



## **NASDAQ OMX Tallinn AS**

### **CONSOLIDATED ANNUAL REPORT 2009**

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Principal activity: listing of securities, regulation of the securities market

Auditor: Ernst & Young Baltic AS

Beginning and end of financial year: 01.01.2009 -31.12.2009

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## Management report

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**The mission of the companies of NASDAQ OMX Tallinn Group is to be the heart of the securities market!**

In their activities, the companies of NASDAQ OMX Tallinn Group proceed from the following principles:

**COOPERATION** - we understand that no one works alone. We are ready to assist and thus enhance the value of intra-organizational teamwork as well as cooperation with the state, market participants and all other partners.

**OPENNESS** - we are open to new opportunities and ideas. We are the engine driving market development, always bringing the best ideas to life. We are aided by our open-mindedness and the agility of our thought process. We learn and help others learn from our experiences.

**RELIABILITY** – we are responsible and intelligent in our work. We are honest to ourselves and others and we do not give promises we cannot keep. We cherish what we have achieved.

**PROFESSIONALISM** - we have the skills, experience and will to do our job well. We are professionals in our field. The quality of our work is high. Our decisions are intelligent and well-thought-out. We have the courage to admit our mistakes.

**DEDICATION** - being the heart of the securities market, we have an influence on the activity of people, organizations and the state. We sense our responsibility in all of the decisions we make and actions we take. We do our work with heart and we enjoy what we do.

### The organization

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The Tallinn Stock Exchange is the only regulated securities market in Estonia. The Tallinn Stock Exchange began regular trading with 11 listed securities on June 3, 1996. Today, Tallinn stock exchange is part of the world's largest stock exchange company, NASDAQ OMX Group, Inc., which offers services related to trading, stock exchange technologies and listed companies on six continents. NASDAQ OMX Group offers capital involvement possibilities all over the world, including the US regulated market; the Nordic market NASDAQ OMX Nordic and the alternative market First North. It is possible to trade in a variety of asset classes – stocks, derivatives, bonds, commodities, structured products and exchange traded funds. The technological systems of NASDAQ OMX Group are in use in more than 60 stock exchanges, settlement organizations and depositories in more than 50 countries.

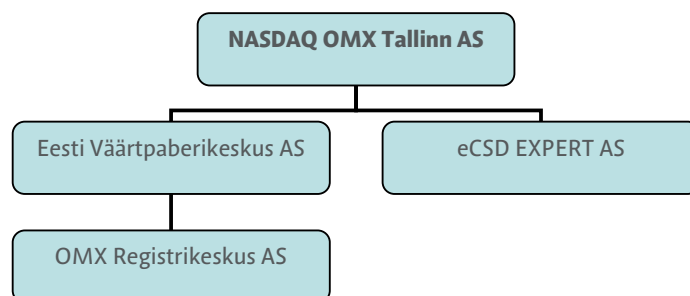
The new business name of the Tallinn Stock Exchange is NASDAQ OMX Tallinn AS, which reflects belonging to the NASDAQ OMX stock exchange group and makes the local securities market more visible also for international investors.

In 2009 NASDAQ OMX acquired the holding of Swedbank and SEB in the NASDAQ OMX Tallinn Group. The majority of other local minority shareholders also sold their holdings to NASDAQ OMX, thereby increasing the holding of the majority shareholder in NASDAQ OMX Tallinn AS to 93 per cent. The aim of NASDAQ OMX is to soon achieve 100% holding in NASDAQ OMX Tallinn AS.

### Structure of the Group

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NASDAQ OMX Tallinn AS has two subsidiaries: AS Eesti Väärtpaberikeskus (managing the Estonian Central Register of Securities and the funded pension register) and AS eCSD EXPERT (export of know-how and technological solutions for capital markets and the pension system). NASDAQ OMX Tallinn has 100% holding in both companies. In September 2004 AS OMX Registrikeskus was founded, which is 100% owned by AS Eesti Väärtpaberikeskus. By the end of 2009 AS OMX Registrikeskus had not started active business operations.



## Personnel

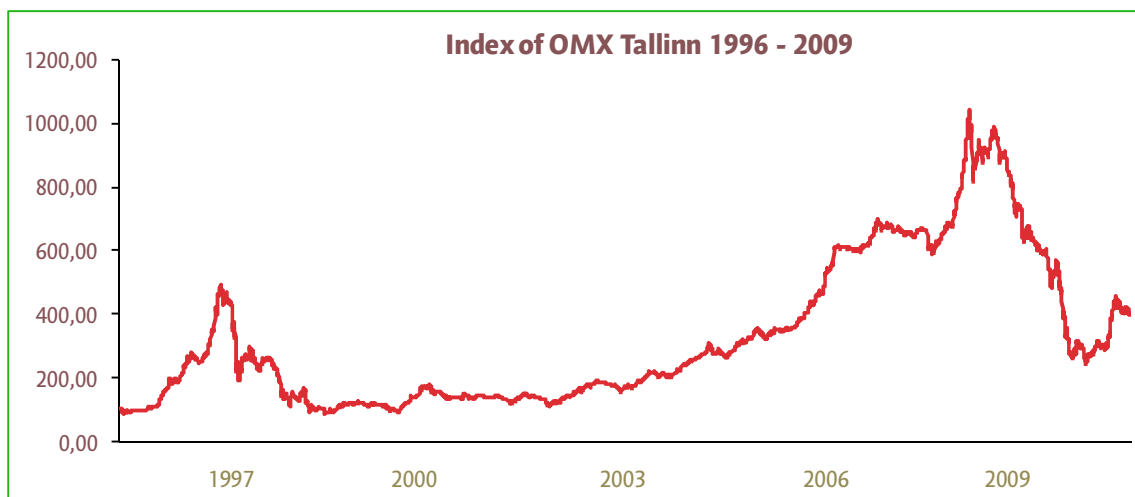
As of 31 December 2009, the NASDAQ OMX Tallinn Group (including Estonian Central Register of Securities, hereinafter CSD) employed 46 persons, among them 6 on parental leave. As compared to the previous period, the number of employees of the Group has decreased by two. The employees worked in the following divisions: market services, register, settlements, pension and supporting services (public relations, IT, finance, administration and legal affairs).

The total wages and remuneration paid to the Group's employees in 2009 was 21.7 million kroons (20.5 million kroons in 2008), of which the wages paid to the parent company's employees were 9.2 million kroons (8.9 million kroons in 2008). The remuneration paid to the Group's management (members of the board) was 4.2 million kroons (3 million kroons in 2008); including 1.5 million kroons for the members of the board of the parent company (1 million kroons in 2008). Other benefits paid to the management board in 2009 were 110 thousand kroons (122 thousand kroons in 2008); including 106 thousand kroons to the members of the board of the parent company (102 thousand kroons in 2008). The potential obligations related to the management amounted to 638 thousand kroons (602 thousand kroons in 2008). No disbursements were made to NASDAQ OMX Tallinn Council members in the reporting year. In addition to other benefits all employees of the Group are subject to the group-wide stock program that enables employees to receive stocks (incl. stock options) for achieving the individual and company goals.

One of the strategic aims of NASDAQ OMX Tallinn is to have adequate, motivated and qualified personnel. The company continues to value employees who want to develop and learn, allowing them to obtain their degrees, providing different work-related trainings and career enrichment through various projects. In 2010, NASDAQ OMX Tallinn plans to continue competent planning and managing of personnel by applying the competence model and continuing substantial assessment and development of employees.

## Securities market

The past year on the securities market is characterized by the after-effects of the global financial recession. The continued decline in prices in the first quarter of the year was followed by slow recovery of market from previous pessimism, which culminated in drastic increase of the stock prices in August-September and in summary of the year brought a more than 40% growth for the stock market indexes (OMX Tallinn +47.2%, Baltic Benchmark Cap GI +45.7%). The annual turnover of NASDAQ OMX Tallinn stock exchange was 84,757 transactions in the sum of 266,6 million euro. Although the turnover was the weakest of the recent years, the result by the number of transactions was the second highest during the last decade. The decreased turnover and the high number of transactions brought the value of an average stock exchange transaction down below 3,200 euros (in 2008 - 8,000 euros).



Since January 2009 the price information of the stocks listed at the Baltic stock exchanges of NASDAQ OMX can be observed on the web page in real time and since February the Baltic stock exchanges of NASDAQ OMX extended their trading period by two hours. The most important steps for 2010 are replacing the current Swedish trading system SAXESS with the new trading system INET and continuous aspirations for establishing single euro-based trading and settlements environment for the Baltic States

At the Baltic Market Awards competition, held already for four consecutive years, the Baltic stock exchanges of NASDAQ OMX awarded the stock market company with the best investor relations, who in 2009 was TEO LT, the award for the best stock exchange member was given again to SEB Bankas. Tallinna Vesi was declared the best company listed on Tallinn Stock Exchange. To raise people's awareness, Tallinn Stock Exchange financed publication in Estonian of "Kuidas ma investeerin börsiaktiatesse" (*How I Invest Into Listed Stocks*) by the Finnish stock exchange guru Seppo Saario in 2009, which was a sequel to the investment guidebooks "Investeermise teejuht" (*Guide to investing*) and "Väärtpaberite teejuht (*Guide to Securities*) published in 2007 and 2008. Traditionally, this book was also given as a gift to all Estonian upper secondary schools, universities and libraries in order to make investment-related materials available to anyone interested.

Last year, in total two companies left the main list of the NASDAQ OMX Tallinn Stock Exchange – on 1 April, AS Starman due to take-over bid and on 10 September AS Luterma (former AS Kalev). As of 15 September, listing of the stock of AS Järvevana ended, however, as of the same date on, the stock were taken for trading into the secondary list. In the bonds list, the bonds of Tallinna Sadam, BIGBANK AS and AS SEB were delisted in relation to their redemption. As at the end of the year stocks of 16 companies and bonds of 2 companies were traded at the NASDAQ OMX Tallinn Stock Exchange.

In the 4<sup>th</sup> quarter of 2009 TeliaSonera carried out successful take-over bid to the shareholders of Eesti Telekom as a result of which TeliaSonera became the sole shareholder of Eesti Telekom in January 2010. Listing of the stocks of Eesti Telekom ended on 13 January 2010.

In the case of most stock exchange companies the number of investors has increased during 2009. The largest number of shareholders was gained by Arco Vara (+39%), Merko Ehitus (+36%), Viisnurk (+23%) and Baltika (+20%). The share of Swedish investors increased strongly among the countries of origin of the stock exchange investors (from 26.5% to 47.8%), this being mostly due to the take-over bid of TeliaSonera and strong growth in value of the stock of Eesti Telekom on the background of other traded companies. The share of Estonian investors fell from 49.2% to 34.0%.

