



**AS TALLINN STOCK EXCHANGE
(TALLINN STOCK EXCANGE Ltd.)**

2007 CONSOLIDATED ANNUAL REPORT
(Translation of the Estonian Original)

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Core activity:	listing of securities, regulation of the securities market
Auditor:	AS PricewaterhouseCoopers
Beginning and end of financial year:	01.01.2007 -31.12.2007

TABLE OF CONTENTS

MANAGEMENT REPORT	3
FINANCIAL STATEMENTS	15
MANAGEMENT BOARD'S CONFIRMATION OF THE CONSOLIDATED FINANCIAL STATEMENTS.....	15
CONSOLIDATED BALANCE SHEET	16
CONSOLIDATED INCOME STATEMENT	17
CONSOLIDATED CASH FLOW STATEMENT.....	18
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	19
NOTES TO THE FINANCIAL STATEMENTS.....	20
NOTE 1 ACCOUNTING POLICIES ADOPTED IN THE PREPARATION OF THE FINANCIAL STATEMENTS.....	20
NOTE 2 CASH AND BANK	27
NOTE 3 SHORT-TERM FINANCIAL ASSETS	27
NOTE 4 TRADE RECEIVABLES AND PREPAYMENTS.....	27
NOTE 5 LONG-TERM FINANCIAL ASSETS.....	27
NOTE 6 SUBSIDIARIES	28
NOTE 7 PROPERTY, PLANT AND EQUIPMENT.....	28
NOTE 8 INTANGIBLE ASSETS.....	29
NOTE 9 BORROWINGS	30
NOTE 10 TAXES	30
NOTE 11 OTHER PAYABLES	30
NOTE 12 OPERATING LEASE	31
NOTE 13 NON-CURRENT LIABILITIES	31
NOTE 14 EQUITY	31
NOTE 15 NET SALES	32
NOTE 16 OTHER EXPENSES	33
NOTE 17 RELATED PARTY TRANSACTIONS.....	33
NOTE 18 CONTINGENT LIABILITIES	34
NOTE 19 SEPARATE FINANCIAL STATEMENTS OF THE PARENT COMPANY	35
INDEPENDENT AUDITOR'S REPORT.....	39
PROFIT ALLOCATION PROPOSAL.....	40
SIGNATURES OF THE MANAGEMENT AND SUPERVISORY BOARD TO THE 2007 ANNUAL REPORT	41

MANAGEMENT REPORT

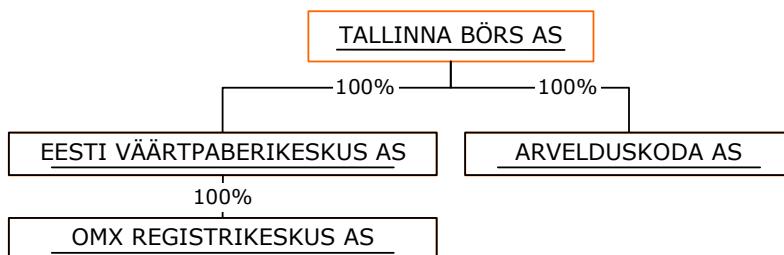
► Organisation

The Tallinn Stock Exchange is the only regulated securities market in Estonia. The Tallinn Stock Exchange started regular trading with 11 securities included in its lists at 3 June 1996. Today, the Tallinn Stock Exchange belongs to the Nordic stock exchange group OMX which in addition to Estonia owns and operates stock exchanges in Iceland, Denmark, Sweden, Finland, Latvia and Lithuania, providing access to approximately 80 per cent of the securities market in the Nordic and Baltic countries. At 27 February 2008, OMX AB merged with the USA stock exchange operator The NASDAQ Stock Market, Inc., setting up the NASDAQ OMX Group.

The mission of the Tallinn Stock Exchange and the Estonian Central Securities Depository is to be the heart of the Baltic securities market!

► GROUP STRUCTURE

AS Tallinn Stock Exchange has two subsidiaries: AS Eesti Väärtpaperikeskus (administration of the Estonian Central Register of Securities and the Register for Funded Pensions) and AS Arvelduskoda (Clearinghouse). The ownership of the Tallinn Stock Exchange in both companies is 100%. In September 2004, AS OMX Registrikeskus was set up which is wholly owned by AS Eesti Väärtpaperikeskus. By the year-end 2007, AS Arvelduskoda and AS OMX Registrikeskus had not yet started active business operations.



► STAFF

As at 31 December 2007, the Tallinn Stock Exchange Group (including the Estonian Central Securities Depository, hereinafter the ECSD) had 46 employees, 3 of whom were on maternity leave. The number of the Group's employees increased by 8 people as compared with last year. Employees work in the following departments: market services, register, clearing&settlement&depository, pension and support services (public relations, IT, finance, administration and legal).

In 2007, the salaries of the Group's employees totalled 19 million kroons (2006: 14.6 million kroons), of which the salaries of the parent company's employees amounted to 7.6

million kroons (2006: 5.2 million kroons). The remuneration of the Group's management (members of the Management Board) totalled 1.5 million kroons (2006: 2 million kroons), of which the remuneration of the parent company's management (members of the Management Board) totalled 904 thousand kroons (2006: 980 thousand kroons). Other compensation paid to management amounted to 70 thousand kroons (2006: 258 thousand kroons), including 54 thousand kroons paid to the members of the parent company's management (2006: 222 thousand kroons). Contingent liabilities related to management total 480 thousand kroons. Neither remuneration nor any other compensation was paid to the members of the Supervisory Board of TSE.

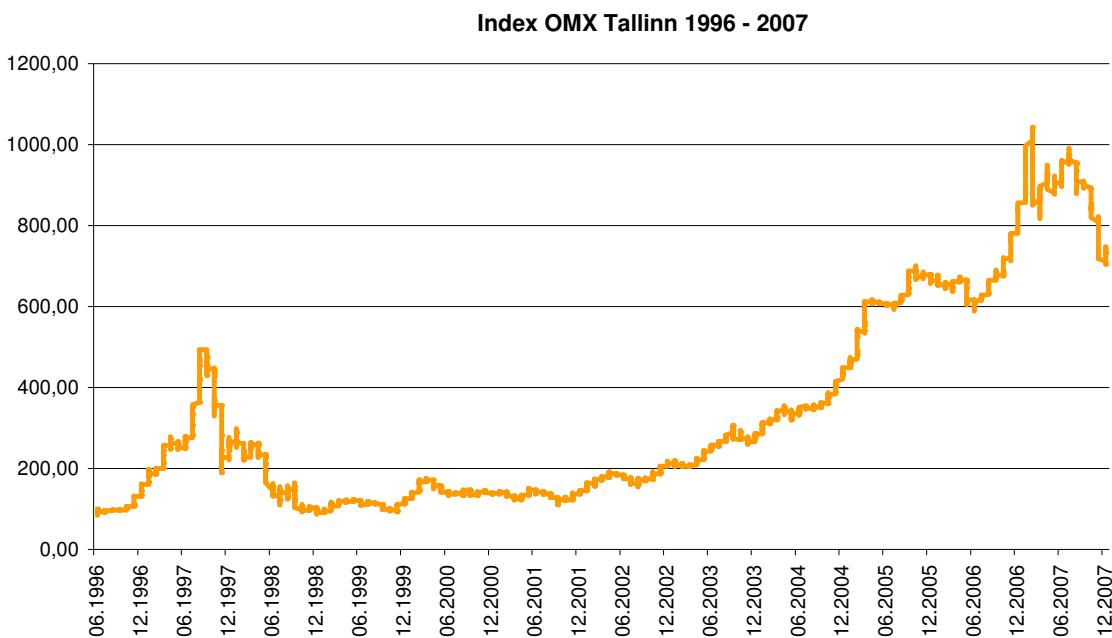
One of the strategic goals of the Tallinn Stock Exchange Group is to employ sufficient and motivated qualified employees. The Company values greatly its employees who are eager to develop and learn, enabling them to obtain degrees, attend work-related training sessions and enrich their careers through various projects. Risk analysis of the work environment has been conducted at the Company to ensure daily well-being of the employees, the employees are also provided with health care services and healthy lifestyles and athletic activities are supported. In 2008, the Tallinn Stock Exchange plans to continue with its established practices and additionally launch a development programme for managers and support continuous development of employees through internal training.

SECURITIES MARKET

Last year was characterised by active trading on the stock exchange. The key event was the establishment of the alternative market *First North* in the Baltic States and the launching of the investor education programme *Invest Mentor* in Estonia. To increase market attractiveness, the trading rules of the Baltic stock exchanges were brought in compliance with MIFID (Markets in Financial Instruments directive).

In 2007, the number of exchange trades increased by 127.2% (142 921 trades, 2006: 62 893 trades). The share of private investors in Tallinn Stock Exchange trades continued to grow, evidenced by the decrease in the volume of average trade by 14% (average exchange trade in 2007: 10 677 euros and 2006: 12 182 euros). The turnover of the Tallinna Stock Exchange was a record-breaking 1,526 billion euros.

In 2007, the index of the Tallinn Stock Exchange, OMX Tallinn, increased to the highest level in the history of the Tallinn Stock Exchange – 1043.29 points, ending the year at 742.45 points. OMX Tallinn is a general index, which includes the companies in the Main List of the Tallinn Stock Exchange, representing the current situation and changes of the Estonian securities market.



Last year, the shares of three new publicly traded companies were listed in the Main List of the Tallinn Stock Exchange: Ekspress Group, Arco Vara and a new company established as a result of the division of Viisnurk. Tallinna Farmaatsiatehas was delisted. Last year, seven new trading members joined Tallinn Stock Exchange - JSC FBC Jusu Tarpininkas, AS Norvik Banka, AS Baltic Trust Bank, Trasta Komercbanka, DnB NORD Bankas AB, Bankas Snoras AB and Svenska Handelsbanken.

