

# AS TALLINK GRUPP

## Unaudited Interim Consolidated Condensed Financial Statements

**for the I quarter of the financial year 2006/2007  
ended 30 November 2006**

Beginning of the financial year 1. September 2006  
End of the financial year 31. August 2007

Commercial Registry No. 10238429

Address Tartu mnt. 13  
10145, Tallinn  
Estonia

Telephone +372 6 409 800

Fax +372 6 409 810

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

Primary activity maritime transportation  
(passengers and cargo transportation)

## CONTENTS

<b>MANAGEMENT REPORT FOR THE INTERIM FINANCIAL STATEMENTS</b>	<b>3</b>
<i>Unaudited Interim Consolidated Condensed Financial Statements I quarter of the financial year 2006/2007</i>	
<b>CONSOLIDATED CONDENSED INCOME STATEMENT</b>	<b>10</b>
<b>CONSOLIDATED CONDENSED BALANCE SHEET</b>	<b>11</b>
<b>CONSOLIDATED CONDENSED CASH FLOW STATEMENT</b>	<b>13</b>
<b>CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>	<b>15</b>
<i>Notes to the unaudited interim financial statements I quarter of the financial year 2006/2007</i>	<b>17-25</b>
<b>MANAGEMENT BOARD'S APPROVAL OF THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS</b>	<b>26</b>

## MANAGEMENT REPORT FOR THE INTERIM FINANCIAL STATEMENTS for the I quarter of the financial year 2006/2007 ended November 30, 2006

The results and operations in the first quarter of 2006/2007 financial year for AS Tallink Grupp and its subsidiaries (hereinafter also referred to as “the Group”) were mainly influenced from the investments that were made in the previous financial year. The main focus has been on the integration of Silja and Tallink, the related changes in the organisation and launching of actions for positive synergies.

The Group’s sales and earnings have increased significantly from the recent large expansion of the operations but also because of the improvement on our old core routes. In addition the efficiency of the operations increased. In the light of continuous integration process, cost savings and synergies the further positive impact to the results can be achieved.

### KEY EVENTS IN 1<sup>ST</sup> QUARTER

- Ongoing integration of Finland-Sweden operations. Reduction of 128 full time positions in Finland;
- The launching and christening of new generation high-speed ro-pax vessel Star;
- Fantaasia charter agreement extended.

### 1<sup>ST</sup> QUARTER KEY FIGURES

	01.09.2006-30.11.2006		01.09.2005-30.11.2005		change %
	EEK	EUR	EEK	EUR	
Net sales (million)	2,976.9	190.3	992.1	63.4	200.1
EBITDA (million)	519.2	33.2	169.5	10.8	206.4
EBITDA margin (%)	17.4		17.1		
Net profit for the period (million)	114.6	7.3	62.6	4.0	83.0
Net profit margin (%)	3.8		6.3		
Depreciation (million)	253.2	16.2	68.8	4.4	268.0
Investments (million)	247.6	15.8	237.8	15.2	4.1

Weighted average number of ordinary shares outstanding during 1 <sup>st</sup> quarter	168,454,260		110,000,000		53.1
Earnings per share	0.68	0.043	0.57	0.036	19.5
Number of passengers	1,616,869		738,664		118.9
Cargo units	92,914		37,990		144.6
Average number of employees	6,020		2,668		125.6

	30.11.2006		31.08.2006		change %
	EEK	EUR	EEK	EUR	
Total assets (million)	25,230.0	1,612.5	25,931.6	1,657.3	-2.7
Total liabilities (million)	16,052.5	1,025.9	16,856.3	1,077.3	-4.8
Interest-bearing liabilities (million)	14,478.7	925.4	14,955.6	955.8	-3.2
Total equity (million)	9,177.5	586.6	9,075.3	580.0	1.1
Equity ratio (%)	36.4		35.0		

Number of ordinary shares outstanding	168,454,260		168,454,260		0.0
Shareholders equity per share	54.48	3.48	53.87	3.44	1.1

Net profit margin – Net profit / Net sales;

EBITDA – Earnings before net financial items, share of profit of associates, taxes, depreciation and amortization, income from negative goodwill;

EBITDA margin – EBITDA / Net sales;

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.

## SALES AND EARNINGS

Net sales of AS Tallink Grupp and its subsidiaries amounted to 2,976.9 million EEK (190.3 million EUR) in the first quarter of 2006/2007 financial year (September 01, 2006 – November 30, 2006) compared to 992.1 million EEK (63.4 million EUR) with the first quarter of 2005/2006 financial year (September 01, 2005 – November 30, 2005). The 1,987.8 million EEK (126.9 million EUR) or 200.1% increase in sales in the first quarter resulted largely from the investments made during the previous financial year, but also from the increased number of passengers and increased revenues per passenger on Estonia-Finland and Estonia-Sweden routes.

The following tables provide an overview of the sales distribution in the first quarter on geographical and operational segment based approach.

Geographical segments	06/07	05/06	Operational segments	06/07	05/06
Finland - Sweden	49.1%		Restaurant, shop and other sales on-board and on mainland	55.0%	47.5%
Estonia - Finland	25.3%	64.0%	Ticket sales	20.9%	24.5%
Estonia - Sweden	11.6%	30.0%	Sales of cargo transportation	21.0%	20.7%
Finland - Germany	9.2%		Revenue from hotel packages	1.4%	3.4%
Latvia - Sweden	2.1%		Accommodation sales	0.8%	2.2%
Mainland business and lease of vessels	2.7%	6.0%	Income from leases of vessels	1.0%	1.8%

The Group's earnings had a positive impact from the new investments, increased ticket and cargo sales and improved efficiency. The Group's EBITDA increased by 206.4% to 519.2 million EEK (33.2 million EUR) and the net profit increased by 83.0% from 62.6 million EEK (4.0 million EUR) to 114.6 million EEK (7.3 million EUR). Basic earnings per share and diluted earnings per share were 0.68 EEK (0.043 EUR) in the first quarter of 2006/2007 financial year, an increase of 19.5% compared to 0.57 EEK (0.036 EUR) in the corresponding period in 2005/2006 financial year.

During the first quarter the Group's earnings were negatively affected by several non-recurring integration costs in the total amount of 56.6 million EEK (3.6 million EUR) which are related mainly to the redundancies at our Finnish organisation. It is estimated that the these redundancies will lead to approximately 98 million EEK (6.3 million EUR) yearly savings on overhead costs. In the coming reporting periods further additional integration related one-off expenses which should bring additional cost savings in the future will be reported as the integration process continues.

In addition to the positive impact to the operating efficiency from successful introduction of Galaxy and the related changes in the fleet the cost efficiency has been recognized also in the operations of Finland-Sweden route. The savings and optimisation on operative costs such as catering services and procurement on Finland-Sweden route are the initial results of the integration process of Silja and Tallink. The factors mentioned have helped to improve the Group's overall performance and EBITDA margin.

## MARKET DEVELOPMENTS

Following table provides an overview of the passengers, cargo units and passenger vehicles transported in the first quarter of 2006/2007 and 2005/2006 financial years.

