



AS TALLINK GRUPP

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

1 January 2016 – 30 September 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 third quarter (1 July - 30 September) of the 2016 financial year AS Tallink Grupp and its subsidiaries' (the Group) carried 2.9 million passengers which is 5.7% more compared to the third quarter last year. The number of cargo units transported increased by 6.7% and the number of passenger vehicles transported increased by 6.2% compared to same period last year.

The Group's unaudited consolidated revenue for the third quarter was EUR 273.5 million, which is on the same level with the third quarter last year. The Group's unaudited EBITDA for the third quarter amounted to EUR 67.1 million compared to EUR 76.8 million last year and unaudited net profit was EUR 42.8 million compared to EUR 45.2 million in same period last year.

In the third quarter, the revenue increased in all Group's operated routes. The revenue growth of core operations from onboard and ticket sale was supported by the larger number of passengers travelling with the Group's operated ships. The revenue from chartering of ships is visibly lower as there were fewer ships chartered out compared to third quarter last year. The Group's operating result is lower compared to same period last year mainly due to lower result from chartering and cost of charter of the fast ferry Superstar.

The new LNG fast ferry Megastar was christened and launched in July 2016. The construction is proceeding according to the schedule and the interior works of the ship have started. The new LNG fast ferry Megastar will be delivered to the Group in January 2017 and the vessel will start to operate the Shuttle service on Tallinn-Helsinki route. At the same time, the Group has initiated number of marketing activities to introduce the new vessel and its qualities to main markets, more info on project <http://megastar.tallink.com/>.

In expectation of the new LNG fast ferry Megastar to the market next year, the Group operated the cruise ferry Silja Europa on Tallinn-Helsinki route day cruise service in 2016 third quarter July and August. This operational change has enabled the Group to increase its market share on the route by 2% to 58%, compared to same period last year. The Estonia-Finland route's third quarter revenue increased by 7.0%, 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 third quarter was lower compared to the same period last year due to the cost of charter of the fast ferry Superstar.

The Finland-Sweden routes third quarter revenue increased by 0.9%, compared to same period last year. The revenue growth was supported by the higher passenger number on the routes. The Group's Finland-Sweden routes market share increased in the third quarter by 2% to 54%. The number of cargo units transported on Finland-Sweden routes increased by 5.2% compared to same period last year. The segment result for the third quarter is slightly lower due to higher marketing and operating costs.

Similarly to previous quarters of 2016, the Estonia-Sweden and Latvia-Sweden routes positive development continues, the routes revenue growth was driven mainly by higher ticket revenue and on-board sales. The Estonia-Sweden routes revenue increased by 2.5% and segment result improved by 10.9% or EUR 0.7 million. The Latvia-Sweden route revenue increased by 3.2% and segment result improved by 10.9% or EUR 0.4 million compared to third quarter last year.

In the third quarter the Group's total ticket revenue increased by 5.4% or EUR 4.3 million and restaurants and shop sales increased by 4.0% or EUR 5.7 million, 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.

The revenue from chartering activities has reduced in total by EUR 7.3 million in the third quarter due to fewer ships are chartered out, compared to the same period last year.

In the third quarter of the 2016 financial year the Group's gross profit decreased by EUR 8.0 million and amounted to EUR 76.8 million, compared to the same period last year, EBITDA decreased by

EUR 9.7 million to the total of EUR 67.1 million. The third quarter profitability was impacted by less revenue from chartering, higher marketing costs, cost of charter of the fast ferry Superstar and higher ships operating costs.

In the third quarter the Group's net debt decreased by EUR 8.3 million to a total of EUR 457.9 million and the net debt to EBITDA ratio was a solid 3.1 at the end of third quarter. The third quarter interest cost was EUR 1.4 million lower compared to same period last year from regular repayment of loans and also repayment of loans related to sale of ships. Combined with gain from revaluation of cross currency and interest derivatives, the total finance costs decreased by EUR 4.2 million compared to the third quarter last year.

The unaudited net profit for the third quarter of the 2016 financial year was EUR 42.8 million or EUR 0.064 per share compared to the net profit of EUR 45.2 million or EUR 0.067 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 the share capital reduction payments to the shareholders will be made on 23 December 2016.

The total liquidity, cash and unused credit facilities, at the end of the third quarter was EUR 116.3 million providing a strong financial position for sustainable operations. The Group had EUR 88.8 million in cash and equivalents and the total of unused credit lines were at EUR 27.5 million.