Trading between the Baltic countries has shown major growth. In 2007, there were twice as many cross-border securities transfers between Estonia and Latvia (10 600 transactions) and almost four times as many securities transfers between Estonia and Lithuania (78 205 transactions) than in 2006. Higher cross-border trades were also related to the opportunity of the members of Baltic stock exchanges and central depositories to settle OTC delivery-versus-payment trades on a cross-border basis. Thus, the Baltic depositories offer a complete solution for pan-Baltic securities settlement.

Similarly to previous years, investments in funds continued. As at the year-end 2007, the volume of investment funds registered at the Estonian Central Securities Depository was 641.7 million euros, of which the investments made by private investors totalled 156 million. As at the year-end 2007, 15 060 private investors had invested in the funds. The number of securities accounts increased to 125 910 in a year (annual growth of ca 20%).

As at the year-end, 6 608 companies were registered at the Estonian Central Securities Depository. The number of registered public limited companies has stayed stable (5 046 registered companies), whereas the number of registered private limited companies continues to grow (1 562 registered companies, growth of ca 25% in a year). Registration of private limited companies at the Central Securities Depository enables them to make purchase, sales and pledging transactions faster and more cost-effectively, without notarial involvement. The value of securities registered at the Central Depository of Securities was over 9.3 billion euros.



CHANGES IN REGULATION

The Estonian Central Securities Depository (ECSD) together with the Tallinn Stock Exchange developed the Good Practices of Corporate Events to be followed by companies. The recommendations are to be followed by companies whose securities are registered at the Estonian Central Securities Depository. They are primarily recommended for companies whose shares are publicly traded as well as companies whose investors hold securities in nominee accounts or in Latvian, Lithuanian or Polish securities accounts on a cross-border basis.

In addition to Good Practices of Corporate Events, the Baltic stock exchanges and depositories have compiled the Baltic Market Practice Guide for Securities Settlement. This reference material describing the securities clearing and settlement in the Baltic countries and its principles is primarily aimed at professional investors, stock exchange members and market participants. The Baltic Market Practice Guide for Securities Settlement describes the principles, timing and dates of clearing and settlement of shares and bonds registered at the Baltic depositories, including stock exchange trades, OTC delivery-versus-payment and free of payment trades. The Market Practice Guide covers trades with domestic as well as pan-Baltic clearing and settlement.

From 1 January 2008, an amendment to the price lists of the stock exchanges of Tallinn, Riga and Vilnius entered into force, rearranging the structure of fees and lowering the transaction fees for stock exchange members. The transaction fees to retail investors will continue to depend on the fee schedule of stock exchange members. According to the Tallinn Stock Exchange, the lowering of fees encourages stock exchange members to review their own fee schedules and increases the trading activity in the Baltic securities market. Harmonized fee schedules will form the basis of the common market structure and practices and according to market participants it is one of the key factors in increasing up cross-border securities transactions.

Last year, the stock exchanges of Tallinn, Riga and Vilnius changed their trading rules so that the securities market would be more transparent and attractive to the clients. The types of securities transactions were harmonised in the Baltic markets, pre-trade anonymity was taken into use, new criteria for block trades were enforced and delayed notification of large-scale trades was taken into use. The market practices of the stock exchanges of Tallinn, Riga and Vilnius were harmonised with those of the Nordic countries and they also comply with the requirements of the Markets in Financial Instruments Directive (MiFID), entered into force at 1 November 2007.

The Ministry of Finance approved the price list fee schedule of the Estonian Central Securities Depository for the next two years. The new price list was entered into force at 1 January 2008. The Ministry of Finance analysed thoroughly the fee changes proposed by the Estonian Central Securities Depository as well as their necessity, because the fees for services provided by the ECSD need to be based on effective provision of the service and calculated on the basis of reasonable costs.

In conjunction with the approval of the new price list the upper and lower limits of the maintenance fees of securities of companies registered at the Estonian Central Securities Depository were changed. The upper limit of the maintenance fee of listed securities was lowered from 25 000 kroons to 15 000 kroons and the upper limit of unlisted securities from 15 000 kroons to 10 000 kroons. The lower limit of maintenance fees was increased from the previous 150 kroons per quarter to 200 kroons.

With regard to a change concerning to account operators, the fee for confirmation of exchange transactions was lowered from five kroons to four kroons per transaction. The price of exchange transactions for the investor depends on the price list of the particular account operator and stock broker.

The fee for opening a nominee account was also changed. The owner of the nominee account holding securities in its own name but on the account of other persons, may include credit institutions, investment companies, fund managers, operators of regulated securities market or securities settlement system. On the basis of the price list enforced at 1 January, the fee for opening a nominee account for institutions that are not acting as account operators of the ECSD, was increased from 250 kroons to 750 kroons. At the same time, the fee for opening a nominee account was reduced for account operators.

KEY EVENTS IN THE STOCK EXCHANGE IN 2007

At 21 May 2007, the Baltic stock exchanges in Tallinn, Riga and Vilnius enforced the new structure of stock exchange lists. In the course of this change, the listing requirements of the Baltic Main List were changed and a new list was set up on the basis of the former Baltic Investor List and Riga Stock Exchange Free List – Baltic Secondary List. Due to the changes in the structure of lists, all companies in the Investor List of the Tallinn Stock Exchange – AS Kalev, Saku Ölletehase AS and AS Viisnurk – were transferred to the Baltic Main List at 21 May 2007. The changing of the structure of the lists is another step in the harmonisation and unification of the Baltic securities market with the goal of increasing the attractiveness of the Baltic securities market for the investors. As at the year-end 2007, the shares of 101 companies with the market value of more than 13 billion euros can be traded in.

At 21 June, the trading of the shares of the public limited company Arco Vara (ARC) was launched at the Tallinn Stock Exchange. A total of 39 850 000 shares of Arco Vara were sold by public and institutional offering at the price of 38 kroons (EUR 2.43), the total volume of the issue was 1.5 billion kroons (EUR 96 million).

At 5 April, the trading of the shares of Ekspress Grupp (EEG) was launched at the Tallinn Stock Exchange. A total of 6 119 703 shares at the price of 92.3 kroons (EUR 5.90) were sold by public and institutional offering, the total volume of the issue was EEK 565 million kroons (EUR 36 million). At the end of the first trading day, the share price increased to EEK 111.09 (EUR 7.10) for a total increase of 20.4% as compared to the issue price.

Company List	Market value (EUR million)	Turnover (EUR)	Number of transactions
ARC1T	138.16	80 148 073	10327
BLT1T	72.71	53 548 161	7883
EEG1T	88.78	44 497 340	9686
EEH1T	150.71	54 145 423	6098
ETLAT	1076.05	193 363 278	6835
HAE1T	57.12	21 437 114	1908
KLV1T	46.08	15 492 915	2352
MKO1T	230.10	117 002 050	4899
NRM1T	66.00	23 426 363	1659
OEG1T	528.50	216 251 760	29167
SFGAT	176.00	64 288 905	7456
SKU1T	102.00	17 229 996	3506
SMN1T	73.10	95 916 578	1018
TAL1T	707.51	374 380 186	27963
TKM1T	317.69	67 790 456	15636
TPD1T	7.33	3 738 155	3616
TVEAT	259.20	82 825 357	2234
VSN1T	8.32	520 582	676
Total	4105.37	1 526 002 694	142919

At the beginning of 2007, OMX opened a new system for transmitting stock exchange information to the Baltic and Nordic stock exchanges and publicly traded companies. The

new system is easier and more convenient to use and the circle of its users is significantly wider and more international. The new information service gathers information on the companies listed on the OMX Baltic and Nordic stock exchanges. Media, investors and companies all benefit from the combination of the market information of the Baltic and Nordic countries.

With the help of the new system, information reaches more than 60 000 professional investors, almost 3000 brokers, a great number of private investors as well as international and local media. All companies (incl. unlisted companies) regardless of their size, frequency of receiving notices and communication strategies may join the new system. The system for transmitting stock exchange information is on compliance with the European Transparency Obligations Directive.

From August last year, it is possible to trade index future created on the basis of the OMX Baltic 10 Index (OMXB10), the in the OMX Nordic derivate market in Stockholm. For the first time, the investors are able to trade derivative instruments based on Baltic publicly traded companies in the European largest derivative market. The OMX derivative market is by volume the third largest one in Europe.. OM XB10 is a tradable index consisting of the most actively traded and liquid shares in the Baltic stock exchanges. Thus, the OM XB10 index future provides a good opportunity for investors to increase or decrease the effect of the Baltic stock exchange on their investments.

Last year, the preparations for launching the alternative market *First North* were completed. In a situation where bank loans are getting more expensive for companies, companies need to be more open-minded and consider different financing options. The listing in the stock exchange or alternative market may be the best opportunity for innovative companies to raise long-term capital while maintaining control over the Company's management decisions.

The goal of *First North* is to provide a wider range of companies with an opportunity to finance their growth and develop potential new listings, while creating additional investment opportunities for investors. It means fewer obligations for the companies but higher risks for investors. *First North* is an alternative market set up by OMX Exchanges, which has successfully been launched in the Nordic countries and is ready for trading with companies in all Baltic States.

At the end of last year, the stock exchanges of Tallinn, Riga and Vilnius announced the winners of the contest of publicly traded companies *Baltic Market Award 2007*. The Lithuanian company TEO LT was named the publicly traded company with the best investor relations and Hansapank was named the best exchange member in the Baltic States. Eesti Telekom was named the company with the best investor relations on the Tallinn Stock Exchange. The goal of the contest is to highlight and encourage the best market participants of the Baltic States and improve the quality of disclosed information as well as that of investor relations.

Last year, the companies listed in the Baltic stock exchange significantly improved the quality of investor relations. The average grade of the results of the current year is 20% higher as compared to the same figure last year; the competition was extremely strong also in different categories. The qualities of the companies' quarterly and annual reports as well as their websites have improved the most. The contest *Baltic Market Awards* itself has improved the quality of investor relations, in the course of which all companies receive individual feedback and additional recommendations for improving their investor relations.