Passengers	2006/2007	2005/2006	Change %
Estonia - Finland route	627,382	598,062	4.9%
Estonia - Sweden routes	164,370	140,602	16.9%
Latvia - Sweden route	41,871		
Finland - Germany route	27,063		
Finland - Sweden routes	756,183		
Total	1,616,869	738,664	118.9%

Cargo units	2006/2007	2005/2006	Change %
Estonia - Finland route	27,141	24,888	9.1%
Estonia - Sweden routes	11,457	13,102	-12.6%
Latvia - Sweden route	1,682		
Finland - Germany route	18,130		
Finland - Sweden routes	34,504		
Total	92,914	37,990	144.6%

Passenger vehicles	2006/2007	2005/2006	Change %
Estonia - Finland route	53,823	53,125	1.3%
Estonia - Sweden routes	14,512	16,442	-11.7%
Latvia - Sweden route	6,870		
Finland - Germany route	8,782		
Finland - Sweden routes	40,434		
Total	124,421	69,567	78.9%

The following operational factors influenced the traffic volumes development in the first quarter:

### **Estonia-Finland:**

M/S Galaxy, larger in capacities, operates Tallinn-Helsinki route instead of M/S Romantika.

Higher cargo capacity compared to the first quarter of 2005/2006 which is resulted from the operations of larger vessel M/S Regal Star on the route instead of the M/S Kapella.

M/S Melodia was in drydock for six days in October 2006 during which the ferry was not in the operations.

Due to the weather conditions there were fewer trips made by the Autoexpress high-speed vessels in the first quarter of 2006/2007 financial year compared to the corresponding period in 2005/2006 financial year.

### **Estonia-Sweden:**

M/S Romantika, larger in capacities, operates Tallinn-Stockholm line instead of M/S Regina Baltica.

Resulting from the swap of M/S Regal Star and M/S Kapella the car deck capacity was on the other hand smaller on Estonia-Sweden routes which resulted lower volumes.

The cargo and vehicle volumes on Estonia-Sweden routes is partly also affected from the fact that some Latvian and Lithuanian customers are using Latvia-Sweden route instead.

Due to the drydock of M/S Vana Tallinn in October 2006 the ferry was not in the operations for 13 days.

The drydock and repair works of M/S Regina Baltica in 2005 when the ferry was not in the operations for 10 days affected the business in the first quarter of 2005/2006 financial year.

**Finland-Germany:**

Due to the repair works of M/S Superfast VII in October 2006 the ferry was not in the operations for eight days.

**The Group's market shares on routes operated during the first quarter of 2006/2007 financial year were as follows:**

the Group carried approximately 45% of the passengers and 53% of ro-ro cargo on the route between Tallinn and Helsinki;

the Group is the only provider of daily passenger transportation between Estonia and Sweden and the only provider of regular passenger transportation between Riga and Stockholm;

the Group carried approximately 55% of the passengers and 35% of ro-ro cargo on the routes between Finland and Sweden;

the Group is the only provider of daily cargo transportation between Tallinn and Stockholm and the only provider of regular cargo transportation between Riga and Stockholm. The Group's market share of cargo transportation between Paldiski and Kapellskär was approximately 51%;

the Group's estimated market share of passenger transportation on the route between Finland and Germany was 75% and the estimated market share of cargo transportation on the route was 28%.

**PERSONNEL**

On November 30, 2006 the Group employed 5,983 employees (2,657 on November 30, 2005).

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

	Average of 1 <sup>st</sup> quarter			End of 1 <sup>st</sup> quarter		
	2006/2007	2005/2006	change %	30.11.2006	30.11.2005	change %
<b>Onshore total</b>	1,391	619	124.7	1,336	622	114.8
<i>Estonia</i>	544	374	45.5	553	378	46.3
<i>Finland</i>	551	157	251.0	499	157	217.8
<i>Sweden</i>	261	84	210.7	250	84	197.6
<i>Latvia</i>	26			25		
<i>Germany</i>	6			6		
<i>Russia</i>	3	4	-25.0	3	3	0.0
<b>At sea</b>	4,485	1,909	134.9	4,501	1,894	137.6
<b>Hotel*</b>	144	140	2.9	146	141	3.5
<b>Total</b>	6,020	2,668	125.6	5,983	2,657	125.2

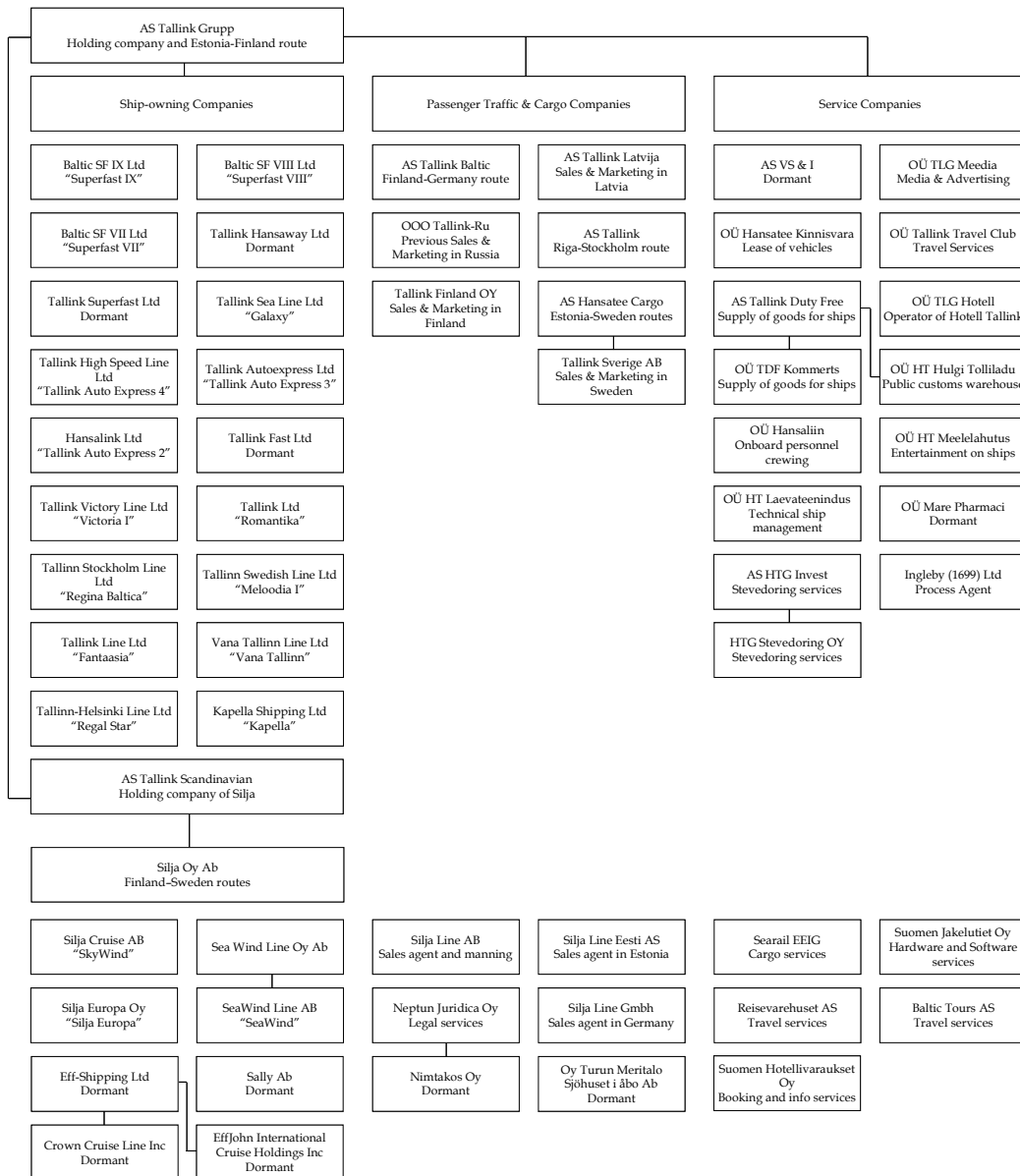
\* The number of hotel personnel is not included in the total number of ashore personnel.

