TALLINK GRUPP AS

6M UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Beginning of the financial year	1 January 2017
End of the financial year	31 December 2017
Interim reporting period 6M	1 January 2017 – 30 June 2017
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Internet homepage	www.tallink.com
Main activity	maritime transportation (passenger & cargo transport)

TALLINK

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MANAGEMENT REPORT

In the second quarter (1 April – 30 June) of the 2017 financial year Tallink Grupp AS and its subsidiaries (the Group) carried 2.6 million passengers which is 6.8% more compared to the second quarter last year. The Group's unaudited revenue for the second quarter increased by 6.0% to the total of EUR 259.9 million. Unaudited EBITDA for the second quarter increased by 35.1% to the total of EUR 48.9 million (EUR 36.2 million, Q2 2016) and unaudited net profit increased by 83.2% to the total of EUR 17.9 million (EUR 9.8 million, Q2 2016).

In the second quarter, the Group's revenue and operating result was impacted by following operational factors:

- After the rerouting of ships in December 2016, the carriage capacity increased on number of operated routes;
- In the second quarter of 2017, one cruise ferry operated the Tallinn – Helsinki route cruise service compared to two cruise ferries in the same period last year;
- In financial year 2017 the Easter holidays seasonal traffic fell into the beginning of the second quarter, last year the holidays were in the first quarter.

<u>Sales and segments</u>

The Estonia-Finland routes second quarter revenue increased by 3.0% compared to same period last year, the increase is driven mainly by growth in the passenger number and cargo volume that was supported by added capacity. In the end of January, the new LNG fast ferry Megastar started operating the Tallink Shuttle service on the Tallinn-Helsinki route next to fast ferry Star and replaced fast ferry Superstar. The new ship accommodates approximately 40% more passengers and the car deck capacity is almost doubled compared to the replaced ship. The feedback on the new ship has been very positive from all customer groups and partners.

The Estonia-Finland segment result for the second quarter increased by 24.7% compared to the same period last year and amounted to EUR 19.8 million, the growth is derived mostly from the new Shuttle vessel Megastar. The segment result was supported by growth of passenger number, higher average revenue per passenger, increase of number of transported cargo units and lower operating expenses. Starting from February 2017 there is no charter hire cost from fast ferry Superstar.

The Finland-Sweden routes second quarter revenue increased by 4.8% compared to same period last year, the growth was supported by 7.1% higher passenger number on the routes. The number of cargo units transported increased by 2.4%. The segment second quarter result increased by EUR 6,4 million, compared to same period last year and amounted to EUR 9.4 million.

The Estonia-Sweden routes second quarter revenue increased by 5.6% compared to same period last year, the growth was supported by 6,8% higher passenger number on the routes. The number of cargo units transported increased by 2.8%. The segment result decreased by 12.5% in the second quarter and amounted to EUR 3.7 million compared to same period last year.

The Latvia-Sweden route second quarter revenue increased by 55.7% compared to same period last year and the number of cargo units transported increased by 59.3%. The second quarter segment result decreased to EUR -0.6 million, starting from December 2016 two ships are operating on the route compared to one ship in the second quarter last year.

Earnings

In the second quarter of the 2017 financial year the Group's gross profit increased by EUR 11.0 million compared to the same period last year and amounted to EUR 59.3 million. The second quarter EBITDA increased by EUR 12.7 million and was EUR 48.9 million. The second quarter growth was driven by higher passenger number from holiday season effects and added capacity, more optimal operating cost on Tallinn – Helsinki route with three vessels but the result was also impacted by higher fuel cost compared to same period last year.

The net finance costs decreased by EUR 1.4 million compared to the second quarter last year, there are EUR 1.7 million lower interest cost and total EUR 0.3 million lower losses from exchange rate differences and cross currency and interest derivatives revaluations compared to same period last year.

The income tax on dividends in amount of EUR 4.1 million was recorded in the second quarter costs, compared to EUR 0.3 million in same period last year.

The Groups pretax profit for the second quarter more than doubled compared to the same period last year and amounted to EUR 22.0 million. The unaudited net profit for the second quarter of the 2017 financial year was EUR 17.9 million or EUR 0.027 per share compared to the net profit of EUR 9.8 million or EUR 0.015 per share in the same period last year.

Results of the first 6 months of 2017

In the first 6 months (1 January – 30 June) of the 2017 financial year the Group carried 4.5 million passengers which is 3.4% more compared to the same period last year. The Group's unaudited revenue for the period increased by 3.0% to the total of EUR 451.4 million. Unaudited EBITDA for the first 6 months was EUR 54.1 million (EUR 52.4 million, 6M 2016) and unaudited net loss was EUR 2.4 million (EUR 2.2 million, 6M 2016 net loss).

The financial result of the first 6 months of 2017 was impacted by the scheduled maintenances of five cruise ferries in the first quarter of 2017 and carriage capacity increase on number of routes from the rerouting of vessels in December 2016. In the first half of the year the competition on the maritime traffic in between Estonia and Finland has increased which has put pressure on ticket prices.

Financial position

In the second quarter the Group's net debt decreased by EUR 37.2 million to a total of EUR 653.7 million. The net debt to EBITDA ratio was 4.3 at the end of the second quarter.

The total liquidity, cash and unused credit facilities, at the end of the second quarter was EUR 92.2 million (EUR 123.6 million, 30 June 2016) providing a strong financial position for sustainable operations. The Group had EUR 82.0 million (EUR 92.3 million, 30 June 2016) in cash and equivalents and the total of unused credit lines were at EUR 10.2 million (EUR 31.3 million, 30 June 2016).

