



# **NASDAQ OMX Tallinn AS**

## **CONSOLIDATED ANNUAL REPORT 2011**

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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: 01.01.2011 -31.12.2011

Management Report .....	3
Structure of the Group .....	3
Personal .....	4
Securities market .....	4
Primary stock exchange activities in 2011 .....	6
Registration of companies .....	7
Funded pension .....	8
Financial results .....	9
Sponsorship and charity .....	10
Plans for 2012 .....	11
Financial Statements .....	13
Consolidated balance sheet (euros) .....	13
Consolidated income statement (euros) .....	14
Consolidated cash flow statement (euros) .....	15
Consolidated statement of changes in owner's equity (euros) .....	16
Notes to the Financial Statements .....	17
Note 1 Accounting principles used in the preparation of the Financial Statements .....	17
Note 2 Cash .....	24
Note 3 Short-term financial investments .....	24
Note 4 Receivables and prepayments .....	24
Note 5 Long-term financial investments .....	25
Note 6 Subsidiaries .....	25
Note 7 Property, plant and equipment .....	26
Note 8 Intangible fixed assets .....	27
Note 9 Off-balance sheet items .....	27
Note 10 Taxes .....	28
Note 11 Other payables .....	28
Note 12 Government grants .....	28
Note 13 Provisions .....	28
Note 14 Operating lease .....	29
Note 15 Non-current liabilities .....	29
Note 16 Owner's equity .....	30
Note 17 Revenue .....	31
Note 18 Other operating expenses .....	32
Note 19 Related party transactions .....	32
Note 20 Contingent liabilities .....	33
Note 22 Unconsolidated financial statements of the parent company .....	34
Independent auditor's report .....	38
Profit distribution proposal .....	39
Division of sales revenue according to EMTAK (Classification of Economic Activities) .....	40
Signatures of the Management Board to the Annual Report 2011 .....	41

# 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 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 stock 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.

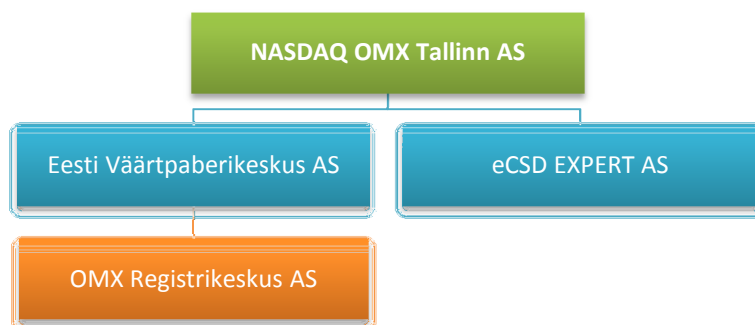
The business name of the Tallinn Stock Exchange is NASDAQ OMX Tallinn AS, which reflects belonging to the NASDAQ OMX stock exchange group and makes the local securities market more visible also for international investors.

In March 2010, NASDAQ OMX Nordic OY became the sole owner of 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 belongs 100% to AS Eesti Väärtpaberikeskus. AS OMX Registrikeskus started its active business activities in 2010 by mainly providing the service of organising general meetings of shareholders.



## Personnel

As of 31 December 2011, the NASDAQ OMX Tallinn Group (including Estonian Central Register of Securities, hereinafter CSD) employed 43 persons, among them 6 on parental leave. As compared to the previous period, the number of employees of the Group has not changed. The employees worked in the following divisions: market services, register, settlements, pension and supporting services (public relations, IT, finance, administration and legal affairs).

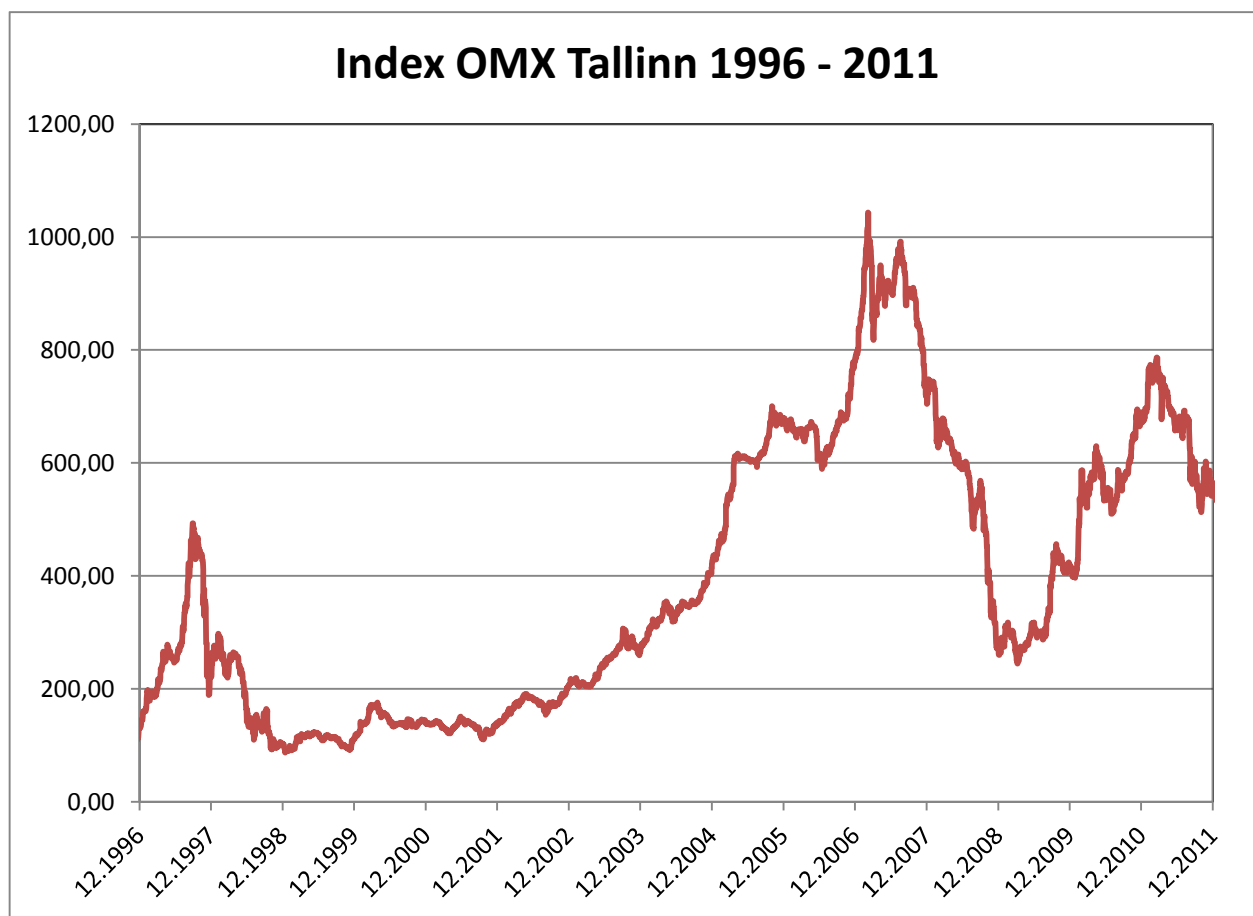
The summarised gross wages paid to the Group's employees in 2011 was 1.36 million euros (1.41 million euros in 2010), of which the gross wages paid to the parent company's employees were 451 thousand euros (492 thousand euros in 2010). The remuneration paid to the Group's management (members of the board) was 222 thousand euros (268 thousand euros in 2010), including 68 thousand euros, gross, for the members of the board of the parent company (89 thousand euros in 2010). Other benefits paid to the management board in 2011 were 21 thousand euros (18 thousand euros in 2010), including 8 thousand euros to the members of the board of the parent company (7 thousand euros in 2010). The obligations related to the management amounted to 36 thousand euros (32 thousand euros in 2010). No disbursements were made to NASDAQ OMX Tallinn Council members in the reporting year. In addition to other benefits, the employees of the NASDAQ OMX Group can participate in the cross-group stocks programme, on the basis of which stocks (including stock options) of NASDAQ OMX can be obtained in the event a company or an employee achieves the set 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.