## CORPORATE STRUCTURE

During the first quarter of 2006/2007 financial year the Group purchased 30% minority shareholding in OÜ TLG Meedia from Mr. Peter Roose and founded HTG Stevedoring OY. As of October 25, 2006, OÜ Mare Pharmaci is registered in Commercial Register.

On the report date the Group consisted of 61 companies. Most of the subsidiaries are wholly-owned companies of AS Tallink Grupp with the some exceptions. The Group further owns:

- 50% of Reisevarehuset AS;
- 50% of Baltic Tours AS;
- 33% of Searail EEIG;
- 50% of Suomen Jakelutiet Oy;
- Suomen Jakelutiet Oy further holds 50% of Suomen Hotellivaraukset Oy.



## **EVENTS DURING THE 1<sup>st</sup> QUARTER OF 2006/2007**

The Group extended the charter agreement of M/S Fantaasia with Compagnie Marocaine de Navigation until January 2007. By this agreement the Charterer received the optional right to further charter the vessel after the above mentioned deadline for up to two months.

On 07 September 2006 AS Tallink Grupp purchased from Mr. Peter Roose his 30% minority shareholding in OÜ TLG Meedia, a subsidiary of AS Tallink Grupp. After the transaction AS Tallink Grupp is a sole owner of OÜ TLG Meedia.

In September 2006 AS Tallink Grupp's subsidiary company AS HTG Invest established a new subsidiary company HTG Stevedoring OY to lower costs and to improve the quality of stevedoring in Finland.

In November 2006 the Group launched and christened the new generation high speed vessel in Helsinki. The vessel was named Star. M/S Star will start operating on the Tallinn-Helsinki route from the spring of 2007.

During the first months of 2006/2007 financial year the Group has been carrying out integration of on-shore organizations in Finland and Sweden. The integration process entailed negotiations between the employers and employees' representatives, reviewing all shore activities, joining of offices and changing business names. As a result it was agreed that 128 overlapping full time positions in Finland and 69 overlapping full time positions in Sweden will be reduced and the business names were changed to Tallink Silja OY and Tallink Silja AB respectively.

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

On December 27, 2006 AS Tallink Grupp signed on a charter contract for the vessel Meloodia with Spanish shipping company Eurolineas Maritimas S.A. operating the brand Balèaria. Starting from January 2007 Meloodia is chartered to the Mediterranean Sea for at least ten months. Chartering Meloodia is a part of the overall strategy regarding the shipping route Tallinn-Helsinki where with the arrival of Star in April 2007 new uses for the current fleet need to be found.

As of January 15, 2007 Superfast vessels, operating on route Helsinki – Rostock, have an additional roundtrip per day between ports of Tallinn and Helsinki. The change increases the capacity of Tallinn-Helsinki route and offers more opportunities to the passengers.

The Annual General Meeting of AS Tallink Grupp was held on January 17, 2007. The Meeting approved the annual report of the 2005/2006 financial year and decided not to pay dividends. The Meeting also decided to amend the Articles of Association, to increase the share capital through bonus issue, to authorize the acquisition of own shares, to grant the Supervisory Board the right to carry out share options in order to motivate the key employees of the Group. Mr. Sunil Kumar Nair was elected for the next term of membership in the Supervisory Board and Mr. Kalev Järvelill as a new member of the Supervisory Board. The remuneration and award bonuses to the Supervisory Board were decided and KPMG Baltics AS was nominated as auditor for the 2006/2007 financial year.

On January 19, 2007 the keel of the new generation high speed vessel, built by Fincantieri shipyards in Italy, was laid. The 175 metres long vessel will have the ice class of 1 A, 29 knots speed and she will accommodate up to 2,000 passengers and 2,000 lane metres of vehicles. The vessel will be completed in 2008 and is planned to start operating on the Tallinn-Helsinki route.



With the delivery of new high-speed ro-pax vessel Star in April 2007 the Group will also launch a new high speed passenger service named Tallink Shuttle between Tallinn and Helsinki. Though the trip on Tallink Shuttle will be quite short, the ship's four restaurants, two bars and over 1,500 square metres of shopping area provide a wide variety of opportunities to spend time onboard. Tallink Shuttle service will offer reliable scheduled service as the new vessel operates in all weather conditions year round.

Group's earnings are not generated evenly throughout the year. High season for the Group is the summer period. In the opinion of the Group's management and based on the experience of the previous financial years the majority of the earnings are generated during the second half of the financial year. The performance during the first quarter indicates that the Group is on track with the previously announced sales and earnings targets.

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

Although there has already been an increase of efficiency from optimized onshore activities, the management feels that it's necessary to continue focusing on optimizing the costs of the Group to pursue further efficiency growth.

**CONSOLIDATED CONDENSED INCOME STATEMENT**

(unaudited, in thousands of EEK)	<b>01.09.2006- 30.11.2006</b>	<b>01.09.2005 - 30.11.2005</b>
Net sales (Note 4)	2,976,863	992,054
Cost of sales	-2,252,864	-749,587
<b>Gross profit</b>	<b>723,999</b>	<b>242,467</b>
Marketing expenses	-235,941	-103,493
Administrative and general expenses	-229,556	-38,213
Other operating items	7,427	-114
Income from negative goodwill (Note 3)	689	0
Financial income (Note 5)	24,636	869
Financial expenses (Note 5)	-176,708	-38,009
<b>Profit from normal operation before income tax</b>	<b>114,546</b>	<b>63,507</b>
Income tax	55	-887
<b>Net profit for the period</b>	<b>114,601</b>	<b>62,620</b>
Attributable to:		
Equity holders of the parent (Note 6)	114,601	62,199
Minority interests	0	421
<b>Earnings per share</b> (in EEK per share)		
- basic (Note 6)	0.68	0.57
- diluted (Note 6)	0.68	0.57
(unaudited, in thousands of EUR)	<b>01.09.2006- 30.11.2006</b>	<b>01.09.2005- 30.11.2005</b>
Net sales (Note 4)	190,256	63,404
Cost of sales	-143,984	-47,907
<b>Gross profit</b>	<b>46,272</b>	<b>15,497</b>
Marketing expenses	-15,079	-6,614
Administrative and general expenses	-14,671	-2,442
Other operating items	474	-8
Income from negative goodwill (Note 3)	44	0
Financial income (Note 5)	1,575	55
Financial expenses (Note 5)	-11,294	-2,429
<b>Profit from normal operation before income tax</b>	<b>7,321</b>	<b>4,059</b>
Income tax	3	-57
<b>Net profit for the period</b>	<b>7,324</b>	<b>4,002</b>
Attributable to:		
Equity holders of the parent (Note 6)	7,324	3,975
Minority interests	0	27
<b>Earnings per share</b> (in EUR per share)		
- basic (Note 6)	0.043	0.036
- diluted (Note 6)	0.043	0.036

**CONSOLIDATED CONDENSED BALANCE SHEET**

(unaudited, in thousands of EEK)

