

In June 2011 the Group issued 7 317 500 share options of which 3 510 000 to the Management Board and Supervisory Board 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.

In the beginning of July M/S Vana Tallinn was delivered to Allferries SA in the Mediterranean Sea according to the three year hire-purchase charterparty which was concluded earlier this year. The title of the vessel will be handed over at the end of the charter period after all contractual payments are made.

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.

In the end of the fourth quarter the Group's cash and cash equivalents amounted to EUR 95 million which is nearly EUR 38 million higher than a year ago. In addition the Group maintains unused working capital credit lines in amount of EUR 47 million which takes Group's total liquidity position to EUR 142 million.

In the Annual General Meeting held in February 2011 the Group's financial year was changed. The new financial year will be the calendar year, from 1st of January to 31st of December. Due to the change the current 2010/2011 financial year which started on 1st of September 2010 will be 16 months long, ending in 31 December 2011. The Group will provide the next interim report in February 2012 for the 16-months period of the 2010/2011 financial year which will include the results for the extended four months (September-December) period.

The management estimates overall improvement in the Group results in the last four months of the financial year. The growth in the volumes and revenue will not be as aggressive compared to the autumn of 2010. The current uncertainties in the economic environment and potential economic developments may have impact to the Group result, but which cannot be estimated today. As fuel prices have remained at high levels they continue to increase the fuel costs whereas the 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

TALLINK

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 fourth quarter 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 uncertanties.

Enn Pant Chairman of the Management Board

Andres Hunt Vice Chairman of the Management Board

Lembit Kitter Member of the Management Board

Janek Stalmeister Member of the Management Board

17.10.2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(unaudited, in thousands of EUR)	**01.06.2011-31.08.2011**	**01.06.2010-31.08.2010**	**01.09.2010-31.08.2011**	**01.09.2009-31.08.2010**
Revenue (Note 3)	295,895	272,163	897,207	813,872
Cost of sales	-199,013	-188,026	-710,530	-645,730
Gross profit	**96,882**	**84,137**	**186,677**	**168,142**
Marketing expenses	-14,222	-14,166	-60,030	-54,273
Administrative expenses	-10,618	-10,759	-40,566	-40,259
Other income	479	116	965	906
Other expenses	-12	-542	-37	-2,236
Results from operating activities	**72,509**	**58,786**	**87,009**	**72,280**
Finance income (Note 4)	-2,739	-116	7,352	5,238
Finance costs (Note 4)	-15,639	-13,329	-55,795	-52,661
Share of loss of associates	0	-373	-57	-373
Profit/-loss before income tax	**54,131**	**44,968**	**38,509**	**24,484**
Income tax	-115	-2,634	-115	-2,634
Net profit/-loss for the period	**54,016**	**42,334**	**38,394**	**21,850**
Other comprehensive income/-expense				
Exchange differences on translating foreign operations	28	216	82	709
Changes in fair value of cash flow hedges	0	-283	-705	732
Revaluation of property, plant and equipment	0	1,730	0	1,730
Other comprehensive income/-expense for the period	**28**	**1,663**	**-623**	**3,171**
Total comprehensive income/-expense for the period	**54,044**	**43,997**	**37,771**	**25,021**
Profit/-loss attributable to:				
Equity holders of the parent (Note 5)	54,016	42,334	38,394	21,850
Total comprehensive income/-expense attributable to:				
Equity holders of the parent	54,044	43,997	37,771	25,021
Earnings per share (in EUR per share)				
- basic (Note 5)	0.08	0.06	0.06	0.03
- diluted (Note 5)	0.08	0.06	0.06	0.03

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(unaudited, in thousands of EUR)

ASSETS	**31.08.2011**	**31.08.2010**
Current assets		
Cash and cash equivalents	95,178	57,488
Trade and other receivables	52,277	42,040
Prepayments	8,374	9,752
Derivatives	0	705
Inventories	23,916	20,035
Total current assets	**179,745**	**130,020**
Non-current assets		
Investments in associates	157	214
Other financial assets	2,892	317
Deferred income tax assets	10,664	10,664
Investment property	300	300
Property, plant and equipment (Note 7)	1,602,481	1,663,100
Intangible assets (Note 8)	62,372	66,700
Total non-current assets	**1,678,866**	**1,741,295**
TOTAL ASSETS	**1,858,611**	**1,871,315**

