



FINANCIAL STATEMENTS



TALLINNA VÄÄRTPABERIBÖRS
Tallinn Stock Exchange



FINANCIAL STATEMENTS OF TALLINN STOCK EXCHANGE

BALANCE SHEET, in EEK

ASSETS	Note	31-Dec-1998	31-Dec-1997
Current assets		10,399,500	8,616,682
Cash and bank		3,685,346	3,471,854
Marketable securities	1	5,018,489	3,306,478
Customer receivables		1,501,058	1,836,013
Accounts receivable		1,501,058	1,836,013
Accrued income		34,679	0
Prepaid expenses		159,928	2,337
Fixed assets		1,702,899	1,033,602
Tangible fixed assets	2	1,702,019	1,032,281
Other inventory		2,696,994	1,250,269
Accumulated depreciation (minus)		-994,975	-217,988
Intangible fixed assets	2	880	1,321
Total assets		12,102,399	9,650,284
LIABILITIES AND OWNERS' EQUITY			
Current liabilities		1,461,830	2,132,958
Current payables		57,925	0
Supplier payables		254,926	542,470
Other payables		300,110	115,997
Tax liabilities	5	530,785	880,760
Accrued expenses		318,084	248,731
Salary-related and social tax payables		318,084	248,731
Other prepaid revenue		0	345,000
Long-term liabilities		2,460,286	2,636,641
Long-term debt		287,650	0
Other long-term payables		2,111,938	2,521,315
Guarantee fund		2,000,000	2,480,000
Deferred income tax liability	3	111,938	41,315
Provisions		60,698	115,326
Owners' equity	4	8,180,283	4,880,685
Share capital		3,300,000	2,600,000
Share premium		1,625,000	225,000
Mandatory legal reserve		133,582	0
Retained earnings		1,911,361	-615,950
Net profit / loss for the financial year		1,210,340	2,671,635
Total liabilities and owners' equity		12,102,399	9,650,284

INCOME STATEMENT, in EEK

REVENUE	Note	1998	1997
Net sales	7	8,316,989	8,539,391
Other revenue (net)		1,259,210	308,628
Total		9,576,199	8,848,019
EXPENSES			
Other operating expenses		4,587,728	2,781,443
Services		1,724,080	501,076
Lease of equipment		944,192	730,608
Other expenses		1,910,299	1,095,227
Repairs of rooms		9,157	454,532
Personnel expenses		3,157,780	1,872,517
Wages and salaries		2,351,829	1,386,410
Social security taxes		805,951	486,107
Depreciation	2	577,217	316,214
Depreciation of fixed assets		577,217	310,726
Fixed assets written-off		0	5,488
Total expenses		8,322,725	4,970,174
OPERATING PROFIT		1,253,474	3,877,845
Financial income		626,899	52,927
Financial expenses		237,589	527,962
Profit /-loss before taxes		1,642,784	3,402,810
Income tax	5	361,821	689,861
Deferred income tax	3	70,623	41,315
Net profit (loss) for the financial year		1,210,340	2,671,634

CASH FLOW STATEMENT, in EEK

	1998	1997
Operating activities	-505,318	897,862
Operating profit/loss	1,253,474	3,877,845
Depreciation	577,217	310,726
Depreciation of grant to profit	-54,628	-54,628
Write-off of fixed assets	0	5,488
Financial expenses (net)	389,311	-475,035
Change in current receivables and investments	-1,569,326	-3,527,087
Change in short-term liabilities	-728,803	1,450,414
Income tax calculated	-372,563	-689,861
Investing activities	-901,190	-482,395
Fixed assets acquired	-1,251,897	-482,395
incl. with leasing	382,746	
lease repayment	-37,422	
Disposals of fixed assets	5,383	0
Financing activities	1,620,000	1,420,000
Guarantee fund	-480,000	1,020,000
Issue of shares	700,000	200,000
Share premium	1,400,000	200,000
Total cash flow	213,492	1,835,467
Cash and cash equivalents at beginning of the financial year	3,471,854	1,636,387
Cash and cash equivalents at end of the financial year	3,685,346	3,471,854
Net change in cash and cash equivalents	213,492	1,835,467

PRINCIPLES OF PREPARING THE FINANCIAL STATEMENTS

The 1998 annual report of Tallinn Stock Exchange has been prepared in accordance with generally accepted accounting principles in Estonia. The main requirements of the generally accepted accounting principles are stipulated in Estonian Accounting Law, decrees of the Government of Estonia and the Ministry of Finance, and regulations issued by Estonian Accounting Board. The income statements of 1997 and 1998 have been prepared according to the Format 1 provided in Estonian Accounting Law. Main accounting principles used at preparing the annual accounts have been provided below.