<b>ASSETS</b>	<b>30.11.2006</b>	<b>31.08.2006</b>
<b>Current assets</b>		
Cash and cash equivalents	1,065,229	1,407,608
Receivables	670,702	843,456
Prepayments	66,044	235,890
Derivatives (Note 7)	409	11,633
Tax assets	13,524	17,644
Inventories	239,362	237,228
<b>Total current assets</b>	<b>2,055,270</b>	<b>2,753,459</b>
<b>Non-current assets</b>		
Investments in associates	9,044	9,044
Other financial assets and prepayments	8,289	8,240
Pension assets	45,234	45,234
Property, plant and equipment (Note 8)	21,849,822	21,857,153
Intangible assets (Note 9)	1,262,345	1,258,432
<b>Total non-current assets</b>	<b>23,174,734</b>	<b>23,178,103</b>
<b>TOTAL ASSETS</b>	<b>25,230,004</b>	<b>25,931,562</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Current portion of interest-bearing liabilities (Note 10)	1,668,700	1,228,098
Payables	1,239,628	1,593,026
Deferred income	163,585	146,042
Derivatives (Note 7)	22,391	24,159
Tax liabilities	122,898	112,061
<b>Total current liabilities</b>	<b>3,217,202</b>	<b>3,103,386</b>
<b>Non-current liabilities</b>		
Interest bearing loans and borrowings (Note 10)	12,810,027	13,727,497
Deferred income tax liability	0	69
Pension liability	25,238	25,332
<b>Total non-current liabilities</b>	<b>12,835,265</b>	<b>13,752,898</b>
<b>TOTAL LIABILITIES</b>	<b>16,052,467</b>	<b>16,856,284</b>
<b>EQUITY</b>		
<b>Minority interests</b>	<b>0</b>	<b>1,189</b>
<b>Equity attributable to equity holders of the parent</b>		
Share capital (Note 11)	1,684,543	1,415,000
Share premium (Note 11)	3,218,578	2,012,394
Unregistered share capital with share premium (Note 11)	0	1,475,727
Reserves	1,147,561	1,158,714
Retained earnings	3,126,855	3,012,254
<b>Total equity attributable to equity holders of the parent</b>	<b>9,177,537</b>	<b>9,074,089</b>
<b>TOTAL EQUITY</b>	<b>9,177,537</b>	<b>9,075,278</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>25,230,004</b>	<b>25,931,562</b>

**CONSOLIDATED CONDENSED BALANCE SHEET**

(unaudited, in thousands of EUR)

<b>ASSETS</b>	<b>30.11.2006</b>	<b>31.08.2006</b>
<b>Current assets</b>		
Cash and cash equivalents	68,081	89,963
Receivables	42,866	53,906
Prepayments	4,221	15,076
Derivatives (Note 7)	26	743
Tax assets	864	1,128
Inventories	15,298	15,162
<b>Total current assets</b>	<b>131,356</b>	<b>175,978</b>
<b>Non-current assets</b>		
Investments in associates	578	578
Other financial assets and prepayments	530	527
Pension assets	2,891	2,891
Property, plant and equipment (Note 8)	1,396,458	1,396,927
Intangible assets (Note 9)	80,678	80,428
<b>Total non-current assets</b>	<b>1,481,135</b>	<b>1,481,351</b>
<b>TOTAL ASSETS</b>	<b>1,612,491</b>	<b>1,657,329</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Current portion of interest-bearing liabilities (Note 10)	106,649	78,490
Payables	79,227	101,813
Deferred income	10,455	9,334
Derivatives (Note 7)	1,431	1,544
Tax liabilities	7,855	7,162
<b>Total current liabilities</b>	<b>205,617</b>	<b>198,343</b>
<b>Non-current liabilities</b>		
Interest bearing loans and borrowings (Note 10)	818,710	877,347
Deferred income tax	0	4
Pension liability	1,613	1,619
<b>Total non-current liabilities</b>	<b>820,323</b>	<b>878,970</b>
<b>TOTAL LIABILITIES</b>	<b>1,025,940</b>	<b>1,077,313</b>
<b>EQUITY</b>		
<b>Minority interests</b>	<b>0</b>	<b>76</b>
<b>Equity attributable to equity holders of the parent</b>		
Share capital (Note 11)	107,662	90,435
Share premium (Note 11)	205,704	128,615
Unregistered share capital with share premium (Note 11)	0	94,316
Reserves	73,343	74,056
Retained earnings	199,842	192,518
<b>Total equity attributable to equity holders of the parent</b>	<b>586,551</b>	<b>579,940</b>
<b>TOTAL EQUITY</b>	<b>586,551</b>	<b>580,016</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,612,491</b>	<b>1,657,329</b>

**CONSOLIDATED CONDENSED CASH FLOW STATEMENT**

(unaudited, in thousands of EEK)	<b>01.09.2006 - 30.11.2006</b>	<b>01.09.2005 - 30.11.2005</b>
<b>Cash flows from operating activities</b>		
Net profit for the period	114,601	62,620
Adjustments	404,612	105,823
Changes in assets related to operating activities	347,793	-10,846
Changes in inventories	-2,134	-3,180
Changes in liabilities related to operating activities	-360,048	25,541
Income tax repaid	-226	-127
	<b>504,598</b>	<b>179,831</b>
<b>Cash flow used for investing activities</b>		
Purchase of property, plant, equipment and intangible assets (Notes 8,9)	-247,589	-237,788
Proceeds from disposals of property, plant, equipment	979	17
Acquisition of minority interests (Note 3)	-500	0
Interest received	18,818	1,093
	<b>-228,292</b>	<b>-236,678</b>
<b>Cash flow from (+)/ used for (-) financing activities</b>		
Transaction costs of issue of shares	-6,520	0
Redemption of loans and bonds (Note 10)	-471,367	-220,019
Change in overdraft	0	182,597
Repayment of finance lease liabilities (Note 10)	-10,098	-243
Interest paid	-130,700	-52,371
	<b>-618,685</b>	<b>-90,036</b>
<b>TOTAL NET CASH FLOW</b>	<b>-342,379</b>	<b>-146,883</b>
<b>Cash and cash equivalents:</b>		
- at the beginning of period	1,407,608	326,786
- increase (+) / decrease (-)	-342,379	-146,883
<b>Cash and cash equivalents at end of period</b>	<b>1,065,229</b>	<b>179,903</b>

*Non-audited Interim Consolidated Condensed Financial Statements*  
*I quarter of the financial year 2006/2007*  
*AS Tallink Grupp*

(unaudited, in thousands of EUR)	<b>01.09.2006 - 30.11.2006</b>	<b>01.09.2005 - 30.11.2005</b>
<b>Cash flows from operating activities</b>		
Net profit for the period	7,324	4,002
Adjustments	25,859	6,763
Changes in assets related to operating activities	22,228	-693
Changes in inventories	-136	-203
Changes in liabilities related to operating activities	-23,011	1,632
Income tax repaid	-14	-8
	<b>32,250</b>	<b>11,493</b>
<b>Cash flow used for investing activities</b>		
Purchase of property, plant, equipment and intangible assets (Notes 8, 9)	-15,824	-15,197
Proceeds from disposals of property, plant, equipment	62	1
Acquisition of minority interests (Note 3)	-32	0
Interest received	1,203	70
	<b>-14,591</b>	<b>-15,126</b>
<b>Cash flow from (+)/ used for (-) financing activities</b>		
Transaction costs of issue of shares	-417	0
Redemption of loans and bonds (Note 10)	-30,126	-14,062
Change in overdraft	0	11,670
Repayment of finance lease liabilities (Note 10)	-645	-15
Interest paid	-8,353	-3,347
	<b>-39,541</b>	<b>-5,754</b>
<b>TOTAL NET CASH FLOW</b>	<b>-21,882</b>	<b>-9,387</b>
<b>Cash and cash equivalents:</b>		
- at the beginning of period	89,963	20,885
- increase (+) / decrease (-)	-21,882	-9,387
<b>Cash and cash equivalents at end of period</b>	<b>68,081</b>	<b>11,498</b>