## Securities market

In 2011, the stock prices took a downward turn at the Estonian securities market and the Tallinn stock exchange index OMXT fell by 23.9%. It is understandable after the most important index increase in the history of the exchange in 2010, additionally, the local stock prices were influenced by the instability of the European financial markets. The most significant setback of the stock prices was observed in the second half of the year, whereas at the end of the year, activeness of trading also decreased significantly. The Baltic benchmark index OMX Baltic Benchmark Cap GI fell in total by 19.4% last year.

By the number of transactions, last year was above-average successful for NASDAQ OMX Tallinn Stock Exchange – in total 83,697 securities transactions were concluded, but the turnover remained lowest in history– only 187.4 million euros. Decreased turnover also decreased the average stock exchange transaction value to ca 2,240 euros (2,400 euros in 2010).



The number of companies listed at NASDAQ OMX Tallinn Stock Exchange did not change in 2011 and as of 31.12.2011 the number of companies traded at NASDAQ OMX Tallinn Stock Exchange was still 15. No bonds were listed at the stock exchange in 2011. The total market value of the stock companies decreased by 26.3% in 2011, remaining at the level of 1.24 billion euros by the end of the year.

Company business name	Number of transactions	Turnover (EUR)	Market value 31.12.2011 (EUR)
Arco Vara	2 354	3 416 456	9 767 916
Baltika	6 126	5 515 844	10 738 455
Ekspress Grupp	1 866	5 165 510	30 720 543
Harju Elekter	1 530	1 882 226	38 304 000
Järvevana	342	159 781	6 372 000
Merko Ehitus	3 719	8 020 651	95 580 000
Nordecon AS	4 438	5 083 830	27 681 055
Olympic Entertainment Group	16 700	32 603 890	160 711 934
Premia Foods AS	3 022	3 836 812	24 757 030
Silvano Fashion Group	10 225	36 838 728	120 672 500
Tallink Grupp	20 547	50 272 503	385 423 347
Tallinna Kaubamaja	5 761	17 964 991	196 029 640
Trigon Property Development	473	264 494	1 304 728
Tallinna Vesi	5 318	14 914 034	125 800 000
Viisnurk	1 276	1 468 960	7 288 479
<b>TOTAL</b>	<b>83 697</b>	<b>187 408 707</b>	<b>1 241 151 627</b>

The stock prices of the majority of Estonian companies decreased during the year, in the case of four companies, the decrease was 40% or more. In the summary of the year, the biggest decrease was shown by Baltika (-73.7%) and Arco Vara (-62.6%), the only ones to show growth were Viisnurk (+12.6%) and Silvano Fashion Group (+11.9%). The number of shareholders has also increased for most companies during the year. The largest number of shareholders was gained by Silvano Fashion Group (+28%), Viisnurk (+13%) and Merko Ehitus (+8%). Among the countries of origin of the stock exchange investors, the share of investors from Sweden (from 5.6% to 3.7%) and Finland (from 4.6% to 3.8%) decreased and the share of investors from Monaco (to 2.2%) and Poland (from 1.6% to 2.1%) increased. The share of Estonian investors fell from 63.0% to 61.9%.

The year 2011 was the year of converting the share capital to euros for the stock exchange companies. By the end of the third quarter, all companies had successfully completed the process of converting their share capital to euros. Three publicly traded companies (Arco Vara, Baltika and Harju Elekter) decided to increase the nominal value of the stocks, eight companies (Ekspress Grupp, Premia Foods, Silvano Fashion Group, Tallink Grupp, Tallinna Kaubamaja, Trigon Property Development, Tallinna Vesi and Viisnurk) decided to decrease the nominal value of their stocks. Four companies (Järvevana, Merko Ehitus, Nordecon and Olympic Entertainment Group) introduced stocks without nominal value, whereas two of them increased and one decreased their share capital. Three stock companies decided to make payments due to decreasing the nominal value – Olympic Entertainment Group, Silvano Fashion Group and Viisnurk, and the shareholders were paid in total ca 24.6 million euros. The stock companies decided to make dividend payments in the total volume of ca 32.5 million euros.

At Baltic Market Awards, a competition held already for the sixth consecutive year, the Baltic stock exchanges of NASDAQ OMX awarded the stock company with the best investor relations in the region – the winner of 2011 was TEO LT. Among the companies listed at the Tallinn stock exchange, Tallinna Vesi was declared as the best. In cross-Baltic ranking, Tallinna Vesi was awarded second place. LHV Pank was awarded the title of the Best Stock Exchange Member of the Baltic States.

Last year, the Board of the NASDAQ OMX Tallinn Stock Exchange gave the status of the member of the stock exchange to Nordea Bank Finland Plc Estonian branch and terminated the status of the member of the stock exchange for MP Bankihf., Finasta FMI AB and Latvijas Krājbanka. As at the end of the year, the Tallinn Stock Exchange has in total 29 members.

Another advisor was added to the alternative market First North in 2011 – VARUL Law Office. The advisor status of Deloitte Advisory and SEB Enskilda, however, ended. At the end of the year 2011, there were in total seven contractual advisors at the Tallinn alternative market.

## Primary stock exchange activities in 2011

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Since the year 2011 the euro can be used for trading and settlement at the Tallinn and Vilnius stock exchanges. As a result, efficiency and attractiveness of the Baltic securities market will increase significantly, which is the basis for bringing new investments to the Baltic region.

- The NASDAQ OMX Baltic stock exchanges recognized the winners of the competition Baltic Market Awards 2011 and the best practices of investor relations at the Baltic securities markets. TEO LT received the award of the company with best investor relations and LHV Pank won the title Stock Exchange Member of the Year. Tallinna Vesi received the most points among Estonian companies and the prize for the best investor relations at the NASDAQ OMX Tallinn Stock Exchange.
- The competition for students on the topic of securities market organised within the framework of the investor education program was won by the Master's thesis of Jaan Roos titled Price Efficiency After

the Primary Public Offer of Stocks at the Baltic Stock Exchanges (Aktsiate esmaste avalike pakkumiste järgne hinnaefektiivsus Baltikumi börsidel) (University of Tartu).

