

**JOINT STOCK COMPANY
NASDAQ OMX Riga**

(UNIFIED REGISTRATION NUMBER 40003167049)

**ANNUAL CONSOLIDATED REPORT
FOR THE YEAR ENDED 31 DECEMBER 2009**

(16 financial year)

PREPARED IN ACCORDANCE WITH
THE LAW OF THE REPUBLIC OF LATVIA ON ANNUAL CONSOLIDATED REPORTS
TOGETHER WITH INDEPENDENT AUDITORS' REPORT

Riga, 2010

INDEPENDENT AUDITORS' REPORT

To the shareholders of AS NASDAQ OMX Riga

Report on the Financial Statements

We have audited 2009 consolidated financial statements of AS NASDAQ OMX Riga and its subsidiaries (the "Group"), which are set out on pages 9 through 26 of the accompanying 2009 Annual Report and which comprise the consolidated balance sheet as at 31 December 2009, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with the Law of the Republic of Latvia on Annual Consolidated Reports. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with the Law of the Republic of Latvia on Annual Consolidated Reports.

Report on Compliance of the Management Report

Furthermore, we have read the Management Report for the year ended 31 December 2009 (included on pages 5 through 8 of the accompanying 2009 Annual Report) and have not noted any material inconsistencies between the financial information included in it and the financial statements for the year ended 31 December 2009.

SIA Ernst & Young Baltic
License No. 17



Diāna Krišjāne
Chairman of the Board
Latvian Certified Auditor
Certificate No. 124

Riga, 15 April 2010

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General information

Name of the company	NASDAQ OMX Riga	
Legal status of the company	Joint Stock Company	
Unified registration number, place and date of registration	40003167049 Rīga, 7 December, 1993	
Registered office	Vaļņu iela 1 Rīga, Latvia, LV-1050	
Shareholders	NASDAQ OMX Nordic Oy (92.98%) (the legal name was changed in 30, September, 2008)	
	AS "Rietumu banka" (3.51%)	
	AS "RB Securities" (3.51%)	
Management Board Members		
	Daiga Auziņa-Melalksne	Chairman of Management Board
	Indars Aščuks	Deputy Chairman of Management Board
	Liene Dubava	Member of Management Board
Council Members		
	Henrik Elfving	Chairman of Council
	Jacob Kaplan	Deputy Chairman of Council
	Teuvo Rossi	Member of Council
	Kristaps Strazds	Member of Council
	Renārs Rūsis	Member of Council
Subsidiary	AS "Latvijas Centrālais depozitārijs" Vaļņu iela 1, Rīga, LV-1050 (100%)	
Financial year	1 January – 31 December 2009	
Auditors	Dīana Krišjāne Latvian Certified Auditor Certificate No. 124	SIA Ernst & Young Baltic Muitas iela 1, Rīga Latvia, LV – 1010 Licence No. 17

Management report

15 April 2010

Core business activity

The main business operations of the NASDAQ OMX Riga Group – the joint stock company NASDAQ OMX Riga (NASDAQ OMX Riga) and AS Latvijas Centrālais Depozitārijs (LCD) (hereinafter jointly referred to as the NASDAQ OMX Riga Group companies) are development and maintenance of the infrastructure for the financial instruments (securities) market. The main business services of NASDAQ OMX Riga are organization of the securities market for financial instruments, provision of open and fair trading facilities for the financial instruments listed on NASDAQ OMX Riga, quotation of the financial instruments (equities, debt securities and other financial instruments) on a regular basis, dissemination of market information, fulfilment of any other functions assigned to a regulated market organizer by the Law on Financial Instruments Market. In addition, NASDAQ OMX Riga actively takes part in implementation of privatization projects, as well as provides infrastructure for public offering for cash of state-owned property objects.

The main business services of LCD are provision of securities custody, clearance and settlement, as well as development and maintenance of different data registers.

The NASDAQ OMX Riga Group companies are fully integrated in terms of personnel and structure on all corporate levels; however, the entities maintain segregation of core business operations.

Financial performance of the NASDAQ OMX Riga Group during the reporting year

The net profit of the NASDAQ OMX Riga Group for 2009 is LVL 486 thousand, which is by 3% higher than in 2008, when the NASDAQ OMX Riga Group's net profit was LVL 473 thousand.

The net turnover of the NASDAQ OMX Riga Group in 2009 was LVL 1 724 thousand, which is by LVL 22 thousand, or 8%, less than in 2008. The cost of sales for the year amounted to LVL 707 thousand, which represents a decrease by LVL 20 thousand, or 1%, from the prior year. Therefore, gross profit for 2009 reduced by LVL 8 thousand, or 1%, compared to the year 2008.

In 2009, the NASDAQ OMX Riga Group companies continued their collaboration with the professional asset manager IPAS Parex Asset Management to keep high safety of the financial assets.

At the end of the year, the NASDAQ OMX Riga Group's consolidated equity was LVL 1 735 thousand, or LVL 608.86 per share. In 2009, the NASDAQ OMX Riga Group paid dividends for 2008 in amount of LVL 300 thousand (LVL 105.26 per share).

Investments

In 2009, the NASDAQ OMX Riga along with NASDAQ OMX Tallin, NASDAQ OMX Vilnius and Ivars Bergmanis established new stock analysis company JSC Emerging Nordic Research (registered in Estonia).

- NASDAQ OMX Riga owns 34 595 shares.
- The nominal value per share is EEK 100;
- The total value of paid-in shares is EEK 2 035 000,;
- The ownership interest is 17%.