The stock exchange considers the existence of a knowledgeable and educated investor community very important. As a result of this the raising of the level of investor education has become a major priority. In 2007, the Tallinn Stock Exchange launched an investor education programme *Invest Mentor* and within the framework of this programme, an investment manual *Guide to Investments* was published together with the top specialists of the securities market. At the first sight, securities markets may seem extremely

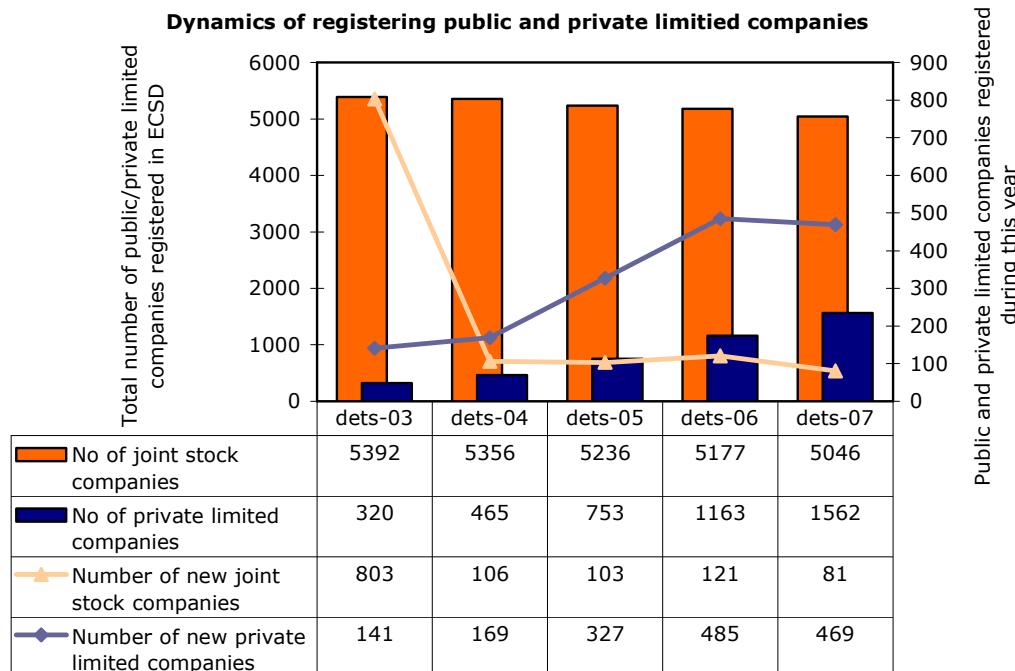
complicated but there are actually definite rules in the world of investment, the knowledge of and adherence to which will enable investors to successfully cope with their investments. The guide has been compiled as a collection of articles and is aimed at anyone who wishes to save and gain new knowledge in investing their savings.

After several years, the tradition of the Tallinn Stock Exchange Investment Fair was (re)launched. The most popular part of the fair was seminars for beginners and experienced investors with more than 700 participants. The goal of this top investment event was to pay more attention to importance of saving and introduce different investment opportunities. Almost 70 presentations were made in seminar rooms and on the main stage both for beginners and experienced investors. The seminars provided an opportunity to gain practical knowledge how to wisely invest one's savings or grow one's assets, and also to ask for advice from the professionals and share experience with other investors.

In addition, the Tallinn Stock Exchange in cooperation with the University of Tartu, Tallinn University of Technology, the Estonian Business School and the International University Audentes issued prizes for the best thesis related to securities markets. Mart Veskimägi won the first prize at the contest with his master's thesis *Empirical testing of the hypothesis of an effective market on the Tallinn Stock Exchange* (Tartu University, supervisor: Priit Sander). The jury awarded a special prize to Erki Alas for his bachelor's thesis *Initial public offering of shares – motives and effect on companies* (Tartu University, supervisor: Andres Juhkam). The jury made up of university lecturers and stock exchange specialists assessed the bachelor and master's theses. This contest is also part of the investor education programme *Invest Mentor*.

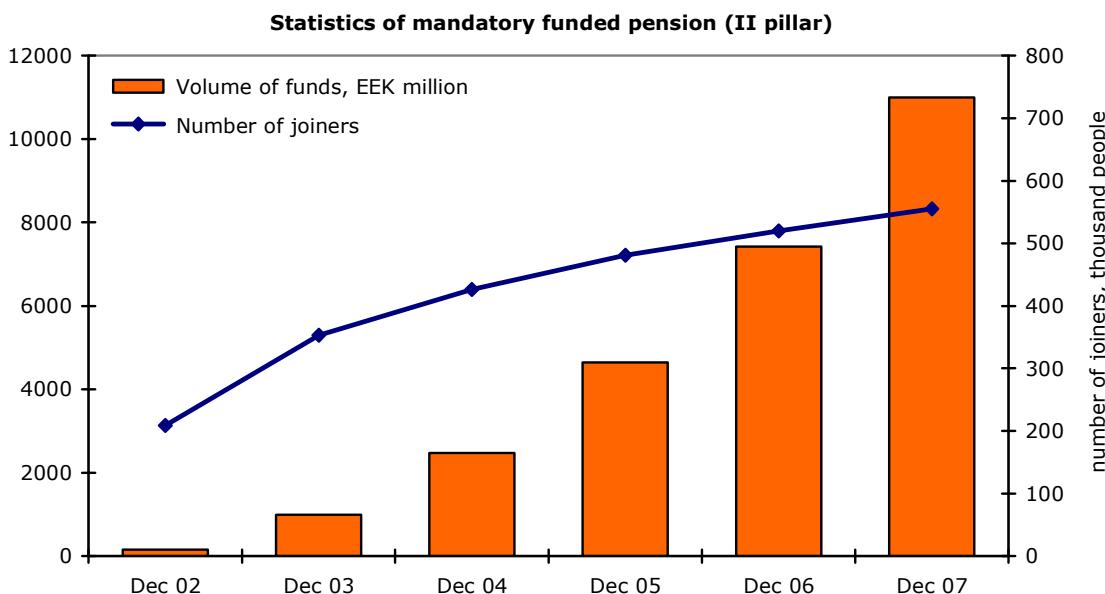
REGISTRATION OF COMPANIES

At the year-end, 6 608 companies were registered at the Estonian Central Securities Depository. The number of registered public limited companies stays stable (5 046 registrations), however, the registration of private limited companies continues to grow (1 562 registrations, growth in a year ca 25%). The registration of private limited companies at the Central Register of Securities facilitates making purchase, sales and pledge transactions in a more convenient and cost-efficient way, without any notarial involvement. The value of the securities registered at the Central Register of Securities is over 9.3 billion euros.



FUNDED PENSION

The number of persons who have joined the mandatory funded pension (II pillar) increased from 519 726 at the year-end 2006 to 554 353 people at the year-end 2007. The total volume of mandatory funded pension funds increased from 7.5 billion kroons to 11 billion kroons in a year. The index of mandatory funded pension showing the average rate of return of the mandatory pension funds increased by 5.6%, from 145.67 points to 154.2 points.

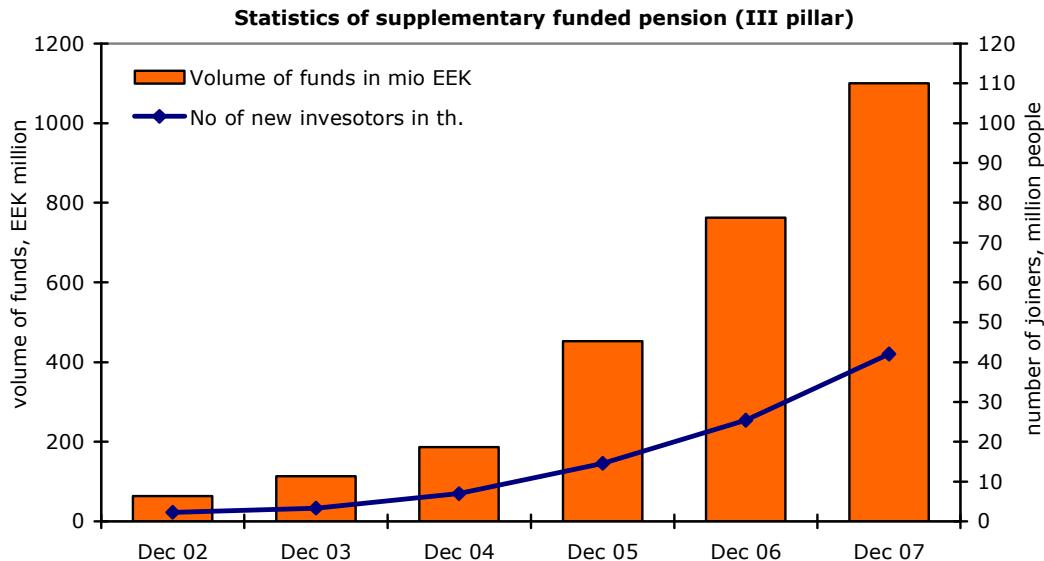


In 2007 a total of 42 902 investors (2006: 35 129 investors) made contributions to the new fund, and 13 000 investors changed their fund units (2006: 8 152).

From 2007, the heirs of the persons who had joined the mandatory funded pension may sell the inherited shares back to the pension funds and take out their inheritance in cash. In 2007, 812 people used this option. The average amount of inheritance taken out of pension funds was 8700 kroons.

Last year, the volume of supplementary funded pension (III pillar) funds increased by a record of 343 million kroons to 1.1 billion kroons.

In addition to the volume of funds, the number of clients of supplementary funded pension increased from 25 107 at the year-end 2006 to more than 42 000 investors at the year-end 2007.