<b>Company's business name</b>	<b>Number of transactions</b>	<b>Turnover (EUR)</b>	<b>Market value 31.12.2009</b>
Arco Vara	11 549	11 694 170	16 198 306
Baltika	8 515	7 567 088	13 610 741
Ekspress Grupp	2 233	2 176 180	21 474 306
Eesti Telekom	7 860	88 002 994	819 449 896
Harju Elekter	2 097	2 141 833	34 776 000
Järvevana	1 210	597 352	6 195 000
Luterma	117	32 422	N/A
Merko Ehitus	3 862	9 384 112	88 854 000
Nordecon International	5 264	12 030 487	48 595 630
Norma	1 434	4 724 786	51 480 000
Olympic Entertainment Group	12 494	36 833 811	116 270 000
Silvano Fashion Group	2 080	2 854 914	31 200 000
Starman	68	83 869	N/A
Tallink Grupp	15 769	54 360 104	249 312 305
Tallinna Kaubamaja	5 774	18 578 350	147 032 412
Trigon Property Development	553	291 586	1 979 587
Tallinna Vesi	2 562	14 475 118	200 000 000
Viisnurk	1 316	794 979	3 239 324
<b>TOTAL</b>	<b>84 757</b>	<b>266 624 153</b>	<b>1 849 667 506</b>

During the last year AS DnB NORD Banka and Swedbank AS (both from Latvia) gained membership of the NASDAQ OMX Tallinn Stock Exchange. At the end of November, membership of Bankas SNORAS AB (Lithuania) in the Baltic stock exchanges was discontinued. As at the end of the year the Baltic stock exchanges had in total 40 members.

An event that will have a long-term effect on the Baltic securities market is also the decision of NASDAQ OMX Nordic OY to acquire the minority holdings of other shareholders in NASDAQ OMX Tallinn AS. As a result the holding of the majority shareholder in NASDAQ OMX Tallinn AS increased to 93 per cent. The aim of NASDAQ OMX is to gain 100% holding in all NASDAQ OMX Baltic stock exchanges in the nearest future.

## Primary stock exchange activities in 2009

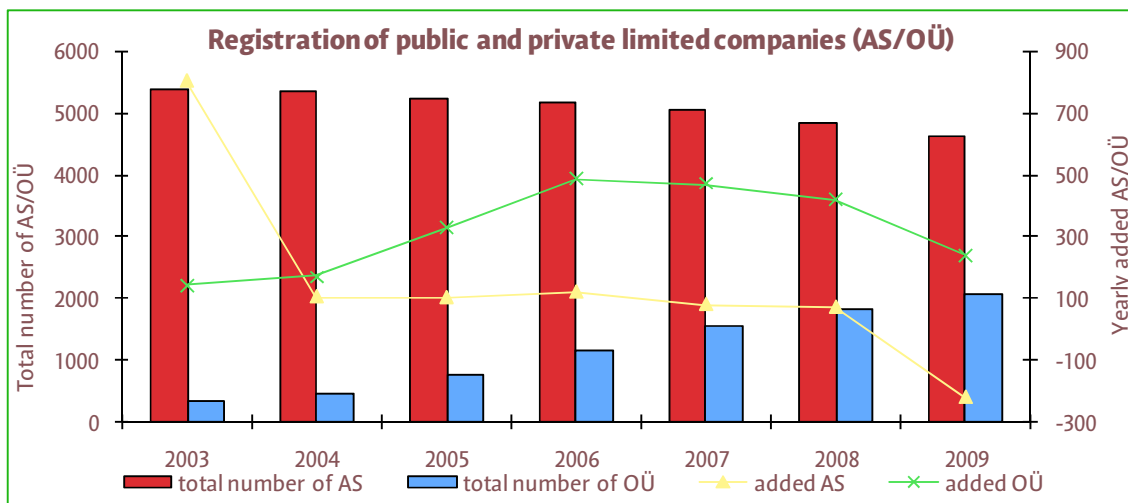
- **Extension of the trading period at the NASDAQ OMX Baltic stock exchanges.** As from 2 February 2009, the trading period at the Tallinn, Riga and Vilnius stock exchanges was extended by two hours – now the trading period starts at 09:59 and ends at 16:00. The aim of the changes is to ensure foreign investors with better access to the Tallinn, Riga and Vilnius stock exchanges, and thereby increase trading activities on the Baltic securities markets. The extended trading period also gives the local investors more time to observe events on the world's securities markets and to react with carefully considered investment decisions.
- **Emerging Nordic Research was founded in co-operation with the Latvian and Lithuanian stock exchange operators and Ivars Bergmanis.** It is the first independent equity analysis centre in the Baltic region, the aim of which is to offer analyses and overviews to investors trading on the Baltic securities markets. The analyses are available exclusively for institutional and professional investors who are focused on investment ideas, not the usual recommendations for purchase and sale transactions.
- **NASDAQ OMX recognized the Baltic companies with the best investor relations.** The aim of the competition held for the fourth time is to identify and highlight the most exemplary listed companies in the Baltic region. Tallinna Vesi was recognized as the company with the best investor relations in Estonia and SEB Bankas from Lithuania was awarded with the prize of the Best Member. The Baltic Market Awards competition was initiated in 2006 with the aim of highlighting the best achievements in promoting investor relations among the listed companies. The competition draws the attention of companies to the importance of investor relations and offers them individual feedback and consultations from the stock exchanges.

- **Baltic Institute of Corporate Governance was established in co-operation with other Baltic stock exchanges, auditing office E&Y, Glimsted law firm, Swedish Chamber of Commerce and other co-operation partners.** The aim of this non-profit organization is to train managers of Baltic companies in good corporate governance practices and promote these principles in the society as a whole.
- **Launching of the stock exchange's subsidiary eCSD EXPERT**, the aim of which is to export knowledge and technology of the Tallinn stock exchange and the Estonian CSD. The first country where we will be contributing to establishment of the 2<sup>nd</sup> pillar system of pensions with our knowledge and skills is Armenia.
- **Signing of the co-operation memorandum with KredEx.** On 4 June 2009, KredEx and NASDAQ OMX Tallinn signed the co-operation memorandum with the aim of developing Estonian capital market and offering additional financing opportunities to mostly small and medium-sized companies. The specific substance of the co-operation is to introduce services offered for companies and to develop new services. Furthermore, it is planned to introduce to companies different possibilities for raising capital during joint seminars and trainings. As one specific activity KredEx is ready to provide surety for bridge financing for companies for covering initial costs (e.g. compiling a prospectus, involving advisors etc.) related to introduction to trading on the alternative First North market.
- **Introduction of social media.** NASDAQ OMX Tallinn opened its blog investoror.ee and related image and video base (Flickr & YouTube). Furthermore, short notices can be read at twitter.com/investmentor. NASDAQ OMX Tallinn pays a lot of attention to the use of social media in order to ensure increasing number of new and educated investors and maintain dialogue with the clients and the public for the purposes of fostering saving and spreading of healthy investor culture.
- **Academic competition of NASDAQ OMX Tallinn Stock Exchange.** NASDAQ OMX Tallinn Stock Exchange in co-operation with the University of Tartu, the Tallinn University of Technology, Estonian Business School and the Academic Centre of the Tallinn University of Technology International University Audentes organized a student competition dedicated to the topic of the securities market for the third consecutive year. The competition was open to academic research on bachelor's and master's level on topics related to the Tallinn stock exchange or the Baltic securities market. The winner of 2009 was Raili Kokk with her Bachelor's thesis "Raising equity capital by performing initial public offering in the example of the alternative market First North in Estonia" (University of Tartu, supervisor Priit Sander). The academic competition is part of the Tallinn stock exchange's investor education program Invest Mentor.
- **In 2009 NASDAQ OMX Tallinn stock exchange funded publication in Estonian "Kuidas ma investeerin börsiaktiatsesse" (How I Invest Into Listed Stocks) by Seppo Saario.** The first book in the series "Investeerimise teejuht" (*Guide to investing*), published in 2007 gave an extensive overview of investing into securities as an activity. "Väärtipaberite teejuht (*Guide to Securities*) published in 2008 spoke about into which instruments one can invest. The Tallinn stock exchange has donated all three books to all Estonian upper secondary schools and higher education institutions as well as libraries, in order to make information regarding investments available free of charge for everyone. Publication of the guidebooks is a part of the investor education program Investor Mentor of the Tallinn stock exchange.

## Registration of companies

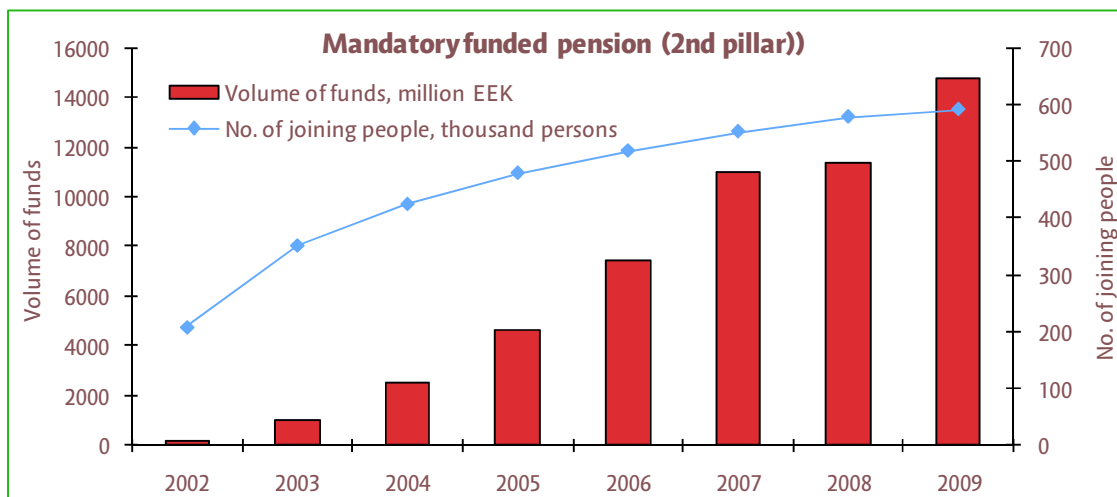
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As at the end of 2009, a total of 6,688 companies were registered at the Estonian CSD. While the number of registered public limited companies has somewhat decreased (4,624 registered), the interest of private limited companies in registering their shares at the ECSD is increasingly growing (2,064 registered). Registering a private limited company gives the company an opportunity to conduct purchase and sale as well as pledge transactions more conveniently and at lower cost, without notarization. As at the end of 2009 the value of securities registered at the ECSD was 112 billion kroons.



### Funded pension

In issues related to the mandatory funded pensions, the ECSD was most influenced by the fact that the state decided to suspend its contributions to the 2<sup>nd</sup> pillar of the funded pension. The number of persons who have joined the mandatory funded pension grew from 580,081 persons to 593,203 persons in 2009. In total 37% or 220,353 of the joined members decided to continue their payments to the 2<sup>nd</sup> pillar of the funded pension without the state's contribution. The total volume of the mandatory funded pensions grew to the level of 14 billion kroons in 2009, which is 29% more than in 2008. The EPI index that measures the average rate of return of the funded pension funds grew 12.7%, from 116.85 points to 131.66 points in 2009.



The persons who have joined the 2<sup>nd</sup> pillar of the funded pension can change the pension fund where they collect their money, once a year. During the previous period, in total 85,434 persons decided to change their pension fund, among them 29,991 persons who replaced the current pension fund shares with a new fund and 55,443 persons who directed their payments to a new fund.