NASDAQ OMX Riga retains 100% control over LCD. The situation at the end of the year was as follows:

- NASDAQ OMX Riga owns 370 LCD shares.
- The nominal value per share is LVL 500.
- The total value of paid-in shares is LVL 185 000.
- The ownership interest in LCD is 100%.

Management report (cont'd)

Key events

In 2009, NASDAQ OMX Riga jointly with LCD was actively working to supplement, improve and develop the range of their products and services.

The NASDAQ OMX Riga Group companies were operating in 2009 in accordance with the development and action plan approved by the Council and the general shareholders' meeting, which specifies strategic goals and major tasks for the year.

Main accomplishments in 2009 are as follows:

- *The Riga Stock Exchange became NASDAQ OMX Riga.* In January 2009, the Riga Stock Exchange changed its name, which had been used for 15 years, to NASDAQ OMX Riga AS, thus concluding its merger with NASDAQ OMX, a leading global group of stock exchanges.
- *Baltic stock exchanges extended their trading hours.* In 2009, the Baltic stock exchanges (NASDAQ OMX Riga, NASDAQ OMX Tallinn and NASDAQ OMX Vilnius) extended the duration of their trading sessions from four to six hours to bring the trading hours of the regulated markets of the Baltic stock exchanges in line with the trading hours of other European financial markets.
- *With the participation of NASDAQ OMX Riga, the first institutional stock research company in the Baltic countries was established.* NASDAQ OMX Tallinn, Riga and Vilnius stock exchanges together established AS Emerging Nordic Research, the first independent institutional stock research company in the Baltic countries. The aim of the company is to service foreign institutional investors.
- *NASDAQ OMX Riga opened a portal for investors, Naudaslietas.lv (Money matters).* NASDAQ OMX Riga, together with cooperation partners, developed a portal for investors www.naudaslietas.lv (Money Matters). The portal provides information and expert opinions not only on securities and trading in them but also on pensions, funds, asset management, economic developments and other spheres that are directly and indirectly related to investments. The objective of the portal is to develop in Latvia the culture of investing and provide investors with conveniently available information.
- *NASDAQ OMX Riga provided for the organisation of the government debt securities auctions.* Also in 2009, NASDAQ OMX Riga organised transparent and international-standard compliant auctions, through which the State Treasury could borrow, at the best possible rates and in short time, the finance required for the Government budget. It helped to preserve the stability of Latvian financial system and provided fund managers with a possibility to invest part of 2nd pillar pension capital in government debt securities. In 2009, the Exchange organised 161 auctions of government debt securities, which is the highest number in the history of the Exchange's operation. Government debt securities for LVL 1.12 billion were sold at the auctions (part of them already redeemed). The Exchange and the Latvian Central Depository (LCD) provided for not only the organisation of the auctions but also secure DVP settlements for the total aforementioned amount.
- *Change of trading platform.* The work on implementing I NET, a new trading platform, was continued throughout last year. I NET was launched in February 2010.
- *The LCD assured that its operation complies with the requirements of the European Code of Conduct for Clearing and Settlement.* In early 2009, the LCD drew up the Self-Assessment Report 2008; it was stressed in it that the LCD complies with the requirements under Chapter V of the Code of Conduct as it prepares also a costs calculation description as required under the Code (TERMS OF REFERENCE FOR AUDITING COMPLIANCE WITH SERVICE UNBUNDLING AND ACCOUNTING SEPARATION AND ASSESSING GENERAL COMPLIANCE).
- *New services offered by the LCD.* The LCD carried out the required modifications to provide over-the-counter DVP settlements with financial instruments registered in the Euroclear Bank system. Work was commenced on developing a service, offered jointly by the LCD and LCD participants (banks), for Internet banking customers with the purpose to provide an opportunity for Internet banking users to inquire and receive current information on their Latvian 2nd pillar pension savings in a convenient and swift manner.
- *The LCD continued its work on improving its accounting and settlement system for financial instruments.* During 2009, the LCD implemented and carried out the required procedures and tests in order to access to the Common Communication Interface (CCI) of Euroclear Bank. Work was commenced on implementing a joint project of the Latvian and Estonian central depositories for providing common technical communication between the depositories of both countries and their participants.
- *The LCD got actively involved in the TARGET -2 Securities project.* In 2009, the LCD signed the Memorandum of Understanding with the Eurosystem on active participation of the LCD in the preparation stage of the TARGET-2 Securities project.

Management report (cont'd)

Risk Management

Considering the main business of NASDAQ OMX Riga companies, efficient risk management with the purpose to ensure the continuity and quality of main business functions, is one of the key components of strategies of NASDAQ OMX Riga companies. To minimise the possible damages caused by operation failures, NASDAQ OMX Riga companies have developed their risk management model with a focus on crisis management and the continuity of their key business functions.

Risk management is a structured, coordinated and continuous process at all levels of NASDAQ OMX Riga companies in order to be able to identify, assess and report on any possible risks and circumstances that might affect achieving the goals set by NASDAQ OMX Riga companies and to take decisions on required actions to mitigate or prevent the risks.

Risk management increases the probability of achieving success and essentially reduces the probability of losses as well as minimises uncertainty in relation to achieving the objectives set by NASDAQ OMX Riga companies. It is an ongoing process that permeates the strategy of NASDAQ OMX Riga companies and the implementation thereof. In risk management, any potential risks that might affect the operation of NASDAQ OMX Riga companies are identified. In the risk management process, various possible risks in connection with the main business functions and the probability and consequences thereof are identified, analysed and controlled, considering at the same time any past, current and, most importantly, future activities.

The objective of risk management is to ensure secure and efficient achievement of the goals set by NASDAQ OMX Riga companies by minimising any risks that could cause financial and any other types of damage to the shareholders, customers and employees.