► FINANCIAL RESULTS

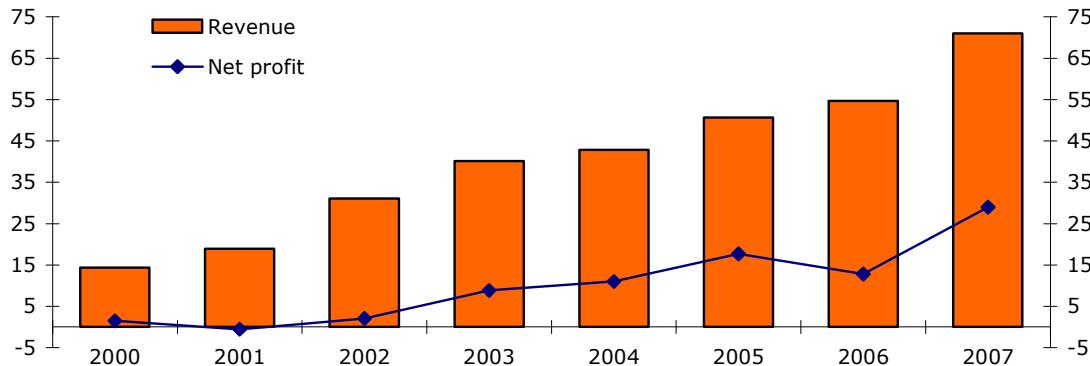
The consolidated financial results of the Tallinn Stock Exchange last year were primarily affected by record high trading activity, listing of new companies on the Tallinn Stock Exchange and increasing of trading activity between the Baltic States.

The financial results of the ECSD were affected by mergers of companies and the related decrease in the number of companies in the register. This was counterbalanced by moderate registration of new public limited companies and active registration of private limited companies. In addition, investments in pension funds and other investment funds also increased significantly, which had a positive effect on the results of operations of the ESCD.

The aforementioned factors led to record-high revenue in the total Group of the Tallinn Stock Exchange.

The year 2007 was stable with regard to costs. The development projects launched in previous years were continued. Labour costs increased the most. However, the volume of costs was maintained at the same level as the year before. This enabled to significantly increase the Company's profitability.

Revenue and net profit 2000-2007 (in million kroons)



In 2007, the Group's operating income increased by 29% or 70.5 million kroons (2006: 55 million kroons), of which the revenue of the Tallinn Stock Exchange totalled 27.4 million kroons (2006: 18.3 million kroons). At the end of the period, Group's equity totalled 85 million kroons (2006: 61 million kroons) and the consolidated net profit for 2007 amounted to 28.9 million kroons (2006: 12.8 million kroons).

Key financial ratios of the Tallinn Stock Exchange :	2007	2006	2005
Profit margin (net profit/total revenue)	41%	23%	35%
Return of Equity – ROE (net profit/equity)	34%	21%	36%
Return on Assets – ROA (net profit/average total assets)	29%	16%	29%
Revenue growth	29%	8%	22%

Revenue per employee in 2007 was 1.63 million kroons (2006: 1.45 million kroons), and net profit per employee was 673 thousand kroons (2006: 337 thousand kroons). The net margin in 2007 was 41% (2006: 23%). Earnings per share in 2007 totalled 10 591 kroons (2006: 4 675 kroons).



GROUP'S LIQUIDITY AND INVESTMENT STRATEGY

For the purpose of managing liquidity, the Group's members may invest their funds in current and term deposits, debt securities, the issuers of which have at least an international investment grade rating or rating A assigned by Hansapank as well as money market and interest funds whose managers have at least an international investment grade rating.

SPONSORSHIP AND CHARITY WORK

The Tallinn Stock Exchange is the only regulated secondary market of securities in Estonia and we understand as the centre of the Estonian securities market, we affect the well-being of people and organisations. We feel responsible for all our decisions and actions. If possible, we wish to support the development of Estonia and at that, we use the following courses of actions:

1. Development of investor culture

- ➔ The Tallinn Stock Exchange has launched the investor education programme *Invest Mentor*. The goal of the programme is to raise reasonable and rationally thinking investors out of people interested in making investments who would be able to manage their cash in a reasonable manner and secure their future. To attain this goal, objective information on investment opportunities and the related dangers should be made available.
- ➔ The Tallinn Stock Exchange collaborates with Junior Achievement Fund, supporting the development of study programmes dealing with savings and investments as well as preparation of study materials with its advice and financial aid.
- ➔ The Tallinn Stock Exchange is the co-arranger of the investment game and training targeted at the Estonian high school students called 2Day.ee.
- ➔ The Tallinn Stock Exchange collaborates with the Ministry of Finance, helping to arrange annual essay competitions of students.
- ➔ The Tallinn Stock Exchange is also ready to support other projects, which are able to support and develop the investor culture in Estonia. Such projects may include informative events, publication of study materials, activities targeted at students.

2. Small acts of kindness

As the employees of the Tallinn Stock Exchange and the Estonian Central Securities Depository, we notice things around us and try to make our contribution to alleviate the society's problems.

- ➔ We invite all persons to save the nature and give up notices of their securities or pension account balances printed on paper and mailed by post.
- ➔ We promote cost-effective ways of life and avoid spending on general tokens and we donate the amount saved to charity. Within the framework of annual Christmas project, we give presents to the children at Palivere orphanage. We value the clear target of our small contribution, developmental value for the children and consistency.

► PLANS FOR THE YEAR 2008

The goal of the Tallinn Stock Exchange and the Estonian Central Securities Depository is to be the heart of the Baltic securities market. The main challenges for the current year include finding new companies to list on the stock exchange as well as the alternative market *First North* launched at the end of last year. Also, search will continue to find new business opportunities in the changing regulatory and economic environment.

Pursuant to the strategy of the Tallinn Stock Exchange, it is important to ensure growth of knowledgeable and active investors. To achieve this, the Tallinn Stock Exchange will continue with its investor education programme *Invest Mentor*. The mission of investor education of the Tallinn Stock Exchange is to (a) raise a knowledgeable and well-informed group of investors in Estonia with the help of the media, market participants and educational institutions and also (b) the provision of neutral, balanced and efficient information to investors and other important information channels (c) thereby ensuring the transparency of the market and the adherence to the best market practices in collaboration with the government and supervision agencies.

The goal of the ECSD is to continue providing a high-level register service to current clients and we also see an opportunity to increase the client base. This year, the ECSD will start to replace the register's information system with the goal of improving the quality of register services and facilitating their development opportunities, as well as making the use of services easier and user-friendlier.

The work with development of securities depository and clearing and settlement services as well as facilitating international integration, especially in the Baltics will continue. The key task in 2008 will be the analysis of the opportunity to take into use a uniform securities settlement platform to make the settlement of cross-border securities transactions more effective, easier and client-friendly.

In respect of mandatory funded pension, an important goal of the ECSD is smooth organisation of pension payments from 2009. For the successful launch of the system, all parties to the funded pension shall continue their cooperation in 2008. The ECSD shall develop its own functional and technical solutions for the implementation of the system of funded pension payments.

On a general level, our role is to improve cooperation with market participants, help raise a wise and reasonable investor community and promote savings in order to secure the future. Using the knowledge and experience of the ECSD, we plan to work in the area of managing and developing new registers, starting with the activities of the subsidiary of the ECSD, AS OMX Registrikeskus at the first opportunity.

We try to assist with the creation of a framework to tax private persons on an equal ground with legal persons in respect of securities investment, and we will continue to raise public awareness for listing state companies.

The merger of OMX with NASDAQ this year will create good prerequisites for the growth of trading activity of both domestic and foreign investors and listing of new issuers on the stock exchange. We will also try to harmonise our rules to the extent possible with the other Baltic countries and Nordic countries so that the principles would be to the extent possible uniform, understandable to the issuers and investors and that market would be interesting.

FINANCIAL STATEMENTS

Management Board's confirmation of the consolidated financial statements

The Management Board confirms the correctness and completeness of AS Tallinn Stock Exchange 2007 consolidated financial statements as set out on pages 15 – 38.

The Management Board confirms that:

1. the accounting policies used in preparing the financial statements are in compliance with the generally accepted accounting principles of Estonia;
2. the consolidated financial statements present a true and fair view of the financial position, results of operations and the cash flows of the Group and the parent company;
3. AS Tallinn Stock Exchange and all group companies are going concerns.

Andrus Alber
Chairman of the Management Board

Kaidi Ruusalepp
Member of the Management Board

Tallinn,2008

 **CONSOLIDATED BALANCE SHEET**
(in Estonian kroons)

ASSETS	Note	31.12.2007	31.12.2006
Current assets			
Cash and bank	2	75 879 116	59 006 854
Short-term financial assets	3	8 723 448	9 637 677
Receivables and prepayments	4	6 382 152	5 513 311
Total current assets		90 984 716	74 157 842
Non-current assets			
Long-term financial assets	5	19 545	19 545
Property, plant and equipment	7	1 804 195	2 176 019
Intangible assets	8	5 348 370	4 018 754
Total non-current assets		7 172 110	6 214 318
TOTAL ASSETS		98 156 826	80 372 160
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	9	3 603 480	7 313 313
Supplier payables		2 110 197	1 113 772
Tax liabilities	10	1 491 729	4 740 378
Other payables	11	3 072 034	3 914 050
Total current liabilities		10 277 440	17 081 513
Non-current liabilities			
Guarantee fund	13	2 762 932	1 839 292
Total non-current liabilities		2 762 932	1 839 292
TOTAL LIABILITIES		13 040 372	18 920 805
Owners' equity			
Share capital	14	27 360 000	27 360 000
Reserves			
Statutory reserve capital		2 284 312	1 644 762
Guarantee fund reserve		1 320 028	1 979 800
Total reserves		3 604 340	3 624 562
Retained earnings		25 176 043	17 675 784
Net profit for the year		28 976 071	12 791 009
Total owners' equity		85 116 454	61 451 355
TOTAL LIABILITIES AND OWNERS' EQUITY		98 156 826	80 372 160