Accounting for Income

Accounting for income from the services rendered by Tallinn Stock Exchange is carried out using accrual principle.

Accounting for Investments

Short-term securities are recorded based on FIFO method. The shares and bonds calculated as current assets have been evaluated at the balance sheet date based on the lower of acquisition cost or net realisable value.

Estimation of Receivables

Accounts receivable are estimated in the balance sheet based on recoverable debts. The accounts receivable from each customer are estimated

separately, considering the information available regarding the customer's ability to pay and other possible information. Bad debts in amount EEK 82,490 have been expensed (the amount includes receivables from Eesti Maapank, ERA Pank and EVEA Pank). As to the receivables expensed Tallinn Stock Exchange has independently started the collection of debts.

Tangible fixed assets

Assets with useful life over one year and from 4000 EEK are considered to be fixed assets. Small assets (the cost under EEK 4000) are expensed during the acquisition. The straight-line depreciation method is used for calculating depreciation. The depreciation rate is fixed for each fixed asset item separately, depending on its useful life. Depreciation rates used in 1998: furniture, telephones – 20%; software – 30%; cars – 16-30%; computer equipment – 40%.

The software granted by EBRD is depreciated with other software at the same terms (30% a year). The grant is recorded as the provision in the liabilities and owners' equity of the balance sheet and decreased according to the calculated depreciation of the granted software, transferring the calculated amounts to profit.

In 1998 Tallinn Stock Exchange had neither purchase nor sales transactions with the related parties. No changes in accounting schemes and methods were made in 1998.

Note 1**Short-term financial investments**

Net book value 31-Dec-1997				Purchase in 1998		
	Number	Price	Amount	Number	Price	Amount
Balti Kasvufond	135	4398	593,692			
Talinvesti Aktsiafond	29,615	38.83	1,150,000			
EHP IF	44,500	17.55	780,975			
HPVIF	250	659.3	164,813			
Talinvesti Intressifond				40,816	12.25	500,000
EHP RTIF				77,341	10	773,410
EHP RTIF interest**				683	8.9779	6,132
HPRTF	617	1000	617,000	2,755	1,000	2,755,000
HPRTF interest *				276	1,000	276,000
Swedbank VK ***				7	100,000	669,997
Total			3,306,480			4,980,539

** reinvested interest

* reinvested interest

*** bond is discounted, nominal indicated in the column of price

- In March 1998 the split of the share of Balti Kasvufond was carried out. 19 new shares were added per each share. The nominal value decreased 20 times. Discount of EEK 79,050 has been carried out as to the share of Hoiupank Rahaturufond (indicated in the table).

Note 2**Fixed assets**

	Balance 31-Dec-1997	Acquired in 1998	Depreciation 1998	**	Disposals	Balance 31-Dec-1998
Acquisition cost	1,250,269	1,251,897		203,328	8,500	2,696,994
Depreciation	-217,988		-576,776	-203,328	-3,117	-994,975
Net book value	1,032,281	1,251,897	-576,776	0	5,383	1,702,019

** As at 31 December 1997 the assets in amount of 394,352 (net book value) calculated in the account of intangible fixed assets are transferred to the account of tangible fixed assets. On 1 January 1998 the adjustment was made (increase of acquisition cost and accumulated depreciation) in amount of depreciation of the assets (EEK 203,328) which were directly expensed before 31 December 1997.

Small assets in amount of EEK 34,613 have been expensed during the financial year.

Intangible fixed assets	Balance 31-Dec-1997	Acquired in 1998	Depreciation 1998	Balance 31-Dec-1998
Trademark	1,321			1,321
Depreciation	0		-441	-441
Net book value	1,321	0	-441	880

Sale in 1998			Balance at market value 31-Dec-1998			Profit/ loss
Number	Price	Amount	Number	Price	Amount	1998
2,700	205.6	555,201				-38,491
29,615	42.22	1,250,345				100,345
44,500	17.38	773,410				-7,565
250	416.3	104,080				-60,733
40,816	11.98	488,864				-11,136
			77,341	8.9779	694,360	-79,050
			683	8.9779	6,132	
			3,372	1,000	3,372,000	
			276	1,000	276,000	
			7	100,000	669,997	
		3,171,900			5,018,489	-96,630