KEY FIGURES OF THE Q2 2017

For the period	Q2 2017	Q2 2016	Change %
Revenue (million euros)	259.9	245.2	6.0%
Gross profit (million euros)	59.3	48.3	22.8%
Net profit for the period (million euros)	17.9	9.8	83.2%
EBITDA (million euros)	48.9	36.2	35.1%
Depreciation and amortisation (million euros)	21.5	19.4	11.1%
Investments (million euros)	5.3	18.7	-71.7%
Weighted average number of ordinary shares outstanding[1]	669 882 040	669 882 040	0.0%
Earnings per share	0.027	0.015	83.2%
Number of passengers	2 587 033	2 423 057	6.8%
Number of cargo units	91 819	84 392	8.8%
Average number of employees	7 582	7 281	4.1%

As at	30.06.17	31.03.17	Change %
Total assets (million euros)	1 739.0	1 730.2	0.5%
Total liabilities (million euros)	948.0	937.1	1.2%
Interest-bearing liabilities (million euros)	735.7	763.2	-3.6%
Net debt (million euros)	653.7	690.9	-5.4%
Net debt to EBITDA	4.33	4.99	-13.2%
Total equity (million euros)	791.1	793.1	-0.3%
Equity ratio (%)	45.5%	45.8%	
Number of ordinary shares outstanding[1]	669 882 040	669 882 040	0.0%
Shareholders' equity per share	1.18	1.18	-0.3%

Ratios	Q2 2017	Q2 2016
Gross margin (%)	22.8%	19.7%
EBITDA margin (%)	18.8%	14.7%
Net profit margin (%)	6.9%	4.0%

EBITDA: Earnings before net financial items, share of profit of equity accounted investees, taxes, depreciation and amortisation
Earnings per share: net profit / weighted average number of shares outstanding
Equity ratio: total equity / total assets
Shareholder's equity per share: shareholder's equity / number of shares outstanding
Gross margin: gross profit / net sales
EBITDA margin: EBITDA / net sales
Net profit margin: net profit / net sales
Net debt: Interest-bearing liabilities less cash and cash equivalents
Net debt to EBITDA: Net debt / 12-months trailing EBITDA
[1] Share numbers exclude own shares.

SALES & SEGMENT RESULTS

The following tables provide an overview of the quarterly sales and result development by geographical segments.

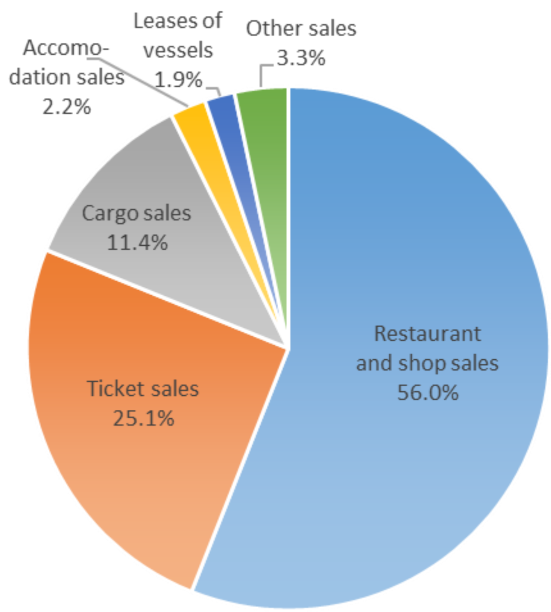
		Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	*Q2 change*
Estonia - Finland	Passengers (thousands)	1 322	1 568	1 186	1 012	**1 349**	*2.0%*
	Cargo units (thousands)	54	54	53	52	**60**	*10.4%*
	Revenue (million euros)	92.7	103.1	87.9	73.0	**95.5**	*3.0%*
	Segment result[1] (million euros)	15.9	28.1	20.9	8.1	**19.8**	*24.7%*
Finland - Sweden	Passengers (thousands)	714	863	685	580	**765**	*7.1%*
	Cargo units (thousands)	18	15	19	19	**18**	*2.4%*
	Revenue (million euros)	84.9	100.4	80.5	69.1	**88.9**	*4.8%*
	Segment result[1] (million euros)	3.0	16.0	-0.6	-6.0	**9.4**	*210.1%*
Estonia - Sweden	Passengers (thousands)	258	280	223	215	**276**	*6.8%*
	Cargo units (thousands)	11	10	11	11	**11**	*2.8%*
	Revenue (million euros)	29.2	33.0	25.5	23.0	**30.8**	*5.6%*
	Segment result[1] (million euros)	4.2	7.5	-0.3	-1.6	**3.7**	*-12.5%*
Latvia - Sweden	Passengers (thousands)	128	144	132	133	**197**	*54.3%*
	Cargo units (thousands)	2	2	2	2	**3**	*59.3%*
	Revenue (million euros)	11.2	13.9	11.1	10.6	**17.4**	*55.7%*
	Segment result[1] (million euros)	1.7	4.2	0.9	-4.7	**-0.6**	*-135.4%*
Other	Revenue (million euros)	30.0	26.2	23.4	17.8	**30.0**	*0.3%*
	Segment result[1] (million euros)	5.1	4.4	1.1	1.3	**7.7**	*50.4%*
	Intersegment revenue (million euros)	-2.7	*-3.1*	*-2.3*	*-1.9*	***-2.9***	*-6.4%*
	Total revenue (million euros)	**245.2**	**273.6**	**226.1**	**191.5**	**259.9**	***6.0%***
	EBITDA (million euros)	**36.2**	**67.1**	**29.9**	**5.3**	**48.9**	***35.1%***
	Total segment result[1] (million euros)	**30.0**	**60.2**	**22.0**	**-2.9**	**39.9**	***33.3%***
	Net profit/-loss	**9.8**	**42.8**	**3.5**	**-20.3**	**17.9**	***83.2%***

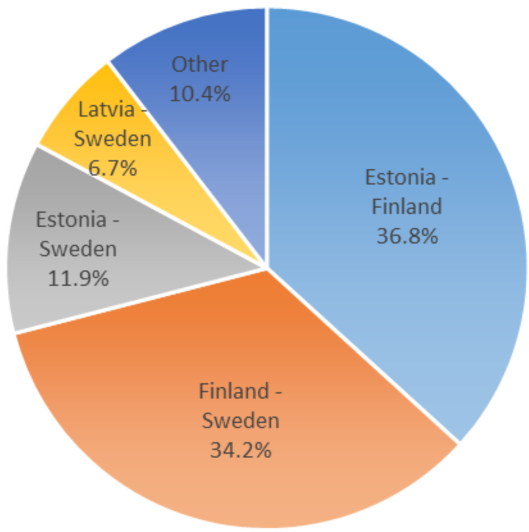
[1]Segment result is result before administrative expenses, financial expenses and taxes.

