



AS TALLINK GRUPP

Unaudited Consolidated Interim Financial Statements for the first six months of the 2016 financial year

1 January 2016 – 30 June 2016

Beginning of the financial year	1. January 2016
End of the financial year	31. December 2016
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Primary activity	maritime transportation (passenger and cargo transportation)
Auditor	KPMG Baltics OÜ

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MANAGEMENT REPORT

In the second quarter (1 April - 30 June) of the 2016 financial year AS Tallink Grupp and its subsidiaries' (the Group) carried 2.4 million passengers which is 2.8% more compared to the second quarter last year. The number of cargo units transported increased by 7.3% and the number of passenger vehicles transported increased by 3.8% compared to same period as last year.

The Group's unaudited consolidated revenue for the second quarter was EUR 245.2 million, which is 3.4% less compared to same period last year. The Group's unaudited EBITDA for the second quarter amounted to EUR 36.2 million compared to EUR 55.2 million last year and unaudited net profit was EUR 9.8 million compared to EUR 28.5 million in same period last year.

In the second quarter the revenue of core operations increased from higher on-board sales which was supported by the larger number of passengers travelling with the Group's operated ships. The second quarter total revenue and operating result were lower compared to the same period last year mainly due to less revenue from chartering related to the sale of vessels Regina Baltica and Silja Festival and termination of cruise ferry Silja Europa charter. The fast ferry Superstar sale and charter back transaction affects the result of the current financial year. As a result of these operational changes, in the second quarter there are lower amortization and interest costs but higher operating costs compared to same period last year.

In expectation of the new LNG fast ferry Megastar to the market next year, the Group brought the cruise ferry Silja Europa to Tallinn-Helsinki route cruise service in March 2016. This operational change has enabled the Group to increase its market share on the route by 2% to 57%, compared to the second quarter last year. The Estonia-Finland routes second quarter revenue increased by 3.4% compared to same period last year. The increase is driven mainly by growth in the passenger number and cargo volume from the added capacity, compared to last year. The Estonia-Finland segment result for the second quarter was lower compared to the same period last year due to the cost of charter of the fast ferry Superstar, lower profitability of cruise ferry Silja Europa and scheduled maintenance of cruise ferry Baltic Queen in the second quarter.

The Finland-Sweden routes second quarter revenue decreased by 3.7%, compared to same period last year. Fewer passengers travelled on the routes compared to same period last year due to the spread of the noro virus in the beginning of June 2016. However the Group's market share increased by 1% to 53%, as there was more departures compared to second quarter last year. The number of cargo units transported on Finland-Sweden routes increased by 6.7% in the second quarter.

The Estonia-Sweden route revenue increase of 7.1% was mainly driven by higher on-board sales and higher cargo volume. The Latvia-Sweden route showed slightly higher revenue compared with the second quarter last year. Driven by the higher revenue, the second quarter segment result improved for both routes.

In the second quarter the Group's total restaurants and shop sales increased by EUR 3.6 million or 2.7%, compared to the same period last year. The sales growth is supported mainly by the higher number of passengers travelling with the Group's operated ships. Throughout the second quarter there was a price pressure from competition on all routes. Despite the increase in passenger number the average ticket price per passenger was lower and the total revenue from the ticket sale is on level with the second quarter last year.

The revenue from the leases of vessels and other revenues related to the leases has reduced total by EUR 11.8 million in the second quarter due to fewer ships are chartered out, compared to the same period last year.

In the second quarter of the 2016 financial year the Group's gross profit decreased by 22.6% and amounted to EUR 48.3 million, compared to the same period last year, EBITDA decreased by EUR 19.0 million to the total of EUR 36.2 million. The second quarter profitability was impacted by lower

revenue due to the change in revenue structure; by lower total fuel cost but also higher marketing costs, cost of charter of the fast ferry Superstar and higher ships operating costs.

In the second quarter, the depreciation and amortization cost reduced by EUR 0.5 mainly due to the sale of three vessels in 2015.

In the second quarter the Group's net debt decreased by EUR 6.2 million to a total of EUR 466.2 million and the net debt to EBITDA ratio was a solid 2.9 at the end of second quarter.

The total finance costs increased by EUR 4.3 million mainly from revaluation of cross currency and interest derivatives. The lower interest cost from regular repayment of loans and also repayment of loans related to sale of ships was offset by one time cost of EUR 1.5 million related to the charges of bondholders' waiver allowing the Group to pay higher equity distributions in 2016.

The unaudited net profit for the second quarter of the 2016 financial year was EUR 9.8 million or EUR 0.015 per share compared to the net profit of EUR 28.5 million or EUR 0.043 per share in the same period last year.

In June 2016 the shareholders annual general meeting decided to pay a dividend of EUR 0.02 per share from financial year 2015 profits. The total dividend amount of EUR 13.4 million was paid out on 05 July 2016 (third quarter). In addition to dividend payment the annual general meeting decided the share capital reduction in amount of EUR 40.2 million or EUR 0.06 per share. According to the procedures set out in Commercial code and estimated time of the proceedings in Commercial Registry the share capital reduction payments to the shareholders will be made in December 2016.