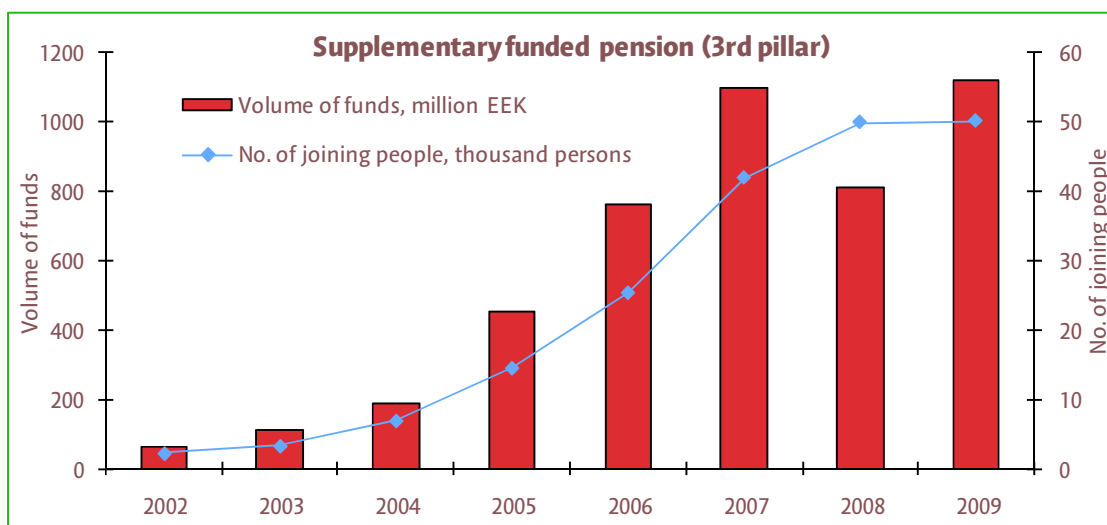
- One option is to move the entire collected amount to a new fund when the pension fund is switched. In such case, at least 500 units must have been accrued to the fund by the moment of submission of the application for switching the fund. The limit of 500 shares will be abolished from 2011. While in 2008, the option of switching

funds was used by 18,033 persons, then in 2009, in total 29,991 persons applied for switching the fund units, which is 66% more than during the previous year.

- Another option is to direct the payments to the funded pension into a new fund and leave the units collected so far to the current fund. In 2009, 55,443 persons applied for directing the payments to another fund, while in 2008, 49,488 persons wished to start payments to a new fund.

In 2009, three new aggressive strategy funds started providing mandatory funded pension services: Swedbank's K4 Pension Fund, SEB's Energetic Pension Fund and Nordea's A Plus.

In 2009, payments from the funded pensions started and in total 6,096 persons have applied for receiving pension payments from the 2<sup>nd</sup> pillar. Currently, nearly 10,000 persons have the right to receive pension from the 2<sup>nd</sup> pillar.



The volume of the supplementary funded pension (3<sup>rd</sup> pillar) increased from 810 million kroons to 1.1 billion kroons within one year.

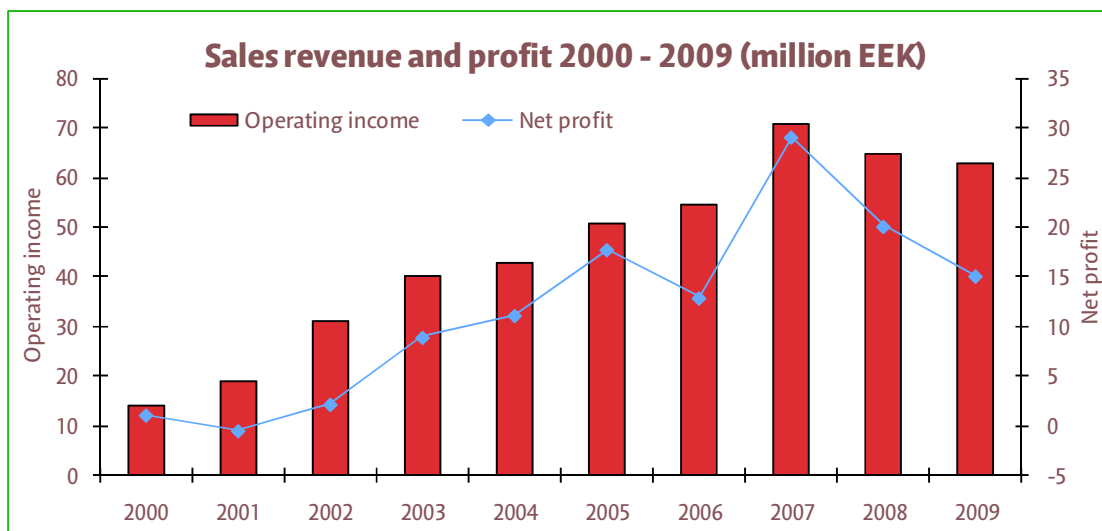
The number of clients of the supplementary funded pension grew from 49,974 investors at the end of 2008 to 50,249 investors at the end of 2009.

## Financial results

The consolidated financial results of NASDAQ OMX Tallinn AS were most influenced by the continuing low level of trading and stock prices caused by the weakness of global financial markets.

The business activities of the Estonian CSD were influenced by mergers, liquidations and bankruptcies of companies and the resulting decrease in the number of companies in the register. This was counterbalanced by a moderate rate of registration of new public limited companies and continued active registration of private limited companies. The income from pensions was strongly affected by the suspension of pension payments and related decrease in the pension transaction fees, counterbalanced by submission of applications for switching units, which was more active than planned.

In 2009, the Group's operating income decreased by 3% to 63 million kroons (in 2008: 65 million kroons), of which the operating income of NASDAQ OMX Tallinn amounted to 17.5 million kroons (in 2008: 22.3 million kroons). At the end of the period, the Group's owner's equity totaled 82 million kroons (in 2008: 83.3 million kroons) and the consolidated net profit for 2009 totaled 15.1 million kroons (in 2008: 20.4 million kroons).



In 2009, revenue per employee amounted to 1.37 million kroons (in 2008: 1.35 million kroons) and net profit per employee 329 thousand kroons (in 2008: 425 thousand kroons). The net profit margin in 2009 was 24% (in 2008: 31%). The net profit per share in 2009 was 5,531 kroons (in 2008: 7,434 kroons).

Key financial ratios of the group:	2009	2008	2007	2006
Net profit margin (net profit/net turnover)	24%	31%	41%	23%
Return of Equity (net profit/equity)	18%	24%	40%	23%
Return on Assets (net profit/average total assets)	14%	19%	32%	18%
Revenue growth	-3%	-8%	29%	8%

## Changes in legislation

In 2009, the activities of the NASDAQ OMX consolidation group were most influenced by the amendments to the Funded Pensions Act, which suspended the state contributions to the 2<sup>nd</sup> pillar of funded pension until 2011.

As from 2009, the persons who have reached the retirement age have the right to receive pension payments from the funds of the 2<sup>nd</sup> pillar. There are nearly 10,000 persons entitled to pension payments from 2010. The Estonian CSD makes payments to persons who start receiving payments directly from the mandatory funded pension fund either regularly, distributed across several years or as single payment. In order to fulfill the tasks related to payments of the funded pension, the Estonian Central Register of Securities developed its own functional and technical solutions. Successful implementation of the system followed intensive co-operation with the Ministry of Finance, Social Insurance Board, pension fund management companies, account managers and insurers. In May 2009, coordinated current income tax exemption calculation for pension payments was implemented in co-operation with the Social Insurance Board. The ECSD is offering current information regarding calculation of income tax exemptions also to the insurers making payments.

Pursuant to the new wording of the Public Information Act that entered into force 1 January 2008, requirements applicable for the state databases shall also be applicable for the Estonian CSD. According to these requirements, the information systems used for keeping the Estonian Central Register of Securities must be registered in the management system for the state information systems (RIHA) and attached to the state information system's data exchange layer (X-road).

In terms of information technology, the ECSD consists of two databases – the central register of securities and the register of funded pensions. Both registers are registered in the RIHA. The register of funded pensions has already been attached to the X-road. The central register of securities will be attached to the X-road in the first quarter of 2010.

Pursuant to Regulation No 252 of the Government of the Republic “System of security systems for information systems”, the three-level baseline security system for information systems (ISKE) must be implemented for the register information systems and related parts. The aim of ISKE is to ensure security of the databases belonging to the state information systems. The mandatory ISKE security measures systems audit was carried out in the Estonian Central Register of Securities at the end of 2009. The ECSD was one of the first in Estonia to pass this audit.

In order to allow payments and settlement of accounts in euros, the ECSD joined Target2 – the pan-European real time cross-settlement system, in August 2009. Joining Target2 also expanded the range of services provided by the fund management companies and allows organizing issue and redemption of investment fund shares in euros.

In 2009, there were no significant changes in regulations affecting the activities of NASDAQ OMX Tallinn.

## Sponsorship and charity

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We realize that as the centre of the Estonian securities market, we influence the wellbeing of people and organizations. We are aware of our responsibility in all decisions and activities. Within our possibilities, we wish to support development of Estonia and at that we support the sponsorship directions of NASDAQ OMX Tallinn:

### Development of investor culture

- The companies of the NASDAQ OMX Tallinn Group have initiated the investor education program InvestMentor. The aim of the program is to educate people interested in investing to be reasonable and rational investors, who would be able to manage their finances reasonably and secure their future. For that purpose:
  - We organize annual academic competition on the subject of securities market
  - Every autumn, Investment Fair is organized in co-operation with the market participants
  - We support publication and distribution of Estonian-language investment literature, donating guidebooks concerning the securities market to upper secondary schools, universities and libraries.
- We support organizing various games that teach investing. Furthermore, we support the youth entrepreneurship competition Ajujaht (Brain-hunt).
- We co-operate with the Junior Achievement Fund, supporting with our knowledge and assistance, development of study programs and compilation of study materials concerning saving and investing.
- Where necessary, we are ready to support other projects supporting and developing investor culture in Estonia. Such projects may include information events, publication of study materials and activities aimed at students.

### Small good deeds

As a company of the NASDAQ OMX Tallinn Group, we notice the events around us and we try to do our best to contribute to the alleviation of the problems of the society.

- We favor sustainable lifestyle and we avoid wasting resources on impersonal souvenirs, and we donate the saved sums to charity. In the framework of the annual Christmas project, we donate a gift to the children of the Palivere Children's Home. In doing so, we consider important the clear aim of our small contribution, its developing value for children and continuity.

## Plans for 2010

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The objective of NASDAQ OMX Tallinn stock exchange and the ECSD is to be the heart of the securities market. We see our main challenges for the year in finding new companies for the stock exchange as well as the alternative market First North launched in late 2007. We will also continue with searching for new business opportunities in the changing regulative and economic environment.

Pursuant to the strategy of NASDAQ OMX Tallinn, it is important to ensure the existence of future ranks of knowledgeable and active investors. To achieve this, NASDAQ OMX Tallinn is continuing the investor education project InvestMentor. The mission of investor education at NASDAQ OMX Tallinn is (a) increasing the number of knowledgeable and informed investors in Estonia by involving the media, market participants and educational institutions, and (b) offering neutral, balanced and constantly updated information to investors and other key links in the information chain, (c) thereby ensuring market transparency and better adherence to the best market practices in cooperation with government and supervisory agencies.

The goal of the Estonian CSD is to continue providing registrar service on a high level to the existing clients and we also see a possibility for increasing our customer base in 2010. This year, the ECSD will continue replacing of the information system of the register with the aim of improving the quality of register services and facilitating the possibilities of further development, along with making the services more convenient and user-friendly.