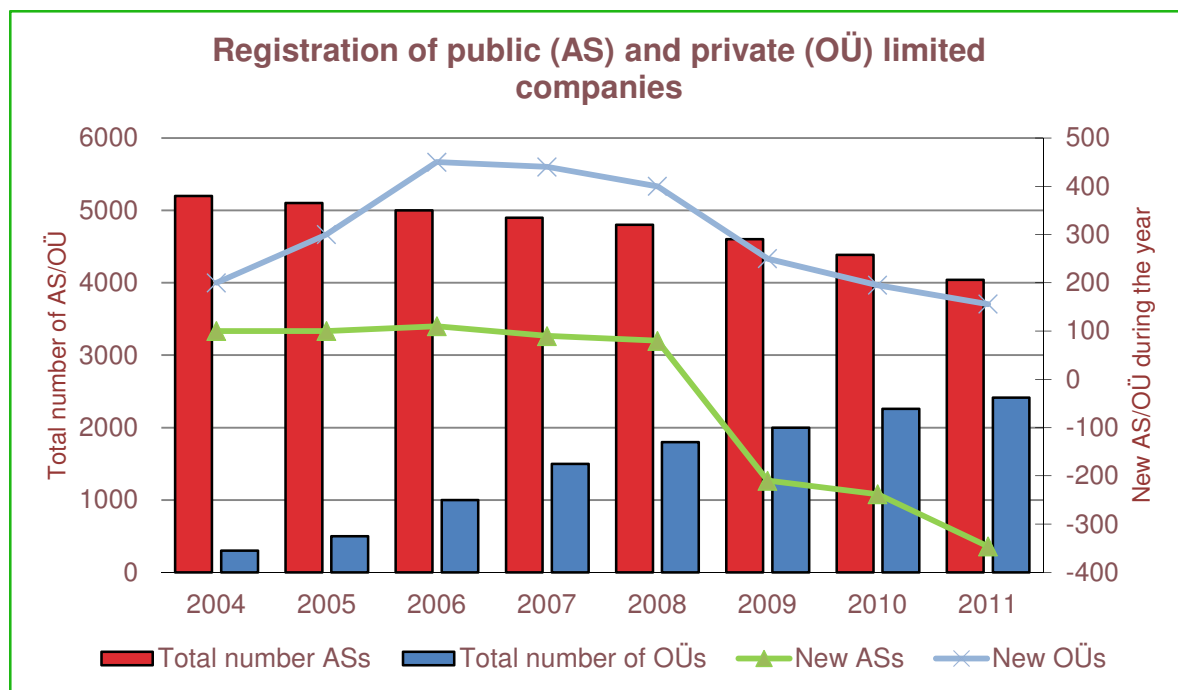
- The members of the Nordic and Baltic stock exchanges have the possibility to enter transaction orders to the North American securities markets. The service is provided in co-operation with the US broker company Citigroup.
- Financial ABC (Finantsaabit) explaining organising financial matters was published in co-operation with the Financial Supervision Authority. The book was given to all Estonian schools and kindergartens and for the first time the handbook can also be read as an e-book.
- The affiliate of NASDAQ OMX Tallinn, eCSDX concluded a contract with the Government of the Republic of Armenia and the Armenian Central Bank in order to assist the Republic of Armenia in creating the register for the participants of the second pillar of the pension funds.
- Investment fair Money Compass 2011 (Rahakompass 2011) was organised, the main speakers of which were Ola Löhman, a social responsibility guru from Sweden and Henri Elo, the highly recognised analyst of Kauppalehti and the author of one of the most popular investment book in Finland during the recent years, Find Pearls – Avoid Bubbles.
- The delegation of managers of Estonian, Latvian and Lithuanian companies organised by the Baltic Institute of Corporate Governance visited New York. The visit was organized with the aim of facilitating enlivening of investments and trade between the United States of America and the Baltic states. Meetings were held with representatives of Thomson Reuters, Deloitte, Microsoft, Federal Reserve Bank, Yale University and other institutions as well as companies.
- The supervisory council of NASDAQ OMX Tallinn approved Eddi Joost as member of the Board as of 24 October 2011.
- The interactive solutions of NASDAQ OMX gained the Bronze Egg title in the category of digital advertising at the Golden Egg 2011 competition.
- The My Money Day (Minu raha päev) was carried out in seven Estonian schools in co-operation with the Financial Supervision Authority, Estonian *Banking Association* and the YOU youth. The pupils were introduced how to arrange their finances and the main financial services through different quizzes, tests and tasks.
- A web-based fund administration system Portfolio 3000 was developed, offering the fund management companies a full solution with all the necessary functions, real time calculation of fund units (NAV) and accounting – all in one and easily accessible real time system.

## Registration of companies

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The year 2011 of the Estonian Central Securities Depository (ECSD) was very much influenced by the issues related to the changeover to the euro. By the end of the year 2,579 or 40% of the 6,452 companies registered at the ECSD had converted their capital to euros. All private limited companies and public limited companies registered at the ECSD are offered personal gratuitous consultation both with regard to changeover to the euro as well as on issues related to securities transactions of the companies also this year. While the number of registered public limited companies has somewhat decreased (4,040 registered), interest of the private limited companies in registering their stocks at the ECSD is continuously increasing (2,412 registered). Registering a private limited company gives the possibility to perform purchase and sale

as well as pledging transactions in a more convenient and favourable manner without notarial deeds. As of the end of the year 2011, the value of securities registered at the ECSD was 6.39 billion euros.



## Funded pension

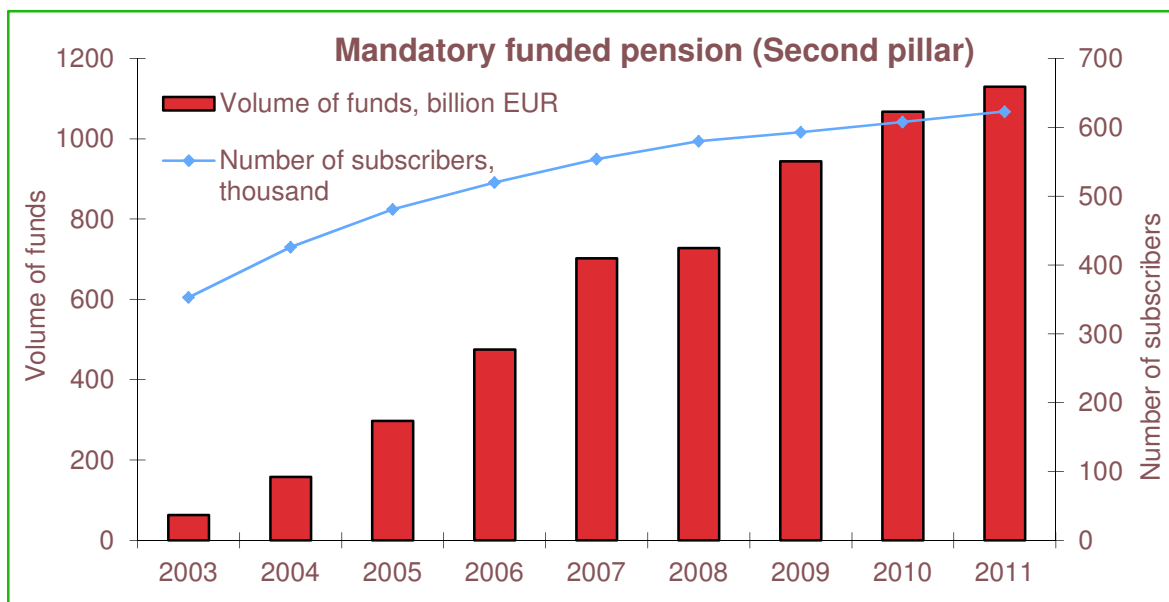
Last year, the mandatory funded pension payment was again withheld from all persons who have joined the second pension pillar. In 2011, the payments from the state were half of the sum of the regular payments, i.e. the state added to the person's own contribution, a 2% of the social tax instead of the usual 4%. The number of subscribers increased in 2011 to 622,723 persons, which is 14,113 more than at the beginning of the year 2010. The total volume of the mandatory funded pension funds was at the end of the year 2011 1.13 billion euros, which is 5% more than in 2010. The EPI index that measures the average rate of return of the funded pension funds fell by 4.54% to 137.91 points in 2011.

The number of applications for changing the funded pension increased by nearly two and a half times as compared to the year 2010. While in 2010, the funds were changed in more than 47,000 occasions, then in 2011 the number of applications for changing increased to 115,720. It is worth mentioning that in the case of more than 20% of applications, less than 100 pension fund units were transferred from one fund to another. Active changing of the pension funds was facilitated by the amendment of the law that entered into force at the beginning of the year 2011, which allows changing the pension fund even if less than fund units have been collected.