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

Q2 KEY FIGURES

		2016 Apr-Jun	2015 Apr-Jun	Change
Revenue	EUR million	245.2	253.9	-3.4%
Gross profit	EUR million	48.3	62.4	-22.6%
Gross margin		19.7%	24.6%	
EBITDA	EUR million	36.2	55.2	-34.5%
EBITDA margin		14.7%	21.7%	
Net profit for the period	EUR million	9.8	28.5	-65.7%
Net profit margin adjusted		4.0%	11.2%	

Depreciation and amortization	EUR million	19.4	19.9	-2.6%
Investments	EUR million	18.7	14.9	25.5%

Weighted average number of ordinary shares outstanding ¹		669,882,040	669,882,040	0.0%
Earnings per share	EUR	0.01	0.04	-65.7%

Number of passengers		2,423,057	2,356,039	2.8%
Number of cargo units		84,392	78,659	7.3%
Average number of employees		7,281	6,903	5.5%

		30.06.2016	31.03.2016	
Total assets	EUR million	1,567.4	1,554.8	0.8%
Interest-bearing liabilities	EUR million	558.5	564.1	-1.0%
Net debt	EUR million	466.2	472.4	-1.3%
Total equity	EUR million	807.7	812.3	-0.6%

Equity ratio		51.5%	52.2%	
Net debt to EBITDA		2.9	2.7	

Number of ordinary shares outstanding ¹		669,882,040	669,882,040	0.0%
Shareholders' equity per share	EUR	1.21	1.21	-0.6%

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

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

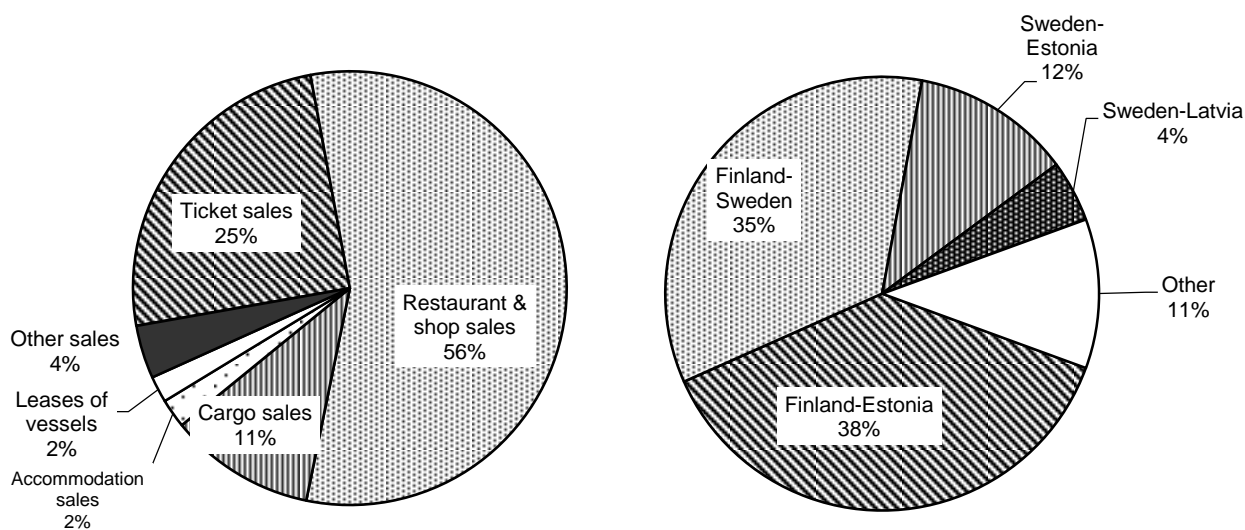
in EUR millions	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q2 change y-o-y
Ticket sales	61.1	78.3	50.4	40.1	61.0	-0.2%
Restaurant & shop sales	134.1	141.1	124.9	109.4	137.7	2.7%
Cargo sales	27.2	25.4	25.9	24.7	26.7	-2.0%
Accommodation sales	5.2	6.3	4.3	3.2	5.3	2.1%
Leases of vessels	13.2	12.1	12.4	8.9	4.8	-63.5%
Other sales	13.0	10.3	9.8	6.5	9.7	-25.3%
Total revenue	253.9	273.6	227.6	192.8	245.2	-3.4%

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

			Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q2 change y-o-y
Finland- Estonia	Passengers	th.	1,233	1,443	1,151	1,001	1,322	7.3%
	Cargo units	th.	51	51	49	48	54	6.6%
	Revenue	mil.EUR	89.7	96.3	85.3	69.5	92.7	3.4%
	Segment result	mil.EUR	24.5	30.0	23.1	10.5	15.9	-35.1%
Finland- Sweden	Passengers	th.	748	843	650	624	714	-4.5%
	Cargo units	th.	17	14	16	18	18	6.7%
	Revenue	mil.EUR	88.1	99.6	77.4	71.6	84.9	-3.7%
	Segment result	mil.EUR	6.2	16.4	-0.3	-3.1	5.1	-17.6%
Sweden- Estonia	Passengers	th.	253	277	222	222	258	2.3%
	Cargo units	th.	9	10	11	10	11	12.8%
	Revenue	mil.EUR	27.3	32.2	25.6	22.3	29.2	7.1%
	Segment result	mil.EUR	1.9	6.7	0.7	0.2	4.2	122.8%
Sweden- Latvia	Passengers	th.	123	138	103	107	128	3.7%
	Cargo units	th.	2	2	2	2	2	4.3%
	Revenue	mil.EUR	11.0	13.5	9.4	8.3	11.2	1.7%
	Segment result	mil.EUR	1.3	3.8	0.6	0.1	1.7	35.9%
Other	Revenue	mil.EUR	40.4	35.2	32.4	22.9	30.0	-25.9%
	Segment result	mil.EUR	12.1	12.7	9.3	0.5	5.1	-57.7%
	<i>Inter segment sales</i>	mil.EUR	-2.7	-3.3	-2.4	-1.8	-2.7	-0.5%
Total revenue		mil.EUR	253.9	273.6	227.6	192.8	245.2	-3.4%
EBITDA		mil.EUR	55.2	76.8	29.9	16.3	36.2	-34.5%
Total segment result		mil.EUR	45.9	69.7	33.4	8.2	32.0	-30.2%
Net profit/-loss		mil.EUR	28.5	45.2	-1.3	-12.0	9.8	-65.7%