Risk management organisation and control

The Management Board of NASDAQ OMX Riga group is responsible for appropriate and efficient organisation of risk management. In the risk management process, annual management reports are drawn up to describe all the risks connected with the main commercial activities of NASDAQ OMX Riga companies, their possible influence, probability and the current or planned activities for the mitigation or prevention and elimination thereof. Every member of the Management Board of NASDAQ OMX Riga companies is responsible for appropriate risk management in the business field they are in charge of. Risks are distributed into short-term and long-term risks. Risks are classified according to their influence: sector-specific risk, commercial activity risk and operational risk. Risk management reports are reviewed two times a year, at the same time ensuring continuous monitoring and control of risks in all the main business fields.

Commercial activity risks

Reputation risk is one of the major commercial activity risks that can occur in situations where it is impossible to deliver quality services to the customers in a swift manner due to some other factors. In this case, it is of great importance to have employees that are highly qualified and competent in their fields. To this end, NASDAQ OMX Riga companies are very thorough in personnel selection; furthermore, a wide range of opportunities for further training both in Latvia and abroad are offered to the existing employees, as well as consultations with employees of other stock exchanges of NASDAQ OMX Group. Every employee has a job tasks description and instructions and procedures they need in their daily work; these documents are revised and updated annually. NASDAQ OMX Group carries out annual customer satisfaction surveys; results of these surveys clearly show the level of overall customer satisfaction with the services provided as well as points out any possible flaws in the work of individual units or in the provision of certain services.

Operational risks

One of the major operational risks for NASDAQ OMX Riga companies is the risk of technical systems that might occur if the provision of a specific service in good quality is suspended or failed. To minimise the occurrence of the said type of risks to maximum, NASDAQ OMX Riga companies have developed a business continuity plan, which is aimed to ensure uninterrupted provision of basic services, at the same time providing efficient communication among all the relevant counterparties involved. To ensure business continuity, remote work places have been created to be used in the event if the access to daily work places is impossible or hindered. At the same time, also technical solutions for different situations where operations would be impossible or hindered using the ordinary system solutions have been designed.

Management report (cont'd)

Future prospects

In 2010, the main fields of operation of NASDAQ OMX Riga will be related to:

- Developing a new securities trading and clearing platform in euro;
- Active communication with the Government in relation to obtaining capital needed for further development of state-owned companies through the Exchange;
- Implementing an education programme for investors.
- Improving internal systems of the LCD
- Preparing for the participation in TARGET2-Securities
- Active communication with existing customers, improving service quality and maintaining customer satisfaction;
- Developing new, alternative services in order to adjust to the current conditions in financial markets and to improve the competitiveness of the LCD.

Considering that the entire Baltic market of financial instruments represents only a small part of the total European market, the management of the NASDAQ OMX Riga Group companies is fully aware that it will be hard to remain competitive and develop successfully without establishing closer cooperation with other financial markets and the entire Europe. Looking to the future, the NASDAQ OMX Riga Group companies should consider also the fact that the European Community is focusing specifically on promoting trade transparency, more efficient and rapid clearing and settlement processes and process accounting, as well as cost reduction and, therefore, these issues are the focus of attention of all European market players and will affect directly also the business of the NASDAQ OMX Riga Group companies.



Daiga Auziņa-Melāksne
Chairman of the Board



Indars Aščuks
Deputy Chairman of the Board



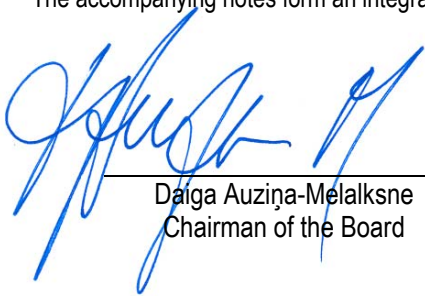
Liene Dubava
Member of the Board

The annual consolidated report was approved by the general shareholders' meeting on _____ 2010.

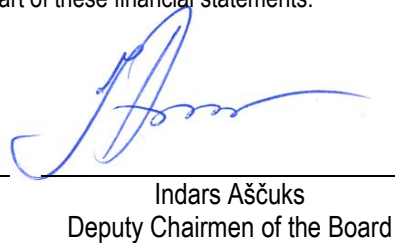
Income statement

	Notes	2009 Ls	2008 Ls
Net sales	3	1 724 259	1 746 138
Costs of sales	4	(707 283)	(721 774)
Gross profit		<u>1 016 976</u>	<u>1 024 364</u>
Administrative expenses	5	(491 125)	(520 098)
Other operating income	6	30 244	27 906
Other operating expenses	7	(49 139)	(16 551)
Interest receivable and similar income	8	70 262	88 174
Write-offs of the value on non-current financial assets and short-term securities	9	2 967	(51 488)
Interest payable and similar expenses	10	(7 270)	(2 639)
Profit before taxes		<u>572 915</u>	<u>549 668</u>
Corporate income tax	11	(95 948)	(80 748)
Deferred income tax	11	9 132	3 886
Current year's profit		<u>486 099</u>	<u>472 806</u>

The accompanying notes form an integral part of these financial statements.