Note 3

Contingent liabilities

Deferred income tax liability:	EEK 111,938
Calculation:	
Net book value of fixed assets as at 31 December 1998	
in accounting of Tallinn Stock Exchange:	1,702,899
Net book value of fixed assets adjusted with tax depreciation as at 31 December 1998:	1,272,367
Difference:	430,532
Deferred income tax liability 26%:	111,938

Note 4

Changes in owners' equity

	Share capital	Share premium	Mandatory legal reserve	Retained earnings	Total
Beginning balance	2,600,000	225,000	133,582	1,911,361	4,869,943
Profit for the financial year				1,210,340	1,210,340
Shares issued	700,000				700,000
Share premium		1,400,000			1,400,000
Ending balance	3,300,000	1,625,000	133,582	3,121,701	8,180,283

The corporate income tax of 1997 of EEK 10,742 have been calculated from the entry of retained earnings.

The difference incurred is due to the amount of income tax calculation, deducted of which was the amount of deferred income tax liability.

All shares are paid for as at the balance sheet date. As the non-profitable company according to the Statutes, dividends are not paid to the owners.

Maximum number of shares according to valid statutes:	920
Shares issued:	330
incl. in 1998	70
Each share with 200% above par Nominal value:	10,000
Amount paid for shares:	700,000
Paid-in share premium:	1,400,000

Note 5**Taxes**

	Beginning balance 31-Dec-1997	Calculated	Sickness compensations paid	Transferred	Final Balance 31-Dec-1998
Personal income tax	-95,880	-582,399		581,146	-97,133
Corporate income tax	-689,861	-372,563		700,603	-361,821
Income tax on fringe benefits	-921	-24,157		25,731	653
Social security tax	-57,061	-479,447		492,234	-44,274
Health insurance tax	-37,038	-311,658	13,324	307,161	-28,211
Total	-880,761	-1,770,224	13,324	2,106,875	-530,786

* Calculated income tax includes EEK 10,742 of the income tax added for 1997 (see note 4).

Note 6**Finance lease**

Fixed assets	Acquisition cost 1998	Accumulated depreciation	Annual depreciation	Net book value
Car	382,746	45,930	45,930	336,816
	Capital lease payable	Total amount of payments in the reporting period	Interest expenses of the reporting period	Interest rate
31-Dec-1998	345,324	37,422	40,616	15%

Note 7**Net sales**

	1998	1997
Net sales	8,316,989	8,539,391
Including domestic market:	8,316,989	8,539,391
Transaction fees	4,999,975	6,321,550
Listing fees	744,554	500,000
Membership fees	772,500	435,000
Annual payment of securities	1,407,564	968,540
Additional terminal	306,917	146,666
Other services	21,979	87,135
Loan transactions	21,500	80,500
Exam fee of brokers	42,000	0

Note 8**Long-term liabilities**

Long-term liabilities are:

1. Provision of EBRD in amount of EEK 60,698. The grant has been used for the acquisition of software of Tallinn Stock Exchange. Provision is decreased according to the depreciation of the granted software. The amounts calculated are monthly transferred to profit.
2. Deferred income tax liability (see note 3).
3. Guarantee fund in amount of EEK 2,000,000. Includes the amounts of guarantee fund paid in by the members of Tallinn Stock Exchange. The usage of guarantee fund is regulated with the Rules and Regulations of Tallinn Stock Exchange.

AUDITOR'S REPORT

Translation of the Estonian original

To the shareholders of
Tallinn Stock Exchange

We have audited the financial statements of Tallinn Stock Exchange (the Company) for the year ended 31 December 1998 as set out on pages 50 to 56. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts

and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements give a true and fair view of the financial position of the Company as at 31 December 1998 and of the results of its operations and its cash flows for the year then ended in accordance with Estonian Accounting Law.