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

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 first half-year and second quarter of 2016 and 2015 financial years.

	Q2 2016	Q2 2015	Q2 Change	I half-year 2016	I half-year 2015	I half-year Change
Passengers	2,423,057	2,356,039	2.8%	4,376,127	4,149,453	5.5%
Finland-Estonia	1,322,472	1,232,520	7.3%	2,323,081	2,150,816	8.0%
Finland-Sweden	714,315	747,732	-4.5%	1,338,617	1,332,531	0.5%
Sweden-Estonia	258,440	252,511	2.3%	480,033	448,080	7.1%
Sweden-Latvia	127,830	123,276	3.7%	234,396	218,026	7.5%
Cargo Units	84,392	78,659	7.3%	161,671	153,831	5.1%
Finland-Estonia	54,009	50,685	6.6%	101,526	97,688	3.9%
Finland-Sweden	17,836	16,719	6.7%	35,553	33,751	5.3%
Sweden-Estonia	10,685	9,469	12.8%	20,740	18,701	10.9%
Sweden-Latvia	1,862	1,786	4.3%	3,852	3,691	4.4%
Passenger Vehicles	310,010	298,723	3.8%	531,332	510,152	4.2%
Finland-Estonia	235,352	219,169	7.4%	406,957	384,085	6.0%
Finland-Sweden	41,934	45,782	-8.4%	64,760	66,075	-2.0%
Sweden-Estonia	18,512	19,130	-3.2%	33,895	33,000	2.7%
Sweden-Latvia	14,212	14,642	-2.9%	25,720	26,992	-4.7%

The Group's market shares on the routes operated during a 12 month period ending 30 June 2016 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 53% of passengers and 26% 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.

PERSONNEL

30 June 2016 the Group employed 7,616 employees (7,271, 30 June 2015). The following table provides a more detailed overview of the Group's personnel.