Q3 KEY FIGURES

		2016 July-Sep	2015 July-Sep	Change
Revenue	EUR million	273.5	273.6	-0.0%
Gross profit	EUR million	76.8	84.8	-9.4%
Gross margin		28.1%	31.0%	
EBITDA	EUR million	67.1	76.8	-12.6%
EBITDA margin		24.6%	28.1%	
Net profit for the period	EUR million	42.8	45.2	-5.3%
Net profit margin		15.7%	16.5%	

Depreciation and amortization	EUR million	19.3	18.4	4.5%
Investments	EUR million	15.1	11.3	33.6%

Weighted average number of ordinary shares outstanding ¹		669,882,040	669,882,040	0.0%
Earnings per share	EUR	0.06	0.07	-5.3%

Number of passengers		2,855,112	2,701,412	5.7%
Number of cargo units		81,170	76,062	6.7%
Average number of employees		7,366	7,040	4.6%

		30.09.2016	30.06.2016	
Total assets	EUR million	1,552.0	1,567.4	-1.0%
Interest-bearing liabilities	EUR million	546.7	558.5	-2.1%
Net debt	EUR million	457.9	466.2	-1.8%
Total equity	EUR million	811.2	807.7	0.4%

Equity ratio		52.3%	51.5%	
Net debt to EBITDA		3.1	2.9	

Number of ordinary shares outstanding ¹		669,882,040	669,882,040	0.0%
Shareholders' equity per share	EUR	1.21	1.21	0.4%

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:

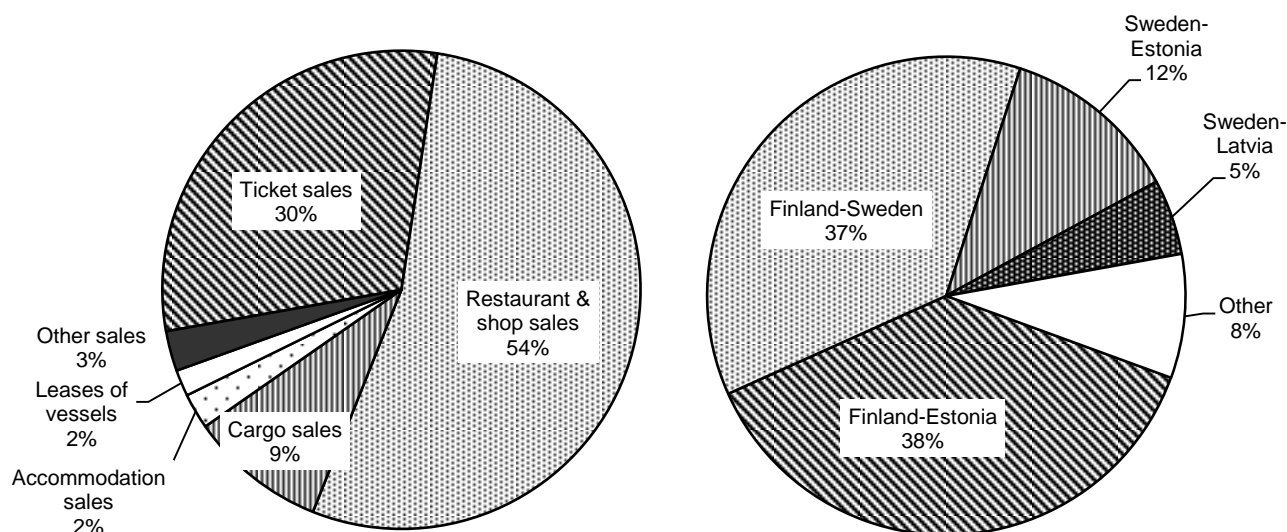
in EUR millions	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q3 change y-o-y
Ticket sales	78.3	50.4	40.1	61.0	82.6	5.4%
Restaurant & shop sales	141.1	124.9	109.4	137.7	146.8	4.0%
Cargo sales	25.4	25.9	24.7	26.7	25.4	-0.2%
Accommodation sales	6.3	4.3	3.2	5.3	6.6	5.7%
Leases of vessels	12.1	12.4	8.9	4.8	4.9	-59.9%
Other sales	10.3	9.8	6.5	9.7	7.4	-28.0%
Total revenue	273.6	227.6	192.8	245.2	273.5	-0.0%