The following tables provide an overview of the quarterly sales development by operational segments:

Revenue (million euros)	**Q2 2016**	**Q3 2016**	**Q4 2016**	**Q1 2017**	**Q2 2017**	***Q2 change***
Restaurant and shop sales on-board and on mainland	137.7	146.8	127.6	107.8	**145.6**	*5.8%*
Ticket sales	61.0	82.6	52.4	42.1	**65.2**	*6.9%*
Sales of cargo transportation	26.7	25.4	27.1	28.2	**29.7**	*11.3%*
Accommodation sales	5.3	6.6	4.4	3.3	**5.8**	*8.5%*
Income from charter of vessels	4.8	4.9	6.9	4.8	**4.8**	*0.0%*
Other sales	9.7	7.4	7.7	5.4	**8.6**	*-11.0%*
Total revenue	**245.2**	**273.6**	**226.1**	**191.5**	**259.9**	***6.0%***

The following graphs provide an overview of the sales distribution in the second 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 second quarter and first half year of 2017 and 2016 financial years.

Passengers	**Q2 2017**	**Q2 2016**	***Change***	**6M 2017**	**6M 2016**	***Change***
Estonia - Finland	1 348 546	1 322 472	*2.0%*	2 360 252	2 323 081	*1.6%*
Finland - Sweden	765 240	714 315	*7.1%*	1 345 474	1 338 617	*0.5%*
Estonia - Sweden	276 046	258 440	*6.8%*	490 994	480 033	*2.3%*
Latvia - Sweden	197 201	127 830	*54.3%*	330 097	234 396	*40.8%*
Total	**2 587 033**	**2 423 057**	***6.8%***	**4 526 817**	**4 376 127**	***3.4%***

Cargo units	**Q2 2017**	**Q2 2016**	***Change***	**6M 2017**	**6M 2016**	***Change***
Estonia - Finland	59 610	54 009	*10.4%*	111 298	101 526	*9.6%*
Finland - Sweden	18 264	17 836	*2.4%*	37 392	35 553	*5.2%*
Estonia - Sweden	10 979	10 685	*2.8%*	21 556	20 740	*3.9%*
Latvia - Sweden	2 966	1 862	*59.3%*	5 370	3 852	*39.4%*
Total	**91 819**	**84 392**	***8.8%***	**175 616**	**161 671**	***8.6%***

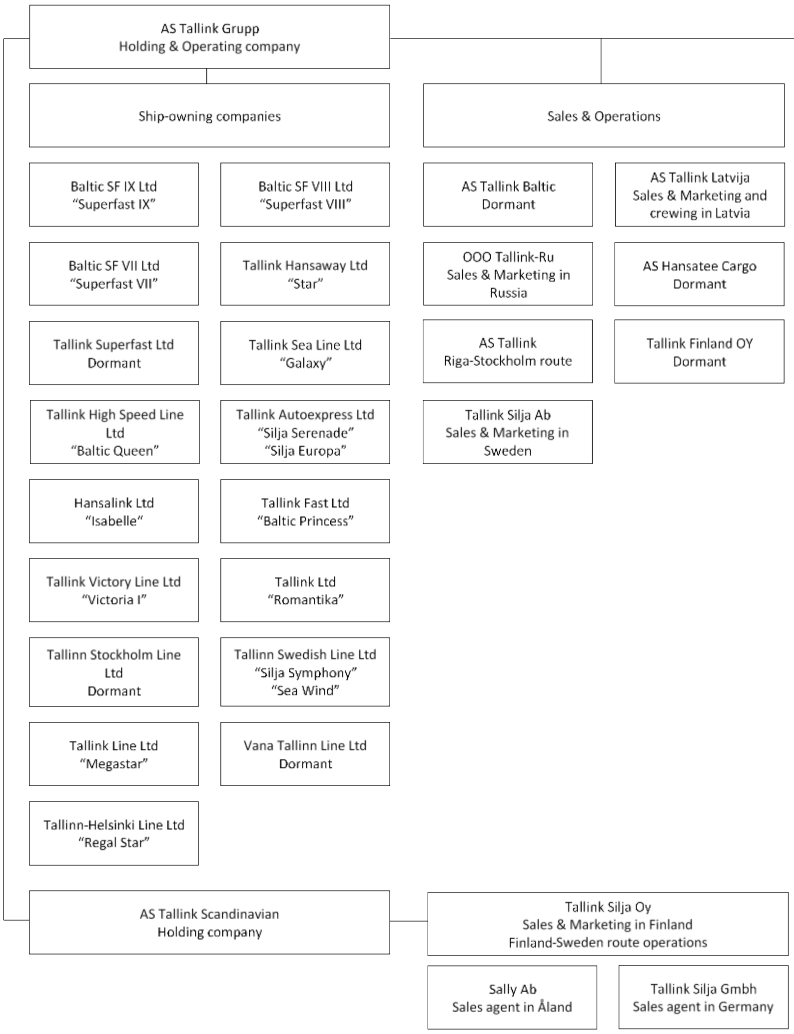
Passenger vehicles	**Q2 2017**	**Q2 2016**	***Change***	**6M 2017**	**6M 2016**	***Change***
Estonia - Finland	227 267	235 352	*-3.4%*	396 173	406 957	*-2.6%*
Finland - Sweden	43 384	41 934	*3.5%*	65 147	64 760	*0.6%*
Estonia - Sweden	18 993	18 512	*2.6%*	32 908	33 895	*-2.9%*
Latvia - Sweden	20 029	14 212	*40.9%*	32 890	25 720	*27.9%*
Total	**309 673**	**310 010**	***-0.1%***	**527 118**	**531 332**	***-0.8%***