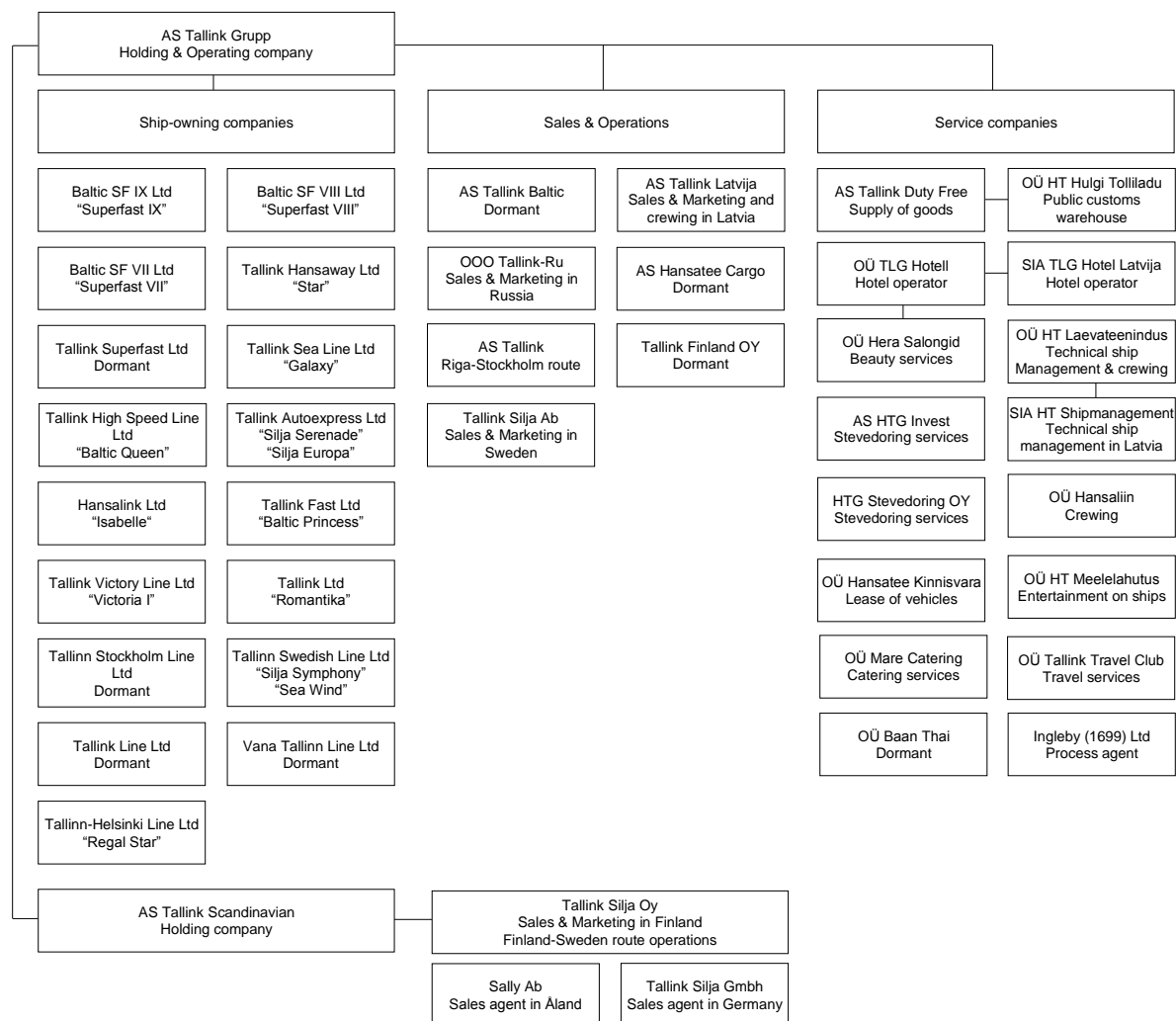
	Average of 2nd quarter			Average of 1st half-year			End of 2nd quarter		
	2016	2015	change %	2016	2015	change %	30.06.16	30.06.15	change %
Onshore total	1,658	1,556	6.6%	1,619	1,534	5.5%	1,670	1,615	3.4%
<i>Estonia</i>	904	771	17.3%	875	769	13.8%	876	783	11.9%
<i>Finland</i>	488	501	-2.6%	480	483	-0.6%	524	532	-1.5%
<i>Sweden</i>	186	206	-9.7%	183	204	-10.3%	188	220	-14.5%
<i>Latvia</i>	66	64	3.1%	66	64	3.1%	68	66	3.0%
<i>Germany</i>	6	4	50.0%	6	4	50.0%	6	4	50.0%
<i>Russia</i>	8	10	-20.0%	9	10	-10.0%	8	10	-20.0%
At sea	4,985	4,712	5.8%	4,891	4,633	5.6%	5,303	4,964	6.8%
Hotel*	638	635	0.5%	627	623	0.6%	643	692	-7.1%
Total	7,281	6,903	5.5%	7,137	6,790	5.1%	7,616	7,271	4.7%

* 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 44 companies. All of the subsidiaries are wholly-owned companies of AS Tallink Grupp.

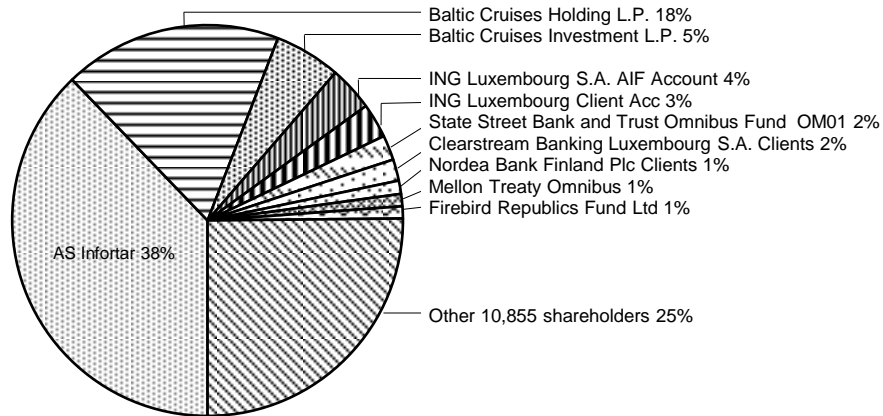
The following chart describes the structure of the Group as on the date of reporting 30 June 2016:



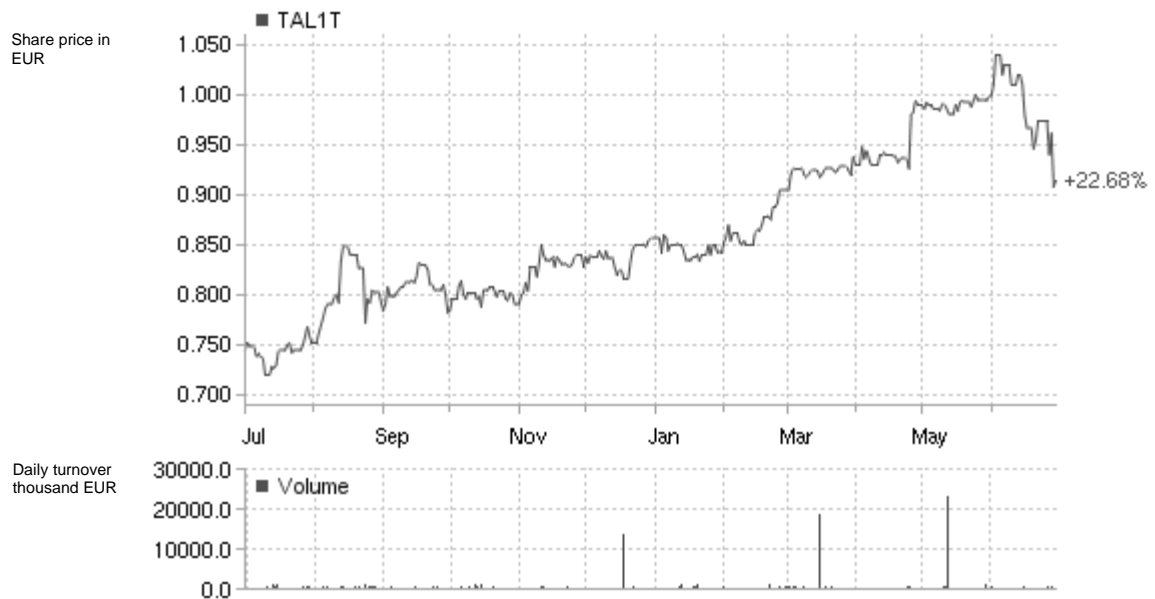
The Group also owns 34% of AS Tallink Takso.