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

			Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q3 change y-o-y
Finland- Estonia	Passengers	th.	1,443	1,151	1,001	1,322	1,568	8.7%
	Cargo units	th.	51	49	48	54	54	7.6%
	Revenue	mil.EUR	96.3	85.3	69.5	92.7	103.1	7.0%
	Segment result	mil.EUR	30.0	23.1	10.5	15.9	28.1	-6.5%
Finland- Sweden	Passengers	th.	843	650	624	714	863	2.3%
	Cargo units	th.	14	16	18	18	15	5.2%
	Revenue	mil.EUR	99.6	77.4	71.6	84.9	100.4	0.9%
	Segment result	mil.EUR	16.4	-0.3	-3.1	3.0	16.0	-2.4%
Sweden- Estonia	Passengers	th.	277	222	222	258	280	1.1%
	Cargo units	th.	10	11	10	11	10	6.4%
	Revenue	mil.EUR	32.2	25.6	22.3	29.2	33.0	2.5%
	Segment result	mil.EUR	6.7	0.7	0.2	4.2	7.5	10.9%
Sweden- Latvia	Passengers	th.	138	103	107	128	144	4.3%
	Cargo units	th.	2	2	2	2	2	-5.8%
	Revenue	mil.EUR	13.5	9.4	8.3	11.2	13.9	3.2%
	Segment result	mil.EUR	3.8	0.6	0.1	1.7	4.2	10.9%
Other	Revenue	mil.EUR	35.2	32.4	22.9	30.0	26.2	-25.4%
	Segment result	mil.EUR	12.7	9.3	0.5	5.1	4.4	-65.2%
	Inter segment sales	mil.EUR	-3.3	-2.4	-1.8	-2.7	-3.3	0.2%
	Total revenue	mil.EUR	273.6	227.6	192.8	245.2	273.5	-0.0%
	EBITDA	mil.EUR	76.8	29.9	16.3	36.2	67.1	-12.6%
	Total segment result	mil.EUR	69.7	33.4	8.2	30.0	60.2	-13.6%
	Net profit/-loss	mil.EUR	45.2	-1.3	-12.0	9.8	42.8	-5.3%

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

The following graphs provide an overview of the sales distribution in the third 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 nine months and third quarter of 2016 and 2015 financial years.

	Q3 2016	Q3 2015	Q3 change	9 months 2016	9 months 2015	9 months change
Passengers	2,855,112	2,701,412	5.7%	7,231,239	6,850,865	5.6%
Finland-Estonia	1,568,420	1,443,227	8.7%	3,891,501	3,594,043	8.3%
Finland-Sweden	862,654	842,975	2.3%	2,201,271	2,175,506	1.2%
Sweden-Estonia	280,141	277,223	1.1%	760,174	725,303	4.8%
Sweden-Latvia	143,897	137,987	4.3%	378,293	356,013	6.3%
Cargo Units	81,170	76,062	6.7%	242,841	229,893	5.6%
Finland-Estonia	54,423	50,578	7.6%	155,949	148,266	5.2%
Finland-Sweden	14,878	14,147	5.2%	50,431	47,898	5.3%
Sweden-Estonia	10,336	9,710	6.4%	31,076	28,411	9.4%
Sweden-Latvia	1,533	1,627	-5.8%	5,385	5,318	1.3%
Passenger Vehicles	380,343	358,009	6.2%	911,675	868,161	5.0%
Finland-Estonia	265,491	247,613	7.2%	672,448	631,698	6.5%
Finland-Sweden	73,136	69,762	4.8%	137,896	135,837	1.5%
Sweden-Estonia	23,322	23,569	-1.0%	57,217	56,569	1.1%
Sweden-Latvia	18,394	17,065	7.8%	44,114	44,057	0.1%

The Group's market shares on the routes operated during a 12 month period ending 30 September 2016 were as follows:

- The Group carried approximately 58% of the passengers and 64% of ro-ro cargo on the route between Tallinn and Helsinki;
- The Group carried approximately 54% 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

As at 30 September 2016 the Group employed 7,050 employees (6,631, as at 30 September 2015). The following table provides a more detailed overview of the Group's personnel.