In general, we see our role in improving co-operation with the parties operating on the market, educating intelligent and reasonable investors, and promoting saving for securing future. Relying in the knowledge and experiences of the ECSD, we plan to work towards managing and developing new registers, if possible, starting with the activities of AS OMX Registrikeskus, a subsidiary of the ECSD.

We are trying to facilitate establishing a framework for individuals to be taxed on an equal footing with legal entities with respect to investments into securities and we are continuing lobbying for listing state companies on the stock exchange.

Already in 2008, the Tallinn stock exchange, in co-operation with other Baltic and Nordic stock exchanges belonging to the NASDAQ OMX Group started preparations for implementing the new trading system INET. It is software currently used on the markets in the USA, the advantage of which is its large capacity and the possibility of routing orders to other markets. However, it will bring along significant changes in the stock exchange's trading model and trading rules. The new trading system was launched in February 2010.

We analyze the possibility to transfer trading and settling of accounts on all Baltic markets in euros before euro has become the official instrument of payment in all three countries.



Andrus Alber  
Chairman of the Management Board



Kaidi Ruusalepp  
Member of the Management Board

Tallinn, 1 March 2010

# Financial statements



## Management Board declaration

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Hereby the Management Board confirms the correctness and completeness of the consolidated financial statements of NASDAQ OMX Tallinn AS for 2009 set forth on pages 14 to 38.

The Management Board confirms that:

1. the accounting principles used in preparing the consolidated financial statements are in compliance with the generally accepted accounting principles in Estonia;
2. the consolidated financial statements give a true and fair view of the financial position of the group and the parent company, as well as of the results of their operations and cash flows;
3. NASDAQ OMX Tallinn AS and the companies of the group are able to continue as a going concern.

A handwritten signature in blue ink, appearing to read "A. Alber", with a long horizontal flourish extending to the right.

Andrus Alber  
Chairman of the Management Board

A handwritten signature in blue ink, appearing to read "K. Ruusalepp", with a stylized, cursive script.

Kaidi Ruusalepp  
Member of the Management Board

Tallinn, 1 March 2010

**Consolidated balance sheet (in kroons)**

<b>ASSETS</b>	<b>Note</b>	<b>31.12.2009</b>	<b>31.12.2008 restated</b>	<b>31.12.2008 audited</b>
<b>Current assets</b>				
Cash	2	72 435 766	90 112 941	92 673 809
Short-term financial investments	3	6 145 659	7 513 702	7 513 702
Receivables and prepayments	4	5 528 926	6 904 475	6 904 475
<b>Total current assets</b>		<b>84 110 351</b>	<b>104 531 118</b>	<b>107 091 986</b>
<b>Non-current assets</b>				
Long-term financial investments	5	365 495	19 545	19 545
Property, plant and equipment	7	551 058	976 804	976 804
Intangible assets	8	8 382 678	5 563 484	5 563 484
<b>Total non-current assets</b>		<b>9 299 231</b>	<b>6 559 833</b>	<b>6 559 833</b>
<b>TOTAL ASSETS</b>		<b>93 409 582</b>	<b>111 090 951</b>	<b>113 651 819</b>
<b>LIABILITIES AND OWNER'S EQUITY</b>				
<b>Current liabilities</b>				
Borrowings	9	0	0	2 560 868
Accounts payable		914 765	912 461	912 461
Taxes payable	10	1 517 296	1 569 707	1 569 707
Payables to shareholders	19	0	16 416 000	16 416 000
Deferred income related to government grants	12	621 723	1 043 107	1 043 107
Provisions	13	150 000	0	0
Other payables	11	5 000 969	3 852 148	3 852 148
<b>Total current liabilities</b>		<b>8 204 754</b>	<b>23 793 423</b>	<b>26 354 291</b>
<b>Non-current liabilities</b>				
Guarantee fund	15	1 837 065	1 881 424	1 881 424
Deferred income related to government grants	12	290 416	2 086 213	2 086 213
Provisions	13	1 093 241	0	0
<b>Total non-current liabilities</b>		<b>3 220 722</b>	<b>3 967 637</b>	<b>3 967 637</b>
<b>TOTAL LIABILITIES</b>		<b>11 425 476</b>	<b>27 761 060</b>	<b>30 321 928</b>
<b>Owner's equity</b>				
Share capital	16	10 944 000	10 944 000	10 944 000
Reserves				
Mandatory reserve		2 736 000	2 736 000	2 736 000
Guarantee fund reserve		0	1 355 970	1 355 970
Total reserves		2 736 000	4 091 970	4 091 970
Retained earnings		53 170 921	47 913 426	47 913 426
Profit for the financial year		15 133 186	20 380 495	20 380 495
<b>Total owner's equity</b>		<b>81 984 107</b>	<b>83 329 891</b>	<b>83 329 891</b>
<b>TOTAL LIABILITIES AND OWNER'S EQUITY</b>		<b>93 409 582</b>	<b>111 090 951</b>	<b>113 651 819</b>

**Consolidated income statement (in kroons)**

	Note	2009	2008
<b>Revenue</b>			
Sales	17	60 310 409	64 665 113
Other revenue		2 636 182	365 753
<b>Operating expenses</b>			
Other operating expenses	18	- 21 067 815	-19 958 761
Personnel expenses			
Wages and salaries		- 16 212 059	- 15 298 540
Social tax		-5 498 418	-5 250 184
Total personnel expenses		-21 710 477	-20 548 724
Depreciation, amortisation and impairments	7,8	-2 268 299	-2 992 001
Other expenses		-928 423	-587 512
<b>Total operating expenses</b>		<b>-45 975 014</b>	<b>-44 086 998</b>
<b>Operating profit</b>		<b>16 971 577</b>	<b>20 943 868</b>
Other financial income and expenses		5 191 804	3 410 678
<b>Profit before income tax</b>		<b>22 163 381</b>	<b>24 354 546</b>
Income tax		-7 030 195	-3 974 051
<b>Net profit for the financial year</b>		<b>15 133 186</b>	<b>20 380 495</b>

**Consolidated cash flow statement (in kroons)**

	Note	2009	2008
<b>Cash flows from operating activities</b>			
Revenue from rendering of services		67 958 434	73 010 195
Payments for goods and services		-20 767 174	-20 545 892
Payments to employees		-12 282 671	-12 096 853
Payments for other operating expenses		-93 244	-359 260
Taxes paid		-14 548 875	-15 078 496
<b>Total cash flows from operating activities</b>		<b>20 266 470</b>	<b>24 929 694</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	-344 496	-543 606
Sale of property, plant and equipment	7	3 600	0
Purchase of intangible assets	8	-1 428 143	-1 206 697
Prepayments for intangible assets	8	-3 572 006	-2 308 431
Purchase of financial investments		-1 593 461	-3 397 958
Sale of financial investments		3 534 240	3 994 852
Interests received		3 995 793	3 634 339
<b>Total cash flows from investing activities</b>		<b>595 527</b>	<b>172 498</b>
<b>Cash flows from financing activities</b>			
Contributions to the guarantee fund		272 662	729 102
Disbursements from the guarantee fund		-317 639	-1 534 801
Reduction of share capital	16	-16 416 000	0
Dividends paid	16	-15 048 000	-5 472 000
Government grants	12	0	3 129 320
Corporate income tax paid		-7 030 195	-3 974 051
<b>Total cash flows from financing activities</b>		<b>-38 539 172</b>	<b>-7 122 430</b>
<b>Total cash flows</b>		<b>-17 677 175</b>	<b>17 979 762</b>
<b>Cash and cash equivalents at the beginning of the period</b>	2	<b>90 112 941</b>	<b>72 275 638</b>
<b>Change in cash and cash equivalents</b>		<b>-17 677 175</b>	<b>17 979 762</b>
<b>Fund shares, restated at fair value</b>	2	<b>0</b>	<b>-142 459</b>
<b>Cash and cash equivalents at the end of the period</b>	2	<b>72 435 766</b>	<b>90 112 941</b>

**Consolidated statement of changes in owner's equity (in kroons)**

	Share capital	Reserves	Retained profit	Total
<b>Balance as at 31.12.2007</b>	<b>27 360 000</b>	<b>3 604 340</b>	<b>54 152 114</b>	<b>85 116 454</b>
Transfers to the mandatory reserve	0	451 688	-451 688	<b>0</b>
Transfers to the guarantee fund reserve	0	315 000	-315 000	<b>0</b>
Disbursements from guarantee fund reserve	0	-279 058	0	<b>-279 058</b>
Dividends paid	0	0	-5 472 000	<b>-5 472 000</b>
Reduction of share capital	-16 416 000	0	0	<b>-16 416 000</b>
Net profit for the financial year	0	0	20 380 495	<b>20 380 495</b>
<b>Balance as at 31.12.2008</b>	<b>10 944 000</b>	<b>4 091 970</b>	<b>68 293 921</b>	<b>83 329 891</b>
Transfers to the guarantee fund reserve	0	75 000	-75 000	<b>0</b>
Reclassification of the guarantee fund reserve	0	-1 430 970	0	<b>- 1 430 970</b>
Dividends paid	0	0	-15 048 000	<b>-15 048 000</b>
Net profit for the financial year	0	0	15 133 186	<b>15 133 186</b>
<b>Balance as at 31.12.2009</b>	<b>10 944 000</b>	<b>2 736 000</b>	<b>68 304 107</b>	<b>81 984 107</b>

Additional information on the owner's equity of the group companies is set forth in Note 16.

## Notes to the financial statements

### Note 1 Accounting principles used in the preparation of the financial statements

The consolidated financial statements 2009 of NASDAQ OMX Tallinn AS have been prepared in accordance with the generally accepted accounting principles of the Republic of Estonia. The main requirements of the generally accepted accounting principles of the Republic of Estonia have been stipulated in the Accounting Act of the Republic of Estonia, and supplemented by the guidelines issued by the Accounting Standards Board of the Republic of Estonia.

The financial statements have been prepared on historical cost basis, except in cases set forth in the accounting principles below.

The financial statements have been prepared in Estonian kroons.

#### Changes in accounting principles or disclosures

Starting from financial statements for 2009 the cash flows of the company and the entire consolidation group have been prepared using the direct method. Until the financial statements for 2008 the indirect method was used. The comparative data for 2008 set forth in this report has been restated.

In 2009, the guarantee fund reserve consisting of the fines of the members of the stock exchange was transferred to the non-current liabilities as a special-purpose provision for investor education. The comparative data was not restated as the effect on company reports is immaterial.

Starting from financial statements for 2009 cash of the clients deposited at the Bank of Estonia on the behalf of Estonian CSD and corresponding liabilities are recorded as off-balance sheet items. The comparative data for 2008 set forth in this report has been restated.

Effect of changes in the accounting principles is presented in the following table:

	2008 Financial statements	Effect of changes	Restated in 2009 financial statements
Effect on balance sheet as at 31.12.2008			
Cash	92 673 809	-2 560 868	90 112 941
Borrowings	2 560 868	-2 560 868	0

#### Basis of consolidation

The financial indicators of all subsidiaries controlled by the parent company have been consolidated on a line by line basis. All intra-group receivables and liabilities, transactions between group companies and the related unrealised profit and losses have been eliminated.

The consolidated financial statements 2009 reflect the financial indicators of NASDAQ OMX Tallinn AS (parent company) and its subsidiaries AS Eesti Väärtpaberikeskus, AS eCSD Expert, as well as AS Eesti Väärtpaberikeskus' subsidiary AS OMX Registrikeskus.