SHAREHOLDERS & SHARE PRICE DEVELOPMENT

The following chart displays the shareholder structure of AS Tallink Grupp as of 30 June 2016.



Since the 9th of December 2005 the shares of AS Tallink Grupp 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.



Source: Nasdaq OMX Baltic

EVENTS IN Q2

In April 2016 the Group made a EUR 11.5 million down payment for the new LNG fast ferry Megastar. Since the start of the production of the vessel in 2015 the Group has made total down payment for the vessel under construction in amount of EUR 34.5 million and the final EUR 11.5 million tranche of down payment was made in July 2016.

In April the cruise ferry Baltic Queen did not operate for 22 days on Tallinn-Helsinki route due to the scheduled maintenance and replacement of a cruise ferry Galaxy. The cruise ferry Galaxy did not operate for 11 days on Turku-Stockholm route due to the scheduled maintenance, the vessel was replaced by cruise ferry Baltic Queen.

In June the Supervisory Board of AS Tallink Grupp decided to pay employee option program option holders compensation of EUR 0.15 for each share option in cash for the performance of option agreements. The total cost of the employee option program is EUR 1.6 million of which EUR 0.7 million is recorded in second quarter administration costs.

In June 2016 the shareholders annual general meeting decided to pay a dividend of EUR 0.02 per share. The total dividend amount of EUR 13.4 million was paid out on 05 July 2016 (third quarter). In addition to dividend payment the annual general meeting decided the share capital reduction in total amount of EUR 40.2 million or EUR 0.06 per share. According to the estimated time of the proceedings in Commercial Registry the share capital reduction payments to the shareholders will be made in December 2016.

EVENTS AFTER THE BALANCE SHEET DATE AND THE OUTLOOK

On 01 July 2016, the christening of the new LNG fast ferry Megastar was celebrated at Meyer Turku shipyard. The environmentally sound ship was christened by former president of Finland Tarja Halonen who will also be the Godmother of the new ship.

On 15 July, the fast ferry Megastar was launched and the ship was floated out successfully in Meyer Turku shipyard. It is an important milestone, proving that the construction of the vessel is proceeding according to the planned schedule and the interior works of the ship will start.

In July 2016 the Group made the final EUR 11.5 million tranche of down payment for the new LNG fast ferry Megastar. In 2016 financial year the total down payment made for the vessel under construction is EUR 23 million. The cost of the new vessel is EUR 230 million and the total down payment made for the new vessel under construction amounts to 20% or EUR 46 million of the total cost. The new LNG fast ferry Megastar will be delivered to the Group early 2017 and the vessel will start to operate the Tallink Shuttle service on Tallinn-Helsinki route.

On 01 July 2016, shares without nominal value of AS Tallink Grupp were registered in the Commercial Register according to the resolutions adopted by the Annual General Meeting of shareholders of the company on 14 June 2016. With the introduction of share without nominal value, AS Tallink Grupp has 673,817,040 shares without nominal value and the share capital is 404,290,224 euros, the book value of one share amounts to 0.60 euros.

On 01 July 2016, the cancellation of own shares held was registered in Commercial Register according to the resolutions adopted by the Annual General Meeting of shareholders of the company on 14 June 2016. Prior to the cancellation, AS Tallink Grupp held 3,935 thousand own shares with the total cost of share buyback of EUR 4.2 million.

Looking forward to the third quarter of the 2016 financial year the Group's revenue structure will change compared to previous year as fewer ships are in charter. The cruise ferry Silja Europa charter was concluded in February 2016 and two ships previously in charter were sold in the second quarter of 2015. Based on the Group's financial results in the first six months, it is expected that the Group's profitability will be lower for full 2016 financial year compared to previous financial year.

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).

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

RISKS

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

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

MANAGEMENT BOARD'S CONFIRMATION TO THE MANAGEMENT REPORT

The Management Board confirms that to the best of their knowledge the management report of AS Tallink Grupp for the second quarter of the 2016 financial year presents true and fair view of the development, results and the financial position of the Group and includes the overview of the main risks and uncertainties.

A handwritten signature in blue ink, appearing to be 'J. Stalmeister'.