The Group’s market shares on the routes operated during a 12-month period ending 30 June 2017 were as follows:

- The Group carried approximately 57% of the passengers and 64% of ro-ro cargo on the route between Tallinn and Helsinki;
- The Group carried approximately 54% of passengers and 28% of ro-ro cargo on the routes between Finland and Sweden;
- 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.

GROUP STRUCTURE

At the reporting date, the Group consisted of 45 companies. All of the subsidiaries are wholly-owned companies of Tallink Grupp AS. The following diagram represents the Group's structure at the reporting date:



The Group also owns 34% of Tallink Takso AS.

PERSONNEL

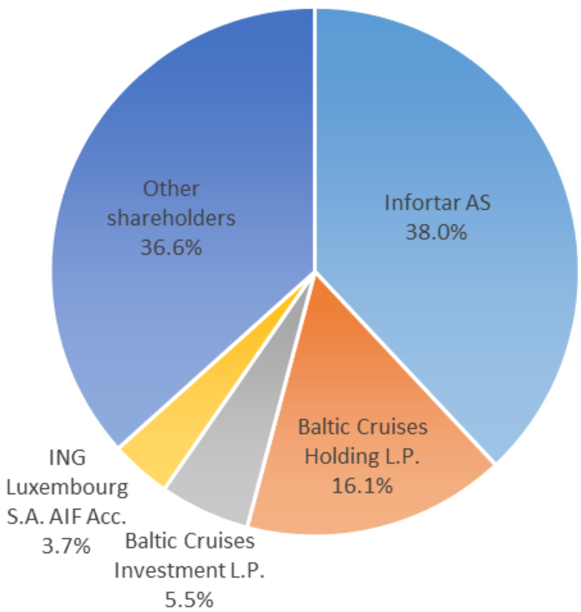
On 30 June 2017, the Group employed 7 872 employees (7 616 on 30 June 2016). The following table provides a more detailed overview of the Group's personnel.

	Average of Q2			Average of 6 months			End of Q2		
	2017	2016	*Change*	2017	2016	*Change*	2017	2016	*Change*
Onshore total	**1 637**	**1 658**	***-1.3%***	**1 624**	**1 619**	***0.3%***	**1 665**	**1 670**	***-0.3%***
Estonia	866	904	*-4.2%*	868	875	*-0.8%*	868	876	*-0.9%*
Finland	519	488	*6.4%*	499	480	*4.0%*	544	524	*3.8%*
Sweden	163	186	*-12.4%*	168	183	*-8.2%*	164	188	*-12.8%*
Latvia	71	66	*7.6%*	71	66	*7.6%*	72	68	*5.9%*
Russia	12	8	*50.0%*	12	9	*33.3%*	11	8	*37.5%*
Germany	6	6	*0.0%*	6	6	*0.0%*	6	6	*0.0%*
At sea	**5 296**	**4 985**	**6.2%**	**5 160**	**4 891**	**5.5%**	**5 514**	**5 303**	**4.0%**
Hotel*	**649**	**638**	**1.7%**	**601**	**627**	**-4.1%**	**693**	**643**	**7.8%**
Total	**7 582**	**7 281**	**4.1%**	**7 385**	**7 137**	**3.5%**	**7 872**	**7 616**	**3.4%**

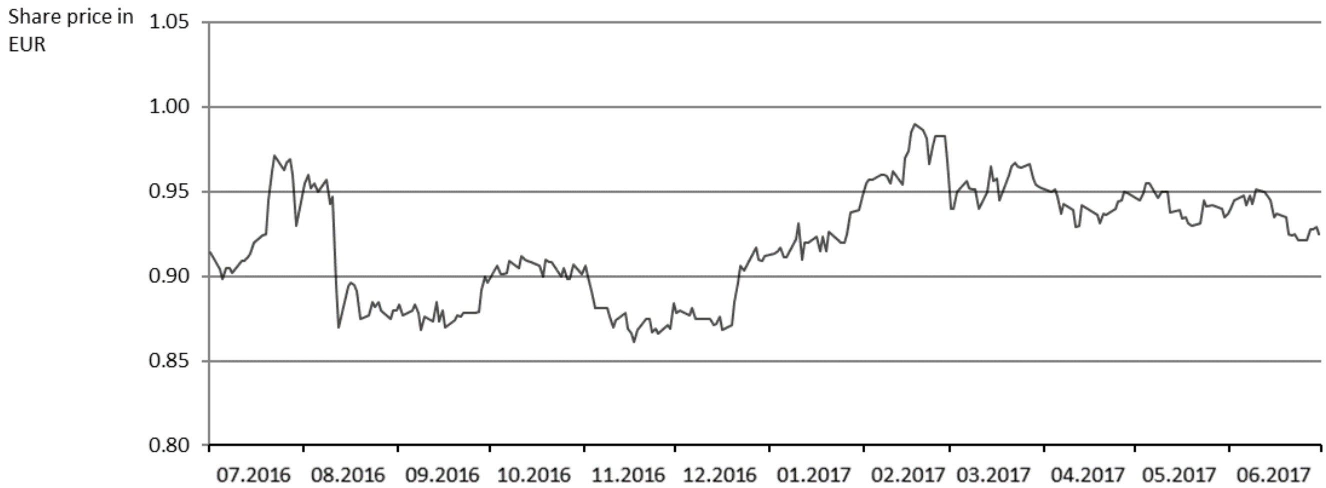
* The number of hotel personnel is not included in the total number of onshore personnel.