Investments in subsidiaries are recognised at acquisition value (less any accumulated impairment losses) in the parent company's unconsolidated financial statements, which are set forth in the notes to the consolidated financial statements.

#### Subsidiaries

Subsidiaries are companies controlled by the parent company. A subsidiary is considered to be controlled by the parent company, if the parent company directly or indirectly holds over 50% of the voting shares of the subsidiary, or is otherwise able to control the operating or financial policies of the subsidiary.

In cases where the parent company gained or waived control over the subsidiary during the period, the respective subsidiary has been consolidated from the day when the subsidiary was acquired until the day the subsidiary was sold.

The acquisition of subsidiaries is recorded on the basis of purchase method (except for mergers under joint control, which are recorded at adjusted cost method). Pursuant to this method, the assets, liabilities and contingent liabilities (i.e. the net assets acquired) of the acquired subsidiary are recognised at their fair value, whereas the difference between the cost of acquisition and the fair value of the net assets acquired is recorded as goodwill or negative goodwill.

#### **Cash and cash equivalents**

Cash at bank, demand deposits, deposits with a maturity of up to 3 months, money market fund shares and shares of other highly liquid funds are recorded as cash and cash equivalents under "Cash" in the balance sheet and cash flow statements.

#### **Foreign currency transactions**

Any currency other than the Estonian kroon is considered foreign currency. Foreign currency transactions are recorded on the basis of the foreign currency exchange rates of the Bank of Estonia officially applicable on the transaction date. Monetary assets and liabilities denominated in foreign currency are revaluated into Estonian kroons on the basis of the currency exchange rates of the Bank of Estonia officially applicable on the balance sheet date. Foreign exchange and losses arising from revaluation are presented in the income statement of the period. Non-monetary assets and liabilities which are denominated in foreign currency and measured at fair value, are revaluated into foreign currency on the basis of the currency exchange rates of the Bank of Estonia officially applicable on the date of establishment of the fair value. Non-monetary assets and liabilities which are not measured at fair value are not translated on the balance sheet, but recorded on the basis of the exchange rate of the Bank of Estonia on the transaction date.

#### **Receivables and financial assets held until maturity**

Receivables, which the group has not purchased for resale and financial assets held until maturity are recorded at adjusted acquisition cost, using the effective interest rate method. The adjusted acquisition cost is calculated for the entire holding period by taking into account any discount or premium on acquisition, as well as expenses directly related to the transaction.

Financial assets measured at adjusted acquisition cost will be written down, if it is probable that their recoverable amount is lower than their carrying amount. The recoverable amount of a financial asset measured at adjusted acquisition cost is the net present value of future cash flows from the financial asset, discounted with the effective interest rate fixed at the initial recognition. The write-down of financial assets related to operating activities is charged to expenses in the income statement under "Other operating expenses", while the write-down of financial assets related to investing activities is charged to financial expenses in the income statement.

Impairment of trade receivables is recorded according to the applicable policy for impairments. The circumstances indicating an impairment loss may include the bankruptcy or major financial difficulties of the debtor, and the default or delinquency in payments. If possible, accounts receivable are evaluated on individual basis. If the evaluation of the receivables on individual basis proves impossible, only the material receivables will be evaluated. Other receivables are evaluated as groups on the basis of the policies for impairment of receivables established in the group, which have been compiled on the basis of the experiences of previous years regarding overdue payments. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement under other operating expenses. When a receivable is deemed uncollectible, it is written off from trade receivables and the allowance account for trade receivables. Collection of receivables, which have been previously expensed as doubtful receivables, is recorded as an adjustment to doubtful receivables. In case of collection of receivables previously written down, or other events indicating that the write-down is no longer justifiable, the previous write-down will be reversed in the income statement as a reduction of the expense item to which the write-down was initially charged.

Interest income from receivables is recorded under "Other financial income and expenses" in the income statement.

**Financial assets**

The company's financial assets include cash and cash equivalents, accounts receivable and other receivables, as well as short-term and long-term financial investments.

All financial assets are initially recognised at their acquisition cost, being the fair value of the consideration given. The initial acquisition cost also includes all expenditures directly related to the purchase of the financial asset, including service charges payable to brokers and advisors, non-refundable taxes related to the transaction and other similar expenditures, except for expenses related to the acquisition of financial assets recorded at fair value with change in the income statement.

All regular way purchases and sales of financial assets under regular market conditions are recorded on the transaction date i.e. the day when the group commits (e.g. concludes a contract) to purchase or sell the particular financial asset, except for short-term and long-term financial investments, which are recorded on the value date – i.e. the date when the company acquires or transfers ownership of the financial asset. Transactions under regular market conditions are purchases and sales transactions in the case of which the transfer of the purchased or sold financial assets from the seller to the buyer is carried out within the period established for the market of required with the relevant market regulations.

When accounting for purchases and sales of financial assets recognised on value date, any changes in the value of assets between the trade date and the balance sheet date are charged to profit or loss, similarly with comparable financial assets owned by the company.

Subsequent to the initial recording, financial assets are measured at their fair value, except for:

- receivables, which the group has not purchased for resale and financial investments held until maturity are recorded at adjusted acquisition cost;
- investments in shares and other equity instruments the fair value of which cannot be reliably measured (incl. derivative instruments related to such assets) are recorded at acquisition cost.

**Financial assets at fair value**

Financial assets measured at fair value are revaluated on each balance sheet date, whereas the possible transaction costs related to the disposal of the asset are not deducted. The fair value of listed securities is based on the closing price of the security, as well as the official exchange rate of the Bank of Estonia on the balance sheet date. Unlisted securities are recorded at their fair value, which is found on the basis of the information on the value of the investment available to the group.

Gains and losses from the changes in fair value are recorded under "Financial income and expenses" in the income statement. Profit and loss from disposals of financial assets measured at fair value, as well as interests and dividends on the respective securities, are recognised under "Financial income and expenses" in the income statement.

**Financial assets recorded at acquisition cost**

Financial assets recorded at acquisition cost are written down to their recoverable amount, if the recoverable amount has fallen below the carrying amount. The recoverable amount of financial assets recorded at cost consists of the estimated future cash flows from the financial asset, discounted with the average rate of return from similar financial assets on the market. The amount of write-down is charged to the financial expenses of the period. The write-down of financial assets recorded at acquisition cost will not be subject to later reversal.

Financial assets are derecognized when the group no longer controls the rights arising from the financial assets, or when the all the cash flows attributable to the asset, and a majority of the risks and benefits related to the financial asset are transferred to a third party.

**Property, plant and equipment**

Assets with a useful life of over 1 year and an acquisition cost of over 10,000 kroons are considered to be property, plant and equipment (PPE). Assets with a useful life of over 1 year, but an acquisition cost of less than 10,000 kroons, are fully expensed upon acquisition, regardless of their useful life.

PPE are initially recorded at acquisition cost, consisting of the purchase price (incl. customs duties and other non-refundable taxes) and expenses directly related to the acquisition, incurred upon bringing the assets to their present operating condition and location. An item of PPE is carried in the balance sheet at its cost, less accumulated depreciation and any accumulated impairment losses.

Expenses incurred on a PPE item are recorded under PPE, if future economic benefits are expected to arise from the asset item, and the acquisition cost of the asset item can be reliably measured. Other costs on maintenance and repairs are expensed when incurred.

Depreciation is calculated on the basis of the straight-line method. Depreciation rates are determined for each PPE item individually, depending on its estimated useful life. In case of asset items with a significant final value, only the depreciable difference between the acquisition cost and the final value shall be charged to expenses over the useful life of the item. A PPE item will no longer be depreciated, if the final value of the asset rises above its carrying amount.

If a PPE item consists of distinguishable components with different useful lives, these components are recorded as separate asset items, and their depreciation rates specified separately in accordance with their useful lives.

The following annual depreciation rates are applied for the PPE groups:

Other equipment and IT equipment 20%-40%

Other machinery and equipment 22%-25%

Depreciation is calculated from the moment an asset can be used for the purposes established by the management, until the final value of the assets exceeds its carrying amount, or until the assets' classification into "fixed assets held for sale", or removal from use. The depreciation rates, depreciation methods and final values are evaluated on each balance sheet date. If the recoverable amount of the fixed assets item (i.e. higher of the net selling price or the value of asset in utilization) is lower than its carrying amount, the fixed assets item will be written down to its recoverable amount.

### **Intangible assets**

Intangible assets (development costs, patents, licenses, trademarks, software) are recorded on the balance sheet if the assets are controlled by the company, if future economic benefits are expected to arise from the assets and if the acquisition cost of the assets can be reliably measured. Intangible assets are initially recorded at acquisition cost, consisting of the purchase price and expenses directly related to the acquisition. An intangible asset item is recorded on the balance sheet at its cost, less accumulated amortisation and any accumulated impairment losses. Intangible assets with an indefinite useful life are not amortised. On each balance sheet date, however, these assets are tested for impairment and the asset will be written down to its recoverable amount, if the recoverable amount has dropped below the carrying amount. Intangible assets with a definite useful life are amortised on a straight-line basis. Depending on the area of use of the intangible asset item, the annual amortisation rate is 20% to 40%.

Development costs are expenses incurred on the implementation of the research results for the development, design or testing of new products, services, processes or systems. Development costs are capitalised, if there is a plan for the execution of the project, and the cost amount as well as future economic benefits from the intangible assets can be reliably measured.

### **Financial lease and operating lease**

Lease transactions, where all material risks and rewards from ownership of an asset are transferred to the lessee, are recorded as finance lease. All other lease transactions are recorded as operating lease.

#### Company as the lessee

Assets acquired under finance lease are recognised in the balance sheet as assets and liabilities at their fair value or the net present value of the minimum lease payments, whichever is smaller. Lease payments are divided into financial expenses (interest expenses) and reduction of the net book value of the liability. Financial expenses are divided over the lease period so that the interest rate of the net book value of the liability would be the same at any given moment. Assets leased under finance lease terms are depreciated similarly to acquired fixed assets, whereas the depreciation period is the estimated useful life of the

asset item, or the lease period, whichever is shorter. Initial direct expenses incurred by the lessee upon conclusion of the finance lease contract are charged to the acquisition cost of the leased assets.

Operating lease payments are recorded in the income statement during the rental period as expenses based on the straight-line method.

#### **Financial liabilities**

All financial liabilities (accounts payable, accrued expenses, and other short-term and long-term borrowings) are initially accounted for at their acquisition cost, which includes all expenses directly related to the acquisition. Subsequently, financial liabilities are recorded on the basis of the amortised cost method.

Generally, the amortised cost of short-term financial liabilities equals to their nominal value due to which short-term financial liabilities are recorded in the balance sheet at the payable amount. The adjusted acquisition cost of long-term liabilities is calculated on the basis of the effective interest rate method.

Financial liabilities are recorded as short-term liabilities, if the liability is due within less than 12 months after the balance sheet date, or if the company has no unconditional right to delay payment for more than 12 months after the balance sheet date. Borrowings which are due for repayment within 12 months after the balance sheet date, but which are refinanced into long-term borrowings after the balance sheet date but before the approval of the Annual Report, are recorded as short-term borrowings. Furthermore, borrowings the immediate repayment of which can be demanded by the creditor due to the violation of a provision of the loan agreement are also recorded under short-term borrowings.