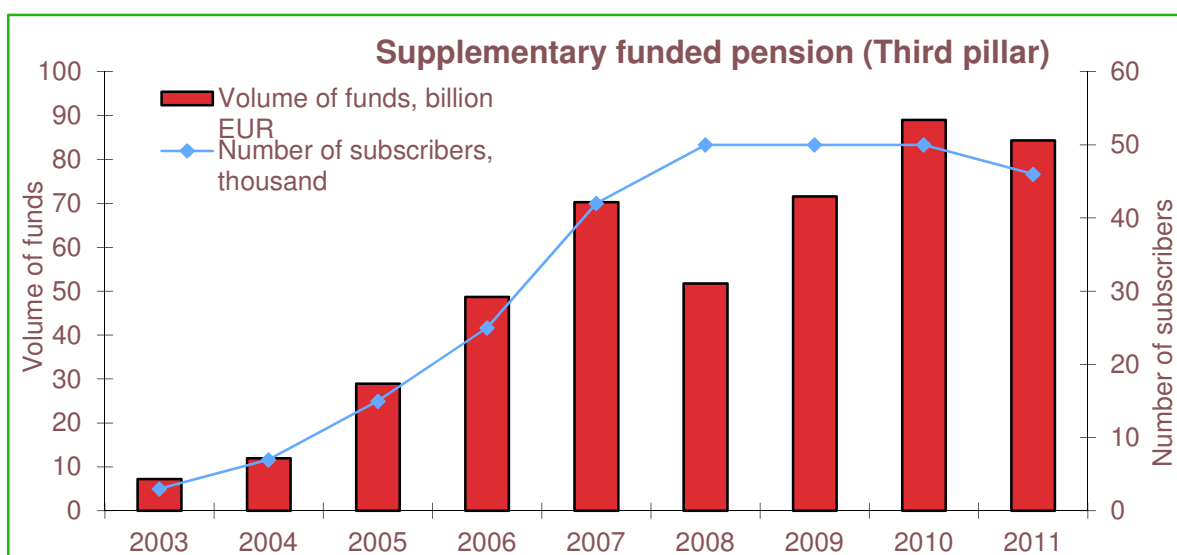
Since autumn 2011, the state has significantly expanded the opportunities people have for changing their funded pensions and directing their payments. People who have joined a funded pension can change their pension fund three times a year, instead of once, as was the case earlier. Additionally, all or only a portion (e.g. 25%, 50% or 75%) of the assets collected in the old pension fund can be transferred from one pension fund to another. People who are collecting pension already can direct their payments to a new pension fund during the entire year. The desired change will enter into force immediately and already the next payment will be directed to the selected pension fund.



More than 9,800 persons have submitted an application for receiving pension payments from the 2<sup>nd</sup> pillar since the year 2009. Nearly 6,500 persons who have the right to receive funded pensions, have not submitted an application and have postponed receiving their payments. Next year, 3,000 persons who have the right to receive pension from the second pillar will be added.



The volumes of the supplementary funded pension (third pillar) decreased in 2011 by 5% to 84.3 million euros. The number of the clients of the supplementary funded pension decreased from 49,545 investors at the end of the year 2010 to 46,213 investors at the end of the year 2011. In 2011 Nordea Pension Fund Intress Pluss was added to the selection of the supplementary funded pension. As of the end of the year 2011, Estonia had 13 supplementary funded pension funds.

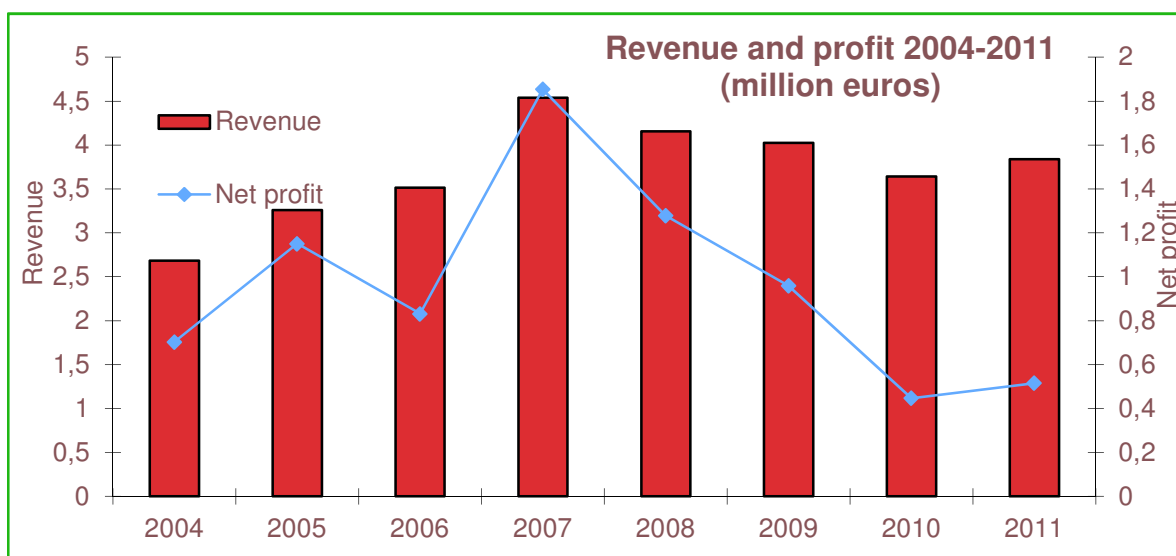


## Financial results

The activities of NASDAQ OMX Tallinn AS have no seasonal impact on activities, however, they depend on the cyclic nature of the general economic activities. Change in the market value of the companies listed at the stock exchange and activeness of trading have significant impact on the financial results of the stock

exchange. The year 2011 is characterised by the downward trend of turnover as well as market capitalisation of the companies listed at the Tallinn Stock Exchange. The results of the Estonian Central Securities Depository (Eesti Väärtpaberikeskus) are influenced by the change of the number of companies in the register as well as the volume of the funded pension. The Estonian Central Securities Depository has successfully started exporting pension and settlement solutions. The year 2011 may be considered successful in terms of the development of export activities.

In 2011, the operating income of the group grew by 6% or to 3.8 million euros (2010: 3.6 million euros), of which the operating income of NASDAQ OMX Tallinn formed 0.983 million euros (2010: 1.106 million euros). At the end of the period, the Group's equity capital totalled 2.857 million euros (2010: 3.940 million euros) and the consolidated net profit of the year 2011 amounted to 0.515 million euros (in 2010: 0.449 million euros).



In 2011, revenue per employee was 89 thousand euros (in 2010: 84 thousand euros) profit per employee was 12 thousand euros (in 2010: 10 thousand euros). The net profit margin for the year 2011 was 13% (in 2010: 12%).

Key financial ratios of the group:	2006	2007	2008	2009	2010	2011
Net profit margin (net profit/net turnover)	23%	41%	31%	24%	12%	13%
Return of Equity (net profit/average equity)	23%	40%	24%	18%	10%	15%
Return on Assets (net profit/average total assets)	18%	32%	19%	15%	8%	12%
Revenue growth	8%	29%	-8%	-3%	-10%	6%

## Sponsorship and charity

NASDAQ OMX Tallinn Stock Exchange and the Estonian Central Register of Securities are the heart of the Estonian securities market.

Our goal is to promote Estonian investor culture – to increase awareness of people with respect to the functioning of the securities market so that they would have the wisdom necessary for an investor and courage necessary for an entrepreneur. Thereby the securities market will function better and will be more attractive and transparent.

## Sponsorship

We support endeavours that facilitate development of investor culture. Such activities include information events, publishing of educational materials, events aimed at students etc.