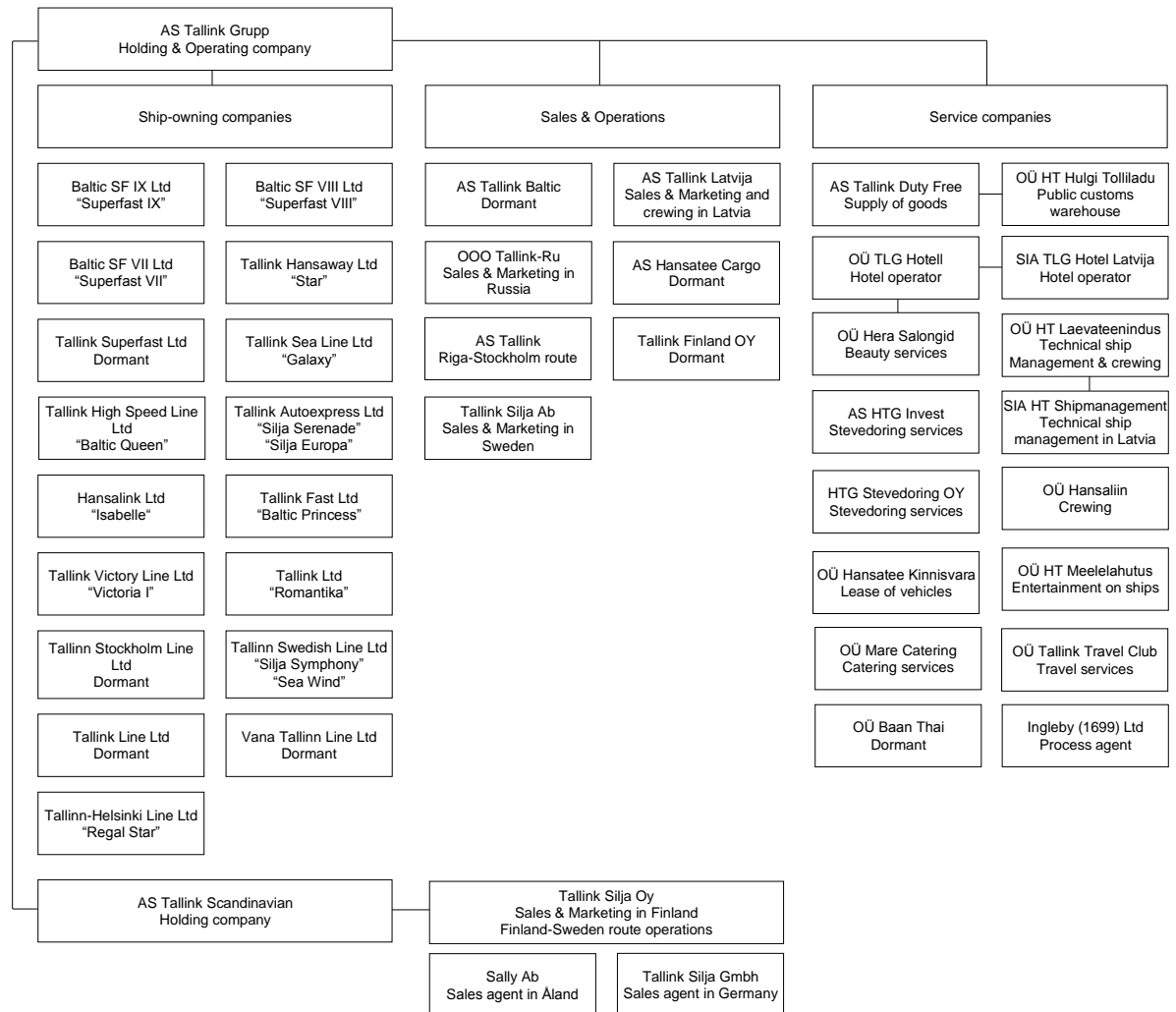
	Average of 3rd quarter			Average of nine months			End of 3rd quarter		
	2016	2015	change %	2016	2015	change %	30.09.16	30.09.15	change %
Onshore total	1,701	1,600	6.3%	1,660	1,552	6.9%	1,655	1,564	5.8%
<i>Estonia</i>	921	799	15.3%	905	779	16.2%	903	810	11.5%
<i>Finland</i>	501	516	-2.9%	486	491	-1.0%	476	492	-3.3%
<i>Sweden</i>	197	205	-3.9%	187	203	-7.9%	193	183	5.5%
<i>Latvia</i>	69	65	6.2%	67	65	3.1%	70	64	9.4%
<i>Germany</i>	5	5	0.0%	6	4	50.0%	5	5	0.0%
<i>Russia</i>	8	10	-20.0%	9	10	-10.0%	8	10	-20.0%
At sea	5,058	4,786	5.7%	4,912	4,661	5.4%	4,803	4,459	8.3%
Hotel*	607	654	-7.2%	594	629	-5.6%	565	608	-7.1%
Total	7,366	7,040	4.6%	7,166	6,842	4.7%	7,050	6,631	6.3%

* 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.