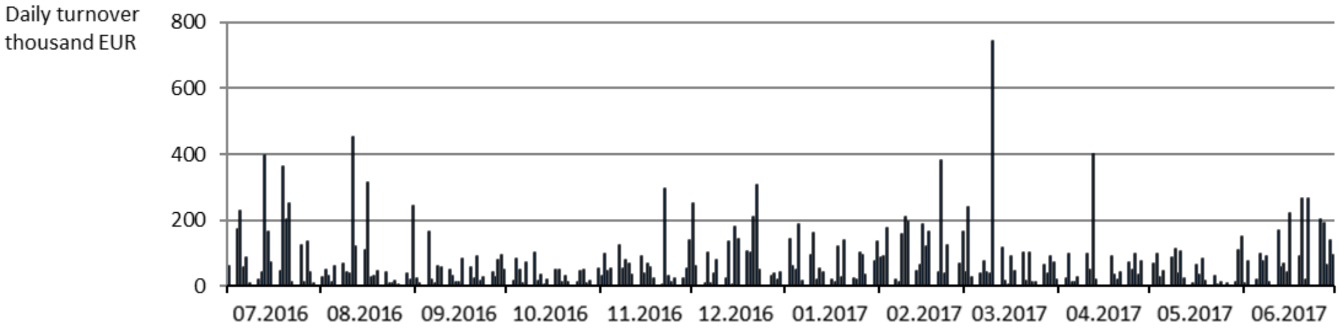
SHAREHOLDERS & SHARE PRICE DEVELOPMENT

The following chart displays the shareholder structure of Tallink Grupp AS as of 30 June 2017.



Since 09 December 2005 the shares of Tallink Grupp AS are listed on the Tallinn Stock Exchange, where the shares are traded under the symbol TAL1T. The following chart gives an overview of the share price development in the past twelve months.





EVENTS IN Q2

Upgrades of ships

In June 2017 a new cabin block was installed on ro-ro cargo vessel Regal Star. After the installation, the vessel has 100 bed places for truck drivers. Regal Star is operating on Paldiski – Kappelskär route and the service break lasted for four days.

Dividends

In June 2017 the shareholders' annual general meeting decided to pay a dividend of EUR 0.03 per share. The total dividend amount of EUR 20.1 million was paid out on 05 July 2017 (third quarter). The income tax on dividends in amount of EUR 4.1 million was recorded in the second quarter costs.

EVENTS AFTER THE BALANCE SHEET DATE AND THE OUTLOOK

Sale of the Superfast vessels

The subsidiaries of AS Tallink Grupp, Baltic SF VII Ltd and Baltic SF VIII Ltd concluded the sale agreements with Stena Ropax Limited for M/S Stena Superfast VII and M/S Stena Superfast VIII. Value of the deal is 133.5 million euros and the profit from the sale of the vessels is not significant to the consolidated results of Tallink Grupp AS. The vessels will be delivered to the buyer in December 2017, until then vessels continue operations in the UK waters according to the charter agreements concluded in August 2011 by Stena Line Ltd.

Commencement of an exploratory process relating to potential strategic options

The supervisory board of AS Tallink Grupp has started an exploratory process relating to potential strategic options for the Group. Citigroup Global Markets Limited has been appointed as financial advisor on this process. The strategic options considered will support the long term strategy of the Group and may include attracting new core investors, which could lead to some of the existing shareholders divesting their shares in AS Tallink Grupp (whether by way of voluntary or mandatory take-over offer or otherwise). No assurances are given that any transaction will occur as a result of this process.

Financial year 2017 outlook

The Group's management estimates the full 2017 financial year result to be higher compared to previous financial year in relation to the start of operations of the new LNG fast ferry Megastar and also from the rerouting of ships carried out in December 2016. Starting from February 2017 there is no charter hire cost from fast ferry Superstar.

Earnings

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 management and based on the experience of the previous financial years the majority of the earnings are generated during summer (June-August).

Research and development projects

Tallink Grupp AS does not have any substantial on-going research and development projects.

RISKS

The Group's business, financial position and operating results could be materially affected by various risks. These risks are not the only ones we face. 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 developments
- Changes in laws and regulations
- Relations with trade unions
- Increase in the fuel prices and interest rates
- Market and customer behavior

MANAGEMENT BOARD'S CONFIRMATION

The Management Board confirms that to the best of their knowledge the management report of Tallink Grupp AS for the first 6 months of the 2017 financial year presents a true and fair view of significant events and their impact on the Group's development, results and financial position and includes an overview of the main risks and uncertainties.