- The aim of the investor education programme ([www.rahakompass.ee](http://www.rahakompass.ee)) of NASDAQ OMX Tallinn 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 organise annual competition for students on securities market;
  - in co-operation with the market participants, we organise the investment fair Money Compass,
  - we publish investment literature in Estonian and make it available for high schools, universities and libraries (*Financial ABC*, *How I Invest Into Listed Stocks* (S. Saario), „*Guide to Securities*, *Guide to Investing*),
- We support organising various games that teach investing (AHHAA centre) and entrepreneurship competition Ajujaht (Brainstorm) in order to promote entrepreneurship among Estonian youth and to facilitate creating innovative and science-based companies.
- We support development of educational programmes promoting saving and investing (Financial literacy strategy) and compilation of educational materials (Methodological instructions for teaching financial literacy, Juss cartoons).

## Charity

The joy of small good deeds has been the motto of NASDAQ OMX Tallinn's co-operation with the Palivere Children's Home.

We favour sustainable lifestyle and we no longer give impersonal and expensive presents; instead, we organise a memorable trip for the children. At that we consider important the clear goal of our small contribution – its developing value for children and its continuity. Co-operation with the Palivere Children's Home started in 2002.

## Plans for 2012

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Similarly to the previous year, in 2012 our main challenge was to find new companies to the stock exchange and to the alternative market First North. We also continue explanatory activities for bringing state companies to the stock exchange. For that purpose we co-operate actively with the members of Finance Estonia founded in the summer of 2011, in order to give new life to the entire capital market of Estonia.

The goal of the Estonian CSD is to continue providing registrar service on a high level to the existing clients. Furthermore, we see a possibility for continuous increasing our customer base in 2011.

We will continue export of knowledge in the field of pensions and settlements. In 2011, we concluded a contract with the government and central bank of the Republic of Armenia for creating a central pensions register. Additionally, last year saw us participate in various international procurements for creating pensions and settlement systems in different European and Asian countries. In four procurements we have advanced to the final round and we believe that at least 1-2 procurements will end in concluding a contract.

The Baltic stock exchange market has been developed as a common market so that the trading and settlement would be as convenient and favourable as possible for the investors. Due to the fact that since the year 2012, the Lithuanian depository is also 100% owned by NASDAQ OMX, we are analysing possibilities for the next steps in integrating the market further.

From the beginning of the year 2011 the euro can be used for trading and settlements at the securities markets of Tallinn as well as Vilnius. Together with our Baltic colleagues we analyse the possibilities of

changing to trading and settlements in Euros also in Riga so that by the end of the year trading at the entire Baltic market would be cheaper and more convenient.



Andrus Alber  
Chairman of the Management Board



Eddi Joost  
Member of the Management Board

Tallinn, 29 February 2012

# Financial Statements

## Consolidated balance sheet (euros)

ASSETS	Note	31.12.2011	31.12.2010
<b>Current assets</b>			
Cash	2	1 325 924	1 764 746
Short-term financial investments	3	0	1 503 803
Receivables and prepayments	4	407 893	350 164
<b>Total current assets</b>		<b>1 733 817</b>	<b>3 618 713</b>
<b>Non-current assets</b>			
Long-term financial investments	5	1 249	13 749
Property, plant and equipment	7	76 838	34 901
Intangible assets	8	1 636 450	1 349 824
<b>Total non-current assets</b>		<b>1 714 537</b>	<b>1 398 475</b>
<b>TOTAL ASSETS</b>		<b>3 448 354</b>	<b>5 017 188</b>
<b>LIABILITIES AND OWNER'S EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable		93 703	482 901
Tax payable	10	95 334	98 126
Deferred income related to government grants	12	0	18 561
Other payables	11	275 567	303 268
<b>Total current liabilities</b>		<b>464 604</b>	<b>902 856</b>
<b>Non-current liabilities</b>			
Guarantee fund	15	116 176	133 629
Provisions	13	10 926	39 889
<b>Total non-current liabilities</b>		<b>127 102</b>	<b>173 518</b>
<b>TOTAL LIABILITIES</b>		<b>591 706</b>	<b>1 076 374</b>
<b>Owner's equity</b>			
Share capital	16	700 000	699 449
Reserves			
Mandatory reserve		174 862	174 862
Total reserves		174 862	174 862
Retained earnings		1 465 978	2 616 805
Profit for the financial year		515 808	449 698
<b>Total owner's equity</b>		<b>2 856 648</b>	<b>3 940 814</b>
<b>TOTAL LIABILITIES AND OWNER'S EQUITY</b>		<b>3 448 354</b>	<b>5 017 188</b>

## Consolidated income statement (euros)

	Note	2011	2010
<b>Revenue</b>			
Sales	17	3 805 380	3 556 009
Other revenue		33 861	65 415
<b>Operating expenses</b>			
Other operating expenses	18	-1 357 332	- 1 306 323
Personnel expenses			
Wages and salaries		-1 036 981	- 1 046 735
Social tax		-318 743	-358 396
Total personnel expenses		-1 355 724	-1 405 131
Depreciation, amortisation and impairments	7,8	-378 387	-143 788
Other expenses		-39 222	-42 609
<b>Total operating expenses</b>		<b>-3 130 665</b>	<b>-2 897 829</b>
<b>Operating profit</b>		<b>708 576</b>	<b>723 573</b>
Other financial income and expenses		10 520	58 264
<b>Profit before income tax</b>		<b>719 096</b>	<b>781 837</b>
Income tax		-203 288	-332 138
<b>Net profit for the financial year</b>		<b>515 808</b>	<b>449 698</b>

## Consolidated cash flow statement (euros)

	Note	2011	2010
<b>Cash flows from operating activities</b>			
Revenue from rendering of services		4 080 909	4 006 828
Payments for goods and services		-1 488 547	-1 469 653
Payments to employees		-768 086	-785 970
Payments for other operating expenses		-17 529	-12 308
Taxes paid		-882 186	-912 612
Received donations and supports		5 492	10 001
<b>Total cash flows from operating activities</b>		<b>930 053</b>	<b>836 286</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	-61 652	-27 306
Purchase of intangible assets	8	-652 917	-162 001
Prepayments for intangible assets	8	-365 754	-448 977
Purchase of financial investments		0	-1 132 323
Sale of financial investments		1 508 466	33 496
Interests received		17 076	113 165
Loans granted		0	-22 000
Repayments of loans granted		6 649	9 500
<b>Total cash flows from investing activities</b>		<b>451 868</b>	<b>-1 636 446</b>
<b>Cash flows from financing activities</b>			
Contributions to the guarantee fund		20 317	37 671
Disbursements from the guarantee fund		-37 771	-21 500
Dividends paid	16	-1 600 000	-1 748 623
Corporate income tax paid		-203 288	-332 138
<b>Total cash flows from financing activities</b>		<b>-1 820 742</b>	<b>-2 064 590</b>
<b>Total cash flows</b>		<b>-438 821</b>	<b>-2 864 750</b>
<b>Cash and cash equivalents at the beginning of the period</b>	2	<b>1 764 746</b>	<b>4 629 496</b>
<b>Change in cash and cash equivalents</b>		<b>-438 821</b>	<b>-2 864 750</b>
<b>Cash and cash equivalents at the end of the period</b>	2	<b>1 325 924</b>	<b>1 764 746</b>

## Consolidated statement of changes in owner's equity (euros)

	Share capital	Reserves	Retained earnings	Total
<b>Balance as at 31.12.2009</b>	<b>699 449</b>	<b>174 862</b>	<b>4 365 432</b>	<b>5 239 743</b>
Dividends paid	0	0	-1 748 623	-1 748 623
Net profit for the financial year	0	0	449 720	449 720
<b>Balance as at 31.12.2010</b>	<b>699 449</b>	<b>174 862</b>	<b>3 066 529</b>	<b>3 940 840</b>
Increase of share capital	551	0	-551	0
Dividends paid	0	0	-1 600 000	-1 600 000
Net profit for the financial year	0	0	515 808	515 808
<b>Balance as at 31.12.2011</b>	<b>700 000</b>	<b>174 862</b>	<b>1 981 786</b>	<b>2 856 648</b>

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



## Notes to the Financial Statements

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### Note 1 Accounting principles used in the preparation of the Financial Statements

The consolidated financial statements 2011 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.