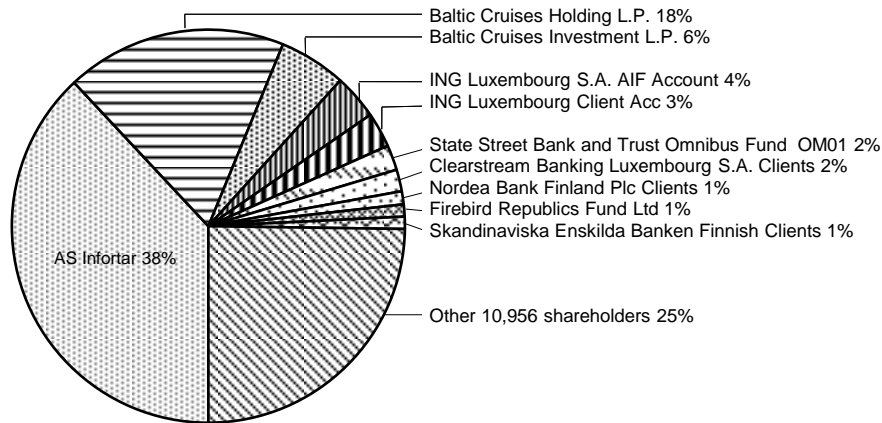
The following chart describes the structure of the Group as on the date of reporting 30 September 2016:



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 September 2016.



Since 09 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 Q3

In 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. The new ship was also launched and floated out successfully in shipyard. The launching of the ship is an important milestone, proving that the construction is proceeding according to the planned schedule and the interior works of the ship have started. The new LNG fast ferry Megastar will be delivered to the Group in January 2017 and the vessel will start to operate the Tallink Shuttle service on Tallinn-Helsinki route.

In July 2016 the Group made fourth EUR 11.5 million tranche of down payment for the new LNG fast ferry Megastar. 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. Remaining EUR 184 million is financed with loan and will be paid upon the delivery of the vessel in the beginning of 2017.

From 29 August 2016 the cruise ferry Silja Europa will have a pause in operations from Tallinn-Helsinki route due to renewal and renovation works. The renewal works include upgrading the majority of cabins, five restaurants and bars and conference area.

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.

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.

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. 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. The share capital reduction was registered in the Commercial Register on 22 September 2016 and the share capital reduction payments to the shareholders will be made in 23 December 2016.

EVENTS AFTER THE BALANCE SHEET DATE AND THE OUTLOOK

The Group will implement following operational changes on the operated routes in the beginning of December 2016:

- The cruise ferry Romantika will be rerouted from Tallinn-Stockholm route to Riga-Stockholm route. The Group will double the capacity on the Riga-Stockholm route by bringing second vessel to the route next to cruise ferry Isabelle.
- The cruise ferry Baltic Queen will be rerouted from Tallinn-Helsinki route to Tallinn-Stockholm route and will replace the cruise ferry Romantika.
- The Group will continue to operate the Tallinn-Helsinki route Shuttle service with two fast ferries and cruise service with modernized cruise ferry Silja Europa.

In the beginning of 2017 the new LNG fast ferry Megastar will replace the fast ferry Superstar on Tallinn-Helsinki Shuttle service, the fast ferry Superstar charter contract will be therefore concluded and vessel will be delivered to its owner.

Looking forward to the fourth quarter of the 2016 financial year the Group's revenue structure will change compared to previous year as fewer ships are in charter after the cruise ferry Silja Europa charter was concluded in February 2016. Based on the Group's financial results in the first nine 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 third 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, 10 November 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(unaudited, in thousands of euros)	01.07.2016- 30.09.2016	01.07.2015- 30.09.2015	01.01.2016- 30.09.2016	01.01.2015- 30.09.2015
Revenue (Note 3)	273,615	273,557	711,670	717,572
Cost of sales	-196,839	-188,803	-560,154	-544,341
Gross profit	76,776	84,754	151,516	173,231
Sales and marketing expenses	-16,571	-15,085	-53,166	-46,801
Administrative expenses	-12,548	-10,992	-38,825	-34,310
Other operating income	180	-125	1,753	1,360
Other operating expenses	22	-156	-6	-737
Result from operating activities	47,859	58,396	61,272	92,743
Finance income (Note 4)	4,398	2,210	8,760	9,507
Finance costs (Note 4)	-9,999	-12,039	-29,685	-32,647
Profit/-loss before income tax	42,258	48,567	40,347	69,603
Income tax	580	-3,355	245	-9,205
Net profit/-loss for the period	42,838	45,212	40,592	60,398
Other comprehensive income/-expense				
Items that may be reclassified to profit or loss				
Exchange differences on translating foreign operations	-99	-202	-264	-256
Other comprehensive income/-expense for the period	-99	-202	-264	-256
Total comprehensive income/-expense for the period	42,739	45,010	40,328	60,142
Earnings per share (in EUR per share)				
- basic (Note 5)	0.064	0.067	0.061	0.090
- diluted (Note 5)	0.064	0.067	0.061	0.090