Non-audited Interim Consolidated Condensed Financial Statements  
 I quarter of the financial year 2005/2006  
 AS Tallink Grupp

**CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY**

(unaudited, in thousands of EEK)	Share capital	Share premium	Unregistered share capital with share premium	Unrealised exchange differences	Ships revaluation reserve	Cash flow hedge reserve	Mandatory legal reserve	Retained earnings	Shareholders' equity	Minority interests	Total equity
<b>At 31 August 2005</b>	<b>1,100,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>27,500</b>	<b>1,528,048</b>	<b>2,655,548</b>	<b>274</b>	<b>2,655,822</b>
<b>Changes in equity for the I quarter of 2005/2006</b>											
Net profit of the I quarter of the year 2005/2006 (Note 6)	0	0	0	0	0	0	0	62,199	62,199	421	62,620
Foreign currency translation	0	0	0	-78	0	0	0	0	-78	0	-78
<b>Total income and expense for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-78</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>62,199</b>	<b>62,121</b>	<b>421</b>	<b>62,542</b>
<b>At 30 November 2005</b>	<b>1,100,000</b>	<b>0</b>	<b>0</b>	<b>-78</b>	<b>0</b>	<b>0</b>	<b>27,500</b>	<b>1,590,247</b>	<b>2,717,669</b>	<b>695</b>	<b>2,718,364</b>
<b>At 31 August 2006</b>	<b>1,415,000</b>	<b>2,012,394</b>	<b>1,475,727</b>	<b>23</b>	<b>1,138,827</b>	<b>-7,636</b>	<b>27,500</b>	<b>3,012,254</b>	<b>9,074,089</b>	<b>1,189</b>	<b>9,075,278</b>
<b>Changes in equity for the I quarter of 2006/2007</b>											
Share issue (Note 11)	269,543	1,206,184	-1,475,727	0	0	0	0	0	0	0	0
Acquisition of minority interests (Note 3)	0	0	0	0	0	0	0	0	0	-1,189	-1,189
Net profit of the I quarter of the year 2006/2007 (Note 6)	0	0	0	0	0	0	0	114,601	114,601	0	114,601
Net losses on cash flow hedges (Note 7)	0	0	0	0	0	-12,079	0	0	-12,079	0	-12,079
Foreign currency translation	0	0	0	926	0	0	0	0	926	0	926
<b>Total income and expense for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>926</b>	<b>0</b>	<b>-12,079</b>	<b>0</b>	<b>114,601</b>	<b>103,448</b>	<b>0</b>	<b>103,448</b>
<b>At 30 November 2006</b>	<b>1,684,543</b>	<b>3,218,578</b>	<b>0</b>	<b>949</b>	<b>1,138,827</b>	<b>-19,715</b>	<b>27,500</b>	<b>3,126,855</b>	<b>9,177,537</b>	<b>0</b>	<b>9,177,537</b>

The notes on pages 17 to 25 form an integral part of these financial statements.

Non-audited Interim Consolidated Condensed Financial Statements  
I quarter of the financial year 2005/2006  
AS Tallink Grupp

(unaudited, in thousands of EUR)	Share capital	Share premium	Unregistered share capital with share premium	Unrealised exchange differences	Ships revaluation reserve	Cash flow hedge reserve	Mandatory legal reserve	Retained earnings	Shareholders' equity	Minority interests	Total equity
<b>At 31 August 2005</b>	<b>70,303</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,758</b>	<b>97,660</b>	<b>169,721</b>	<b>17</b>	<b>169,738</b>
<b>Changes in equity for the I quarter of 2005/2006</b>											
Net profit of the I quarter of the year 2005/2006 (Note 6)	0	0	0	0	0	0	0	3,975	3,975	27	4,002
Foreign currency translation	0	0	0	-5	0	0	0	0	-5	0	-5
<b>Total income and expense for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,975</b>	<b>3,970</b>	<b>27</b>	<b>3,997</b>
<b>At 30 November 2005</b>	<b>70,303</b>	<b>0</b>	<b>0</b>	<b>-5</b>	<b>0</b>	<b>0</b>	<b>1,758</b>	<b>101,635</b>	<b>173,691</b>	<b>44</b>	<b>173,735</b>
<b>At 31 August 2006</b>	<b>90,435</b>	<b>128,615</b>	<b>94,316</b>	<b>2</b>	<b>72,784</b>	<b>-488</b>	<b>1,758</b>	<b>192,518</b>	<b>579,940</b>	<b>76</b>	<b>580,016</b>
<b>Changes in equity for the I quarter of 2006/2007</b>											
Share issue (Note 11)	17,227	77,089	-94,316	0	0	0	0	0	0	0	0
Acquisition of minority interests (Note 3)	0	0	0	0	0	0	0	0	0	-76	-76
Net profit of the I quarter of the year 2006/2007 (Note 6)	0	0	0	0	0	0	0	7,324	7,324	0	7,324
Net losses on cash flow hedges (Note 7)	0	0	0	0	0	-772	0	0	-772	0	-772
Foreign currency translation	0	0	0	59	0	0	0	0	59	0	59
<b>Total income and expense for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>59</b>	<b>0</b>	<b>-772</b>	<b>0</b>	<b>7,324</b>	<b>6,611</b>	<b>0</b>	<b>6,611</b>
<b>At 30 November 2006</b>	<b>107,662</b>	<b>205,704</b>	<b>0</b>	<b>61</b>	<b>72,784</b>	<b>-1,260</b>	<b>1,758</b>	<b>199,842</b>	<b>586,551</b>	<b>0</b>	<b>586,551</b>

The notes on pages 17 to 25 form an integral part of these financial statements.



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

### **Note 1 CORPORATE INFORMATION**

The interim consolidated condensed financial statements of AS Tallink Grupp and its subsidiaries (hereinafter as “the group”) for the first three months of the financial year 2005/2006 were authorised for issue in accordance with a resolution of the Management Board on 25 January 2007. AS Tallink Grupp is a limited company incorporated in Estonia and employed 5,983 people at 30 November 2006 (31 August 2006: 5,987).

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

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

The same accounting policies and methods of computation are followed in the interim consolidated condensed financial statements as in the annual consolidated financial statements of AS Tallink Grupp for the financial year ended on 31 August 2006.

The interim consolidated condensed financial statements have been prepared in thousand Estonian kroons (EEK). The respective EEK numbers have been expressed also in thousand Euros (EUR) using exchange rate 1 EUR=15.6466 EEK.

### **Note 3 SUBSIDIARIES**

On 07 September 2006 AS Tallink Grupp purchased from Mr. Peter Roose his 30% minority shareholding in OÜ TLG Meedia, a subsidiary of AS Tallink Grupp. After the transaction AS Tallink Grupp is a sole owner of OÜ TLG Meedia. The purchase price of the minority share was 500 thousand EEK (*32 thousand EUR*). The fair value of identifiable assets and liabilities of minority shareholding was 1,189 thousand EEK (*76 thousand EUR*). The negative goodwill resulted by the transaction was 689 thousand EEK (*44 thousand EUR*).