Daiga Auziņa-Melalksne
 Chairman of the Board



Indars Aščuks
 Deputy Chairmen of the Board



Liene Dubava
 Member of the Board

Balance sheet

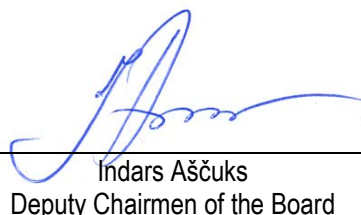
ASSETS

	Notes	31.12.2009. Ls	31.12.2008. Ls
NON-CURRENT ASSETS			
Intangible assets			
Concessions, patents, licences and similar rights	13	8 006	13 591
Goodwill		38 368	38 368
TOTAL		46 374	51 959
Property, plant and equipment			
Property, plant and equipment	13	61 384	105 602
TOTAL		61 384	105 602
Non-current financial assets			
Investments in associates	17	15 717	-
Other investments		810	810
Other receivables	14	182 818	182 818
Deferred income tax assets	11	5 963	-
TOTAL		205 308	183 628
TOTAL NON-CURRENT ASSETS		313 066	341 189
CURRENT ASSETS			
Non-current assets held for sale	15	1 534 259	1 608 682
Trade receivables			
Trade receivables	17	133 000	119 818
Receivables from related companies	25	1 799	18 170
Other receivables	18	48 391	58 744
Prepaid expenses	19	34 561	22 124
Accrued incomes		10 299	22 172
TOTAL		228 050	241 028
Cash and cash equivalents	20	1 588 428	934 026
TOTAL CURRENT ASSETS		3 350 737	2 783 736
TOTAL ASSETS		3 663 803	3 124 925

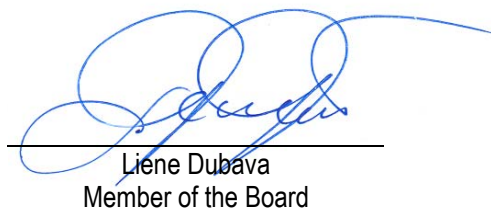
The accompanying notes form an integral part of these financial statements.



Daiga Auziņa-Melalksne
 Chairman of the Board



Īndars Aščuks
 Deputy Chairmen of the Board



Liene Dubava
 Member of the Board

Balance sheet

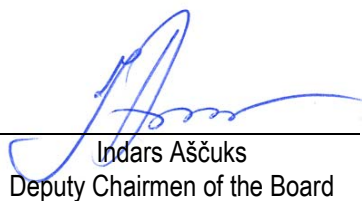
EQUITY AND LIABILITIES

	Notes	31.12.2009. Ls	31.12.2008. Ls
EQUITY			
Share capital	21	712 500	712 500
Revaluation reserve of available-for-sale financial assets	16	-	6 992
Retained earnings:			
brought forward		536 640	363 834
for the period		486 099	472 792
TOTAL EQUITY		1 735 239	1 556 118
LIABILITIES			
Non-current liabilities			
Deferred income tax liability	11	-	3 169
TOTAL		-	3 169
Current liabilities			
Trade and other payables	22	1 834 027	1 471 350
Payables to related companies	25	78	86
Taxes payable		3 946	-
Deferred income	23	4 278	44 955
Accrued liabilities	24	86 235	49 247
TOTAL		1 928 564	1 565 638
TOTAL LIABILITIES		1 928 564	1 568 807
TOTAL EQUITY AND LIABILITIES		3 663 803	3 124 925

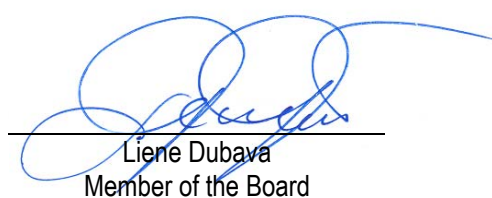
The accompanying notes form an integral part of these financial statements.



Daiga Auziņa-Melalksne
 Chairman of the Board



Indars Aščuks
 Deputy Chairmen of the Board



Liene Dubava
 Member of the Board

Cash flow statement

	2009 Ls	2008 Ls
Cash flows to/from operating activities		
Profit before tax	572 915	549 668
Adjustments for:		
Depreciation of tangible assets	49 467	53 579
Amortisation of intangible assets	7 772	11 479
Increase in provisions	36 988	10 509
Unrealised (gain)/ loss from fluctuations of currency exchange rates	4 920	2 574
Interest income	(70 262)	(73 433)
Loss or gain on changes in fair value of financial instruments	(2 967)	51 488
<i>Operating profit or loss before working capital changes</i>	<i>598 833</i>	<i>605 864</i>
Increase in receivables	(172 929)	(178 779)
Increase in payables	334 042	99 184
<i>Cash generated from operations</i>	<i>759 946</i>	<i>526 269</i>
Corporate income tax paid	(78 625)	(129 603)
Net cash flows to/ from operating activities	681 321	396 666
Cash flows to/ from investing activities		
Purchase of property, plant and equipment	(7 916)	(20 290)
Purchase of financial assets	(2 573 928)	(1 450 527)
Proceeds from disposal of financial assets	2 688 911	1 336 311
Interest received	3 833	43 943
Purchase of "Emerging Nordic Research"	(15 717)	-
Net cash flows to/ from investing activities	95 183	(90 563)
Cash flows to/ from financing activities		
Dividends paid	(300 000)	(700 000)
Net cash flows to/ from financing activities	(300 000)	(700 000)
Change in cash	659 322	(211 079)
Net foreign exchange difference	(4 920)	(2 574)
Cash at the beginning of the year	934 026	1 147 679
Cash at the end of the year	1 588 428	934 026