LIABILITIES AND EQUITY		
Current liabilities		
Interest bearing loans and borrowings (Note 9)	125,905	63,627
Trade and other payables	97,927	94,054
Deferred income	23,103	23,965
Derivatives (Note 6)	20,121	17,634
Total current liabilities	**267,056**	**199,280**
Non-current liabilities		
Interest bearing loans and borrowings (Note 9)	885,328	1,004,244
Other liabilities	212	74
Total non-current liabilities	**885,540**	**1,004,318**
TOTAL LIABILITIES	**1,152,596**	**1,203,598**
EQUITY		
Equity attributable to equity holders of the parent		
Share capital	404,291	430,648
Share premium	639	639
Reserves	71,280	72,607
Retained earnings	229,805	163,823
Total equity attributable to equity holders of the parent	**706,015**	**667,717**
TOTAL EQUITY	**706,015**	**667,717**
TOTAL LIABILITIES AND EQUITY	**1,858,611**	**1,871,315**

CONSOLIDATED CASH FLOW STATEMENT

(unaudited, in thousands of EUR)	**01.09.2010 - 31.08.2011**	**01.09.2009 - 31.08.2010**
Cash flows from operating activities		
Net profit/-loss for the period	38,394	21,850
Adjustments	120,942	127,208
Changes in assets related to operating activities	-11,749	9,796
Changes in liabilities related to operating activities	2,817	5,009
Income tax paid	-124	-71
	150,280	**163,792**
Cash flow used for investing activities		
Purchase of property, plant and equipment and intangible assets (Notes 7, 8)	-10,321	-6,112
Proceeds from disposals of property, plant and equipment	66	6,704
Issue of shares by associates	0	-587
Payments from settlement of derivatives	-5,161	-4,460
Interest received	158	173
	-15,258	**-4,282**
Cash flow from (+)/ used for (-) financing activities		
Redemption of loans (Note 9)	-59,489	-60,348
Change in overdraft	0	-46,115
Repayment of finance lease liabilities (Note 9)	-86	-403
Interest paid	-37,757	-45,138
	-97,332	**-152,004**
TOTAL NET CASH FLOW	**37,690**	**7,506**
Cash and cash equivalents:		
- at the beginning of period	57,488	49,982
- increase (+) / decrease (-)	37,690	7,506
Cash and cash equivalents at end of period	**95,178**	**57,488**

TALLINK

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
At 31 August 2009	**430,648**	**639**	**-324**	**65,507**	**-27**	**10,869**	**-4,163**	**0**	**139,547**	**642,696**	**642,696**
Changes in equity for the first 12 months of 2009/2010											
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
Total comprehensive income and expense for the period	**0**	**0**	**709**	**1,730**	**732**	**0**	**0**	**0**	**21,850**	**25,021**	**25,021**
At 31 August 2010	**430,648**	**639**	**385**	**64,811**	**705**	**10,869**	**-4,163**	**0**	**163,823**	**667,717**	**667,717**
At 31 August 2010	**430,648**	**639**	**385**	**64,811**	**705**	**10,869**	**-4,163**	**0**	**163,823**	**667,717**	**667,717**
Changes in equity for the first 12 months of 2010/2011											
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)	-26,357	0	0	0	0	0	0	0	26,357	0	0
Transfer from revaluation reserve	0	0	0	-2,324	0	0	0	0	2,324	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 12 months of the year 2010/2011 (Note 5)	0	0	0	0	0	0	0	0	38,394	38,394	38,394
Total other comprehensive income and expense	0	0	82	0	-705	0	0	0	0	-623	-623
Total comprehensive income and expense for the period	**0**	**0**	**82**	**0**	**-705**	**0**	**0**	**0**	**38,394**	**37,771**	**37,771**
At 31 August 2011	**404,291**	**639**	**467**	**62,487**	**0**	**11,962**	**-4,163**	**527**	**229,805**	**706,015**	**706,015**

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 12 months of the financial year 2010/2011 were authorised for issue in accordance with a resolution of the Management Board on 17 October 2011. AS Tallink Grupp is a limited company incorporated in Estonia and employed 6,825 people at 31 August 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).

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)

01.09.2010-31.08.2011	Estonia-Finland route	Estonia-Sweden routes	Latvia-Sweden route	Germany-Finland route	Finland-Sweden routes	Others	Elimination of intersegment sales	Total
Revenue								
Sales to external customers	274,489	106,020	60,951	25,322	366,513	63,912	0	897,207
Inter-segment sales	0	0	0	0	0	9,024	-9,024	0
	274,489	**106,020**	**60,951**	**25,322**	**366,513**	**72,936**	**-9,024**	**897,207**
Segment result	**81,529**	**12,617**	**-1,747**	**-14,220**	**37,428**	**11,040**	**0**	**126,647**
Unallocated expenses								-39,638
Net financial items (Note 4)								-48,443
Share of loss of associates								-57
Profit before income tax								**38,509**

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

Operational segments

(in thousands of EUR)	01.09.2010-31.08.2011	01.09.2009-31.08.2010
Ticket sales	245,451	217,234
Sales of cargo transport	108,320	98,495
Accommodation sales	14,703	10,998
Restaurant and shops sales on-board and on mainland	479,616	441,640
Income from leases of vessels	17,559	17,062
Other	31,558	28,443
Total revenue of the Group	**897,207**	**813,872**

Note 4 FINANCE INCOME AND COSTS

(in thousands of EUR)	01.09.2010-31.08.2011	01.09.2009-31.08.2010
Net foreign exchange gains	204	3,421
Income from derivatives	6,984	1,644
Interest income	164	173
Total finance income	**7,352**	**5,238**
Interest expenses	-41,510	-39,606
Losses from derivatives	-14,285	-13,055
Total finance costs	**-55,795**	**-52,661**

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.