Janek Stalmeister
Chairman of the Management Board

Andres Hunt
Vice Chairman of the Management Board

Lembit Kitter
Member of the Management Board

Tallinn, 10 August 2017

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Unaudited, in thousands of EUR	**Q2 2017**	**Q2 2016**	**6M 2017**	**6M 2016**
Revenue (Note 3)	259 858	245 234	451 406	438 055
Cost of sales	-200 579	-196 972	-377 257	-363 315
Gross profit	**59 279**	**48 262**	**74 149**	**74 740**
Sales and marketing expenses	-19 334	-18 303	-37 114	-36 595
Administrative expenses	-12 844	-14 259	-25 454	-26 277
Other operating income	213	1 073	336	1 573
Other operating expenses	-9	-12	-144	-28
Result from operating activities	**27 305**	**16 761**	**11 773**	**13 413**
Finance income (Note 4)	5 417	1 766	7 908	4 362
Finance costs (Note 4)	-10 696	-8 413	-17 969	-19 686
Profit/-loss before income tax	**22 026**	**10 114**	**1 712**	**-1 911**
Income tax	-4 112	-333	-4 126	-335
Net profit/-loss for the period	**17 914**	**9 781**	**-2 414**	**-2 246**
Other comprehensive income/-expense				
Exchange differences on translating foreign operations	629	-107	18	-165
Other comprehensive income for the period	**629**	**-107**	**18**	**-165**
Total comprehensive income/-expense for the period	**18 543**	**9 674**	**-2 396**	**-2 411**
Basic and diluted earnings per share (in EUR per share, note 5)	**0,027**	**0,015**	**-0,004**	**-0,003**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Unaudited, in thousands of EUR	**30.06.2017**	**31.12.2016**
ASSETS		
Cash and cash equivalents	81 959	78 773
Trade and other receivables	49 412	38 674
Prepayments	14 274	7 926
Income tax prepayments	0	91
Inventories	51 623	38 719
Current assets	**197 268**	**164 183**
Investments in equity-accounted investees	363	363
Other financial assets	354	348
Deferred income tax assets	18 795	18 791
Investment property	300	300
Property, plant and equipment (Note 7)	1 471 712	1 304 897
Intangible assets (Note 8)	50 236	50 127
Non-current assets	**1 541 760**	**1 374 826**
TOTAL ASSETS	**1 739 028**	**1 539 009**
LIABILITIES AND EQUITY		
Interest-bearing loans and borrowings (Note 9)	152 803	106 112
Trade and other payables	109 410	103 280
Dividends payable to shareholders	20 100	4
Income tax liability	4 087	10
Deferred income	44 935	30 895
Current liabilities	**331 335**	**240 301**
Interest-bearing loans and borrowings (Note 9)	582 880	452 793
Derivatives (Note 6)	33 749	32 359
Non-current liabilities	**616 629**	**485 152**
Total liabilities	**947 964**	**725 453**
Share capital (Note 10)	361 736	361 736
Share premium	639	639
Reserves	70 998	68 774
Retained earnings	357 691	382 407
Equity attributable to equity holders of the Parent	**791 064**	**813 556**
Equity	**791 064**	**813 556**
TOTAL LIABILITIES AND EQUITY	**1 739 028**	**1 539 009**

CONSOLIDATED STATEMENT OF CASH FLOWS

Unaudited, in thousands of EUR	6M 2017	6M 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit/-loss for the period	**-2 414**	**-2 246**
Adjustments	56 637	54 141
Changes in:		
Receivables and prepayments related to operating activities	-18 542	-13 999
Inventories	-12 904	-10 133
Liabilities related to operating activities	18 511	26 228
Changes in assets and liabilities	**-12 935**	**2 096**
Cash generated from operating activities	**41 288**	**53 991**
Income tax paid	40	-2 138
NET CASH FROM OPERATING ACTIVITIES	**41 328**	**51 853**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant, equipment and intangible assets (Notes 7, 8, 9)	-209 411	-31 325
Proceeds from disposals of property, plant, equipment	189	121
Interest received	1	35
NET CASH USED IN INVESTING ACTIVITIES	**-209 221**	**-31 169**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans	184 000	0
Repayment of loans (Note 9)	-26 050	-35 458
Change in overdraft (Note 9)	24 682	40 246
Payments for settlement of derivatives	-1 819	-2 180
Payment of finance lease liabilities (Note 9)	-52	-49
Interest paid	-9 466	-12 944
Payment of transaction costs related to loans	-216	0
NET CASH USED IN FINANCING ACTIVITIES	**171 079**	**-10 385**
TOTAL NET CASH FLOW	**3 186**	**10 299**
Cash and cash equivalents at the beginning of period	78 773	81 976
Increase / -decrease in cash and cash equivalents	3 186	10 299
Cash and cash equivalents at the end of period	**81 959**	**92 275**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited, in thousands of EUR	Share capital	Share premium	Trans-lation reserve	Ships re-valuation reserve	Manda-tory legal reserve	Reserve for treasury shares	Share option programme reserve	Retained earnings	Equity attributable to equity holders of the Parent	Total equity
As at 31 December 2016	**361 736**	**639**	**-11**	**45 646**	**23 139**	**0**	**0**	**382 407**	**813 556**	**813 556**
Net profit/-loss for the period (Note 5)	0	0	0	0	0	0	0	-2 414	-2 414	**-2 414**
Total other comprehensive income and expense	0	0	18	0	0	0	0	0	18	**18**
Total comprehensive income and expense for the period	**0**	**0**	**18**	**0**	**0**	**0**	**0**	**-2 414**	**-2 396**	**-2 396**
Transactions with owners of the Company										
Transfer from profit for 2016	0	0	0	0	2 206	0	0	-2 206	0	**0**
Dividends	0	0	0	0	0	0	0	-20 096	-20 096	**-20 096**
Transactions with owners of the Company, recognised directly in equity	**0**	**0**	**0**	**0**	**2 206**	**0**	**0**	**-22 302**	**-20 096**	**-20 096**
As at 30 June 2017	**361 736**	**639**	**7**	**45 646**	**25 345**	**0**	**0**	**357 691**	**791 064**	**791 064**
As at 31 December 2015	**404 290**	**639**	**458**	**47 693**	**20 185**	**-4 163**	**910**	**354 410**	**824 422**	**824 422**
Net profit/-loss for the period (Note 5)	0	0	0	0	0	0	0	-2 246	-2 246	**-2 246**
Total other comprehensive income and expense	0	0	-165	0	0	0	0	0	-165	**-165**
Total comprehensive income and expense for the period	**0**	**0**	**-165**	**0**	**0**	**0**	**0**	**-2 246**	**-2 411**	**-2 411**
Transactions with owners of the Company										
Transfer from profit for 2015	0	0	0	0	2 954	0	0	-2 954	0	**0**
Dividends	0	0	0	0	0	0	0	-13 398	-13 398	**-13 398**
Share-based payment transactions	0	0	0	0	0	0	-910	0	-910	**-910**
Transactions with owners of the Company, recognised directly in equity	**0**	**0**	**0**	**0**	**2 954**	**0**	**-910**	**-16 352**	**-14 308**	**-14 308**
As at 30 June 2016	**404 290**	**639**	**293**	**47 693**	**23 139**	**-4 163**	**0**	**335 812**	**807 703**	**807 703**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Note 1 CORPORATE INFORMATION

The consolidated financial statements of Tallink Grupp AS (the "Parent") and its subsidiaries (together referred to as the "Group") for the first 6 months of the financial year 2017 were authorised for issue by the Management Board on 10 August 2017.