On 1 January 2011 Estonia joined the euro zone and the Estonian kroon (EEK) was replaced by the euro (EUR). Due to that, the Company converted its accounting into euros as of the abovementioned date and the financial reports of the year 2011 and the following years will be prepared in euros. The comparative data are converted with the official changeover exchange rate, which is 15.6466 EEK/EUR.

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 euros.

#### 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 2011 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 euro is considered foreign currency. Foreign currency transactions are recorded on the basis of the foreign currency exchange rates of the European Central bank officially applicable on the transaction date. Monetary assets and liabilities denominated in foreign currency are revaluated into euro on the basis of the currency exchange rates of the European central Bank 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 European Central Bank 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 European Central Bank 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 company 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 are 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 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 650 euros 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 650 euros, 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 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.

### **Finance 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 the 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 2011. 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**

(euros)

	<b>31.12.2011</b>	<b>31.12.2010</b>
Cash at banks	917 984	542 767
Term deposits with a maturity of up to 3 months	407 940	1 221 979
<b>Total cash</b>	<b>1 325 924</b>	<b>1 764 746</b>

**Note 3 Short-term financial investments**

(euros)

	<b>31.12.2011</b>	<b>31.12.2010</b>
Bonds (held to maturity, with a term of up to 1 year)	0	151 361
Fund shares	0	1 352 442
<b>Total short-term financial investments in fair value</b>	<b>0</b>	<b>1 503 803</b>

**Note 4 Receivables and prepayments**

(euros)

	<b>31.12.2011</b>	<b>31.12.2010</b>
Accounts receivable	197 844	165 758
incl. receivables from customers	292 342	292 164
incl. allowance for doubtful receivables	-94 497	-126 406
Other short-term receivables	87 758	43 569
incl. receivables from the parent company and other group companies (Note 19 )	0	311
incl. interest	1 013	6 380
incl. other accrued income	86 745	36 878
Prepaid taxes (Note 10)	40 236	51 961
Prepayments for services	82 055	88 877
<b>Total receivables and prepayments</b>	<b>407 893</b>	<b>350 164</b>



**Note 5 Long-term financial investments**

(euros)

	<b>31.12.2011</b>	<b>31.12.2010</b>
Share of ANNA *	1 249	1 249
Loan of AS Emerging Nordic Research	0	12 500
<b>Total</b>	<b>1 249</b>	<b>13 749</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.

**Note 6 Subsidiaries**

(euros)

	<b>AS Eesti Väärtpaberikeskus</b>	<b>AS eCSD expert</b>	<b>AS OMX Registrikeskus (EVK's subsidiary)</b>
Location	Estonia	Estonia	Estonia
<b>Share at the beginning of the year, %</b>	100	100	100
<b>Share in the equity of the investment object at the beginning of the year</b>	<b>1 902 044</b>	<b>25 804</b>	<b>38 294</b>
<b>Share at the end of the year, %</b>	100	100	100
<b>Share in the equity of the investment object at the end of the year</b>	<b>1 967 550</b>	<b>229 668</b>	<b>49 821</b>

**Note 7 Property, plant and equipment**

(euros)

	Computers and computer systems	Other tangible fixed assets	Total
<b>Balance as of 31.12.2009</b>			
<b>Acquisition cost</b>	<b>260 675</b>	<b>291 172</b>	<b>551 847</b>
Accumulated depreciation	-239 866	-276 762	-516 628
<b>Net book value</b>	<b>20 809</b>	<b>14 410</b>	<b>35 219</b>
<b>Changes in 2010</b>			
Purchases of the period	23 984	0	23 984
Depreciation charge	-17 732	-6 568	-24 300
<b>Balance as of 31.12.2010</b>			
<b>Acquisition cost</b>	<b>284 659</b>	<b>291 172</b>	<b>575 831</b>
Accumulated depreciation	-257 598	-283 330	-540 928
<b>Net book value</b>	<b>27 061</b>	<b>7 842</b>	<b>34 903</b>
<b>Changes in 2011</b>			
Purchases of the period	67 445	1 998	69 443
Depreciation charge	-22 922	-4 585	-27 507
<b>Balance as of 31.12.2011</b>			
<b>Acquisition cost</b>	<b>352 104</b>	<b>293 170</b>	<b>645 274</b>
Accumulated depreciation	-280 521	-287 915	-568 436
<b>Net book value</b>	<b>71 583</b>	<b>5 255</b>	<b>76 838</b>

**Note 8 Intangible fixed assets**

(euros)

	Software	Prepayments for intangible assets *	Total
<b>Balance as of 31.12.2009</b>	<b>1 321 150</b>	<b>281 977</b>	<b>1 603 127</b>
<b>Acquisition cost</b>	-1 067 376	0	-1 067 376
Accumulated depreciation	<b>253 774</b>	<b>281 977</b>	<b>535 751</b>
<b>Net book value</b>			
<b>Changes in 2010</b>			
Purchases of the period	238 568	694 993	933 561
Depreciation charge	-119 488	0	-119 488
<b>Balance as of 31.12.2010</b>			
<b>Acquisition cost</b>	<b>1 559 718</b>	<b>976 970</b>	<b>2 536 688</b>
Accumulated depreciation	-1 186 864	0	-1 186 864
<b>Net book value</b>	<b>372 854</b>	<b>976 970</b>	<b>1 349 824</b>
<b>Changes in 2011</b>			
Purchases of the period	1 498 013	-860 507	637 506
Write-off	-269 399	0	-269 399
Depreciation charge	-350 880	0	-350 880
Depreciation of write-off intangible assets	269 399	0	269 399
<b>Balance as of 31.12.2011</b>			
<b>Acquisition cost</b>	<b>2 788 332</b>	<b>116 462</b>	<b>2 904 794</b>
Accumulated depreciation	-1 268 344	0	-1 268 344
<b>Net book value</b>	<b>1 519 988</b>	<b>116 462</b>	<b>1 636 450</b>

\* The sum of prepayment 115,808 is for the new software system Portfolio 3000 of AS Eesti Väärtpaberikeskus. A part of the system was implemented in 2011 in the amount of 445,050 euros. The next part of the system will be implemented as of 2012. The sum of prepayment also consist E-procedure environment.

**Note 9 Off-balance sheet items**

(euros)

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.

	31.12.2011	31.12.2010
2 <sup>nd</sup> pillar *	80 331	59 378
Other funds **	205 557	83 115
Interest and dividend funds***	82 889	79 009
<b>Total</b>	<b>368 777</b>	<b>221 502</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

(euros)

	31.12.2011		31.12.2010	
	Prepaid	Payable	Prepaid	Payable
Social tax	0	55 149	0	56 921
Withheld income tax	0	29 452	0	28 904
Unemployment insurance	0	6 007	0	6 074
Mandatory funded pension	0	2 714	0	2 368
Corporate income tax	0	2 012	0	3 860
VAT (Note 4)	40 236	0	51 961	0
<b>Total</b>	<b>40 236</b>	<b>95 334</b>	<b>51 961</b>	<b>98 126</b>

## Note 11 Other payables

(euros)

	31.12.2011	31.12.2010
Payables to the parent company and other group companies (Note 19)	0	674
Accrued expenses	275 135	301 298
Employee-related liabilities	241 220	271 745
Other accrued expenses	33 915	29 553
Deferred income	432	1 296
<b>Total</b>	<b>275 567</b>	<b>303 268</b>

## Note 12 Government grants

(euros)

	2011	2010
<b>Deferred income related to government grants at the beginning of the period</b>	<b>18 561</b>	<b>58 296</b>
Revenue/Depreciation	-18 561	-39 735
<b>Deferred income related to government grants at the end of the period</b>	<b>0</b>	<b>18 561</b>

On 30 December 2008, the group company AS Eesti Väärtpaberikeskus received from the Ministry of Finance 200,000 euros 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 31.12.2011, 64,428 euros of this amount had been used for software purchase and 135,572 euros for covering operating expenses. The amounts of government grants 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 of 31.12.2011 until 31.12.2014.