 **CONSOLIDATED INCOME STATEMENT**
Format 1
(in Estonian kroons)

	Note	2007	2006
Revenue	15	69 738 991	54 463 966
Other operating income		806 089	188 391
Other operating expenses	16	-21 245 544	-20 951 804
Personnel expenses			
Wages and salaries		-14 219 876	-10 929 131
Social security tax		-4 731 213	-3 636 505
Total personnel expenses		-18 951 089	-14 565 636
Depreciation, amortisation and impairment losses	7,8	-3 286 373	-3 744 188
Other expenses		-500 103	-373 098
Operating profit		26 561 971	15 017 631
Other financial income and expenses		2 414 100	1 223 378
Profit before tax		28 976 071	16 241 009
Corporate income tax		0	-3 450 000
Net profit for the year		28 976 071	12 791 009



CONSOLIDATED CASH FLOW STATEMENT
(in Estonian kroons)

	Note	2007	2006
Cash flows from operating activities			
Operating profit		26 561 971	15 017 631
<u>Adjustments:</u>			
Depreciation, amortisation and impairment losses	7,8	3 286 373	3 744 188
Loss from write-off of non-current assets		0	5 751
Change in receivables related to operating activities		-971 057	82 056
Change in liabilities related to operating activities		-3 354 073	3 875 027
Corporate income tax paid		-3 450 000	0
Total cash flows from operating activities		22 073 215	22 724 653
Cash flows from investing activities			
Purchase of property, plant and equipment	7	-932 413	-864 335
Prepayments for property, plant and equipment	7	0	-9 158
Purchase of intangible assets	8	-2 130 576	-1 920 870
Prepayments for intangible assets	8	-1 181 177	-847 095
Acquisition of financial assets		-4 633 177	-5 551 806
Proceeds from sale of financial assets		5 670 976	6 202 500
Interest received		2 219 893	766 761
Total cash flows from investing activities		-986 474	-2 224 003
Cash flows from financing activities			
Deposits to guarantee fund		1 396 010	320 000
Disbursements from guarantee fund		-472 370	-1 200 000
Disbursements from guarantee fund reserve	14	-659 772	0
Dividends paid	14	-4 651 200	0
Total cash flows from financing activities		-4 387 332	-880 000
Total cash flows		16 699 409	19 620 650
Cash and cash equivalents at beginning of the year	2	59 006 854	39 251 577
Net increase/decrease in cash and cash equivalents		16 699 409	19 620 651
Revaluation of fund shares to fair value		172 853	134 626
Cash and cash equivalents at end of the year	2	75 879 116	59 006 854



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(in Estonian kroons)

	Share capital	Treasury shares	Reserves	Retained earnings	Total
Balance as at 31.12.2005	30 400 000	-6 445 408	2 404 800	22 220 953	48 580 345
Transfers to statutory reserve capital	0	0	884 762	-884 762	0
Deposits to guarantee fund reserve	0	0	335 000	-255 000	80 000
Decrease of share capital	-3 040 000	6 445 408	0	-3 405 408	0
Net profit for the year	0	0	0	12 791 009	12 791 009
Balance as at 31.12.2006	27 360 000	0	3 624 562	30 466 792	61 451 354
Transfers to statutory reserve capital	0	0	639 550	-639 550	0
Disbursements from guarantee fund reserve	0	0	-659 772	0	-659 772
Dividends paid	0	0	0	-4 651 200	-4 651 200
Net profit for the year	0	0	0	28 976 071	28 976 071
Balance as at 31.12.2007	27 360 000	0	3 604 340	54 152 113	85 116 453

More detailed information on share capital is provided in Note 14.

NOTES TO THE FINANCIAL STATEMENTS

► Note 1 Accounting policies adopted in the preparation of the financial statements

The 2007 consolidated financial statements of AS Tallinn Stock Exchange have been prepared in accordance with the generally accepted accounting principles of Estonia. The generally accepted accounting principles are prescribed by the Accounting Act of the Republic of Estonia and supplemented by the guidelines issued by the Accounting Standards Board.

The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The amounts shown in these financial statements are presented in Estonian kroons.

Amendments to accounting policies

There were no major changes in the current accounting policies in 2007.

Group accounting

In the consolidated financial statements, the financial statements of the subsidiaries under the control of the parent company have been combined on a line-by-line basis. All intragroup receivables and liabilities, intercompany transactions and the resulting unrealised gains and losses have been eliminated.

The 2007 consolidated financial statements include the financial statements of AS Tallinn Stock Exchange (parent company) and its subsidiaries AS Eesti Väärtpaberikeskus, AS Arvelduskoda and the subsidiary of AS Eesti Väärtpaberikeskus, OMX Registrikeskus.

In the separate financial statements of the parent company, disclosed in the notes to the financial statements, investments into subsidiaries are recorded at cost (less any impairment losses, if necessary).

Subsidiaries

A subsidiary is an entity controlled by the parent company. Control is presumed to exist when the parent company owns, directly or indirectly more than one half of the voting power of the subsidiary or otherwise has power to govern the financial and operating policies of the subsidiary.

When the parent company acquired or transferred control over the entity during the period, the respective subsidiary is consolidated from the date of the acquisition until its disposal.

The purchase method of accounting is used to account for the acquisition of subsidiaries (except for acquisitions among entities under common control). According to the purchase method, the assets, liabilities and contingent liabilities of the subsidiary acquired (acquired net assets) are measured at their fair values and the difference between the cost of acquisition and the fair value of the net assets of the subsidiary acquired is recorded as positive or negative goodwill.

Cash and cash equivalents

For the purposes of the balance sheet and the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, shares of money market and other highly liquid funds which are reported at fair value.

Short and long-term financial assets

The purchases and sales of financial assets are recognised at the settlement date. In accounting for purchases and sales of financial assets reported at fair value, the change in value occurred in the period between the trade date and the balance sheet date is recognised as period gains or losses, similarly to the recognition of the similar financial assets owned by the Company.

Securities held for trading purposes in the short term and securities with fixed maturities within 12 months after the balance sheet date are classified as short-term financial investments. Securities not intended to be sold within 12 months after the balance sheet date (except for those interests in subsidiaries and associates) and securities with fixed maturities longer than 12 months after the balance sheet date, are classified as long-term financial assets.

The changes in fair value of financial assets acquired for the purpose of trading are recognised either as gains or losses in the income statement of the reporting period. The changes in fair value of other financial assets recognised at fair value through profit or loss are recognised on a consistent basis (similarly from the time of acquiring the asset until its disposal) in the revaluation reserve of financial assets in equity.

Short and long-term financial investments into shares and other equity instruments (except for such holdings in subsidiaries and associates that are reported under the consolidation or equity method) are measured at fair value if it can be determined reliably. The basis for fair value is the quoted market price of the financial asset. Shares and other equity instruments whose fair value cannot be measured reliably are recognised at amortised cost (that is historical cost less any impairment losses, when the carrying amount of the investment is not recoverable).

Short and long-term financial investments into bonds and other fixed income instruments are recorded at amortised cost if the Company intends to hold them until maturity. If the Company is not certain at the time of the acquisition whether it intends to hold the particular debt instrument until maturity or if it is probable than it will sell it before maturity, the financial investments are reported at fair value.

Trade receivables

Short-term receivables generated in the ordinary course of business (except for the receivables from the parent company) are classified as trade receivables. Trade receivables are carried at amortised cost (original invoice amount less any impairments and refunds).

An allowance for doubtful receivables is set up when there is objective evidence that not all amounts due will be collected according to the original terms of the contract. The circumstances indicating that the receivable is impaired include the bankruptcy or significant financial difficulties of the debtor and non-adherence to payment terms. The accounts receivable of each customer are assessed on an individual basis. When it is not possible to assess the receivables on an individual basis, then only material receivables are assessed on an individual basis. The rest of the receivables are collectively assessed for impairment, using previous years' experience on uncollectible receivables. The carrying amount of receivables is reduced by the amount of uncollectible receivables and an

impairment loss is reported in the income statement under other operating expenses. When receivables are deemed irrecoverable, the receivable and the impairment loss are taken off balance sheet. The collection of the receivables that have previously been written down is accounted for as a reversal of the allowance for doubtful receivables.

Other receivables

Other receivables (receivables from parent company and subsidiaries, accrued expenses and other short and long-term receivables) are carried at amortised cost.

The amortised cost of short-term receivables normally equals their original invoice amount less any impairment losses and refunds; therefore short-term receivables are carried in the balance sheet at the collectible amount. In order to calculate the amortised cost of long-term receivables, they are initially recognised at the fair value of the consideration receivable and subsequently interest income is calculated on the receivable using the effective interest rate method.

Provisions and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of events which occurred before the balance sheet date and whose timing or amount of the expected outflows are not known. Provisions are recognised based on management's estimates regarding the amount and timing of the expected outflows. A provision is recognised in the balance sheet in the amount which according to the management is necessary as at the balance sheet date for the meeting of the obligation arising from the provision or transfer to the third party.

If a provision settles later than 12 months after the balance sheet date, it is recognised at the discounted value (at the present value of related disbursements), unless the effect of discounting is immaterial.

Property, plant and equipment

Items of property, plant and equipment are assets with a useful life of over one year and a cost of over 10,000 kroons. Assets with a useful life of over 1 year but a cost of less than 10,000 kroons are fully expensed at the time of acquisition regardless of the length of their useful lives.

An item of property, plant and equipment is initially recognised at its cost which consists of the purchase price (incl. customs duties and other non-refundable taxes) and other costs directly related to the acquisition that are necessary for bringing the asset to its operating condition and location. An item of property, plant and equipment is carried in the balance sheet at its cost less any accumulated depreciation and any accumulated impairment losses.

Subsequent expenditure relating to an item of property, plant and equipment is added to the carrying amount of the asset when it is probable than future economic benefits attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Other maintenance and repair costs are charged to the income statement at the time they are incurred.