AS PricewaterhouseCoopers



Urmas Kaarlep
Authorised auditor

5 April 1999

FINANCIAL STATEMENTS OF ESTONIAN CENTRAL DEPOSITORY FOR SECURITIES

BALANCE SHEET, in EEK

ASSETS	Note	31-Dec-1998	31-Dec-1997
Cash and bank		1,734,714	49,863,814
Marketable securities	1	1,100,927	2,045,146
Customer receivables		979,428	1,458,280
Accounts receivable		979,428	1,481,132
Provision for doubtful accounts		0	-22,852
Accrued income		12,837	0
Prepaid expenses		337,426	311,946
Prepaid taxes		232,800	0
Other prepaid expenses		104,626	311,946
Total current assets		4,165,332	53,679,186
Long-term financial assets	2	19,545	19,545
Tangible fixed assets	3	2,801,387	2,528,145
Other inventory		5,394,465	4,116,063
Accumulated depreciation (minus)		-2,593,078	-1,587,918
Intangible fixed assets	3	1,036,550	1,101,716
Formation costs		220,209	440,409
Software		816,341	661,307
Total fixed assets		3,857,482	3,649,406
Total assets		8,022,814	57,328,592
LIABILITIES AND OWNERS' EQUITY			
Debentures		125,900	0
Customer prepayments		3,932	5,265
Supplier payables		196,689	113,189
Interest and amounts of issue in the Bank of Estonia		1,349,204	49,731,342
Tax liabilities	7	336,081	722,235
Accrued expenses		193,729	248,331
Total current liabilities		2,205,535	50,820,362
Deferred income tax liability	5	108,465	0
Share capital	6	2,800,000	2,800,000
Share premium	6	80,000	80,000
Mandatory legal reserve	6	169,000	68,000
Retained earnings	6	3,437,657	1,556,872
Net profit (loss) for the financial year	6	-777,843	2,003,358
Total owners' equity		5,708,814	6,508,230
Total liabilities and owners' equity		8,022,814	57,328,592

INCOME STATEMENT, in EEK

REVENUE	Note	1998	1997
Net sales	8	10,853,377	10,572,183
Other revenue		125,210	0
Total		10,978,587	10,572,183
EXPENSES			
Other operating expenses		5,828,021	4,921,092
Personnel expenses		3,133,702	2,023,556
Wages and salaries		2,333,074	1,509,967
Social security taxes		800,628	513,589
Depreciation		2,365,001	1,521,061
Depreciation of fixed assets	3	2,365,001	1,521,061
Other expenses		55,918	10,376
Total		11,382,642	8,476,085
OPERATING PROFIT		-404,055	2,096,098
Financial income		179,483	543,037
Income from sale of securities	1	84,142	543,037
Interest from investments		95,341	0
Financial expenses		444,806	37,500
Other financial expenses	1	426,819	0
Interest expenses		17,987	37,500
Profit / loss before taxes		-669,378	2,601,635
Income tax		0	598,277
Deferred income tax		108,465	0
Net profit (loss) for the financial year		-777,843	2,003,358

CASH FLOW STATEMENT, in EEK

	1998	1997
Cash flow from operating activities	-46,241,866	52,904,984
Profit / loss	-669,378	2,003,358
Profit (-) loss (+) on sale of fixed assets	36,928	4,660
Depreciation calculated	2,365,001	1,521,061
Profit from sale of securities	342,677	-529,988
Loss from liquidation of fixed assets	4,671	21,724
Change in balance of current assets	440,535	-392,374
Change in current liabilities	-48,740,727	50,276,543
Taxes paid (-)	-21,573	0
Cash flow from investing activities	-1,887,234	-2,232,394
Short-term investments	-1,842,789	-1,492,725
Bonds/ commercial papers acquired		-586,949
Disposal of current investments	2,444,331	900,000
Bonds/ commercial papers redeemed	999,978	
Disposal of fixed assets	143,220	53,200
Fixed assets acquired	-2,036,219	-1,821,476
incl. with leasing	210,626	
lease repayment	-84,726	
Software acquired	-721,677	-284,422
Cash flow from financing activities	0	-1,000,000
Repurchase of bonds	0	-1,000,000
Total cash flow	-48,129,100	49,672,590
Cash and cash equivalents at end of the financial year	1,734,714	49,863,814
Cash and cash equivalents at beginning of the financial year	49,863,814	191,224
Net change in cash and cash equivalents	-48,129,100	49,672,590

PRINCIPLES OF PREPARING THE FINANCIAL STATEMENTS

The 1998 annual report of Estonian Central Depository for Securities (hereinafter: ECDS) has been prepared in accordance with generally accepted accounting principles in Estonia. The main requirements of the generally accepted accounting principles are stipulated in Estonian Accounting Law, decrees of the Government of Estonia and the Ministry of Finance, and regulations issued by Estonian Accounting Board.

The income statements of 1997 and 1998 have been prepared according to the Format 1 provided in Estonian Accounting Law.

Main accounting principles used at preparing the annual accounts have been provided below.

Accounting for Income

Accounting for income from the services rendered by ECDS is carried out using accrual principle.

Accounting for Investments

Short-term securities are recorded based on FIFO method. The shares and bonds accounted for as current assets have been evaluated at the balance sheet date based on the lower of acquisition cost or net realisable value.