#### **Provisions and contingent liabilities**

Probable liabilities, which have arisen as a result of events, which occurred before the balance sheet date, and the actual payment amount or payment date of which have not been definitely determined, are recorded as provisions on the balance sheet. Provisions are recorded on the balance sheet on the basis of the management's estimates regarding the potential sum required for fulfilling the provision and time of realization of the provision. Provisions are recorded on the balance sheet in the amount that according to the management's estimates is required for satisfying liabilities related to the provision or transfer to a third party as at balance sheet date.

#### **Government grants**

Government grants are recorded as income for the periods during which the expenses are incurred for the compensation of which the targeted financing is intended. Government grants are recorded in gross amount, i.e. assets acquired through state aid are recorded in their actual acquisition cost and the state aid received is recorded as liability as deferred income from targeted financing for future periods. The acquired assets are depreciated and the deferred income is recognised as income over the useful life of the asset.

#### **Corporate income tax**

Pursuant to the Income Tax Act of the Republic of Estonia, companies are not subjected to income tax on the profit for the financial year in Estonia. Income tax is imposed on dividends, fringe benefits, gifts, costs of entertaining guests, non-operating expenses and transfer price adjustments. The established tax rate is 21/79 on the net dividend paid since 1 January 2009 (21/79 in 2008). Under certain conditions, the dividends received may be redistributed without incurring further income tax expense. Corporate income tax on the payment of dividends is recorded under liabilities and under income tax expense in the income statement at the moment of announcing the dividends, irrespective of the period for which the dividends were announced or when the dividends are actually paid. The income tax payment obligation arises on the 10th day of the month following the dividend payment.

Due to the peculiarity of the taxation system, there are no differences between the taxation and carrying values of the assets for companies registered in Estonia and due to that there are no deferred income tax payables or liabilities. The contingent income tax liability related to the payment of dividends from retained profit is not recorded in the balance sheet. The maximum income tax liability related to the distribution of retained earnings as dividends has been disclosed in the notes to the financial statements.

**Revenues**

Revenue from sales of services is recorded upon rendering of the service, or based on the stage-of-completion method, if the service is rendered during a longer period of time.

**I Revenue from stock exchange services**

- Transaction fees. Revenue from transaction fees is recorded upon conclusion of the securities transaction.
- Listing fee. Revenue is recorded upon listing.
- Membership fees. Membership fees, which do not grant additional benefits to members, are charged to income on a straight-line basis, over the period for which the fees are paid.
- Annual fee for securities. Revenue from annual fees is divided into management fees and maintenance fees. Revenue is recorded on a straight-line basis, over the agreed period.
- Information forwarding fees. Revenue from data forwarding is recorded on a straight-line basis, over the agreed period.

**II Revenue from registry services**

- Registration fees. Revenue is recorded upon the registration operation.
- Management fee. Revenue from management fees is recorded on a straight-line basis, over the management period set forth in the public price list of the ECSD.
- Securities account administration fees. Revenue from administration fees is recorded on a straight-line basis over the administration period set forth in the public price list of ECSD.
- Transfer fees. Revenue is recorded upon transfer or on a straight-line basis in accordance with the public price list of ECSD.
- Transaction fees. Revenue is recorded after the conclusion of the securities transaction.
- Information forwarding fees. Revenue is recorded after the processing of inquiries.
- Funded pension information system user fees. Revenue is recorded on a straight-line basis over the period of use set forth in the public price list of ECSD.
- Project-based services. Revenue is recorded based on stages in accordance with the agreed project plan and established payment schedule.

Interest income and dividend income is recorded when collection of the revenue is probable and the amount of the revenue can be reliably measured. Interest income is recognised based on the effective interest rate method, except if the receipt of the interest is doubtful. In this case, interest income is recorded on cash basis. Dividend income is recognised when the owner is granted a legal right to receive dividends.

**Mandatory reserve**

The company has set up a mandatory reserve in accordance with the Commercial Code of the Republic of Estonia. The mandatory reserve is set up of the annual allocations of net profit. Pursuant to the Commercial Code at least 1/20 of the net profit must be transferred to the legal reserve until the mandatory reserve amounts to 1/10 of the share capital.

Reserve capital can be used for covering the loss or for increasing the share capital of the company. The mandatory reserve cannot be paid out as dividends.

**Guarantee fund**

The guarantee fund is made up of the guarantees paid by the stock exchange members to NASDAQ OMX Tallinn AS for guaranteeing the stock exchange transactions, the management and use of which is regulated by the Regulation No. 48 of the Ministry of Finance dated 14 August 2003, in accordance with the Tallinn Stock Exchange rules and the resolutions of the Management Board. The funds within the guarantee fund are recorded on the balance sheet under cash, with the corresponding liability recorded under the guarantee fund line under long-term payables.

Pursuant to the decision of the council, any fines paid to NASDAQ OMX Tallinn AS for violation of the stock exchange rules are separated from profit and recorded under liabilities as provisions for ensuring investments into investor education.

**Events after the balance sheet date**

Material circumstances that have an effect on the valuation of assets and liabilities and became evident between the balance sheet date and the date of preparing the financial statements, but are related to transactions that took place in the reporting period or earlier periods, are recorded in the financial statements.

Subsequent events that have not been taken into consideration when assessing the assets and liabilities but have a material effect on the result of the next financial year, are recorded in the financial statements.

**Note 2 Cash**

(kroons)

	<b>31.12.2009</b>	<b>31.12.2008</b>
Cash at banks	17 648 806	52 825 253
Term deposits with a maturity of up to 3 months	54 786 960	35 850 000
Shares of other highly liquid funds	0	1 437 688
<b>Total cash</b>	<b>72 435 766</b>	<b>90 112 941</b>

**Note 3 Short-term financial investments**

(kroons)

	<b>31.12.2009</b>	<b>31.12.2008</b>
Bonds (held to maturity, with a term of up to 1 year)	404 660	1 164 780
Fund shares	5 740 999	6 348 922
<b>Total short-term financial investments in fair value</b>	<b>6 145 659</b>	<b>7 513 702</b>

**Note 4 Receivables and prepayments**

(kroons)

	<b>31.12.2009</b>	<b>31.12.2008</b>
Accounts receivable	2 868 835	2 658 919
incl. receivables from customers	5 222 657	4 232 561
incl. allowance for doubtful receivables	-2 353 822	-1 573 642
Other short-term receivables	1 271 760	2 718 979
incl. receivables from the parent company and other group companies (Note 19)	204 751	1 613 859
incl. Interest	808 343	531 649
incl. other accrued income	257 687	567 848
incl. other receivables	979	5 623
Prepaid taxes (Note 10)	133 557	217 539
Prepayments for services	1 254 774	1 309 038
<b>Total receivables and prepayments</b>	<b>5 528 926</b>	<b>6 904 475</b>

**Note 5 Long-term financial investments**

(kroons)

	<b>31.12.2009</b>	<b>31.12.2008</b>
Share of ANNA *	19 545	19 545
Shares of AS Emerging Nordic Research **	345 950	0
<b>Total</b>	<b>365 495</b>	<b>19 545</b>

\* The share of the Association of National Numbering Agencies (hereinafter ANNA) has been acquired by the group company AS Eesti Väärtpaberikeskus with the goal of obtaining the rights of the national securities numbering agency. Only an ANNA member may serve as the national securities numbering agency. Pursuant to the Statutes of ANNA, membership requires that the member holds one share in ANNA.

\*\* A 17 % share in AS Emerging Nordic Research was acquired. The company is the first independent equity analysis centre in the Baltic region, the aim of which is to offer analyses and overviews to investors trading on the Baltic securities markets. The analyses are available only for institutional and professional investors and are focused on investment ideas, not the regular recommendations regarding purchase and sales transactions.

**Note 6 Subsidiaries**

(kroons)

	<b>AS Eesti Väärtpaberikeskus</b>	<b>AS eCSD Expert</b>	<b>AS OMX Registrikeskus (EVK's subsidiary)</b>
Location	Estonia	Estonia	Estonia
Share at the beginning of the year, %	100	100	100
Share in the equity of the investment object at the beginning of the year	50 295 736	439 834	432 777
Share at the end of the year, %	100	100	100
Share in the equity of the investment object at the end of the year	44 752 435	1 315 442	452 153

**Note 7 Property, plant and equipment**

(kroons)

	Computers and computer systems	Other tangible fixed assets	<b>Total</b>
<b>Balance as at 31.12.2007</b>			
<b>Acquisition cost</b>	<b>3 554 887</b>	<b>4 402 735</b>	<b>7 957 623</b>
Accumulated depreciation	-2 704 048	-3 449 379	-6 153 428
<b>Net book value</b>	<b>850 840</b>	<b>953 355</b>	<b>1 804 195</b>
<b>Changes in 2008</b>			
Purchases of the period	413 643	82 402	496 045
Depreciation charge	-688 572	-634 864	-1 323 436
<b>Balance as at 31.12.2008</b>			
<b>Acquisition cost</b>	<b>3 968 530</b>	<b>4 485 137</b>	<b>8 453 668</b>
Accumulated depreciation	-3 392 620	-4 084 243	-7 476 864
<b>Net book value</b>	<b>575 911</b>	<b>400 893</b>	<b>976 804</b>
<b>Changes in 2009</b>			
Purchases of the period	167 676	132 136	299 812
Disposals and write-offs	-57 527	-61 423	-118 951
Depreciation charge	-417 997	-289 689	-707 685
Depreciation of sold and written-off property, plant and equipment	57 527	43 552	101 079
<b>Balance as at 31.12.2009</b>			
<b>Acquisition cost</b>	<b>4 078 679</b>	<b>4 555 849</b>	<b>8 634 527</b>
Accumulated depreciation	-3 753 089	-4 330 380	-8 083 469
<b>Net book value</b>	<b>325 590</b>	<b>225 469</b>	<b>551 058</b>

**Note 8 Intangible assets**

(kroons)

	Software	Prepayments for intangible assets *	Total
<b>Balance as at 31.12.2007</b>			
<b>Acquisition cost</b>	<b>16 717 712</b>	<b>2 125 937</b>	<b>18 843 649</b>
Accumulated depreciation	-13 495 279	0	-13 495 279
<b>Net book value</b>	<b>3 222 433</b>	<b>2 125 937</b>	<b>5 348 370</b>
<b>Changes in 2008</b>			
Purchases of the period	1 088 760	794 919	1 883 679
Depreciation charge	-1 668 565	0	-1 668 565
<b>Balance as at 31.12.2008</b>	<b>17 806 472</b>	<b>2 920 856</b>	<b>20 727 328</b>
<b>Acquisition cost</b>	-15 163 844	0	-15 163 844
Accumulated depreciation	<b>2 642 628</b>	<b>2 920 856</b>	<b>5 563 484</b>
<b>Net book value</b>			
<b>Changes in 2009</b>			
Purchases of the period	2 888 688	1 491 119	4 379 807
Write-off	-23 655	0	-23 655
Depreciation charge	-1 560 613	0	-1 560 613
Depreciation of written-off intangible assets	23 655	0	23 655
<b>Balance as at 31.12.2009</b>			
<b>Acquisition cost</b>	<b>20 671 507</b>	<b>4 411 975</b>	<b>25 083 482</b>
Accumulated depreciation	-16 700 804	0	-16 700 804
<b>Net book value</b>	<b>3 970 703</b>	<b>4 411 975</b>	<b>8 382 678</b>

\* The sum of prepayment is for the new register system of Eesti Väärtpaberikeskus AS. A part of the system was implemented in 2009 in the amount of 1,729,244 kroons. Full implementation of the new system is planned for the end of 2010.