Depreciation is calculated using the straight-line method. Depreciation rates are assigned separately to each non-current asset, depending on its estimated useful life. For assets with significant residual value, only the difference between the cost and the residual value is depreciated over the useful life of the asset. If the residual value of the asset exceeds its carrying amount, the asset is no longer depreciated.

If an item of property, plant and equipment consists of identifiable components with different useful lives, these components are recorded as separate property, plant and equipment items and they are depreciated over their estimated useful lives.

The annual depreciation rates for the groups of non-current assets are as follows:

Other fixtures and IT equipment	20%-40%
Other machinery and equipment	22%-25%

Depreciation is started at the time when the asset is usable for the purpose intended by management and is terminated when the asset's residual value exceeds its carrying amount; the asset is completely taken off use or is reclassified as non-current assets held for sale. At each balance sheet, the validity of depreciation rates, depreciation methods and residual value is assessed.

Where an asset's carrying amount is greater than its estimated recoverable amount (higher of an asset's net selling price and its value in use), it is written down immediately to its recoverable amount.

Intangible assets

Intangible assets (development costs, patents, licenses, trademarks, software) are recognised in the balance sheet when the asset is controlled by the parent company, future economic benefits attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. An intangible asset is initially measured at its cost, comprising of its purchase price and any directly attributable expenditure on preparing the asset for its intended use. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with indefinite useful lives are not subject to amortisation but an impairment test is performed for them at each balance sheet date and if the carrying amount of the asset is not recoverable, the asset is written down to the recoverable amount. The straight-line method is used to amortise intangible assets with finite useful lives. Depending on the purpose of use of intangible assets, the annual amortisation rates are in the range of 20-40%.

Development costs are expenses that are incurred for the implementation of research findings for developing, designing or testing new specific products, processes or services. Development costs are capitalised in case there exists a schedule for utilising the project and the amount of development costs and future economic benefits related to the intangible asset can be determined reliably.

Finance and operating leases

Leases of property, plant and equipment which transfer all significant risks and rewards incidental to ownership to the Company are classified as finance leases. Other lease transactions are classified as operating leases.

The Company is the lessee.

Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Financial liabilities

All financial liabilities (supplier payables, accrued expenses, and other short and long-term borrowings) are initially recorded at the proceeds received, including all directly attributable

expenditure. After initial recognition, financial liabilities are measured at amortised cost.

The amortised cost of the current financial liabilities normally equals their nominal value; therefore short-term liabilities are stated in the balance sheet in their redemption value. The amortised cost of non-current financial liabilities is performed using the effective interest rate method.

Financial liabilities are classified as current when they are due to be settled within 12 months after the balance sheet date or the Company does not have an unconditional right to postpone the settlement of the liability for later than 12 months after the balance sheet date. Borrowings with a due date within 12 months after the balance sheet date but that are refinanced as long-term after the balance sheet date but before the financial statements are authorised for issue, are reported as short-term. Borrowings that the lender has the right to recall at the balance sheet date due to the violation of the conditions set out in the loan agreement are also recognised as short-term.

Corporate income tax

According to the Income Tax Act, the annual profit earned by entities is not taxed in Estonia. Corporate income tax is paid on dividends, fringe benefits, gifts, costs of entertaining guest, non-business related disbursements and adjustments of the transfer price. From 1.01.2008, the tax rate is 21/79 (2007: 22/78, 2006: 23/77) of the amount paid as net dividends out of retained earnings. In certain circumstances it is possible to redistribute dividends without any additional income tax costs. The Income Tax Act stipulates further reduction of the tax rate until 2011: in 2009, the tax rate will be 20/80, in 2010, 19/81 and from 2011, it will be 18/82 of the amount paid out as net dividends. The corporate income tax arising from the payment of dividends is accounted for as an expense in the period when dividends are declared, regardless of the actual payment date or the period for which the dividends are paid. A deferred income tax liability arises at the 10th day of the month following the payment of dividends.

Due to the peculiarity of the taxation system, the companies registered in Estonia do not have any differences between the tax bases of assets and their carrying amounts and hence, no deferred income tax assets and liabilities arise. A contingent income tax liability which would arise due to the payment of dividends out of retained earnings is not reported in the balance sheet. The maximum income tax liability which would accompany the payment of dividends out of retained earnings is disclosed in the notes to the financial statements.

Accounting for foreign currency transactions

All other currencies besides the Estonian kroon are considered as foreign currencies. Foreign currency transactions are recorded based on the foreign currency exchange rates of the Bank of Estonia prevailing at the dates of the transactions. Monetary financial assets and liabilities and non-monetary financial assets and liabilities measured at fair value denominated in foreign currencies as at the balance sheet date are translated into Estonian kroons based on the foreign currency exchange rates of the Bank of Estonia prevailing at the balance sheet date. Gains and losses from foreign currency transactions are recognised in the income statement as income or expenses of that period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value, are translated into the functional currency using the foreign exchange rate of the Bank of Estonia that prevail at the date of determining fair value. Non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are not translated at the balance sheet date but they continue to be recognised on the basis of foreign exchange rates of the Bank of Estonia prevailing at the balance sheet date.

Revenue recognition

Revenue from rendering of services is recorded upon rendering of the service or when services are performed over a longer period of time, based on the stage of completion.

I Revenue from stock exchange services

→ Transaction fees

Transaction fees are recorded after the security transaction has been completed.

→ Listing fees

Revenue is recorded after the company has been listed.

→ Membership fees

Membership fees which do not grant any additional benefits to the members are recognised as income on a straight-line basis over the agreed upon time period for which they were paid.

→ Annual fee on securities

The annual fee is divided into administrative and maintenance fees. The revenue is recorded on a straight-line basis over the agreed upon time period.

→ Information transmission fees

Information transmission fees are recorded on a straight-line basis over the agreed upon time period.

II Revenue from register services

→ Registration fees

Revenue is recorded after the registration is completed.

→ Maintenance fees

Revenue from maintenance fees is recorded on a straight-line basis over the maintenance period specified in the ECSD public pricelist.

→ Account administration fees

Revenue from account maintenance fees is recorded on a straight-line basis over the maintenance period specified in the ECSD public pricelist.

→ Entry fees

Entry fees are recorded after the entry has been made in the securities account or on a straight-line basis according to the ECSD public pricelist.

→ Transaction fees

Transaction fees are recorded after the security transaction has been completed.

→ Information transmission fees

Revenue is recorded after the queries have been performed.

→ Fees for using the mandatory funded pension information system

Revenue is recorded on a straight-line basis according to the period of use specified in the ECSD public pricelist.

Revenue arising from interest and dividends is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity and the amount of revenue can be measured reliably. Interest income is recognised taking into account the effective interest rate, except if the receipt of interest is uncertain. In such cases the interest income is accounted for on a cash basis. Dividends are recognised when the right

to receive payment is established.

Statutory reserve capital

Reserve capital is formed to comply with the requirements of the Commercial Code. Reserve capital is formed from annual net profit allocations. During each financial year, at least one-twentieth of the net profit shall be entered in reserve capital, until reserve capital reaches one-tenth of share capital. Reserve capital may be used to cover a loss, or to increase share capital. Payments shall not be made to shareholders from reserve capital.

Guarantee fund

The guarantee fund is the fees paid to AS Tallinn Stock Exchange for guaranteeing exchange transactions by the exchange members, whose maintenance and use is regulated by Regulation no. 48 of the Minister of Finance from 14 August 2003, in accordance with the rules and regulations of the Tallinn Stock Exchange and the resolutions of the Management Board. The cash held in the guarantee fund is reported in the line item of *Cash and bank* and the respective liability as a long-term borrowing in the line item of the guarantee fund in the balance sheet.

In accordance with the profit allocation resolution, the fines paid to AS Tallinn Stock Exchange for the violation of the rules and regulations of the exchange are deducted from the net profit and reported in the item *Guarantee fund reserve* in equity.

 **Note 2 Cash and bank**

	31.12.2007	31.12.2006
Bank accounts	74 298 969	39 875 971
Money market fund shares	0	11 907 000
Shares of other highly liquid funds	1 580 147	7 223 883
Total cash and bank	75 879 116	59 006 854

 **Note 3 Short-term financial assets**

	31.12.2007	31.12.2006
Bonds (held to maturity; with maturity up to 1 year) at amortised cost	8 723 448	9 637 677
Effective interest rate of held-to-maturity bonds	2,64-7,29%	4-9,5%

 **Note 4 Trade receivables and prepayments**

	31.12.2007	31.12.2006
Trade receivables	3 475 075	3 006 199
incl. Accounts receivable	4 718 936	4 286 513
Allowance for doubtful receivables	-1 243 861	-1 280 313
Other short-term receivables	836 874	780 984
incl. Receivables from the parent company and other consolidation group companies (Note 17)	500 386	230 005
Interest	0	125 553
Other accrued income	301 580	409 302
Other receivables	34 908	16 125
Prepaid taxes (Note 10)	364 407	0
Prepayments for services	1 705 796	1 726 128
Total receivables and prepayments	6 382 152	5 513 311

 **Note 5 Long-term financial assets**

Group	31.12.2007	31.12.2006
ANNA of ANNA	19 545	19 545
Total	19 545	19 545

The goal of the Group company AS Eesti Väärtpaperikeskus for acquiring an interest in the Association of National Numbering Agencies (hereinafter ANNA) was to obtain the ID numbering rights of a national agent of securities. Only a member of ANNA can act as an ID numbering national agent and according to the Articles of Association of ANNA, the membership status presumes ownership of one share.