	01.06.2011-31.08.2011	01.06.2010-31.08.2010	01.09.2010-31.08.2011	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	54,016	42,334	38,394	21,850
Earnings per share (in EUR per share)	0.08	0.06	0.06	0.03

Weighted average number of ordinary shares (pcs)	01.06.2011-31.08.2011	01.06.2010-31.08.2010	01.09.2010-31.08.2011	01.09.2009-31.08.2010
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 31.08.2011 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 31.08.2011 is -20,121 thousand EUR.

Note 7 PROPERTY, PLANT AND EQUIPMENT

(in thousands of EUR)

	Land and building	Ships	Plant and equipment	Prepayments	Total
Book value at 31 August 2010	**5,934**	**1,651,486**	**5,655**	**25**	**1,663,100**
Additions	195	6,065	3,753	4	10,017
Exchange rate differences	48	0	9	0	57
Disposals	0	-3,687	-27	0	-3,714
Depreciation for the period	-1,290	-63,021	-2,668	0	-66,979
Book value at 31 August 2011	**4,887**	**1,590,843**	**6,722**	**29**	**1,602,481**
At 31 August 2011					
-Cost	9,625	1,652,146	23,008	29	1,684,808
-Accumulated depreciation	-4,738	-61,303	-16,286	0	-82,327

	Land and building	Ships	Plant and equipment	Prepayments	Total
Book value at 31 August 2009	**6,933**	**1,715,515**	**4,910**	**1,413**	**1,728,771**
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
Book value at 31 August 2010	**5,934**	**1,651,486**	**5,655**	**25**	**1,663,100**
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
Book value at 31 August 2010	**11,066**	**46,138**	**9,496**	**66,700**
Additions	0	0	304	304
Amortisation for the period	0	-2,916	-1,716	-4,632
Book value at 31 August 2011	**11,066**	**43,222**	**8,084**	**62,372**
At 31 August 2011				
-Cost	11,066	58,288	19,927	89,281
-Accumulated amortisation	0	-15,066	-11,843	-26,909

(in thousands of EUR)

	Goodwill	Trademark	Others	Total
Book value at 31 August 2009	**11,066**	**49,054**	**12,403**	**72,523**
Additions	0	0	187	187
Reclassification (Note 7)	0	0	-861	-861
Amortisation for the period	0	-2,916	-2,233	-5,149
Book value at 31 August 2010	**11,066**	**46,138**	**9,496**	**66,700**
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 August 2011
Lease liabilities	174	-86	0	88
Long-term bank loans	1,067,697	-59,489	2,937	1,011,145
TOTAL	**1,067,871**	**-59,575**	**2,937**	**1,011,233**
incl. short-term portion	63,627			125,905
long-term portion	1,004,244			885,328

[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 808,958 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 202,187 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 August 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 August 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 August 2011 7,317,500 share options were valid and outstanding. Average remaining time to maturity of the outstanding share options is 33 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 consolitated 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)

12 months of 2010/2011 or 31.08.2011	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
AS Infortar	28	70	5	0
AS HT Valuuta	139	0	4	0
AS Vara HTG	0	2,485	0	0
OÜ Mersok	0	8	0	1
AS Vaba Maa	9	1,043	1	95
OÜ Sunbeam	0	3,175	0	0
AS Gastrolink	1	969	0	88
AS Tallink Takso	0	89	0	8
OÜ Topspa Kinnisvara	0	2,426	0	0
OÜ Hansa Hotell	0	769	0	0
OÜ Fastinvest	0	1,063	0	0
SIA Happy Trails	0	3,837	0	11
Eesti Laevaomanike Liit	0	13	0	0
12 months of 2009/2010 or 31.08.2010	**Sales to related parties**	**Purchases from related parties**	**Amounts owed by related parties**	**Amounts owed to related parties**
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

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

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 12 months of the financial year 2010/2011 ended 31 August 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.

Chairman of the Management Board
Enn Pant

Vice Chairman of the Management Board
Andres Hunt

Member of the Management Board
Janek Stalmeister

Member of the Management Board
Lembit Kitter

Tallinn 17.10.2011