**Note 9 Off-balance sheet items**

(kroons)

Eesti Väärtpaberikeskus is operating as the sender of the payments related to funded pension, investment funds and securities. Sums not disbursed to the payees are deposited in the Bank of Estonia in the name of Eesti Väärtpaberikeskus. In the Annual Report 2008 these sums were recorded in the assets of the balance sheet under cash and in the liabilities section of the balance sheet under liabilities. As of the Annual Report 2009 the mentioned sums are recorded as off-balance sheet items.

	31.12.2009	31.12.2008
2 <sup>nd</sup> pillar *	874 387	142 075
Other funds **	1 587 721	998 160
Interest and dividend funds***	1 304 121	1 420 633
<b>Total</b>	<b>3 766 229</b>	<b>2 560 868</b>

\* Mandatory funded pension payments for which no shares have been issued yet.

\*\* Other investment fund subscription fees, for which no shares have been issued yet, or for which shares have been issued but no money has been transferred to the fund.

\*\*\* Payments for securities (interest, redemption, compensation and dividend payment) subject to disbursement to investors. All amounts are to be transferred within a month. Returned payments are processed on a daily basis.

**Note 10 Taxes**

(kroons)

	31.12.2009		31.12.2008	
	Prepaid	Payable	Prepaid	Payable
Social tax	0	867 054	0	922 510
Withheld income tax	0	460 058	0	485 375
Unemployment insurance	0	90 382	0	21 265
Mandatory funded pension	0	19 325	0	46 993
Corporate income tax	0	80 477	0	93 564
VAT (Note 4)	133 557	0	217 539	0
<b>Total</b>	<b>133 557</b>	<b>1 517 296</b>	<b>217 539</b>	<b>1 569 707</b>

**Note 11 Other payables**

(kroons)

	31.12.2009	31.12.2008
Payables to the parent company and other group companies (Note 19)	39 889	113 903
Accrued expenses	4 961 080	3 628 148
Employee-related liabilities	4 827 350	3 548 913
Other accrued expenses	133 730	79 235
Deferred income	0	110 097
<b>Total</b>	<b>5 000 969</b>	<b>3 852 148</b>

**Note 12 Government grants**

(kroons)

	2009	2008
<b>Deferred income related to government grants at the beginning of the period</b>	<b>3 129 320</b>	<b>0</b>
Received from the Government of the Republic	0	3 129 320
Revenue/Depreciation	-2 217 181	0
<b>Deferred income related to government grants at the end of the period</b>	<b>912 139</b>	<b>3 129 320</b>

On 30 December 2008, the group company AS Eesti Väärtpaberikeskus received from the Ministry of Finance 3,129,320 kroons of non-returnable support for investments related to the preparation, implementation and development of the mandatory funded pension disbursement system, as government grant from the ownership reform reserve fund. As at 31.12.2009, 1, 008, 085 kroons of this amount had been used for software purchase and 1, 852, 342 kroons for covering operating expenses. The amounts of government grant used for software purchase are recorded in revenue according to the depreciation of software. The sums used for covering operating expenses are recorded in income according to the sum approved by the Ministry of Finance or estimation of the Management. AS Eesti Väärtpaberikeskus is under the obligation to keep the price of the mandatory funded pension disbursement system services at the level fixed in the government grant agreement and price list valid as at 31.12.2008 until 31.12.2014.

**Note 13 Provisions**

(kroons)

Provisions	31.12.2009	31.12.2008
Provisions for fines*	150 000	0
Provisions for investor educations**	1 093 241	0
<b>Total</b>	<b>1 243 241</b>	<b>0</b>

\*Due to the incident of data leakage of Eesti Väärtpaberikeskus AS at 04.12.2009 and the related probable fine imposed by the Estonian Data Protection Inspectorate an expense reserve was formed in the amount of 150, 000 kroons. Based on the estimation of management board imposing the fine is very likely.

\*\* Starting from 2009, the guarantee fund part (guarantee fund reserve) composed of the fines of the members of NASDAQ OMX Tallinn is recorded under non-current liabilities as a special-purpose provision for investor education. The provision is used based on the annual investor education budget approved by the supervisory council of NASDAQ OMX Tallinn.

**Note 14 Operating lease**

(kroons)

NASDAQ OMX Tallinn AS has made the following operating lease payments:

	2009	2008
Lease of premises	1 896 419	1 513 284
Lease of passenger cars	340 174	399 808
<b>Total</b>	<b>2 236 593</b>	<b>1 913 092</b>
Future operating lease payments for non-cancellable lease contracts:		
including up to 1 year	517 583	1 120 241
1 – 5 years	321 003	416 748
	196 580	703 493

The premises lease contract (concluded on 17.11.2003) is cancellable with an advance notice of 6 months. Under a justified proposal, the lessor shall have the right to adjust the rent in accordance with the market prices.

Under the vehicle operating lease agreements, the lessee shall have the option of exercising the right of buyout but the company is not planning to use the option.

### Note 15 Non-current liabilities

(kroons)

The stock exchange guarantee fund in the amount of 1,837,065 kroons (2008: 1,881,424 kroons) contains the guarantee fund payments made by the Tallinn Stock Exchange members. The use of the guarantee fund is governed by the rules and regulations of the Tallinn Stock Exchange.

### Note 16 Owner's equity

(kroons)

Data on the share capital of group companies:

<b>As at 31.12.2009</b>	<b>NASDAQ OMX Tallinn AS</b>	<b>AS Eesti Väärtpaberikeskus</b>	<b>AS eCSD Expert</b>	<b>AS OMX Registrikeskus</b>
Share capital	10 944 000	11 500 000	400 000	400 000
Number of shares (in units)	2 736	1 150	40	400
Nominal value	4 000	10 000	10 000	1 000
Maximum share capital allowed by the Articles of Association	40 000 000	12 000 000	1 600 000	1 600 000
<b>As at 31.12.2008</b>	<b>NASDAQ OMX Tallinn AS</b>	<b>AS Eesti Väärtpaberikeskus</b>	<b>AS eCSD Expert</b>	<b>AS OMX Registrikeskus</b>
Share capital	10 944 000	11 500 000	400 000	400 000
Number of shares (in units)	2 736	1 150	40	400
Nominal value	4 000	10 000	10 000	1 000
Maximum share capital allowed by the Articles of Association	40 000 000	12 000 000	1 600 000	1 600 000

In the course of decrease of the share capital in 2008, the nominal value of shares was reduced from 10,000 kroons to 4,000 kroons. 16,416,000 kroons was disbursed to shareholders on 26 January 2009, incurring an income tax expense of 1,833,360 kroons.

In 2009 15,048,000 kroons were announced and paid to the shareholders as dividends (in 2008 5,472,000 kroons were paid out as dividends). No income tax expense or liability incurred with the dividend distribution as the distribution was based on dividends received from a resident business entity.

The retained profit of NASDAQ OMX Tallinn AS as at 31.12.2009 amounted to 68,304,107 kroons (2008: considering the transfer to the guarantee fund reserve in the amount of 75,000 kroons, the available owner's equity amounted to 68,218,921 kroons).

Dividend payment to owners incurs an income tax expense in the amount of 21/79 (21/79 until 31 December 2008) of the net dividend paid, from which the part of redistributable dividends (with income tax already paid by AS Eesti Väärtpaberikeskus in 2008 and 2009) in the amount of 20,878,800 kroons may be deducted. Thus, as at the balance sheet date, a total of 58,344,793 kroons can be paid to the owners as dividends from the retained profit, with the respective income tax expenses amounting to 9,959,314 kroons. As at 31 December 2008, the company could have paid a total of 57,332,076 kroons in dividends, incurring an income tax of 10,886,845 kroons.

**Note 17 Revenue**

(kroons)

The net revenue of the group divided by geographical regions:

	2009	2008
Sales to European Union countries		
Estonia	47 950 516	55 473 873
Other European Union countries	9 590 208	8 936 891
<b>Total sales to European Union countries</b>	<b>57 540 724</b>	<b>64 410 764</b>
Sales outside the European Union countries		
Other countries outside European Union countries	2 769 685	254 349
<b>Total sales outside European Union countries</b>	<b>2 769 685</b>	<b>254 349</b>
<b>Total sales revenue</b>	<b>60 310 409</b>	<b>64 665 113</b>

The net revenue of the group is divided by fields of activity as follows:

	2009	2008
<b>Stock exchange services</b>	<b>12 699 533</b>	<b>18 090 891</b>
Transaction fees	1 809 498	3 256 906
Fees from stock exchange members	2 014 418	2 202 376
Fees from stock exchange issuers	4 395 799	7 070 100
Information forwarding fees	4 005 076	5 113 752
Meeting services	474 742	447 757
<b>eCSD expert other services</b>	<b>2 540 147</b>	<b>0</b>
<b>Registry services</b>		
<b>Issuer fees</b>	<b>24 722 907</b>	<b>26 155 030</b>
Registration fees	1 127 905	1 363 590
Maintenance fees	22 718 238	23 622 597
Other income from issuers	876 764	1 168 843
<b>Account manager fees</b>	<b>7 843 565</b>	<b>8 922 184</b>
Maintenance fees from account operators	5 829 581	6 551 649
Transaction fees from account operators	2 013 984	2 370 535
<b>2<sup>nd</sup> pension pillar</b>	<b>7 563 730</b>	<b>7 295 247</b>
<b>Other stock exchange, registry and rendered services</b>	<b>4 940 526</b>	<b>4 201 761</b>
<b>Total</b>	<b>60 310 409</b>	<b>64 665 113</b>

**Note 18 Other operating expenses**

(kroons)

	2009	2008
Office rent & maintenance	2 627 665	2 256 198
Marketing expenses	1 281 442	1 242 511
Personnel expenses	3 727 822	3 115 244
Office expenses	422 474	424 435
Postal expenses	507 763	708 064
Fund information publishing services	108 913	703 176
Outsourced services	1 671 841	1 439 437
IT expenses	6 159 430	5 819 372
Business trips	885 679	1 078 888
Insurance	950 640	1 070 450
Allowance for doubtful receivables	1 364 737	973 402
Other expenses	1 359 408	1 127 584
<b>TOTAL</b>	<b>21 067 815</b>	<b>19 958 761</b>

**Note 19 Related party transactions**

(kroons)

For the purposes of the financial statements of NASDAQ OMX, the following are considered related parties:

- owners (parent company and owners of the parent company, and other shareholders);
- subsidiaries and other companies belonging to the OMX consolidation group ;
- management board and senior management;
- family members of the persons listed above, and the companies under their control or significant influence.

According to the management of the company, the prices used for transactions with related parties do not significantly differ from the market prices. No write-downs have been made with respect to receivables from related parties in 2009, or in 2008.

NASDAQ OMX Tallinn AS's 93% parent company is NASDAQ OMX Nordic OY, which is registered in Finland and forms a part of the Nordic OMX stock exchange group which, in addition to Estonia, owns and operates securities exchanges in Iceland, Denmark, Sweden, Finland, Latvia and Lithuania.

On 27 February 2008, OMX AB merged with the US stock exchange operator The NASDAQ Stock Market, Inc.