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity

	Share capital	Non-current asset revaluation reserve	Retained earnings	Total
Balance as at 31 December 2007	712 500	4 870	1 063 834	1 781 204
Dividends paid	-	-	(700 000)	(700 000)
Fair value gains on available-for-sale financial assets	-	2 122	-	2 122
Profit for the reporting year	-	-	472 806	472 806
Balance as at 31 December 2008	712 500	6 992	836 640	1 556 132
Dividends paid	-	-	(300 000)	(300 000)
Fair value gains on available-for-sale financial assets	-	(6 992)	-	(6 992)
Profit for the reporting year	-	-	486 099	486 099
Balance as at 31 December 2009	712 500	-	1 022 739	1 735 239

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

1. Corporate information

The registered office of the joint stock company NASDAQ OMX Riga is at Valņu iela 1, Riga. The Parent Company was registered with the Commercial Register under unified registration number 4000 316 7049. The major shareholder of the Parent Company is its parent NASDAQ OMX Nordic Oy, which owns 92.98% of the Parent Company's shares, and other shareholders are AS Rietumu bank and AS RB Securities, each owning 3.51% of the Parent Company's shares. The Board of the Parent Company includes Daiga Auziņa-Melalksne (Chairperson of the Board), Indars Aščuks (Deputy Chairman of the Board), and Liene Dubava (Board Member). The auditor of the Parent Company is the commercial company of certified auditors SIA Ernst & Young Baltic.

2. Summary of significant accounting policies

Basis of preparation

The consolidated financial statements have been prepared in accordance with the Laws of the Republic of Latvia on Accounting, on Consolidated Annual Reports, and on Annual Reports as well as Latvian Accounting Standards issued by the Accounting Council of the Republic of Latvia Ministry of Finance applicable in the reporting year.

The financial statements are prepared on a historical cost basis. The monetary unit used in the financial statements is lat (LVL), the monetary unit of the Republic of Latvia. The financial statements cover the period 1 January 2009 through 31 December 2009.

The income statement has been prepared in accordance with the function of expense method.

The cash flow statement has been prepared in accordance with the indirect method.

The accounting and measurements methods applied by the Group are consistent with those of the prior year.

Basis of consolidation

Subsidiaries, which are all entities over which the Group has the power to govern the financial and operating policies directly or indirectly, are consolidated in these financial statements.

Subsidiaries are consolidated from the date on which the Group obtains control until the date that such control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The excess of the fair value of the net assets of the subsidiary acquired over the cost of acquisition is recorded as goodwill. Intra-group transactions, balances and unrealised gains on intra-group transactions are eliminated in full. Unrealised losses are also eliminated except when such losses cannot be recovered. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Revenue and net sales

Net sales comprise the total value of services provided during the year, less any discounts granted and value added tax. Revenue from provision of services is recognised in the period when the services are provided. Revenue from penalties and late payment charges is recognised when received.

2. Summary of significant accounting policies (cont'd)

Foreign currency translation

The accounting currency of the Group is Latvian lats. All transactions in foreign currencies are translated into Latvian lats at the official currency rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into Latvian lats applying the official exchange rate established by the Bank of Latvia at the last day of the reporting year. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

	31/12/2009	31/12/2008
	LVL	LVL
USD 1	0.489	0.495
EUR 1	0.702804	0.702804

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are stated at cost value less accumulated amortisation/ depreciation and any impairment in value. Cost value includes costs directly attributable to the acquisition of assets. The cost value of software licences includes the costs incurred to acquire and bring to use the specific software. Amortisation/ depreciation is calculated on a straight-line basis over the estimated useful life of the asset to write the cost value of the relevant asset down to the residual value at the end of the useful life, applying the following rates as established by the management:

Office equipment	3 - 5 years
EDP	3 - 5 years
Cars	5 years
Licences and software	3 - 5 years

Where the carrying value of any asset exceeds its recoverable amount, the asset is immediately written down to its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Such costs are depreciated over the remaining useful life of the related asset.

Expenses such as repair and maintenance costs are normally charged to the income statement in the period when incurred.

The gain or loss arising from the derecognition of the asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is included in profit or loss when the item is derecognised.

Receivables and term deposits

Receivables and term deposits (hereinafter – receivables) are stated in the balance sheet at amortised cost less provisions for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying value and the recoverable amount of a receivable. The provision is recognised in the income statement.

2. Summary of significant accounting policies (cont'd)

Operating lease – the Group as lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments and prepayments (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Financial instruments

The Group classifies its financial assets in the following categories: held-for-trading financial assets, available-for-sale financial assets, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the balance sheet.

Held-for-trading financial assets

Financial assets are classified as held-for-trading if they are acquired mainly for the purpose of selling in the near term. Such assets are stated at fair value as current assets. Any gain or loss on revaluation and trading is recognised in the income statement.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any other category. They are stated as non-current assets, except for those assets that the management has an intention to sell during 12 months after the balance sheet date.

All purchases and sales of financial assets are recognised on the trade date, i.e. the date that the Group commits to purchasing the asset. All assets not at fair value through profit or loss are recognised initially at fair value plus directly attributable transaction costs. Financial assets at fair value through profit or loss are initially recognised at fair value, with all directly attributable transaction costs being charged to the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently measured at fair value. Loans and borrowings are stated at amortised cost using the effective interest rate method.

Any gain or loss from the changes in the fair values of held-for-trading financial assets, including interest and dividend income, is recognised in the income statement in the period when occurred.

The changes in the value of monetary and non-monetary assets classified as available-for-sale are taken to equity. The fair value of traded investments is determined by reference to market quotations.

When available-for-sale financial assets are derecognised or determined to be impaired, the cumulative gain or loss previously recorded in equity is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

Available-for-sale financial assets (cont'd)

Interest income from available-for-sale securities is calculated using the effective interest rate method and recognised in profit or loss. Dividends from available-for-sale securities are recognised in the income statement when the right to receive the payment is established.