Janek Stalmeister
Chairman of the Management Board

A handwritten signature in blue ink, appearing to be 'A. Hunt'.

Andres Hunt
Vice Chairman of the Management Board

A handwritten signature in blue ink, appearing to be 'L. Kitter'.

Lembit Kitter
Member of the Management Board

Tallinn, 11 August 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(unaudited, in thousands of euros)	01.04.2016- 30.06.2016	01.04.2015- 30.06.2015	01.01.2016- 30.06.2016	01.01.2015- 30.06.2015
Revenue (Note 3)	245,234	253,862	438,055	444,015
Cost of sales	-196,972	-191,489	-363,315	-355,538
Gross profit	48,262	62,373	74,740	88,477
Sales and marketing expenses	-18,303	-16,481	-36,595	-31,716
Administrative expenses	-14,259	-11,603	-26,277	-23,318
Other operating income	1,073	1,362	1,573	1,485
Other operating expenses	-12	-390	-28	-581
Result from operating activities	16,761	35,261	13,413	34,347
Finance income (Note 4)	1,766	1,621	4,362	7,297
Finance costs (Note 4)	-8,413	-4,000	-19,686	-20,608
Profit/-loss before income tax	10,114	32,882	-1,911	21,036
Income tax	-333	-4,350	-335	-5,850
Net profit/-loss for the period	9,781	28,532	-2,246	15,186
Other comprehensive income/-expense				
Items that may be reclassified to profit or loss				
Exchange differences on translating foreign operations	-107	28	-165	-54
Other comprehensive income/-expense for the period	-107	28	-165	-54
Total comprehensive income/-expense for the period	9,674	28,560	-2,411	15,132
Earnings per share (in EUR per share)				
- basic (Note 5)	0.015	0.043	-0.003	0.023
- diluted (Note 5)	0.015	0.043	-0.003	0.023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(unaudited, in thousands of euros)

ASSETS	30.06.2016	31.12.2015
Current assets		
Cash and cash equivalents	92,275	81,976
Trade and other receivables	43,871	36,583
Prepayments	11,835	5,274
Income tax prepayment	1,426	1,224
Inventories	39,330	29,197
Total current assets	188,737	154,254
Non-current assets		
Investments in equity-accounted investees	350	350
Other financial assets	365	308
Deferred income tax assets	19,410	19,410
Investment property	300	300
Property, plant and equipment (Note 7)	1,304,994	1,311,418
Intangible assets (Note 8)	51,533	52,726
Total non-current assets	1,376,952	1,384,512
TOTAL ASSETS	1,565,689	1,538,766
LIABILITIES AND EQUITY		
Current liabilities		
Interest bearing loans and borrowings (Note 9)	122,148	81,889
Trade and other payables	101,354	88,480
Dividends (Note 12, 14)	13,398	0
Income tax liability	2,830	4,567
Deferred income	42,316	28,906
Total current liabilities	282,046	203,842
Non-current liabilities		
Interest bearing loans and borrowings (Note 9)	436,317	467,447
Derivatives (Note 6)	39,623	42,863
Other payables	0	192
Total non-current liabilities	475,940	510,502
TOTAL LIABILITIES	757,986	714,344
EQUITY		
Equity attributable to equity holders of the parent		
Share capital	404,290	404,290
Share premium	639	639
Reserves	66,962	65,083
Retained earnings	335,812	354,410
Total equity attributable to equity holders of the parent	807,703	824,422
TOTAL EQUITY	807,703	824,422
TOTAL LIABILITIES AND EQUITY	1,565,689	1,538,766

CONSOLIDATED CASH FLOW STATEMENT

(unaudited, in thousands of euros)

	01.01.2016- 30.06.2016	01.01.2015- 30.06.2015
Cash flows from operating activities		
Net profit/-loss for the period	-2,246	15,186
Adjustments	54,141	59,282
Changes in receivables and prepayments related to operating activities	-13,999	-10,917
Changes in inventories	-10,133	891
Changes in liabilities related to operating activities	26,228	14,097
Income tax paid	-2,138	-246
	51,853	78,293
Cash flow from/used in investing activities		
Purchase of property, plant and equipment and intangible assets (Notes 7, 8, 9)	-31,325	-18,499
Proceeds from disposals of property, plant and equipment	121	25,001
Interest received	35	41
	-31,169	6,543
Cash flows used in financing activities		
Repayment of loans (Note 9)	-35,458	-49,381
Change in overdraft (Note 9)	40,246	-2,644
Payment of finance lease liabilities (Note 9)	-49	-40
Interest paid	-12,944	-14,744
Payments for settlement of derivatives	-2,180	-2,290
	-10,385	-69,099
TOTAL NET CASH FLOW	10,299	15,737
Cash and cash equivalents:		
- at the beginning of period	81,976	65,311
- increase (+) / decrease (-)	10,299	15,737
- at the end of period	92,275	81,048

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(unaudited, in thousands of euros)