Note 6 Subsidiaries

	AS Eesti Väärtpaberikeskus	AS Arvelduskoda	AS OMX Registrikeskus (subsidiary of ECSD)
Location	Eesti	Eesti	Eesti
Ownership % at beginning of the year	100	100	100
Participation in investee's equity at beginning of the year	31 732 071	409 673	408 526
Ownership % at end of year	100	100	100
Participation in investee's equity at the end of the year	50 508 842	417 066	419 075



Note 7 Property, plant and equipment

	Other property, plant and equipment	Prepayments for property, plant and equipment	Total
Balance as at 31.12.2005			
Cost	6 550 376	0	6 550 376
Accumulated depreciation	-4 109 704	0	-4 109 704
Carrying amount	2 440 672	0	2 440 672
Changes occurred in 2006			
Purchases in the reporting period	864 335	9 158	873 493
Sales and write-offs	-53 280	0	-53 280
Depreciation charge	-1 132 396	0	-1 132 396
Depreciation of non-current assets sold and written off	47 529	0	47 529
Balance as at 31.12.2006			
Cost	7 361 431	9 158	7 370 589
Accumulated depreciation	-5 194 571	0	-5 194 571
Carrying amount	2 166 860	9 158	2 176 018
Changes occurred in 2007			
Purchases in the reporting period	941 571	-9 158	932 413
Sales and write-offs	-345 379	0	-345 379
Depreciation charge	-1 304 236	0	-1 304 236
Depreciation of non-current assets sold and written off	345 379	0	345 379
Balance as at 31.12.2007			
Cost	7 957 623	0	7 957 623
Accumulated depreciation	-6 153 428	0	-6 153 428
Carrying amount	1 804 195	0	1 804 195



Note 8 Intangible assets

	Software	Prepayments for intangible assets	Total
Balance as at 31.12.2005			
Cost	12 888 191	120 909	13 009 100
Accumulated amortisation	-9 146 518	0	-9 146 518
Carrying amount	3 741 673	120 909	3 862 582
Changes occurred in 2006			
Purchases in the reporting period	1 944 113	823 851	2 767 964
Write-off	-35 400	0	-35 400
Amortisation charge	-2 611 792	0	-2 611 792
Amortisation of intangible assets written off	35 400	0	35 400
Balance as at 31.12.2006			
Cost	14 796 904	944 760	15 741 664
Accumulated amortisation	-11 722 910	0	-11 722 910
Carrying amount	3 073 994	944 760	4 018 754
Changes occurred in 2007			
Acquisitions in the reporting period	2 130 576	1 181 177*	3 311 753
Write-off	-209 768	0	-209 768
Amortisation charge	-1 982 137	0	-1 982 137
Amortisation of intangible assets written off	209 768	0	209 768
Balance as at 31.12.2007			
Cost	16 717 712	2 125 937	18 843 649
Accumulated amortisation	-13 495 279	0	-13 495 279
Carrying amount	3 222 433	2 125 937	5 348 370

* The amount of prepayment has been made for the new register system of ECSD which is expected to be taken into use in 2009.

► Note 9 Borrowings

At the parent company, additional short-term guarantee fund deposits of the members of the stock exchange and at the subsidiary AS Eesti Väärtpaperikeskus, liabilities relating to unallocated payments of funded pensions, investment funds and securities have been recorded as unsecured debt obligations.

	31.12.2007	31.12.2006
II pillar *	93 340	3 181 591
Other funds **	2 353 965	3 031 539
Interest and dividend amounts ***	1 156 175	1 100 183
Total	3 603 480	7 313 313

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

** Payments for subscription of other investment funds' shares for which no fund shares have been issued yet or if they have been issued, the proceeds have not yet been transferred to the fund.

*** Amounts for distributions to be made on securities (interest, redemption, compensation and dividend distribution), which are distributable to the investors.

► Note 10 Taxes

	2007	2006
	Prepayment	Tax payable
Social security tax	0	866 274
Income tax withheld	0	439 994
Unemployment insurance tax	0	20 096
Contributions to mandatory funded pension	0	41 336
Corporate income tax	0	124 029
Value added tax	364 407	0
Total	364 407	1 491 729
		0
		4 740 378

► Note 11 Other payables

	31.12.2007	31.12.2006
Payables to parent company and other consolidation group companies		
Group companies (Note 17)	130 265	1 849 065
Accrued expenses	2 941 769	2 064 985
Payables to employees	2 877 791	1 690 363
Other accrued expenses	63 978	374 622
Total	3 072 034	3 914 050

Note 12 Operating lease

AS Tallinn Stock Exchange has made the following operating lease payments:

	2007	2006
Office space rent	1 796 264	1 674 587
Passenger car rent	379 202	368 047
Total	2 175 466	2 042 634
Operating lease payments in next periods under non-cancellable lease agreement:		
Incl. up to 1 year	391 940	273 894
1 – 5 years	904 425	665 108

The lease agreement for office space (entered into at 17.11.2003) can be terminated with a 6-month notice, whereby its termination before 5 years will lead to the compensation for investments made by the lessor at the agreed amount, which is proportionately declining over the 5 year-period. The maximum amount to be compensated by group companies in case the lease agreement is terminated before 5 years would amount 145 thousand kroons (219 thousand kroons before 4 years have passed). Upon the expiry of the contract, the lessee can extend it. The lessor has the right under a justified proposal to adjust the prices to match market prices.

Pursuant to the operating lease agreement, the lessee has the option to use the vehicle's acquisition right but the Company does not plan to use it.

Note 13 Non-current liabilities

The stock exchange's guarantee fund in the amount of 2 762 932 kroons (2006: 1 839 292 kroons) includes the deposits paid by the exchange members to the guarantee fund. The use of the guarantee fund is regulated by the rules and regulations of the Tallinn Stock Exchange.

Note 14 Equity

Information on the share capital of group companies:

As at 31.12.2007	AS Tallinn Stock Exchange	AS Eesti Väärtpaberikeskus	AS Arvelduskoda	AS OMX Registrikeskus
Share capital	27 360 000	11 500 000	400 000	400 000
Number of shares (pcs.)	2 736	1 150	40	400
Shares at nominal value	10 000	10 000	10 000	1 000
Maximum share capital allowed in the article of association	40 000 000	12 000 000	1 600 000	1 600 000

As at 31.12.2006	AS Tallinn Stock Exchange	AS Eesti Väärtpaberikeskus	AS Arvelduskoda	AS OMX Registrikeskus
Share capital	27 360 000	3 000 000	400 000	400 000
Number of shares (pcs.)	2 736	300	40	400
Shares at nominal value	10 000	10 000	10 000	1 000
Maximum share capital allowed in the articles of association	40 000 000	12 000 000	1 600 000	1 600 000

A payment was made from the guarantee fund to cover the costs of the investor education project in the amount of 659 772 kroons.

In 2007, dividends were declared and paid to the dividends in the amount 4 651 200 kroons. (no dividends were paid in 2006). Neither income tax expense nor liability accompanied the payment of dividends, because the dividends were paid on the basis of dividends received from the resident company.

As at 31.12.2007, the unrestricted equity of AS Tallinn Stock Exchange (considering the fact that according to the management's proposal, 451 688 kroons will be allocated to statutory reserve capital and 315 000 kroons to the guarantee fund reserve) amounted to 53 385 426 kroons (2006: considering the allocation of 639 550 kroons to statutory reserve capital, the unrestricted equity totalled 29 827 243 kroons).

Upon the payment of dividends after 1 January 2008, the accompanying income tax expense would amount to 21/79 (until 31 December 2007: 22/78) of the net dividend paid from which it is possible to deduct the share of dividends distributable tax-free in the amount of 6 898 800 kroons (AS Eesti Väärtpaperikeskus has already paid dividends). Thus, as at the balance sheet date it is possible to pay out dividends to the shareholders in the amount of 43 623 235 kroons and the corresponding income tax would amount to 9 762 191 kroons. As at 31 December 2006, it would have been possible to pay out 23 265 250 kroons as dividends, and the corresponding income tax would have amounted to 6 561 993 thousand kroons.

Note 15 Net sales

The net turnover of AS Börs is divided by activities as follows:

	2007	2006
Exchange services		
Transaction fees	7 665 489	4 015 375
Membership fees	2 106 855	1 795 444
Listing fees	7 886 660	6 818 478
Information transmission fees	3 906 235	2 006 892
Meeting services	466 636	360 991
Register services		
Issuers fees	26 127 339	23 521 525
Registration fees	1 201 999	1 307 517
Maintenance fees	23 471 776	20 707 967
Other fees from issuers	1 453 564	1 506 041
Account maintenance fees	10 352 989	7 383 102
Maintenance fees from account administrators	7 148 422	5 362 784
Transaction fees from account administrators	3 204 567	2 020 318
II pillar of funded pension	6 795 579	5 626 127
Other exchange, register and other services	4 431 209	2 936 035
Total	69 738 991	54 463 966

According to the classification of the Estonian economic activities, the revenue of AS Tallinn Stock Exchange classifies under 66111-management of financial markets.

In 2007, the sales of services to non-residents made up 8 413 995 kroons (2006: 3 365 452 kroons) of the net turnover.

► Note 16 Other expenses

	2007	2006
Rent and maintenance of offices	2 393 594	2 229 685
Marketing expenses	1 770 086	1 946 651
Personnel expenses	3 497 154	3 456 072
Office supplies	561 048	753 527
Postage*	1 367 420	1 092 947
Purchased services	1 287 962	1 262 578
IT expenses	5 073 408	4 781 498
Business trips	1 372 268	1 329 315
Insurance	1 171 595	1 097 832
Group's management fees	1 319 035	1 792 410
Impairment losses of doubtful receivables	193 431	299 579
Other expenses	1 238 543	909 711
TOTAL	21 245 544	20 951 804

* Postage expenses related to annual notices of pensions and securities accounts balances make up 46% postage expenses.

► Note 17 Related party transactions

In compiling the Annual Report, the following entities have been considered as related parties:

- a) owners (parent company and owners of the parent company as well as other shareholders);
- b) subsidiaries and other companies belonging to the OMX consolidation group
- c) management and supervisory boards;
- d) close family members of the persons mentioned above and the companies under their control or significant influences.

The Company's management estimates that the prices used in transactions with related parties do not materially differ from the market prices.

No allowances for impairment losses of receivables from related parties have been set up in 2007 and 2006.