The Group assesses at each reporting date whether objective evidence of impairment exists for financial assets individually or collectively for those assets that are not individually significant. If there is objective evidence that an impairment loss has been incurred, the impairment loss is recognised in the income statement.

Taxation

Corporate income tax charge is disclosed in the consolidated financial statements based on the calculations performed by the management in accordance with the Republic of Latvia tax legislation for each Group's entity individually.

Deferred corporate income tax arising from temporary differences between the tax base of assets or liabilities and their carrying amount in these financial statements is calculated using the liability method. Deferred income tax is determined using tax rates that have been enacted by the balance sheet date and are expected to apply when the deferred income tax asset is realised or the deferred income tax liability is settled. The principal temporary timing differences arise from differing rates for depreciation on property, plant and equipment, vacation pay reserve and other accrued liabilities. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Vacation pay reserve

The vacation pay reserve is estimated by multiplying the average daily remuneration expense over the last six months of the reporting year by the total number of vacation days earned but not taken as at the year end.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank and other short-term highly liquid investments with original maturities of 90 days or less.

Related parties

Related parties are defined as shareholders of the Parent Company, Members of the Board and the Council, their close members of the families, and entities over which these persons exercise significant influence or control.

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the assets of the acquired subsidiary at the acquisition date. Goodwill is carried as an intangible asset and stated at acquisition cost less any impairment losses. Goodwill is tested for impairment annually. If goodwill is determined to have been impaired, the loss from impairment is calculated on the basis of the recoverable amount of goodwill. The impairment loss is determined using the management's judgment, including assumptions regarding future cash flows arising from business plans of the respective cash-generating unit's management, discounted applying the respective discount rate. Identifiable intangible assets arising upon acquisition and for which the fair value may be determined reliably are recognised separately from goodwill and amortised over their useful lives on a straight-line basis. Management's judgment and, where appropriate, estimates of attributable costs or future cash flows from the asset owned by the Group discounted applying the respective discount rate are used to identify such assets and measure them at fair value.

3. Net sales

	2009	2008
Income for servicing of securities accounts	439 459	602 570
Income from securities issuers	323 345	322 993
Income from maintenance of registers	363 747	247 880
Income from services related to securities emissions	190 902	142 522
Income from stock exchange members	119 377	129 242
Income from sale of information	156 325	163 592
Commission income from transactions on stock exchange	72 248	51 919
Income from operations with securities	35 025	39 250
Annual membership fee for Latvian Central depository	18 000	22 208
Other income	5 831	23 962
TOTAL:	1 724 259	1 746 138

4. Costs of sales

	2009	2008
Wages and salaries	209 307	193 970
IT systems maintenance	180 746	201 473
Rental expenses	82 577	86 088
Amortisation and depreciation	57 238	65 061
Social security contributions	50 237	44 224
Undeductable VAT	41 407	38 462
Other expenses	85 771	92 496
TOTAL:	707 283	721 774

5. Administrative expenses

	2009	2008
Wages and salaries	267 728	248 293
Social security contributions	61 945	55 125
Transportation expenses	37 333	26 504
Bank services	22 591	27 158
Insurance	21 950	27 823
Business trips expenses	20 633	29 344
Representation expenses	13 342	22 278
Office equipment maintenance, stationary	10 300	15 108
Audit expenses*	9 664	14 599
Communication expenses	8 645	15 769
Purchase of information	6 411	7 627
Educational expenses	1 399	18 259
Other expenses of administration	9 184	12 211
TOTAL:	491 125	520 098

5. Administrative expenses (cont'd)

* The total costs for provided audit services from the commercial company of certified auditors SIA Ernst & Young Baltic in 2009 are LVL 8 974 (in 2008: LVL 14 759)

6. Other operating income

	2009	2008
Compensated labour costs	21 084	21 377
Other income	9 160	6 529
TOTAL:	<u>30 244</u>	<u>27 906</u>

7. Other operating expenses

	2009	2008
Accruals for doubtful debt	22 138	4 162
Employee entertainment	6 365	5 463
Other expenses	20 636	6 926
TOTAL:	<u>49 139</u>	<u>16 551</u>

8. Interest receivable and similar income

	2009	2008
Interest income	44 585	65 277
Other interest income	25 677	22 897
TOTAL:	<u>70 262</u>	<u>88 174</u>

9. Write-offs of the value of non-current financial assets and short-term securities

	2009	2008
Loss on revaluation of financial assets at fair value through profit or loss	2 967	(51 488)
TOTAL:	<u>2 967</u>	<u>(51 488)</u>

10. Interest payable and similar expenses

	2009	2008
Net loss on foreign exchange	6 150	2 574
Penalties paid	1 120	65
TOTAL:	<u>7 270</u>	<u>2 639</u>

11. Corporate income tax

	2009	2008
Current corporate income tax charge for the reporting year	95 948	80 748
Deferred corporate income tax due to changes in temporary differences	(9 132)	(3 886)
Corporate income tax charged to the income statement:	<u>(86 816)</u>	<u>(76 862)</u>

Deferred corporate income tax:

	Balance sheet		Income statement	
	31.12.2009.	31.12.2008.	2009	2008
Deferred corporate income tax liability				
Accelerated depreciation for tax purposes	(6 972)	(10 557)	(3 585)	(1 979)
Gross deferred tax liability	<u>(6 972)</u>	<u>(10 557)</u>	<u>(3 585)</u>	<u>(1 979)</u>
Deferred corporate income tax asset				
Vacation pay reserve	1 545	5 917	4 372	(2 190)
Other	11 390	1 471	(9 919)	283
Gross deferred tax asset	<u>12 935</u>	<u>7 388</u>	<u>(5 547)</u>	<u>(1 907)</u>
Net deferred tax liability/ asset	<u>5 963</u>	<u>(3 169)</u>	<u>(9 132)</u>	<u>(3 886)</u>