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(unaudited, in thousands of euros)

ASSETS	30.09.2016	31.12.2015
Current assets		
Cash and cash equivalents	88,772	81,976
Trade and other receivables	41,986	36,583
Prepayments	9,592	5,274
Income tax prepayment	1,482	1,224
Inventories	37,624	29,197
Total current assets	179,456	154,254
Non-current assets		
Investments in equity-accounted investees	350	350
Other financial assets	361	308
Deferred income tax assets	19,410	19,410
Investment property	300	300
Property, plant and equipment (Note 7)	1,301,226	1,311,418
Intangible assets (Note 8)	50,904	52,726
Total non-current assets	1,372,551	1,384,512
TOTAL ASSETS	1,552,007	1,538,766
LIABILITIES AND EQUITY		
Current liabilities		
Interest bearing loans and borrowings (Note 9)	125,995	81,889
Trade and other payables	83,257	88,480
Payments to shareholders (Note 14)	40,193	0
Income tax liability	2,500	4,567
Deferred income	33,986	28,906
Total current liabilities	285,931	203,842
Non-current liabilities		
Interest bearing loans and borrowings (Note 9)	420,685	467,447
Derivatives (Note 6)	34,232	42,863
Other payables	0	192
Total non-current liabilities	454,917	510,502
TOTAL LIABILITIES	740,848	714,344
EQUITY		
Equity attributable to equity holders of the parent		
Share capital	361,736	404,290
Share premium	639	639
Reserves	71,026	65,083
Retained earnings	377,758	354,410
Total equity attributable to equity holders of the parent	811,159	824,422
TOTAL EQUITY	811,159	824,422
TOTAL LIABILITIES AND EQUITY	1,552,007	1,538,766

CONSOLIDATED CASH FLOW STATEMENT

(unaudited, in thousands of euros)

	01.01.2016- 30.09.2016	01.01.2015- 30.09.2015
Cash flows from operating activities		
Net profit/-loss for the period	40,592	60,398
Adjustments	79,014	91,250
Changes in receivables and prepayments related to operating activities	-9,914	-8,089
Changes in inventories	-8,427	2,639
Changes in liabilities related to operating activities	-326	-7,103
Income tax paid	-1,621	-490
	99,318	138,605
Cash flow from/used in investing activities		
Purchase of property, plant and equipment and intangible assets (Notes 7, 8, 9)	-46,197	-29,823
Proceeds from disposals of property, plant and equipment	144	25,004
Interest received	51	57
	-46,002	-4,762
Cash flows used in financing activities		
Repayment of loans (Note 9)	-55,039	-68,962
Change in overdraft (Note 9)	44,096	-8,700
Payment of finance lease liabilities (Note 9)	-74	-60
Interest paid	-18,434	-21,485
Payments for settlement of derivatives	-3,341	-3,195
Payments of transaction costs related to loans	0	-1,429
Dividend paid (Note 12)	-13,398	-13,398
Income tax on dividends paid	-330	-2,818
	-46,520	-120,047
TOTAL NET CASH FLOW	6,796	13,796
Cash and cash equivalents:		
- at the beginning of period	81,976	65,311
- increase (+) / decrease (-)	6,796	13,796
- at the end of period	88,772	79,107

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(unaudited, in thousands of euros)

	Share capital premium	Share premium	Translation reserve	Ships reevaluation 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	60,398	60,398	60,398
Total other comprehensive income and expense	0	0	-256	0	0	0	0	0	-256	-256
Total comprehensive income and expense for the period	0	0	-256	0	0	0	0	60,398	60,142	60,142
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	229	0	229	229
Transactions with owners, recognised directly in equity	0	0	0	0	1,363	0	229	-14,761	-13,169	-13,169
As at 30 September 2015	404,290	639	42	54,562	20,185	-4,163	839	348,869	825,263	825,263
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	40,592	40,592	40,592
Total other comprehensive income and expense	0	0	-264	0	0	0	0	0	-264	-264
Total comprehensive income and expense for the period	0	0	-264	0	0	0	0	40,592	40,328	40,328
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	910	0	0
Cancellation of own shares (Note 10)	-2,361	0	0	0	0	4,163	0	-1,802	0	0
Reduction of share capital (Note 10)	-40,193	0	0	0	0	0	0	0	-40,193	-40,193
Transactions with owners, recognised directly in equity	-42,554	0	0	0	2,954	4,163	-910	-17,244	-53,591	-53,591
As at 30 September 2016	361,736	639	194	47,693	23,139	0	0	377,758	811,159	811,159