Tallink Grupp AS is a public limited company incorporated and domiciled in Estonia, with a registered office at Sadama 5/7 Tallinn. Tallink Grupp AS shares have been publicly traded on the Tallinn Stock Exchange since 9 December 2005.

The principal activities of the Group are related to marine transportation in the Baltic Sea (passenger and cargo transportation). As at 30 June 2017 the Group employed 7 872 people (7 234 as at 31 December 2016).

Note 2 BASIS OF PREPARATION

The interim consolidated financial statements of Tallink Grupp AS 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 Tallink Grupp AS for the financial year ended on 31 December 2016.

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

Note 3 SEGMENT INFORMATION

The Group's operations are organized and managed separately according to the nature of the different markets. The routes represent different business segments.

The following tables present the Group's revenue and profit information regarding reportable segments for the reportable and comparable period.

Geographical segments – by the location of assets

For the period 01 January - 30 June, in thousands of EUR	**Estonia-Finland route**	**Estonia-Sweden route**	**Latvia-Sweden route**	**Finland-Sweden route**	**Other**	**Intersegment elimination**	**Total**
2017							
Sales to external customers	168 488	53 882	27 982	158 015	43 039	0	**451 406**
Intersegment sales	0	0	0	0	4 781	-4 781	**0**
Revenue	**168 488**	**53 882**	**27 982**	**158 015**	**47 820**	**-4 781**	**451 406**
Segment result	27 857	2 116	-5 320	3 405	8 977	0	**37 035**
Unallocated expenses							**-25 262**
Net financial items (Note 4)							**-10 061**
Profit/-loss before income tax							**1 712**

For the period 01 January - 30 June, in thousands of EUR	**Estonia-Finland route**	**Estonia-Sweden route**	**Latvia-Sweden route**	**Finland-Sweden route**	**Other**	**Intersegment elimination**	**Total**
2016							
Sales to external customers	162 261	51 483	19 529	156 468	48 314	0	**438 055**
Intersegment sales	0	0	0	0	4 527	-4 527	**0**
Revenue	**162 261**	**51 483**	**19 529**	**156 468**	**52 841**	**-4 527**	**438 055**
Segment result	26 410	4 409	1 817	-55	5 564	0	**38 145**
Unallocated expenses							**-24 732**
Net financial items (Note 4)							**-15 324**
Profit/-loss before income tax							**-1 911**

Revenue by service

In thousands of EUR	6M 2017	6M 2016
Ticket sales	107 273	101 078
Sales of cargo transport	57 953	51 398
Sales of accommodation	9 136	8 528
Restaurant and shop sales on-board and on mainland	253 452	247 050
Income from charter of vessels	9 593	13 746
Other	13 999	16 255
Total revenue of the Group	**451 406**	**438 055**

Note 4 FINANCIAL ITEMS

In thousands of EUR	6M 2017	6M 2016
Net foreign exchange gains	5 101	0
Income from interest rate swaps	2 806	189
Income from foreign exchange derivatives	0	4 170
Interest income from financial assets not measured at fair value through profit or loss	1	3
Total finance income	**7 908**	**4 362**
Net foreign exchange losses	0	-2 301
Interest on financial liabilities measured at amortised cost	-11 954	-14 086
Expenses from foreign exchange derivatives	-4 196	0
Expenses from interest rate swaps	-1 819	-3 299
Total finance costs	**-17 969**	**-19 686**
Net finance costs	**-10 061**	**-15 324**

Note 5 EARNINGS PER SHARE (EPS)

Basic EPS 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. There were no outstanding share options on 30 June 2017.

In thousands	Q2 2017	Q2 2016	6M 2017	6M 2016
Shares issued	669 882	673 817	669 882	673 817
Treasury shares	0	3 935	0	3 935
Shares outstanding	**669 882**	**669 882**	**669 882**	**669 882**

In thousands of EUR	Q2 2017	Q2 2016	6M 2017	6M 2016
Weighted average number of ordinary shares outstanding (in thousands, basic)	669 882	669 882	669 882	669 882
Weighted average number of ordinary shares outstanding (in thousands, diluted)	669 882	669 882	669 882	669 882
Net profit/loss attributable to equity holders of the Parent	17 914	9 781	-2 414	-2 246
Basic EPS (EUR per share)	0,027	0,015	-0,004	-0,003
Diluted EPS (EUR per share)	0,027	0,015	-0,004	-0,003

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 30 June 2017 Tallink Grupp AS had two interest rate derivative contracts with total notional amount of EUR 170 000 thousand with the maturities in years 2018, 2019 and two cross-currency rate derivative contracts with total notional amount of EUR 120 000 thousand with the maturities in year 2018. The fair value of the interest rate derivatives recognised in the current interim financial statements as of 30 June 2017 is EUR -6 493 thousand. The fair value of the cross-currency rate derivatives recognized in the current interim financial statements as of 30 June 2017 is EUR -27 256 thousand.