Actual corporate income tax charge for the reporting year, if compared with theoretical calculations:

	2009	2008
Profit before tax	572 915	549 668
Tax at the applicable tax rate of 15%	85 937	82 450
Permanent differences	1 508	(4 568)
Tax rebate on donations	(629)	(1 020)
Actual corporate income tax for the reporting year:	<u>86 816</u>	<u>76 862</u>

12. Staff costs and number of employees

	2009	2008
Wages and salaries	477 035	442 263
Statutory social insurance contributions	112 182	99 349
TOTAL:	<u>589 217</u>	<u>541 612</u>

12. Staff costs and number of employees (cont'd)

Key management personnel compensation

	2009	2008
Board Members		
Wages and salaries	156 437	136 692
Statutory social insurance contributions	37 686	30 954
TOTAL:	<u>194 123</u>	<u>167 646</u>

Council members do not receive compensation.

	2009	2008
Average number of employees during the reporting year	25	25
TOTAL:	<u>25</u>	<u>25</u>

The total staff costs are included in the following income statement captions:

	31.12.2009.	31.12.2008.
Administrative expense	329 673	303 418
Costs of sales	259 544	238 194
TOTAL:	<u>589 217</u>	<u>541 612</u>

13. Intangible and tangible assets

	Licenses	Goodwill	Office equipment and furniture	Vehicles	Total
As at 1 January 2008					
Cost	164 543	38 368	339 743	34 923	577 577
Accumulated amortisation and dep.	(147 788)	-	(217 394)	(10 033)	(375 215)
Carrying amount as at 31 Decen	16 755	38 368	122 349	24 890	202 362
Year 2008					
Carrying amount as at 1 January	16 755	38 368	122 349	24 890	202 362
Additions	8 316	-	11 975	-	20 291
Disposals	(17 631)	-	(23 774)	-	(41 405)
Accumulated depreciation of disposals	17 631	-	23 742	-	41 373
Depreciation charge	(11 479)	-	(46 596)	(6 985)	(65 060)
Carrying amount as at 31 Decen	13 592	38 368	87 696	17 905	157 561
As at 31 December 2008					
Cost	155 228	38 368	327 944	34 923	556 463
Accumulated amortisation and dep.	(141 636)	-	(240 248)	(17 018)	(398 902)
Carrying amount as at 31 Decen	13 592	38 368	87 696	17 905	157 561
Year 2009					
Carrying amount as at 1 January	13 592	38 368	87 696	17 905	157 561
Additions	2 186	-	5 730	-	7 916
Disposals	-	-	(1 080)	-	(1 080)
Accumulated depreciation of disposals	-	-	600	-	600
Depreciation charge	(7 772)	-	(42 482)	(6 985)	(57 239)
Carrying amount as at 31 Decen	8 006	38 368	50 464	10 920	107 758
As at 31 December 2009					
Cost	157 414	38 368	332 594	34 923	563 299
Accumulated amortisation and dep.	(149 408)	-	(282 130)	(24 003)	(455 541)
Carrying amount as at 31 Decen	8 006	38 368	50 464	10 920	107 758

Fully depreciated assets

A number of assets that have been fully depreciated are still in active use. The total original cost value of these assets as at the end of the year was Ls 319 162 (2008: LVL: Ls 289 239).

Depreciation

The total depreciation costs are included in the following income statement captions:

	31.12.2009.	31.12.2008.
Costs of sale	57 238	65 061
TOTAL:	57 238	65 061

14. Other receivables

On 14 December 2007 LCD prolonged its collaboration with State Social Insurance Agency by signing an agreement for rendering of accounts administration services to the state-funded pension scheme participants starting 1 January 2009. In order to meet legal obligations, LCD entered a guarantee agreement with AS "Parex banka" and pledged its cash in carrying amount of Ls 182,818.

15. Financial assets

Financial assets at fair value through profit or loss:

	2009	2008
At beginning of year	1 608 682	1 439 024
Additions	2 573 928	1 450 527
Reclasification from long term assets	-	75 327
Annulment and coupons received	(2 688 910)	(1 369 988)
Fair value changes and accumulated interest recognised in the income statement	40 559	13 792
At end of year	1 534 259	1 608 682
Including		
– long term	1 061 070	340 694
– short term	473 189	1 267 988

Financial assets at fair value through profit or loss include the following:

	2009	2008
Listed securities:		
JSC Staburadze – 20 shares	13	13
Investment funds	-	75 327
Debentures with maturity date of 26 March 2010	16 466	-
Debentures with maturity date of 16 June 2010	354 171	-
Debentures with fixed interest of 5.875% and maturity date of 10 May 2012.	297 040	-
Debentures with maturity date of 20 May 2010	102 552	-
Debentures with fixed interest of 2.625% and maturity date of 23 March 2011.	436 126	-
Debentures with fixed interest of 4.625% and maturity date of 15 June 2009.	-	72 452
Debentures with fixed interest of 3.500% and maturity date of 12 July 2009	-	284 629
Debentures with fixed interest of 5% and maturity date of 28 January 2009	-	386 539
Debentures with maturity date of 6 February 2009	-	435 607
Debentures with maturity date of 8 May 2009	-	13 431
Debentures with fixed interest of 5.125% p.a. and maturity date of 14 February 2013	327 891	340 684
TOTAL:	1 534 259	1 608 682