The parent company of AS Tallinn Stock Exchange is OMX Exchanges OY (61.6%) which is registered in Finland and which is part of the Nordic stock exchange group OMX. In addition to Estonia, the latter owns and runs securities exchanges in Island, Denmark, Sweden, Finland, Latvia and Lithuania.

At 27 February 2008, OMX AB USA merged with the stock market operator The NASDAQ Stock Market, Inc.

In 2007, AS Tallinn Stock Exchange has performed purchase and sales transactions of goods and services with the following related parties:

	2007	2006		
	Purchases	Sales	Purchases	Sales
OMX group companies	3 042 343	6 100 997	3 320 081	3 504 540
Total purchases-sales of services	3 042 343	6 100 997	3 320 081	3 504 540
OMX group companies	37 630	0	0	0
Total purchases-sales of non-current assets	37 630	0	0	0

Register and exchange services provided to minority shareholders and related companies make up 36 % of the Group's operating income in 2007 (2006: 33%). Each holding of minority shareholders is in the range of 0.6-13.2%. The reported transactions have been provided within the framework of the core activities of the Tallinn Stock Exchange and the Estonian Central Securities Depository and according to their public price limits. The amounts of purchase transactions to minority shareholders and the related companies amounted to 1% of operating expenses in both years.

Balances with the related parties:

Short-term receivables	31.12.2007	31.12.2006
Parent company OMX Exchanges Ltd	121 496	0
Other OMX group companies	378 890	230 005
Minority shareholders and related companies	2 159 075	1 923 997
Total	2 659 461	2 154 002

Current liabilities	31.12.2007	31.12.2006
Other OMX group companies	130 265	1 849 065
Minority shareholders and related companies	39	2 396
Total	130 304	1 851 461

In the financial year, the remuneration paid to management totalled 1.5 million kroons (2006: 2 million kroons), of which the remuneration of the members of the parent company's Management Board totalled 904 thousand kroons (2006: 980 thousand kroons). In 2007, other compensation paid to the members of the Management Board totalled 70 thousand kroons (2006: 258 thousand kroons), of which the remuneration of the members of the parent company's Management Board totalled 54 thousand kroons (2006: 222 thousand kroons). The members of the Supervisory Board of the Tallinn Stock Exchange did not receive any remuneration in the financial year. Potential liabilities related to management are in the amount of 480 thousand kroons.

Note 18 Contingent liabilities

AS Tallinn Stock Exchange has two (2) pending arbitration procedures. In both of them, the issuer has disputed the contractual penalty determined by the Listing and Supervision Commission of the stock exchange. The Commission imposed a contractual penalty on AS Kalev for violation of requirements related to disclosure of information in the amount of 250 000 kroons and to AS Tallink for violation of requirements related to disclosure of information in the amount of 50 000 kroons. Management estimates that the contractual penalty imposed by the Commission is legitimate and reasonable. In case of a loss, the Tallinn Stock Exchange will not receive any contractual penalties in the amount of 300 000 kroons and it will additionally have to bear legal expenses.

Liabilities arising from potential tax liabilities.

Tax authorities have the right to inspect the Company's tax records during the six years after submitting the tax declaration and upon finding errors, impose additional taxes, interest and fines.

The Company's management estimates that there are not any circumstances, which may lead the tax authorities to impose additional significant taxes on the Company.

 **Note 19 Separate financial statements of the parent company**

UNCONSOLIDATED BALANCE SHEET OF THE PARENT COMPANY
(in Estonian kroons)

ASSETS	31.12.2007	31.12.2006
Current assets		
Cash and bank	35 280 773	29 855 058
Trade receivables	2 805 615	2 097 382
Total current assets	38 086 388	31 952 440
Non-current assets		
Long-term financial assets	6 989 490	6 989 490
Property, plant and equipment	433 468	311 184
Intangible assets	628 597	1 022 801
Total non-current assets	8 051 555	8 323 475
TOTAL ASSETS	46 137 943	40 275 915
<hr/>		
LIABILITIES AND OWNERS' EQUITY		
Current liabilities		
Borrowings	156 281	142 139
Supplier payables	642 347	368 516
Other payables	1 396 347	1 626 868
Total current liabilities	2 194 975	2 137 523
Non-current liabilities		
Guarantee fund	2 762 932	1 839 292
Total non-current liabilities	2 762 932	1 839 292
TOTAL LIABILITIES	4 957 907	3 976 815
Owners' equity		
Share capital	27 360 000	27 360 000
Reserves		
Statutory reserve capital	2 284 312	1 644 762
Guarantee fund reserve	1 320 028	1 979 800
Total reserves	3 604 340	3 624 562
Retained earnings	23 788	287 837
Net profit for the year	10 191 908	5 026 701
Total owners' equity	41 180 036	36 299 100
TOTAL LIABILITIES AND OWNERS' EQUITY	46 137 943	40 275 915

UNCONSOLIDATED INCOME STATEMENT OF THE PARENT COMPANY

FORMAT 1

(in Estonian kroons)

Operating income	2007	2006
Revenue	27 103 597	18 275 328
Other operating income	322 582	6 134
Operating expenses		
Other operating expenses	-9 711 870	-7 273 130
Personnel expenses		
Wages and salaries	-5 730 682	-3 900 755
Social security tax	-1 905 799	-1 297 472
Total personnel expenses	-7 636 481	-5 198 227
Depreciation, amortisation and impairment losses	-816 699	-919 631
Other operating expenses	-142 166	-123 334
Total operating expenses	-18 307 216	-13 514 322
Operating profit	9 118 963	4 767 140
Other financial income and expenses	1 072 945	259 561
Profit before tax	10 191 908	5 026 701
Net profit for the year	10 191 908	5 026 701

UNCONSOLIDATED CASH FLOW STATEMENT OF THE PARENT COMPANY
(in Estonian kroons)

	2007	2006
Cash flows from operating activities		
Operating profit	9 118 963	4 767 140
<u>Adjustments:</u>		
Depreciation, amortisation and impairment losses	816 699	919 631
Change in receivables related to operating activities	-708 233	443 669
Change in liabilities related to operating activities	57 452	648 499
Total cash flows from operating activities	9 284 881	6 778 939
Cash flows from investing activities		
Purchase of property, plant and equipment	-345 903	-93 320
Purchase of intangible assets	-198 876	-694 321
Interest received	1 072 945	141 312
Dividends received	0	11 550 000
Total cash flows from investing activities	528 166	10 903 671
Cash flows from financing activities		
Deposits to guarantee fund	1 396 010	320 000
Disbursements from guarantee fund	-472 370	-1 200 000
Disbursements from guarantee fund reserve	-659 772	0
Dividends paid	-4 651 200	0
Total cash flows from financing activities	-4 387 332	-880 000
Total cash flows	5 425 715	16 802 610
Cash and cash equivalents at beginning of the year	29 855 058	12 951 625
Net increase in cash and cash equivalents	5 425 715	16 802 611
Revaluation of fund shares to fair value	0	100 822
Cash and cash equivalents at end of the year	35 280 773	29 855 058

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF THE PARENT COMPANY

(in Estonian kroons)

	Share capital	Treasury shares	Reserves	Retained earnings	Total
Balance as at 31.12.2005	30 400 000	-6 445 408	2 404 800	-6 716 993	19 642 399
Transfers to guarantee fund reserve	0	0	335 000	-255 000	80 000
Dividends received	0	0	0	11 550 000	11 550 000
Increase of share capital	0	0	884 762	-884 762	0
Cancellation of treasury shares	-3 040 000	6 445 408	0	-3 405 408	0
Net profit for the year	0	0	0	5 026 701	5 026 701
Balance as at 31.12.2006	27 360 000		0 3 624 562	5 314 538	36 299 100
Carrying amount of holdings under controlling and significant interest					6 989 490
Carrying amount of holdings under controlling and significant interest under equity method					32 141 744
Adjusted unconsolidated equity at 31.12.2006					61 451 355
Disbursements from guarantee fund reserve	0	0	-659 772	0	-659 772
Dividends received	0	0	0	-4 651 200	-4 651 200
Transfers to statutory reserve capital	0	0	639 550	-639 550	0
Net profit for the year	0	0	0	10 191 908	10 191 908
Balance as at 31.12.2007	27 360 000		0 3 604 340	10 215 696	41 180 036
Carrying amount of holdings under controlling and significant interest					6 989 490
Carrying amount of holdings under controlling and significant interest under equity method					50 925 908
Adjusted unconsolidated equity at 31.12.2007					85 116 454

INDEPENDENT AUDITOR'S REPORT

PROFIT ALLOCATION PROPOSAL

The Management Board of AS Tallinna Börs proposes to the General Meeting of Shareholders to divide the 2007 net profit in the amount 28 976 071 kroons as follows:

statutory reserve capital	451 688 kroons;
guarantee fund reserve	315 000 kroons;
retained earnings	28 209 383 kroons.

The Management Board also proposes to pay dividends to the shareholders from retained earnings accumulated until 31 December 2007 in the amount 5 472 000 kroons (2000 kroons per share).

Andrus Alber
Chairman of the Management Board

Kaidi Ruusalepp
Member of the Management Board

SIGNATURES OF THE MANAGEMENT AND SUPERVISORY BOARD TO THE 2007 ANNUAL REPORT

The 2007 annual report of AS Tallinn Börs, approved by the General Meeting of Shareholders at..... 2008 and signed at 2008.

Andrus Alber
Chairman of the Management Board

Kaidi Ruusalepp
Member of the Management Board

Hans-Ole Larsen-Jochumsen
Chairman of the Supervisory Board

Johan Rudèn
Member of the Supervisory Board

Pekka Peipponen
Member of the Supervisory Board

Allan Marnot
Member of the Supervisory Board

Härmo Värk
Member of the Supervisory Board

Eero Sirendi
Member of the Supervisory Board

Lauri Isotamm
Member of the Supervisory Board

Kadi Kapral
Member of the Supervisory Board