	Share capital premium	Share premium	Translation reserve	Ships revaluation reserve	Mandatory 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 2014	404,290	639	298	54,562	18,822	-4,163	610	303,232	778,290	778,290
Net profit/-loss for the period (Note 5)	0	0	0	0	0	0	0	15,186	15,186	15,186
Total other comprehensive income and expense	0	0	-54	0	0	0	0	0	-54	-54
Total comprehensive income and expense for the period	0	0	-54	0	0	0	0	15,186	15,132	15,132
Transaction with owners of the company										
Transfer from profit for 2014	0	0	0	0	1,363	0	0	-1,363	0	0
Dividends	0	0	0	0	0	0	0	-13,398	-13,398	-13,398
Share-based payment transactions (Note 11)	0	0	0	0	0	0	152	0	152	152
Transactions with owners, recognised directly in equity	0	0	0	0	1,363	0	152	-14,761	-13,246	-13,246
As at 30 June 2015	404,290	639	244	54,562	20,185	-4,163	762	303,657	780,176	780,176
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
Transaction with owners of the company										
Transfer from profit for 2015	0	0	0	0	2,954	0	0	-2,954	0	0
Dividends (Note 12)	0	0	0	0	0	0	0	-13,398	-13,398	-13,398
Share-based payment transactions (Note 11)	0	0	0	0	0	0	-910	0	-910	-910
Transactions with owners, 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 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 6 months of the financial year 2016 were authorised for issue in accordance with a resolution of the Management Board on 11 August 2016. AS Tallink Grupp is a limited company incorporated in Estonia and employed 7,616 people at 30 June 2016 (31 December 2015: 6,966).

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 December 2015.

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

Note 3 SEGMENT INFORMATION

The Group’s operations are organised 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

(in thousands of euros)

01.01.2016-30.06.2016	Estonia- Finland route	Estonia- Sweden route	Latvia- Sweden route	Finland- Sweden route	Other	Elimination of intersegment sales	Total
Revenue							
Sales to external customers	162,261	51,483	19,529	156,468	48,314	0	438,055
Inter-segment sales	0	0	0	0	4,527	-4,527	0
	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

01.01.2015-30.06.2015	Estonia- Finland route	Estonia- Sweden route	Latvia- Sweden route	Finland- Sweden route	Other	Elimination of intersegment sales	Total
Revenue							
Sales to external customers	156,506	46,560	19,081	156,331	65,537	0	444,015
Inter-segment sales	0	0	0	0	4,519	-4,519	0
	156,506	46,560	19,081	156,331	70,056	-4,519	444,015
Segment result							
	37,128	-1,007	861	1,120	18,659	0	56,761
Unallocated expenses							-22,414
Net financial items (Note 4)							-13,311
Profit/-loss before income tax							21,036

Revenue by service

(in thousands of euros)	01.01.2016- 30.06.2016	01.01.2015- 30.06.2015
Ticket sales	101,078	99,235
Sales of cargo transport	51,398	53,098
Sales of accommodation	8,528	8,246
Restaurant and shops sales on-board and on mainland	247,050	234,664
Income from charter of vessels	13,746	28,907
Other	16,255	19,865
Total revenue of the Group	438,055	444,015

Note 4 FINANCE INCOME AND FINANCE COSTS

(in thousands of euros)	01.01.2016- 30.06.2016	01.01.2015- 30.06.2015
Income from interest rate swaps	189	3,772
Income from foreign exchange derivatives	4,170	3,516
Interest income arising from financial assets not measured at fair value through profit or loss	3	9
Total finance income	4,362	7,297
Net foreign exchange losses	-2,301	-2,496
Interest expense arising from financial liabilities measured at amortised cost	-14,086	-15,822
Expenses from interest rate swaps	-3,299	-2,290
Total finance costs	-19,686	-20,608

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. There were no outstanding share options on 30 June 2016.

	01.04.2016- 30.06.2016	01.04.2015- 30.06.2015	01.01.2016- 30.06.2016	01.01.2015- 30.06.2015
Weighted average number of ordinary shares, basic (pcs)	669,882,040	669,882,040	669,882,040	669,882,040
Weighted average number of ordinary shares, diluted (pcs)	669,882,040	669,882,040	669,882,040	669,882,040
Net profit/-loss attributable to ordinary shareholders	9,781	28,532	-2,246	15,186
Earnings per share, basic (in EUR per share)	0.015	0.043	-0.003	0.023
Earnings per share, diluted (in EUR per share)	0.015	0.043	-0.003	0.023

Weighted average number of ordinary shares (pcs)

	01.04.2016- 30.06.2016	01.04.2015- 30.06.2015	01.01.2016- 30.06.2016	01.01.2015- 30.06.2015
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 the 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 30 June 2016 AS Tallink Grupp 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 recognized in the current interim financial statements as of 30 June 2016 is EUR -13,565 thousand. The fair value of the cross-currency rate derivatives recognized in the current interim financial statements as of 30.06.2016 is EUR -26,058 thousand.