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 9 months of the financial year 2016 were authorised for issue in accordance with a resolution of the Management Board on 10 November 2016. AS Tallink Grupp is a limited company incorporated in Estonia and employed 7,050 people at 30 September 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)

01.01.2016-30.09.2016	Estonia- Finland route	Estonia- Sweden route	Latvia- Sweden route	Finland- Sweden route	Other	Elimination of intersegment sales	Total
Revenue							
Sales to external customers	265,356	84,524	33,474	256,901	71,415	0	711,670
Inter-segment sales	0	0	0	0	7,671	-7,671	0
	265,356	84,524	33,474	256,901	79,086	-7,671	711,670
Segment result							
	54,497	11,871	6,054	15,939	9,989	0	98,350
Unallocated expenses							-37,078
Net financial items (Note 4)							-20,925
Profit/-loss before income tax							40,347

01.01.2015-30.09.2015	Estonia- Finland route	Estonia- Sweden route	Latvia- Sweden route	Finland- Sweden route	Other	Elimination of intersegment sales	Total
Revenue							
Sales to external customers	252,855	78,802	32,588	255,891	97,436	0	717,572
Inter-segment sales	0	0	0	0	7,824	-7,824	0
	252,855	78,802	32,588	255,891	105,260	-7,824	717,572
Segment result							
	67,160	5,720	4,681	17,512	31,357	0	126,430
Unallocated expenses							-33,687
Net financial items (Note 4)							-23,140
Profit/-loss before income tax							69,603

Revenue by service

(in thousands of euros)	01.01.2016- 30.09.2016	01.01.2015- 30.09.2015
Ticket sales	183,661	177,573
Sales of cargo transport	76,768	78,531
Sales of accommodation	15,151	14,514
Restaurant and shops sales on-board and on mainland	393,807	375,748
Income from charter of vessels	18,622	41,053
Other	23,661	30,153
Total revenue of the Group	711,670	717,572

Note 4 FINANCE INCOME AND FINANCE COSTS

(in thousands of euros)	01.01.2016- 30.09.2016	01.01.2015- 30.09.2015
Net foreign exchange gains	0	5,528
Income from interest rate swaps	419	3,959
Income from foreign exchange derivatives	8,338	0
Interest income arising from financial assets not measured at fair value through profit or loss	3	20
Total finance income	8,760	9,507
Net foreign exchange losses	-5,863	0
Interest expense arising from financial liabilities measured at amortised cost	-20,355	-23,490
Expenses from interest rate swaps	-3,467	-3,195
Expenses from foreign exchange derivatives	0	-5,962
Total finance costs	-29,685	-32,647

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 September 2016.

	01.07.2016- 30.09.2016	01.07.2015- 30.09.2015	01.01.2016- 30.09.2016	01.01.2015- 30.09.2015
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	42,838	45,212	40,592	60,398
Earnings per share, basic (in EUR per share)	0.064	0.067	0.061	0.090
Earnings per share, diluted (in EUR per share)	0.064	0.067	0.061	0.090

Weighted average number of ordinary shares

(pcs)	01.07.2016- 30.09.2016	01.07.2015- 30.09.2015	01.01.2016- 30.09.2016	01.01.2015- 30.09.2015
Issued ordinary shares at the beginning of period	669,882,040	673,817,040	669,882,040	673,817,040
Effect of own shares held	0	-3,935,000	0	-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 September 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 recognised in the current interim financial statements as of 30 September 2016 is EUR -12,342 thousand. The fair value of the cross-currency rate derivatives recognized in the current interim financial statements as of 30 September 2016 is EUR -21,890 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	11,212	12,982	19,721	44,007
Disposals	0	0	-34	0	-34
Depreciation for the period	-810	-49,256	-4,099	0	-54,165
Book value as at 30 September 2016	2,224	1,232,058	19,009	47,935	1,301,226

As at 30 September 2016

-gross carrying amount	13,295	1,564,976	45,260	47,935	1,671,466
-accumulated depreciation	-11,071	-332,918	-26,251	0	-370,240