Note 7 PROPERTY, PLANT AND EQUIPMENT

In thousands of EUR	Land and buildings	Ships	Plant and equipment	Assets under construction	Total
Book value as at 31 December 2016	**2 525**	**1 230 437**	**23 063**	**48 872**	**1 304 897**
Additions	0	235 574	11 443	-40 665	206 352
Disposals	0	0	-231	0	-231
Depreciation for the period	-265	-35 212	-3 829	0	-39 306
Book value as at 30 June 2017	**2 260**	**1 430 799**	**30 446**	**8 207**	**1 471 712**
As at 30 June 2017					
Gross carrying amount	5 607	1 812 905	60 884	8 207	1 887 603
Accumulated depreciation	-3 347	-382 106	-30 438	0	-415 891
Book value as at 31 December 2015	**2 942**	**1 270 102**	**10 160**	**28 214**	**1 311 418**
Additions	92	10 875	11 198	7 736	29 901
Disposals	0	0	-34	0	-34
Depreciation for the period	-698	-33 075	-2 518	0	-36 291
Book value as at 30 June 2016	**2 336**	**1 247 902**	**18 806**	**35 950**	**1 304 994**
As at 30 June 2016					
Gross carrying amount	13 295	1 566 198	44 466	35 950	1 659 909
Accumulated depreciation	-10 959	-318 296	-25 660	0	-354 915

Note 8 INTANGIBLE ASSETS

In thousands of EUR	Goodwill	Trademark	Other	Total
Book value as at 31 December 2016	**11 066**	**27 670**	**11 391**	**50 127**
Additions	0	0	3 138	3 138
Disposals	0	0	0	0
Amortisation for the period	0	-1 458	-1 571	-3 029
Book value as at 30 June 2017	**11 066**	**26 212**	**12 958**	**50 236**
As at 30 June 2017				
Cost	11 066	58 288	35 528	104 882
Accumulated amortisation	0	-32 076	-22 570	-54 646
Book value as at 31 December 2015	**11 066**	**30 586**	**11 074**	**52 726**
Additions	0	0	1 612	1 612
Disposals	0	0	-78	-78
Amortisation for the period	0	-1 458	-1 269	-2 727
Book value as at 30 June 2016	**11 066**	**29 128**	**11 339**	**51 533**
As at 30 June 2016				
Cost	11 066	58 288	31 241	100 595
Accumulated amortisation	0	-29 160	-19 902	-49 062

Note 9 INTEREST-BEARING LOANS AND BORROWINGS

In thousands of EUR	31 December 2016	New loans	Repayments	Exchange rate differences	Other changes[1]	30 June 2017
Liabilities under finance lease	373	79	-52	-3	-32	365
Unsecured bonds	98 627	0	0	-5 002	116	93 741
Overdraft	40 110	24 682	0	0	0	64 792
Long-term bank loans	419 795	184 000	-26 050	0	-960	576 785
Total borrowings	**558 905**	**208 761**	**-26 102**	**-5 005**	**-876**	**735 683**
Current portion	106 112					152 803
Non-current portion	452 793					582 880
Total borrowings	**558 905**					**735 683**

[1] Other changes are related to capitalisation and amortisation of transaction costs of bonds and bank loans. Other changes of liabilities under finance lease are related to termination of lease agreements.

Bonds are nominated in NOK.

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

Tallink Grupp AS has given guarantees to HSH Nordbank AG, Nordea Bank Plc and Danske Bank A/S for the loans granted to overseas subsidiaries amounting to EUR 299 401 thousand and overseas subsidiaries have given guarantees to Nordea Bank Finland Plc and Swedbank AS for the loans granted to Tallink Grupp AS amounting to EUR 277 384 thousand. The primary securities for these loans are the pledge of shares of the overseas subsidiaries and mortgages on the ships belonging to the above-mentioned subsidiaries.

Note 10 SHARE CAPITAL

According to the articles of association of the Parent effective as from 31 December 2016, the maximum number of common shares is 2 400 000 000. Each share grants one vote at the shareholders' general meeting. Shares acquired by the transfer of ownership are eligible for participating in and voting at a general meeting only if the ownership change is recorded in the Estonian Central Registry of Securities at the time used to determine the list of shareholders for the given shareholders' general meeting.

Tallink Grupp AS has 669 882 040 registered shares without nominal value and with book value 0.54 EUR.

Note 11 DIVIDENDS

The Management Board targets to distribute at least 50% of net profit, calculated over the long term, as dividends or capital repayment, taking however the Group's financial position into account. The management estimates that for the coming years the distribution per share will be at least EUR 0.02 or higher.

Annual shareholders' meeting in 2017 decided to pay a dividend of EUR 0.03 per share from net profit of 2016 in the total amount of EUR 20 096 thousand.

Note 12 RELATED PARTY DISCLOSURES

The Group has entered into the following transactions with related parties and has the following balances with related parties.

For the period ended 30 June 2017, in thousands of EUR	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
The companies controlled by the Key Management Personnel	134	11 703	25	876
Associated companies	0	72	0	11
Total	**134**	**11 775**	**25**	**887**

For the period ended 30 June 2016, in thousands of EUR	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
The companies controlled by the Key Management Personnel	113	8 571	28	1 410
Associated companies	1	56	0	5
Total	**114**	**8 627**	**28**	**1 415**

Note 13 SUBSEQUENT EVENTS

Announced dividends were paid out on 05 July 2017.

STATEMENT BY THE MANAGEMENT BOARD

Hereby we declare our responsibility for the Interim Consolidated Financial Statements and confirm that the Tallink Grupp AS Unaudited Interim Consolidated Financial Statements for the first 6 months of the financial year 2017 ended 30 June 2017 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.

Tallink Grupp AS 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.

Janek Stalmeister
Chairman of the Management Board

Andres Hunt
Vice Chairman of the Management Board

Lembit Kitter
Member of the Management Board

Tallinn, 10 August 2017