In September 2006 AS Tallink Grupp’s subsidiary AS HTG Invest established a new subsidiary HTG Stevedoring OY 100% of the ownership. The payment into the share capital in the amount of 125 thousand EEK (*8 thousand EUR*) was made in September 2006. The new subsidiary has been registered in Finland and was established for offering stevedoring services.

### **Note 4 SEGMENT INFORMATION**

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

Notes to the non-audited interim financial statements  
 I quarter of the financial year 2005/2006  
 AS Tallink Grupp

**Geographical segments**

(in thousands of EEK)

<b>01.09.2006-30.11.2006</b>	<b>Estonia Finland route</b>	<b>Estonia Sweden routes</b>	<b>Latvia Sweden route</b>	<b>Germany Finland route</b>	<b>Finland Sweden route</b>	<b>Estonia mainland business</b>	<b>Others</b>	<b>Elimination of intersegment sales</b>	<b>Total</b>
<b>Revenue</b>									
Sales to external customers	753,596	345,683	62,391	274,501	1,460,516	51,543	28,633	0	2,976,863
Inter-segment sales	0	0	0	0	0	19,553	0	-19,553	0
	<b>753,596</b>	<b>345,683</b>	<b>62,391</b>	<b>274,501</b>	<b>1,460,516</b>	<b>71,096</b>	<b>28,633</b>	<b>-19,553</b>	<b>2,976,863</b>
<b>Segment result</b>	<b>199,401</b>	<b>17,948</b>	<b>-6,493</b>	<b>42,211</b>	<b>214,431</b>	<b>11,168</b>	<b>9,392</b>	<b>0</b>	<b>488,058</b>
Unallocated expenses									-222,129
Negative goodwill (Note 3)									689
Net financial items (Note 5)									-152,072
<b>Profit before income tax</b>									<b>114,546</b>

<b>01.09.2005-30.11.2005</b>	<b>Estonia Finland route</b>	<b>Estonia Sweden routes</b>	<b>Latvia Sweden route</b>	<b>Germany Finland route</b>	<b>Finland Sweden route</b>	<b>Estonia mainland business</b>	<b>Others</b>	<b>Elimination of intersegment sales</b>	<b>Total</b>
<b>Revenue</b>									
Sales to external customers	634,644	297,630	0	0	0	42,235	17,545	0	992,054
Inter-segment sales	0	0	0	0	0	14,641	0	-14,641	0
	<b>634,644</b>	<b>297,630</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>56,876</b>	<b>17,545</b>	<b>-14,641</b>	<b>992,054</b>
<b>Segment result</b>	<b>118,759</b>	<b>7,751</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,628</b>	<b>3,836</b>	<b>0</b>	<b>138,974</b>
Unallocated expenses									-38,327
Net financial items (Note 5)									-37,140
<b>Profit before income tax</b>									<b>63,507</b>

The notes on pages 17 to 25 form an integral part of these financial statements.

Notes to the non-audited interim financial statements  
 I quarter of the financial year 2005/2006  
 AS Tallink Grupp

(in thousands of EUR)

<b>01.09.2006-30.11.2006</b>	<b>Estonia Finland route</b>	<b>Estonia Sweden routes</b>	<b>Latvia Sweden route</b>	<b>Germany Finland route</b>	<b>Finland Sweden route</b>	<b>Estonia mainland business</b>	<b>Others</b>	<b>Elimination of intersegment sales</b>	<b>Total</b>
<b>Revenue</b>									
Sales to external customers	48,164	22,093	3,987	17,544	93,344	3,294	1,830		190,256
Inter-segment sales	0	0	0	0	0	1,250	0	-1,250	0
	<b>48,164</b>	<b>22,093</b>	<b>3,987</b>	<b>17,544</b>	<b>93,344</b>	<b>4,544</b>	<b>1,830</b>	<b>-1,250</b>	<b>190,256</b>
<b>Segment result</b>	<b>12,744</b>	<b>1,147</b>	<b>-415</b>	<b>2,698</b>	<b>13,705</b>	<b>714</b>	<b>600</b>	<b>0</b>	<b>31,193</b>
Unallocated expenses									-14,197
Negative goodwill (Note 3)									44
Net financial items (Note 5)									-9,719
<b>Profit before income tax</b>									<b>7,321</b>
<b>01.09.2005-30.11.2005</b>									
	<b>Estonia Finland route</b>	<b>Estonia Sweden routes</b>	<b>Latvia Sweden route</b>	<b>Germany Finland route</b>	<b>Finland Sweden route</b>	<b>Estonia mainland business</b>	<b>Others</b>	<b>Elimination of intersegment sales</b>	<b>Total</b>
<b>Revenue</b>									
Sales to external customers	40,561	19,022	0	0	0	2,699	1,122	0	63,404
Inter-segment sales	0	0	0	0	0	936	0	-936	0
	<b>40,561</b>	<b>19,022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,635</b>	<b>1,122</b>	<b>-936</b>	<b>63,404</b>
<b>Segment result</b>	<b>7,590</b>	<b>495</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>552</b>	<b>246</b>	<b>0</b>	<b>8,883</b>
Unallocated expenses									-2,450
Net financial items (Note 5)									-2,374
<b>Profit before income tax</b>									<b>4,059</b>

The notes on pages 17 to 25 form an integral part of these financial statements.

**Operational segments**

	(in thousands of EEK)		(in thousands of EUR)	
	<b>01.09.2006- 30.11.2006</b>	<b>01.09.2005- 30.11.2005</b>	<b>01.09.2006- 30.11.2006</b>	<b>01.09.2005- 30.11.2005</b>
Ticket sales	621,776	242,956	39,739	15,528
Revenue from packages	42,099	33,548	2,691	2,144
Sales of cargo transport	624,395	205,435	39,906	13,130
Accommodation sales	23,205	21,750	1,483	1,390
Restaurant and shops sales on-board and on mainland	1,521,585	446,823	97,247	28,557
Income from leases of vessels	28,627	17,545	1,829	1,121
Other	115,176	23,997	7,361	1,534
<b>Total revenue of the Group</b>	<b>2,976,863</b>	<b>992,054</b>	<b>190,256</b>	<b>63,404</b>

**Note 5 FINANCIAL INCOME AND EXPENSES**

	(in thousands of EEK)		(in thousands of EUR)	
	<b>01.09.2006- 30.11.2006</b>	<b>01.09.2005- 30.11.2005</b>	<b>01.09.2006- 30.11.2006</b>	<b>01.09.2005- 30.11.2005</b>
Net foreign exchange gains	2,372	0	152	0
Income from interest rate swap	15,268	0	976	0
Other interest and financial income	6,996	869	447	55
<b>Total financial income</b>	<b>24,636</b>	<b>869</b>	<b>1,575</b>	<b>55</b>
Net foreign exchange losses	0	-1,148	0	-73
Interest expenses	-176,650	-36,819	-11,290	-2,353
Other financial expenses	-58	-42	-4	-3
<b>Total financial expenses</b>	<b>-176,708</b>	<b>-38,009</b>	<b>-11,294</b>	<b>-2,429</b>

**Note 6 EARNINGS PER SHARE**

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

	(in thousands of EEK)		(in thousands of EUR)	
	<b>01.09.2006 - 30.11.2006</b>	<b>01.09.2005 - 30.11.2005</b>	<b>01.09.2006 - 30.11.2006</b>	<b>01.09.2005 - 30.11.2005</b>
Weighted average number of ordinary shares (pcs)	168,454,260	110,000,000	168,454,260	110,000,000
Net profit attributable to ordinary shareholders	114,601	62,199	7,324	3,975
Earnings per share (in EEK/EUR per share)	0.68	0.57	0.043	0.036