Financial assets at fair value through profit or loss are denominated in the following currencies:

	31.12.2009.	31.12.2008.
Latvian lats	344 357	865 062
Euros	1 189 902	743 620
TOTAL:	1 534 259	1 608 682

16. Non-current asset revaluation reserve

As at 31 December 2007	4 870
Fair value gains on available-for-sale financial assets	2 122
As at 31 December 2008	6 992
Fair value gains on available-for-sale financial assets	(6 992)
As at 31 December 2009	-

17. Trade receivable

	31.12.2009.	31.12.2008.
Receivables from issuers	45 603	26 118
Receivables from Latvian Central Depository members	38 063	44 504
Receivables from Riga Stock exchange members	25 146	3 489
Other receivables	45 587	58 006
Provisions for impairment of receivables	(21 399)	(12 299)
TOTAL:	133 000	119 818

18. Other receivable

	31.12.2009.	31.12.2008.
Overpayment of taxes	31 352	50 172
Other receivables	17 039	8 572
TOTAL:	48 391	58 744

19. Prepaid expenses

	31.12.2009.	31.12.2008.
Insurance	18 808	8 060
VSAA project expenses	7 192	6 090
IT maintenance	5 700	-
Other	2 861	7 974
TOTAL:	34 561	22 124

20. Cash and cash equivalents

	31.12.2008.	31.12.2007.
Cash at bank	1 588 428	928 202
Cash on hand	-	5 824
TOTAL:	1 588 428	934 026

21. Share capital

The Parent Company's fully paid share capital is LVL 712 500 and consists of 2 850 ordinary shares. The par value of each share is LVL 250. In 2009 the Company paid dividends in amount of Ls 300,000 (Ls 105.26 per share), in 2008 – Ls 700,000 (Ls 245.61 per share).

22. Trade and other payables

	31.12.2009.	31.12.2008.
Payables to owners of securities	1 818 469	1 455 848
Other	15 558	15 502
TOTAL:	1 834 027	1 471 350

23. Deferred income

	31.12.2009.	31.12.2008.
Income from sale of information	3 458	-
Income from securities issuers	820	44 955
TOTAL:	4 278	44 955

All deferred revenues will be received at 2010.

24. Accrued liabilities

	31.12.2009.	31.12.2008.
Accruals for bonuses	68 282	
Vacation pay reserve	10 297	12 176
Provisions for payables	7 656	9 804
Other provisions	-	27 267
TOTAL:	86 235	49 247

25. Related party disclosures

The Group is 92.98% owned by NASDAQ OMX Nordic Oy incorporated in Finland.

The following transactions were carried out with these parties: NASDAQ OMX Nordic Oy, NASDAQ OMX Helsinki Oy, OMX Technology AB, NASDAQ OMX Tallinna AS, Eesti Väärtpaberikeskus AS, NASDAQ OMX Vilnius AS un IPAS Parex Asset Management.

Related party		Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Parent company	2009	21 084	-	-	-
	2008	21 377	340	-	-
Other related parties	2009	153 447	72 359	1 799	78
	2008	165 393	88 375	18 170	86
	TOTAL 2009:	174 531	72 359	1 799	78
	TOTAL 2008:	186 770	88 715	18 170	86

On 13 October 2006 the Group signed agreements with IPAS "Parex Asset Management" and delegated its financial asset management function. The investments have been structured in a way that high safety of the assets is maintained. As of 31 December 2009 Ls 1,534,246 have been handed under management. In 2009 the Group paid Ls 8,126 for investment portfolios management services. The Chairman of the Board of IPAS "Parex Asset Management" is also the Member of the Council of the subsidiary of the Group.

26. Commitments and contingencies

Operating leases

The Company as a lessee has entered into vehicle lease agreements:

	2009	2010
Less than one year	9 316	10 111
1 – 5 years	12 837	20 735
TOTAL:	22 153	30 846

27. Financial risk management

Major financial instruments of the Group are money, long-term financial investments and short-term deposits. The main purpose of these financial instruments is to provide for finance for the business operation of the Group. The Group also deals with several other financial instruments, e.g. accounts receivable from buyers and customers and other debtors, accounts payable to suppliers and contractors and other creditors in direct connection with its business operation.

Financial risks

Main financial risks related to the financial instruments of the Group are: currency risks, liquidity risk and credit risk.

Currency risk

Group's financial assets and liabilities that are exposed to the currency risk comprise money and money equivalents, accounts receivable from buyers and customers, accounts payable to suppliers and contractors.

On 1 January 2005 the Bank of Latvia pegged the lats to the euro, and the fixed official rate is 0.702804. From that day, the Bank of Latvia also has maintained the market rate within a 1% limit over/under the official rate. Consequently, any profit or loss from euro rate fluctuations for the Group will not be material as long as the Bank of Latvia maintains the said fixed exchange rate.

Liquidity risk

The company controls its liquidity risk by maintaining a respective amount of money and money equivalents.

Credit risk

The Group is exposed to credit risk in connection with its accounts receivable from buyers and customers, long-term investments held for sale, money and money equivalents. The Group controls its credit risk by continuously evaluating the debt repayment records of the customers and defining terms and conditions of lending per every customer individually. Furthermore, the Group continuously monitors balances of accounts receivable to minimise the possibility of irrecoverable debts. Investments have been made ensuring a high level of security of money assets.

As at 31 December 2009, the Group did not have any material concentration of credit risk in relation to one counterparty or a group of counterparties of similar characteristics.

28. Events after balance sheet date

There are no subsequent events, which would have a significant effect on the financial position of the Group or its operations as of 31 December 2009.