**Note 13 Provisions**

(euros)

	31.12.2011	31.12.2010
Provision for investor education*	10 926	39 889
<b>Total</b>	<b>10 926</b>	<b>39 889</b>

\*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**

(euros)

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

	2011	2010
Lease of premises	138 939	128 125
Lease of passenger cars	21 558	20 914
<b>Total</b>	<b>160 497</b>	<b>149 039</b>
Future operating lease payments for non-cancellable lease contracts:		
including up to 1 year	46 957	66 479
1 – 5 years	15 166	21 558
	31 791	44 921

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**

(euros)

The stock exchange guarantee fund in the amount of 116,176 euros (2010: 133,629 euros) 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**

(euros)

Data on the share capital of group companies:

<b>As of 31.12.2011</b>	<b>NASDAQ OMX Tallinn AS</b>	<b>AS Eesti Väärtpaberikeskus</b>	<b>AS eCSD EXPERT</b>	<b>AS OMX Registrikeskus</b>
Share capital	700 000	735 000	25 600	25 600
Number of shares (in units)	700 000	735 000	25 600	25 600
Nominal value	1	1	1	1
Maximum share capital allowed by the Articles of Association	2 000 000	2 920 000	102 400	100 000
<b>As of 31.12.2010</b>	<b>NASDAQ OMX Tallinn AS</b>	<b>AS Eesti Väärtpaberikeskus</b>	<b>AS eCSD EXPERT</b>	<b>AS OMX Registrikeskus</b>
Share capital	699 449	734 984	25 565	25 565
Number of shares (in units)	2 736	1 150	40	400
Nominal value	256	639	639	64
Maximum share capital allowed by the Articles of Association	2 556 466	766 940	102 259	102 259

In 2011, 1,600,000 euros were announced and paid to the shareholders as dividends. (In 2010 1,748,623 euros 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 of 31.12.2011 amounted to 1,981,786 euros (2010: 3,066,525 euros).

Dividend payment to owners incurs an income tax expense in the amount of 21/79 (21/79 until 31 December 2010) of the net dividend paid. Thus, as at the balance sheet date, a total of 1,565,611 euros can be paid to the owners as dividends from the retained profit, with the respective income tax expenses amounting to 416,175 euros. As of 31 December 2010, the company could have paid a total of 2,422,555 euros in dividends, incurring an income tax of 643,970 euros.

**Note 17 Revenue**

(euros)

Revenue by geographical areas:

	2011	2010
Sales to European Union countries		
Estonia	3 023 081	3 047 961
Other European Union countries	494 977	487 700
<b>Total sales to European Union countries</b>	<b>3 518 058</b>	<b>3 535 661</b>
Sales outside the European Union countries		
Other countries outside European Union countries	287 322	20 347
<b>Total sales outside European Union countries</b>	<b>287 322</b>	<b>20 347</b>
<b>Total revenue</b>	<b>3 805 380</b>	<b>3 556 009</b>

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

	2011	2010
<b>Stock exchange services</b>	<b>870 932</b>	<b>903 263</b>
Transaction fees	90 933	110 528
Fees from stock exchange members	154 719	149 242
Fees from stock exchange issuers	268 396	319 940
Information forwarding fees	340 346	295 784
Meeting services	16 538	27 768
<b>eCSD expert other services</b>	<b>291 011</b>	<b>29 208</b>
<b>Registry services</b>		
<b>Issuer fees</b>	<b>1 265 852</b>	<b>1 386 633</b>
Registration fees	142 929	73 003
Maintenance fees	1 088 355	1 270 785
Other income from issuers	34 568	42 845
<b>Account manager fees</b>	<b>663 657</b>	<b>489 429</b>
Maintenance fees from account operators	554 322	364 134
Transaction fees from account operators	109 335	125 296
<b>2<sup>nd</sup> pension pillar</b>	<b>566 722</b>	<b>574 971</b>
<b>Other stock exchange, registry and rendered services</b>	<b>147 206</b>	<b>172 506</b>
<b>Total</b>	<b>3 805 380</b>	<b>3 556 009</b>

**Note 18 Other operating expenses**

(euros)

	2011	2010
Office rent & maintenance	176 519	168 694
Marketing expenses	103 167	109 362
Personnel expenses	184 128	190 318
Office expenses	24 170	30 775
Postal expenses	19 363	27 232
Fund information publishing services	3 483	3 147
Outsourced services	162 963	124 384
IT expenses	419 925	376 661
Business trips	61 122	47 446
Insurance	25 449	45 439
Allowance for doubtful receivables	14 035	38 360
Other expenses	102 772	100 430
Group management expenses	60 236	44 052
<b>Total other operating expense</b>	<b>1 357 332</b>	<b>1 306 300</b>

**Note 19 Related party transactions**

(euros)

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 2011, or in 2010.

NASDAQ OMX Tallinn AS's 100% 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:

	2011		2010	
	Purchases	Sales	Purchases	Sales
Parent company NASDAQ OMX Nordic OY	0	30 000	0	30 000
Companies belonging to the NASDAQ OMX group	217 606	374 476	198 486	367 934
<b>Total purchases and sales</b>	<b>217 606</b>	<b>404 476</b>	<b>198 486</b>	<b>397 934</b>



Due to changes in the structure of shareholders in 2009, the current majority shareholder NASDAQ OMX Nordic OY acquired additional 39% of shares (share as of 31.12.2010 100%) 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>31.12.2011</b>	<b>31.12.2010</b>
Other NASDAQ OMX group companies (Note 4)	0	311
<b>Total</b>	<b>0</b>	<b>311</b>
<b>Current liabilities</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
Other NASDAQ OMX group companies (Note 11)	0	674
<b>Total</b>	<b>0</b>	<b>674</b>

In total 222 thousand euros (2010: 268 thousand euros) was paid in remuneration to the Management of the group, including remuneration paid to the Management of the parent company were 68 thousand euros (2010: 89 thousand euros). Other benefits to the Management amounted to 21 thousand euros in 2011 (2010: 8 thousand euros), including to the members of the Management of the parent company 8 thousand euros (2010: 7 thousand euros). Contingent liabilities to members of the Management are 36 thousand euros.