**Note 7 DERIVATIVE INSTRUMENTS**

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

Movements in the fair values of interest rate financial instruments were as follows:

Notes to the non-audited interim financial statements  
 I quarter of the financial year 2005/2006  
 AS Tallink Grupp

(in thousands of EEK)

	Maturity	30.11.2006		31.08.2006	
		Notional amount	Fair value	Notional amount	Fair value
Interest rate swap qualified as a cash flow hedge	2013	1,564,660	-19,715	1,564,660	-7,636
Interest rate swap not qualified as a cash flow hedge	2007	39,816	409	53,088	430
Interest rate swap not qualified as a cash flow hedge [1]	2012	0	0	1,157,848	11,203
Interest rate swap not qualified as a cash flow hedge	2013	2,034,058	-2,676	2,065,351	-16,523
Total derivatives with positive value			409		11,633
Total derivatives with negative value			22,391		24,159

(in thousands of EUR)

	Maturity	30.11.2006		31.08.2006	
		Notional amount	Fair value	Notional amount	Fair value
Interest rate swap qualified as a cash flow hedge	2013	100,000	-1,260	100,000	-488
Interest rate swap not qualified as a cash flow hedge	2007	2,545	26	3,393	27
Interest rate swap not qualified as a cash flow hedge [1]	2012	0	0	74,000	716
Interest rate swap not qualified as a cash flow hedge	2013	130,000	-171	132,000	-1,056
Total derivatives with positive value			26		743
Total derivatives with negative value			1,431		1,544

[1] On 07 November 2006 the agreement was terminated before termination date.

**Note 8 PROPERTY, PLANT AND EQUIPMENT**

(in thousands of EEK)

	Land and building	Ships	Plant and equipment	Prepayments [1]	Total
<b>Book value at 31 August 2006</b>	<b>145,989</b>	<b>21,053,598</b>	<b>115,964</b>	<b>541,602</b>	<b>21,857,153</b>
Additions	0	9,567	5,655	205,977	221,199
Exchange rate differences	1,690	547	29	0	2,266
Disposals	0	0	-40	0	-40
Depreciation for the period	-3,262	-210,661	-16,833	0	-230,756
<b>Book value at 30 November 2006</b>	<b>144,417</b>	<b>20,853,051</b>	<b>104,775</b>	<b>747,579</b>	<b>21,849,822</b>

**At 30 November 2006**

-Cost	160,471	21,062,426	190,177	747,579	22,160,653
-Accumulated depreciation	-16,054	-209,375	-85,402	0	-310,831

	Land and building	Ships	Plant and equipment	Prepayments	Total
<b>Book value at 31 August 2005</b>	<b>11,587</b>	<b>5,818,082</b>	<b>31,299</b>	<b>275,752</b>	<b>6,136,720</b>
Additions	9	31,525	2,001	204,184	237,719
Depreciation for the period	-407	-63,968	-4,416	0	-68,791
<b>Book value at 30 November 2005</b>	<b>11,189</b>	<b>5,785,639</b>	<b>28,884</b>	<b>479,936</b>	<b>6,305,648</b>

**At 30 November 2005**

-Cost	19,192	6,962,531	95,097	479,936	7,556,756
-Accumulated depreciation	-8,003	-1,176,892	-66,213	0	-1,251,108

Notes to the non-audited interim financial statements  
I quarter of the financial year 2005/2006  
AS Tallink Grupp

(in thousands of EUR)

	Land and building	Ships	Plant and equipment	Prepayments [1]	Total
<b>Book value at 31 August 2006</b>	<b>9,330</b>	<b>1,345,570</b>	<b>7,412</b>	<b>34,615</b>	<b>1,396,927</b>
Additions	0	611	362	13,164	14,137
Exchange rate differences	108	35	2	0	145
Disposals	0	0	-3	0	-3
Depreciation for the period	-208	-13,464	-1,076	0	-14,748
<b>Book value at 30 November 2006</b>	<b>9,230</b>	<b>1,332,752</b>	<b>6,697</b>	<b>47,779</b>	<b>1,396,458</b>

**At 30 November 2006**

-Cost	10,256	1,346,134	12,155	47,779	1,416,324
-Accumulated depreciation	-1,026	-13,382	-5,458	0	-19,866

	Land and building	Ships	Plant and equipment	Prepayments	Total
<b>Book value at 31 August 2005</b>	<b>741</b>	<b>371,842</b>	<b>2,001</b>	<b>17,624</b>	<b>392,208</b>
Additions	1	2,015	128	13,049	15,193
Depreciation for the period	-27	-4,087	-283	0	-4,397
<b>Book value at 30 November 2005</b>	<b>715</b>	<b>369,770</b>	<b>1,846</b>	<b>30,673</b>	<b>403,004</b>

**At 30 November 2005**

-Cost	1,227	444,987	6,078	30,673	482,965
-Accumulated depreciation	-512	-75,217	-4,232	0	-79,961

[1] 30 November 2006 prepayments for 3 new ships included.

**Note 9 INTANGIBLE ASSETS**

	(in thousands of EEK)				(in thousands of EUR)			
	Goodwill	Trademark	Others	Total	Goodwill	Trademark	Others	Total
<b>Book value at 31 August 2006</b>	<b>173,148</b>	<b>904,405</b>	<b>180,879</b>	<b>1,258,432</b>	<b>11,066</b>	<b>57,802</b>	<b>11,560</b>	<b>80,428</b>
Additions	0	0	26,390	26,390	0	0	1,687	1,687
Amortization for the period	0	-11,406	-11,071	-22,477	0	-729	-708	-1,437
<b>Book value at 30 November 2006</b>	<b>173,148</b>	<b>892,999</b>	<b>196,198</b>	<b>1,262,345</b>	<b>11,066</b>	<b>57,073</b>	<b>12,539</b>	<b>80,678</b>

**At 30 November 2006**

Cost	173,148	912,009	220,029	1,305,186	11,066	58,288	14,062	83,416
Accumulated amortization	0	-19,010	-23,831	-42,841	0	-1,215	-1,523	-2,738

	(in thousands of EEK)			(in thousands of EUR)		
	Goodwill	Others	Total	Goodwill	Others	Total
<b>Book value at 31 August 2005</b>	<b>173,148</b>	<b>3,005</b>	<b>176,153</b>	<b>11,066</b>	<b>192</b>	<b>11,258</b>
Additions	0	61	61	0	4	4
Amortization for the period	0	-313	-313	0	-20	-20
<b>Book value at 30 November 2005</b>	<b>173,148</b>	<b>2,753</b>	<b>175,901</b>	<b>11,066</b>	<b>176</b>	<b>11,242</b>

**At 30 November 2005**

Cost	173,148	6,451	179,599	11,066	412	11,478
Accumulated amortization	0	-3,698	-3,698	0	-236	-236

**Note 10 INTEREST BEARING LOANS AND BORROWINGS**

(in thousands of EEK)

	31 August 2006	Repayments	Other changes [1]	30 November 2006
Lease liability	50,558	-10,098	0	40,460
Bonds	139,276	-140,000	724	0
Long-term bank loans	14,765,761	-331,367	3,873	14,438,267
<b>TOTAL</b>	<b>14,955,595</b>	<b>-481,465</b>	<b>4,597</b>	<b>14,478,727</b>
incl. short-term portion	1,228,098			1,668,700
long-term portion	13,727,497			12,810,027

(in thousands of EUR)

	31 August 2006	Repayments	Other changes [1]	30 November 2006
Lease liability	3,232	-645	0	2,587
Bonds	8,901	-8,947	46	0
Long-term bank loans	943,704	-21,179	247	922,772
<b>TOTAL</b>	<b>955,837</b>	<b>-30,771</b>	<b>293</b>	<b>925,359</b>
incl. short-term portion	78,490			106,649
long-term portion	877,347			818,710

[1] Other changes related to bonds are the amortisation of discount of bonds. Other changes related to long-term bank loans are the amortisation of transaction costs.