Note 7 PROPERTY, PLANT AND EQUIPMENT

(in thousands of euros)

	Land and building	Ships	Plant and equipment	Prepayments	Total
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

	Land and building	Ships	Plant and equipment	Prepayments	Total
Book value as at 31 December 2014	3,729	1,451,400	10,000	2,835	1,467,964
Additions	334	1,420	1,192	14,382	17,328
Disposals	0	-24,335	-34	0	-24,369
Depreciation for the period	-570	-35,007	-1,937	0	-37,514
Book value as at 30 June 2015	3,493	1,393,478	9,221	17,217	1,423,409

As at 30 June 2015

-gross carrying amount	13,120	1,667,584	31,289	17,217	1,729,210
-accumulated depreciation	-9,627	-274,106	-22,068	0	-305,801

Note 8 INTANGIBLE ASSETS

(in thousands of euros)

	Goodwill	Trademark	Others	Total
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

	Goodwill	Trademark	Others	Total
Book value as at 31 December 2014	11,066	33,502	10,606	55,174
Additions	0	0	1,201	1,201
Amortisation for the period	0	-1,458	-1,309	-2,767
Book value as at 30 June 2015	11,066	32,044	10,498	53,608

As at 30 June 2015

-cost	11,066	58,288	28,683	98,037
-accumulated amortisation	0	-26,244	-18,185	-44,429

Note 9 INTEREST BEARING LOANS AND BORROWINGS

(in thousands of euros)

	31 December 2015	New loans	Repayments	Exchange rate differences	Other changes [1]	30 June 2016
Liabilities under finance lease	298	188	-49	-9	-34	394
Unsecured bonds	93,097	0	0	3,025	115	96,237
Overdraft	3,397	40,246	0	0	0	43,643
Long-term bank loans	452,544	0	-35,458	0	1,105	418,191
TOTAL	549,336	40,434	-35,507	3,016	1,186	558,465
incl. current portion	81,889					122,148
Non-current portion	467,447					436,317

[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.

AS Tallink Grupp has given guarantees to HSH Nordbank AG, Nordea Bank Plc, Danske Bank A/S and Swedbank AS for the loans granted to overseas subsidiaries amounting to EUR 144,871 thousand and overseas subsidiaries have given guarantees to Nordea Bank Finland Plc and Swedbank AS for the loans granted to AS Tallink Grupp amounting to EUR 273,320 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 of 30 June 2016 the maximum number of shares without nominal value is 2,400,000,000. The changes in Articles of Association were registered in Commercial Register on 01 July 2016.

At 30 June 2016 the Group held 3,935 thousand of the AS Tallink Grupp shares. Total cost of share buyback transactions of 3,935 thousand shares is EUR 4,163 thousand. Annual General Meeting of 14 June 2016 decided to cancel the aforementioned shares. The cancellation of own shares held was registered in Commercial Register on 01 July 2016.

Note 11 SHARE OPTION PROGRAMME

In December 2012 the Group issued 7,610 thousand share options of which 3,850 thousand to the Management Board and Supervisory Board members and 3,760 thousand 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 February 2011. The terms and conditions of exercise of the issued share options are following: non-transferable; exercisable not earlier than 36 months from issue or 21 December 2015 and not later than 21 June 2016; 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.

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 0.848 at grant date; expected volatility 30% based on historic analysis; option average time to maturity 42 months; the 3.5% annual dividend yield and; risk-free interest rate 0.336%.

The value of the options issued at the end of 2012 in the amount EUR 951 thousand was recorded as an expense during the vesting period 36 months from the beginning of 2013.

On 02 June 2016 the Supervisory Board of AS Tallink Grupp has decided not to fulfill the option agreements. The Supervisory Board has authorized the Management Board to pay to the option holder's compensation of EUR 0.15 per share option.

Note 12 DIVIDENDS

According to the resolution of the Annual General Meeting there were announced dividends to the shareholders EUR 0.02 per share, in the total amount of EUR 13,397,640.80.

Note 13 RELATED PARTY DISCLOSURES

(in thousands of euros)

6 months of 2016 or 30.06.2016	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
AS Infortar	20	23	3	5
AS HT Valuuta	54	0	1	0
AS Vara HTG	0	959	0	0
OÜ Mersok	0	5	0	0
AS Vaba Maa	4	471	1	54
OÜ Sunbeam	0	1,814	0	50
AS Gastrolink	5	701	1	116
AS Tallink Takso	1	56	0	5
OÜ Topspa Kinnisvara	0	1,265	0	250
OÜ Hansa Hotell	0	474	0	0
OÜ Fastinvest	0	610	0	0
SIA Happy Trails	1	1,646	0	934
Eesti Laevaomanike Liit	1	7	0	0
MTÜ Eesti Tennise Liit	28	120	22	0
OÜ Infor Invest	0	475	0	0
OÜ Sea Images	0	1	0	1
6 months of 2015 or 30.06.2015	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
AS Infortar	31	19	6	0
AS HT Valuuta	53	0	1	0
AS Vara HTG	0	959	0	1,029
OÜ Mersok	0	5	0	0
AS Vaba Maa	6	339	1	62
OÜ Sunbeam	0	1,770	0	354
AS Gastrolink	4	493	1	45
AS Tallink Takso	1	43	0	7
OÜ Topspa Kinnisvara	0	1,350	0	0
OÜ Hansa Hotell	0	425	0	90
OÜ Fastinvest	0	620	0	0
SIA Happy Trails	0	1,648	0	329
Eesti Laevaomanike Liit	0	7	0	0
MTÜ Eesti Tennise Liit	10	78	9	0

Note 14 SUBSEQUENT EVENTS

Announced dividends were paid out on 05 July 2016.

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 second quarter of the financial year 2016 ended 30 June 2016 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.



Janek Stalmeister
Chairman of the Management Board



Andres Hunt
Vice Chairman of the Management Board



Lembit Kitter
Member of the Management Board

Tallinn, 11 August 2016