NASDAQ OMX Tallinn AS concluded transactions for the purchase and sale of goods and services with the following related parties:

	2009		2008	
	Purchases	Sales	Purchases	Sales
Parent company NASDAQ OMX Nordic OY	0	469 398	0	0
Companies belonging to the NASDAQ OMX group	2 072 917	7 637 542	2 016 267	7 394 604
<b>Total purchases and sales</b>	<b>2 072 917</b>	<b>8 106 940</b>	<b>2 016 267</b>	<b>7 394 604</b>

30% of the group's revenue for 2008 was generated by registry and stock exchange services rendered to minority shareholders and the related companies. The sum of purchase transactions with minority shareholders and the related companies remained within 1% of the operating expenses of the company in 2009. Due to changes in the structure of shareholders in 2009, the

current majority shareholder NASDAQ OMX Nordic OY acquired additional 32% of shares (share as at 31.12.2009 93%) in NASDAQ OMX Tallinn and due to that the transactions with minority shareholders in 2009 are no longer recorded under related parties.

Balances with related parties:

<b>Short-term receivables</b>	<b>31.12.2009</b>	<b>31.12.2008</b>
The parent company NASDAQ OMX Nordic OY	0	5 144
Other NASDAQ OMX group companies (Note 4)	204 751	1 608 715
Minority shareholders and the related companies	0	1 498 126
<b>Total</b>	<b>204 751</b>	<b>3 111 985</b>
<b>Current liabilities</b>	<b>31.12.2009</b>	<b>31.12.2008</b>
Payables to shareholders	0	16 416 000
Other NASDAQ OMX group companies (Note 11)	39 889	113 903
Minority shareholders and the related companies	0	7 367
<b>Total</b>	<b>39 889</b>	<b>16 537 270</b>

In total 4.2 million kroons (2008: 3 million kroons) was paid in remuneration to the management of the group, including remuneration paid to the management of the parent company were 1.5 million kroons (2008: 1.2 million kroons). Other benefits to the management board amounted to 110 thousand kroons in 2009 (2008: 122 thousand kroons), including to the members of the management board of the parent company 106 thousand kroons (2008: 102 thousand kroons). Starting of the current annual report the composition of NASDAQ OMX Tallinn management has been changed – that has also impacted the comparative data for 2008.

Contingent liabilities to members of the management board amounted to 638 thousand kroons.

In addition to other benefits all employees of the Group are subject to the group-wide stock program that enables employees to receive stocks (incl. stock options) for achieving the individual and company goals.

### Note 20 Contingent liabilities

Contingent liabilities arising from a potential tax audit

The tax authority has the right to audit the company's accounting for up to 6 years after submission of the tax declaration and, upon discovering mistakes, order payment of additional taxes, interest and fines. According to the Management of the company, there are no circumstances as a result of which the tax authority could order payment of significant additional taxes.

### Note 21 Impact of the economic crisis

The management board has assessed the impact of global liquidity crisis and accompanying general economic crisis to the Group's business activities.

Based on the estimation of the management board the most important short- and long-term threat is the potential solvency problem of the debtors that could result in the decline of value of Group's receivables and increased losses from the discount of the receivables.

Based on the estimates of the management board the impact of financial crisis to the business activities and financial position of the Group can not be reliably forecast. The management board believes all measures have been taken to ensure the sustainability and growth of the Group also in current conditions.

**Note 21 Unconsolidated financial statements of the parent company****Unconsolidated balance sheet of the parent company (in kroons)**

<b>ASSETS</b>	<b>31.12.2009</b>	<b>31.12.2008</b>
<b>Current assets</b>		
Cash	39 067 130	50 153 775
Receivables and prepayments	1 927 387	3 086 483
<b>Total current assets</b>	<b>40 994 517</b>	<b>53 240 258</b>
<b>Non-current assets</b>		
Long-term financial investments	7 335 440	6 989 490
Property, plant and equipment	209 992	311 734
Intangible assets	243 962	303 147
<b>Total non-current assets</b>	<b>7 789 394</b>	<b>7 604 371</b>
<b>TOTAL ASSETS</b>	<b>48 783 910</b>	<b>60 844 629</b>
<b>LIABILITIES AND OWNER'S EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	131 663	367 416
Taxes payable	657 380	677 937
Other payables	2 158 841	18 334 042
<b>Total current liabilities</b>	<b>2 947 884</b>	<b>19 379 395</b>
<b>Non-current liabilities</b>		
Guarantee fund	2 930 307	1 881 423
<b>Total non-current liabilities</b>	<b>2 930 307</b>	<b>1 881 423</b>
<b>TOTAL LIABILITIES</b>	<b>5 878 191</b>	<b>21 260 818</b>
<b>Owner's equity</b>		
Share capital	10 944 000	10 944 000
Reserves		
Mandatory reserve	2 736 000	2 736 000
Guarantee fund reserve	0	1 355 970
Total reserves	2 736 000	4 091 970
Retained earnings	28 974 841	18 927 008
Profit for the financial year	250 878	5 620 833
<b>Total owner's equity</b>	<b>42 905 719</b>	<b>39 583 811</b>
<b>TOTAL LIABILITIES AND OWNER'S EQUITY</b>	<b>48 783 910</b>	<b>60 844 629</b>

**Unconsolidated income statement of the parent company. Format 1 (in kroons)**

<b>Revenue</b>	<b>2009</b>	<b>2008</b>
Sales	17 483 723	22 257 324
Other revenue	10 931	96 250
<b>Operating expenses</b>		
Various operating expenses	-7 539 149	-9 127 395
Personnel expenses		
Wages and salaries	-6 880 048	-6 713 605
Social tax	-2 329 718	-2 233 805
Total personnel expenses	-9 209 766	-8 947 410
Depreciation, amortisation and impairments	-538 468	-608 901
Other expenses	-317 597	-190 392
<b>Total operating expenses</b>	<b>-17 604 980</b>	<b>-18 874 098</b>
<b>Operating profit</b>	<b>- 110 326</b>	<b>3 479 476</b>
Other financial income and expenses	2 194 564	2 141 357
<b>Profit before income tax</b>	<b>2 084 238</b>	<b>5 620 833</b>
Income tax	-1 833 360	0
<b>Net profit for the financial year</b>	<b>250 878</b>	<b>5 620 833</b>

**Unconsolidated cash flow statement of the parent company (in kroons)**

	<b>2009</b>	<b>2008</b>
<b>Cash flows from operating activities</b>		
Accounts receivable	20 573 297	24 915 156
Payment to suppliers	-8 432 462	-9 249 632
Payment for other operating costs	-40 766	-307 525
Salaries paid	-5 280 904	-5 147 707
Taxes paid	-5 170 674	-5 689 007
<b>Total cash flows from operating activities</b>	<b>1 648 491</b>	<b>4 521 285</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-150 881	-174 941
Purchase of intangible assets	-268 143	0
Acquisition of affiliated companies	-345 950	0
Interest received	1 822 175	1 854 357
Dividends received	19 550 000	14 950 000
<b>Total cash flows from investing activities</b>	<b>20 607 201</b>	<b>16 629 416</b>
<b>Cash flows from financing activities</b>		
Transfers to the guarantee fund	272 662	729 102
Disbursements from the guarantee fund	-317 639	-1 534 801
Reduction of share capital	-16 416 000	0
Dividends paid	-15 048 000	-5 472 000
Income tax from dividends	-1 833 360	0
<b>Total cash flows from financing activities</b>	<b>-33 342 337</b>	<b>-6 277 699</b>
<b>Total cash flows</b>	<b>-11 086 645</b>	<b>14 873 002</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>50 153 775</b>	<b>35 280 773</b>
<b>Change in cash and cash equivalents</b>	<b>-11 086 645</b>	<b>14 873 002</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>39 067 130</b>	<b>50 153 775</b>

**Unconsolidated statement of changes in owner's equity of the parent company (in kroons)**

	Share capital	Reserves	Retained profit	Total
<b>Balance as at 31.12.2007</b>	<b>27 360 000</b>	<b>3 604 340</b>	<b>10 215 696</b>	<b>41 180 036</b>
Transfers to the guarantee fund reserve	0	315 000	-315 000	0
Dividends paid	0	0	-5 472 000	-5 472 000
Dividends received	0	0	14 950 000	14 950 000
Disbursements from guarantee fund reserve	0	-279 058	0	-279 058
Reduction of share capital	-16 416 000	0	0	-16 416 000
Transfers to the mandatory reserve	0	451 688	-451 688	0
Net profit of the reporting year	0	0	5 620 833	5 620 833
<b>Balance as at 31.12.2008</b>	<b>10 944 000</b>	<b>4 091 970</b>	<b>24 547 841</b>	<b>39 583 811</b>
Acquisition cost of investments under control or under significant influence				6 989 490
Carrying amount of investments under control or significant influence according to the equity method				50 735 570
<b>Adjusted unconsolidated owner's equity as at 31. 12.2008</b>				<b>83 329 891</b>
Transfers to the guarantee fund reserve	0	75 000	-75 000	0
Reclassification of the guarantee fund reserve	0	-1 430 970	0	-1 430 970
Dividends received	0	0	19 550 000	19 550 000
Dividends paid	0	0	-15 048 000	-15 048 000
Net profit for the reporting year	0	0	250 878	250 878
<b>Balance as at 31.12.2009</b>	<b>10 944 000</b>	<b>2 736 000</b>	<b>29 225 719</b>	<b>42 905 719</b>
Acquisition cost of investments under control or under significant influence				6 989 490
Carrying amount of investments under control or significant influence according to the equity method				46 067 877
<b>Adjusted unconsolidated owner's equity as at 31. 12.2009</b>				<b>81 984 107</b>

Translation of the Estonian Original

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of NASDAQ OMX Tallinn AS

We have audited the consolidated financial statements of NASDAQ OMX Tallinn AS and its subsidiaries (hereafter "the Group"), which comprise the balance sheet as at 31 December 2009, the statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The audited financial statements, which we have identified on the accompanying pages, are enclosed with the current report.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Estonian generally accepted accounting principles. 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.

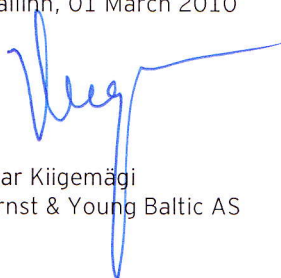
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 present fairly, in all material respects, the financial position of the Group as at 31 December 2009, and its financial performance and its cash flows for the year then ended in accordance with the Estonian generally accepted accounting principles.

Tallinn, 01 March 2010



Ivar Kiigemägi  
Ernst & Young Baltic AS



Tiina Sömer  
Authorised Auditor



## Division of sales according to EMTAK (Classification of Economic Activities)

(kroons)

Pursuant to the Classification of Economic Activities NASDAQ OMX Tallinn AS classifies the sales of 2009 as follows:

	<b>2009</b>
66111-administration of financial markets	17 172 696
66191-financial consultancy services	2 540 147
66199- other activities auxiliary to financial intermediation n.e.c.	40 597 566
<b>Total sales</b>	<b>60 310 409</b>

# Signatures of the Management Board to the Annual Report 2009

The Annual Report 2009 of NASDAQ OMX Tallinn AS is approved with the decision of the General Meeting of Shareholders dated.....2010 and signed on.....2010.

Andrus Alber  
Chairman of the Management Board

Kaidi Ruusalepp  
Member of the Management Board