Bank overdrafts are secured with commercial pledge (in the total amount of 266,120 thousand EEK (17,008 thousand EUR) and ship mortgages.

AS Tallink Grupp has given guarantees to HSH Nordbank AG and Skandinaviska Enskilda Banken AB for the loans granted to overseas subsidiaries amounting to 8,850,938 thousand EEK (565,678 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 Silja Oy Ab amounting to 5,427,133 thousand EEK (346,857 thousand EUR). The primary securities for these loans are the pledge of shares of Silja Oy Ab and mortgages on the ships belonging to the above-mentioned subsidiary.

**Note 11 SHARE CAPITAL**

	(in thousands of EEK)		(in thousands of EUR)	
	30.11.2006	31.08.2006	30.11.2006	31.08.2006
Ordinary shares of 10 EEK each (in thousand )	168,454	168,454	168,454	168,454
Included the number of shares issued and fully paid (in thousand )	168,454	168,454	168,454	168,454
Included the number of shares issued but not registered (in thousand ) [1]	0	26,954	0	26,954
Share capital	1,684,543	1,684,543	107,662	107,662
Share premium per share in EEK/EUR	19.11	19.11	1.22	1.22
Total share premium	3,218,578	3,218,578	205,704	205,704
Included share premium not registered	0	1,206,184	0	77,089

[1] These shares were registered at 05 September 2006.

According to the Articles of Association of the Parent effective as of 30 November 2006 the maximum number of authorised capital is 5,460,000 thousand EEK.

On January 17, 2007 the Annual General Meeting decided to amend the Articles of Association whereby the authorized minimum and maximum share capital was increased. For more information see Note 14.

**Note 12 RELATED PARTY DISCLOSURES**

(in thousands of EEK)

<b>3 months of 2006/2007 or 30.11.2006</b>	<b>Sales to related party</b>	<b>Purchases from related parties</b>	<b>Amounts owed by related parties</b>	<b>Amounts owed to related parties</b>
AS Infortar	275	1,150	115	941
AS HT Valuuta	638	0	760	204
AS Vara HTG	0	20,836	0	0
OÜ Mersok	0	36	0	14
AS Vaba Maa	0	922	0	251
OÜ Hera Salongid	129	63	58	52
AS Gastrolink	5	519	5	202
Gastrolink Finland OY	11	0	11	0
AS Baltic Tours	827	0	1,832	0
Searail EEIG	0	0	14,160	6,525
<b>3 months of 2005/2006 or 31.08.2005</b>	<b>Sales to related party</b>	<b>Purchases from related parties</b>	<b>Amounts owed by related parties</b>	<b>Amounts owed to related parties</b>
AS Infortar	110	1,764	0	61,029
AS Infortar, interest expense	0	1,696	0	527
AS HT Valuuta	516	0	329	0
AS HTG Vara	0	7,500	0	0
OÜ Mersok	0	12	0	0
AS Vaba Maa	0	780	0	323

(in thousands of EUR)

<b>3 months of 2006/2007 or 30.11.2006</b>	<b>Sales to related party</b>	<b>Purchases from related parties</b>	<b>Amounts owed by related parties</b>	<b>Amounts owed to related parties</b>
AS Infortar	18	73	7	60
AS HT Valuuta	41	0	49	13
AS Vara HTG	0	1,332	0	0
OÜ Mersok	0	2	0	1
AS Vaba Maa	0	59	0	16
OÜ Hera Salongid	8	4	4	3
AS Gastrolink	0	33	0	13
Gastrolink Finland OY	1	0	1	0
AS Baltic Tours	53	0	117	0
Searail EEIG	0	0	905	417
<b>3 months of 2005/2006 or 30.11.2005</b>	<b>Sales to related party</b>	<b>Purchases from related parties</b>	<b>Amounts owed by related parties</b>	<b>Amounts owed to related parties</b>
AS Infortar	7	113	0	3,900
AS Infortar, interest expense	0	108	0	34
AS HT Valuuta	33	0	21	0
AS HTG Vara	0	479	0	0
OÜ Mersok	0	1	0	0
AS Vaba Maa	0	50	0	21

**Note 13 COMMITMENTS**

*Capital investment commitments*

On August 01, 2005 Aker Finnyards OY and AS Tallink Grupp signed a shipbuilding contract to construct a new fast passenger ship. The construction value of new ship is 1,721,126 thousand EEK (110,000 thousand EUR). 20% will be paid during construction and 80% will be paid at delivery of the ship.

On October 12, 2005 Fincantieri Cantieri Navali Italiani S.p.A. and AS Tallink Grupp signed a shipbuilding contract to construct a new ro-pax type ferry. The new ship should be delivered in 2008. The shipbuilding contract price of new ship is 1,768,066 thousand EEK (113,000 thousand EUR). 20 % will be paid during construction and 80 % will be paid on delivery of the ship.

On December 17, 2005 Aker Finnyards OY and AS Tallink Grupp signed a shipbuilding contract to construct a new passenger cruise ship. The new ship should be delivered in summer of 2008. The shipbuilding contract price of new ship is approximately 2,581,689 thousand EEK (165,000 thousand EUR). 20 % will be paid during construction and 80 % will be paid on delivery of the ship.



**Note 14                   EVENTS AFTER BALANCE SHEET DATE**

On January 18, 2007 the Group made a prepayment 88,403 thousand EEK (5,650 thousand EUR) to Fincantieri Cantieri Navali Italiani S.p.A.

Shareholders Annual General Meeting took place on January 17, 2007. Some of the decisions were the following:

- 1) not to distribute dividends to the shareholders from the profits;
- 2) to increase the share capital by way of bonus issue from the share premium in amount of 3,208,578 thousand EEK (205,065,535 thousand EUR) and the retained earnings of the prior accounting periods 1,845,049 thousand EEK (117,920 thousand EUR) without making additional contributions by 5,053,628 thousand EEK (322,986 thousand EUR) issuing 3 new shares with nominal value 10 EEK (0.64 EUR) for each existing share. In order to conduct the bonus issue the Articles of Association were amended so that the minimum authorized share capital was changed to 5,000,000 thousand EEK (319,558 thousand EUR) and the maximum authorized share capital was changed to 20,000,000 thousand EEK (1,278,233 thousand EUR).
- 3) to approve the conditions for share options. As of the report date no share options have been issued

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

Hereby we declare our responsibility for the Interim Consolidated Condensed Financial Statements and confirm that the AS Tallink Grupp's Interim Consolidated Condensed Financial Statements for the first 3 months of the financial year 2006/2007 ended 30 November 2006 prepared in accordance with IFRS as adopted by EU and in accordance with IAS 34 give a true and fair view of the financial position of the Group and of the result of its operations and cash flows.

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

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

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

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

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

Tallinn

\_\_\_\_\_