In addition to other benefits, the employees of the NASDAQ OMX Group can participate in the cross-group shares programme, on the basis of which shares (including share options) of NASDAQ OMX can be obtained in the event a company or an employee achieves the set 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 22 Unconsolidated financial statements of the parent company****Unconsolidated balance sheet of the parent company (euros)**

<b>ASSETS</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
<b>Current assets</b>		
Cash	832 115	1 129 520
Short-term financial investments	0	1 121 840
Receivables and prepayments	67 652	64 520
<b>Total current assets</b>	<b>899 767</b>	<b>2 315 880</b>
<b>Non-current assets</b>		
Long-term financial investments	446 745	459 210
Property, plant and equipment	27 596	6 007
Intangible assets	13 357	5 608
<b>Total non-current assets</b>	<b>487 698</b>	<b>470 825</b>
<b>TOTAL ASSETS</b>	<b>1 387 465</b>	<b>2 786 705</b>
<b>LIABILITIES AND OWNER'S EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	16 236	4 234
Taxes payable	30 939	41 516
Other payables	107 015	107 737
<b>Total current liabilities</b>	<b>154 190</b>	<b>153 487</b>
<b>Non-current liabilities</b>		
Guarantee fund	116 175	133 629
Provision for investor	10 926	39 889
<b>Total non-current liabilities</b>	<b>127 101</b>	<b>173 518</b>
<b>TOTAL LIABILITIES</b>	<b>281 291</b>	<b>327 005</b>
<b>Owner's equity</b>		
Share capital	700 000	699 449
Reserves		
Mandatory reserve	174 862	174 862
Total reserves	174 862	174 862
Retained earnings	284 839	1 368 714
Profit for the financial year	-53 527	216 675
<b>Total owner's equity</b>	<b>1 106 174</b>	<b>2 459 700</b>
<b>TOTAL LIABILITIES AND OWNER'S EQUITY</b>	<b>1 387 465</b>	<b>2 786 705</b>

**Unconsolidated income statement of the parent company. format 1 (euros)**

<b>Revenue</b>	<b>2011</b>	<b>2010</b>
Sales	983 225	1 106 820
Other revenue	184	1 098
<b>Operating expenses</b>		
Various operating expenses	-446 699	-388 626
Personnel expenses		
Wages and salaries	-346 735	-365 052
Social tax	-103 766	-124 382
Total personnel expenses	-450 501	-489 434
Depreciation, amortisation and impairments	-11 774	-17 397
Other expenses	-11 457	-12 460
<b>Total operating expenses</b>	<b>-920 431</b>	<b>-907 917</b>
<b>Operating profit</b>	<b>62 978</b>	<b>200 001</b>
Other financial income and expenses	7 037	16 674
<b>Profit before income tax</b>	<b>70 015</b>	<b>216 675</b>
Income tax	-123 542	0
<b>Net profit for the financial year</b>	<b>-53 527</b>	<b>216 675</b>

**Unconsolidated cash flow statement of the parent company (euros)**

	2011	2010
<b>Cash flows from operating activities</b>		
Accounts receivable	1 013 773	1 273 061
Payment to suppliers	-455 459	-510 929
Payment for other operating costs	-2 627	-2 635
Salaries paid	-243 608	-280 070
Taxes paid	-276 538	-306 984
Donations and supports received	1 591	1 380
<b>Total cash flows from operating activities</b>	<b>37 132</b>	<b>173 824</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-23 509	0
Purchase of intangible assets	-14 826	0
Acquisition of financial investments	0	-1 132 323
Sale of financial investments	1 125 196	9 949
Interest received	12 985	76 702
Dividends received	300 000	1 249 473
Loans granted	0	-22 000
Repayment of loans granted	6 649	9 500
Acquisition of subsidiaries	-35	0
<b>Total cash flows from investing activities</b>	<b>1 406 458</b>	<b>191 300</b>
<b>Cash flows from financing activities</b>		
Transfers to the guarantee fund	20 317	37 671
Disbursements from the guarantee fund	-37 771	-21 500
Dividends paid	-1 600 000	-1 748 623
Corporate income tax paid	-123 542	0
<b>Total cash flows from financing activities</b>	<b>-1 740 996</b>	<b>-1 732 452</b>
<b>Total cash flows</b>	<b>-297 405</b>	<b>-1 367 328</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1 129 520</b>	<b>2 496 848</b>
<b>Change in cash and cash equivalents</b>	<b>-297 405</b>	<b>-1 367 328</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>832 115</b>	<b>1 129 520</b>

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

	Share capital	Reserves	Retained profit	Total
<b>Balance as of 31.12.2009</b>	<b>699 449</b>	<b>174 862</b>	<b>1 867 866</b>	<b>2 742 177</b>
Acquisition cost of investments under control or under significant influence				<b>446 710</b>
Carrying amount of investments under control or significant influence according to the equity method				<b>2 944 274</b>
<b>Adjusted unconsolidated owner's equity as of 31. 12.2009</b>				<b>5 239 739</b>
Dividends received	0	0	1 249 473	<b>1 249 473</b>
Dividends paid	0	0	-1 748 623	<b>-1 748 623</b>
Net profit for the reporting year	0	0	216 673	<b>216 673</b>
<b>Balance as of 31.12.2010</b>	<b>699 449</b>	<b>174 862</b>	<b>1 585 389</b>	<b>2 459 700</b>
Acquisition cost of investments under control or under significant influence				<b>446 710</b>
Carrying amount of investments under control or significant influence according to the equity method				<b>1 927 849</b>
<b>Adjusted unconsolidated owner's equity as of 31. 12.2010</b>				<b>3 940 814</b>
Share capital increase	551	0	-551	<b>0</b>
Dividends received	0	0	300 000	<b>300 000</b>
Dividends paid	0	0	-1 600 000	<b>-1 600 000</b>
Net profit for the reporting year	0	0	-53 527	<b>-53 527</b>
<b>Balance as of 31.12.2011</b>	<b>700 000</b>	<b>174 862</b>	<b>231 312</b>	<b>1 106 174</b>
Acquisition cost of investments under control or under significant influence				<b>-446 745</b>
Carrying amount of investments under control or significant influence according to the equity method				<b>2 197 218</b>
<b>Adjusted unconsolidated owner's equity as of 31. 12.2011</b>				<b>2 856 648</b>

Translation of the Estonian Original

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of NASDAQ OMX TALLINN AS

We have audited the accompanying consolidated financial statements of NASDAQ OMX Tallinn AS and its subsidiaries (hereafter "the Group"), which comprise the balance sheet as at 31 December 2011, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *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, and for such internal control as management determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *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 (Estonia). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with the Estonian generally accepted accounting principles.

Tallinn, 29 February 2012



Ivar Kiigemägi  
Authorised Auditor's number 527  
Ernst & Young Baltic AS  
Audit Company's Registration number 58

## Profit distribution proposal

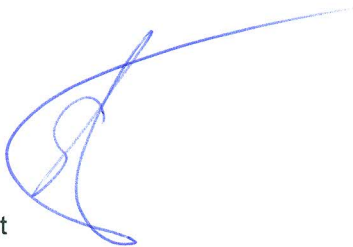
The Management Board of NASDAQ OMX Tallinna AS proposes the General Meeting of Shareholders to distribute the net profit of 2011 in the amount of 515,808 as follows:

Transfer to the retained earnings	515,808 euro
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Furthermore, the Management Board proposes paying the shareholders dividends in the amount of 775,000 euro (1.107 euro per share) from the retained earnings as of 31.12.2011.



Andrus Alber  
Chairman of the Management Board



Eddi Joost  
Member of the Management Board

Tallinn, 29 February 2012

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

Pursuant to the Classification of Economic Activities NASDAQ OMX Tallinn AS classifies the sales revenue of 2011 as follows:

	2011
66111-administration of financial markets	999 763
66191-financial consultancy services	291 011
66199- other activities auxiliary to financial intermediation n.e.c.	2 574 673
<b>Total sales revenue</b>	<b>3 865 447</b>

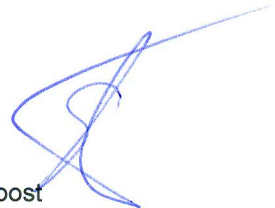


# Signatures of the Management Board to the Annual Report 2011

Hereby we approve the Annual Report 2011 of NASDAQ OMX Tallinn AS .



Andrus Alber  
Chairman of the Management Board



Eddi Joost  
Member of the Management Board

29 February 2012