	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	1,946	2,117	23,689	28,086
Disposals	0	-24,655	-35	0	-24,690
Depreciation for the period	-850	-50,967	-2,895	0	-54,712
Book value as at 30 September 2015	3,213	1,377,724	9,187	26,524	1,416,648

As at 30 September 2015

-gross carrying amount	13,120	1,667,517	32,206	26,524	1,739,367
-accumulated depreciation	-9,907	-289,793	-23,019	0	-322,719

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	2,377	2,377
Disposals	0	0	-78	-78
Amortisation for the period	0	-2,187	-1,934	-4,121
Book value as at 30 September 2016	11,066	28,399	11,439	50,904

As at 30 September 2016

-cost	11,066	58,288	32,006	101,360
-accumulated amortisation	0	-29,889	-20,567	-50,456

	Goodwill	Trademark	Others	Total
Book value as at 31 December 2014	11,066	33,502	10,606	55,174
Additions	0	0	1,767	1,767
Amortisation for the period	0	-2,187	-1,813	-4,000
Book value as at 30 September 2015	11,066	31,315	10,560	52,941

As at 30 September 2015

-cost	11,066	58,288	29,249	98,603
-accumulated amortisation	0	-26,973	-18,689	45,662

Note 9 INTEREST BEARING LOANS AND BORROWINGS

(in thousands of euros)

	31 December 2015	New loans	Repayments	Exchange rate differences	Other changes [1]	30 September 2016
Liabilities under finance lease	298	187	-74	-16	-34	361
Unsecured bonds	93,097	0	0	6,393	173	99,663
Overdraft	3,397	44,096	0	0	0	47,493
Long-term bank loans	452,544	0	-55,039	0	1,658	399,163
TOTAL	549,336	44,283	-55,113	6,377	1,797	546,680
incl. current portion	81,889					125,995
Non-current portion	467,447					420,685

[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 140,860 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 258,303 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 September 2016 the maximum number of shares without nominal value is 2,400,000,000.

At 31 December 2015 the Group held 3,935 thousand of the AS Tallink Grupp shares. Total cost of share buyback transactions of 3,935 thousand shares was 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.

Annual General Meeting of 14 June 2016 decided to reduce the share capital. Share capital reduction was registered in Commercial Register on 22 September 2016. The share capital was reduced by the reduction of the book value of the shares, as a result of which the book value of one share was reduced from EUR 0.60 to EUR 0.54. The share capital has decreased from EUR 401,929,224 by EUR 40,192,922.40. The new share capital is EUR 361,736,301.60. The reduction payments will be made on 23 December 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. Dividends were paid out on 05 July 2016.

Note 13 RELATED PARTY DISCLOSURES

(in thousands of euros)

9 months of 2016 or 30.09.2016	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
AS Infortar	44	35	1	5
AS HT Valuuta	81	0	0	0
AS Vara HTG	0	1,438	0	0
OÜ Mersok	0	8	0	0
AS Vaba Maa	7	687	1	31
OÜ Sunbeam	0	2,721	0	0
AS Gastrolink	8	1,004	1	41
AS Tallink Takso	1	104	0	17
OÜ Topspa Kinnisvara	0	1,890	0	0
OÜ Hansa Hotell	0	715	0	0
OÜ Fastinvest	0	916	0	0
SIA Happy Trails	37	2,464	0	932
Eesti Laevaomanike Liit	1	14	0	0
MTÜ Eesti Tennise Liit	49	120	8	0
OÜ Infor Invest	0	710	0	0
OÜ Sea Images	0	21	0	8
9 months of 2015 or 30.09.2015	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
AS Infortar	40	35	9	5
AS HT Valuuta	81	0	0	0
AS Vara HTG	0	1,438	0	0
OÜ Mersok	0	7	0	0
AS Vaba Maa	8	612	1	84
OÜ Sunbeam	0	2,654	0	100
AS Gastrolink	6	759	1	27
AS Tallink Takso	1	78	0	14
OÜ Topspa Kinnisvara	0	2,025	0	50
OÜ Hansa Hotell	0	651	0	0
OÜ Fastinvest	0	924	0	0
SIA Happy Trails	2	2,466	0	327
Eesti Laevaomanike Liit	1	14	0	0
MTÜ Eesti Tennise Liit	11	82	7	0

Note 14 SUBSEQUENT EVENTS

The share capital reduction payments to the shareholders in total amount of EUR 40,192,922.40 (EUR 0.06 per share) will be made on 23 December 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 third quarter of the financial year 2016 ended 30 September 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, 10 November 2016