Estimation of Receivables

Accounts receivable are estimated in the balance sheet based on recoverable debts. The accounts receivable from each customer are estimated separately, considering the information available regarding the customer's ability to pay and other possible information. Bad debts in amount of EEK 167,994 were expensed (EEK 142,650 of which consist of the receivables from bankrupt Eesti Maapank, AS Viru Rand and ERA Pank). As to the receivables expensed ECDS has independently started the collection of debts. Bad debts calculated in 1997 were written off the balance sheet in 1998 in amount of EEK 26,852 (receivables from bankrupt AS Tartu Lihakombinaat and AS Pärnu Piim).

Tangible fixed assets

Assets with useful life over one year and from EEK 4000 are considered to be fixed assets. Small assets (the cost under EEK 4000) are expensed at acquisition. The straight-line depreciation method is used for calculating depreciation. The depreciation rate is fixed for each fixed asset item separately, depending on its useful life. Depreciation rates used: furniture – 20%, computers – 40%; other office equipment – 20-35%; software – 20-40%; cars – 25-35%.

In 1998 ECDS had neither purchase nor sales transactions with related parties.

No changes in accounting scheme and methods were made in 1998.

Note 1**Short-term financial investments**

	Beginning balance 31-Dec-1997			Purchase/reinvestment of interest 1998		
	Number	Price	Amount	Number	Price	Amount
Balti Kasvufond*	173	4,042.8	699,396			
Talinvesti Aktsiafond	18,838	45.28	853,041			
HEIF	6,500	29.65	192,709			
Talinvesti Kasvufond	28,490	10.53	300,000			
Hansa Rahaturufond		1,000		300	1,000	300,000
Hansa Rahaturufond**		1,000		16	1,000	16,000
Merita Bond				4		444,063
Eesti Energia				4		388,192
Eesti Energia				3		297,800
Eesti Energia				4		396,734
Total			2,045,146			1,842,789

* In March 1998 the split of share of Balti Kasvufond was carried out.

19 new shares were added per each share. The nominal value decreased 20 times.

** Interest of reinvested share of Hansa Rahaturufond.

- No write-down of securities was made in 1998.

Note 2**Long-term financial assets**

Share	Beginning balance 31-Dec-1997			Purchase/reinvestment of interest 1998			Sale 1998			Book value 31-Dec-1998		
	Number	Price	Amount	Number	Price	Amount	Number	Price	Amount	Number	Price	Amount
ANNA share	1	19,545	19,545							1	19,545	19,545

Note 3**Tangible fixed assets**

	Balance 31-Dec-1997	Fixed assets acquired	Depreciation calculated	Sold	Written off	Fully depreciated	Balance 31 Dec-1998
Acquisition cost	4,116,063	2,036,219		305,290	31,773	420,754	5,394,465
Depreciation	-1,587,918		-1,578,158	-125,142	-27,102	-420,754	-2,593,078
Net book value	2,528,145	2,036,219	-1,578,158	180,148	4,671	0	2,801,387

Small assets in amount of EEK 67,007 have been expensed during the financial year.

In connection with the new regulation of lease calculation valid from 1 January 1998 the calculation of lease contract recorded as operating lease in November-December of 1997 has been adjusted in the accounts of 1998 (see note 4):

- The cost of fixed assets increased by EEK 210,625 (in the column of acquired fixed assets)
- The lease expenses of 1998 have been decreased by the expenses of operating lease of 1997 (EEK 43,002).

Intangible fixed assets

	Net book value 31-Dec-1997	Acquired	Depreciation	Balance 31-Dec-1998
Software	661,307	721,677	-566,643	816,341
Formation costs	440,409		-220,200	220,209
Net book value	1,101,716	721,677	-786,843	1,036,550

Sale at sales price 1998			Book value 31-Dec-1998			Market value	Profit	Loss
Number	Price	Amount	Number	Price	Amount	Amount	Amount	Amount
3,460	219.84	760,646					61,250	
18,838	25.92	488,281						-364,760
6,500	20.1	130,650						-62,059
28,490	11.09	315,954					15,954	
			300	1,000	300,000	300,000		
			16		16,000	16,000		
4	112,200	448,800					4,737	
			4		388,192	394,488		
3	100,000	300,000					2,201	
			4		396,734	403,030		
		2,444,331			1,100,926	1,113,518	84,142	-426,819

Note 4

Finance lease

Fixed assets	Acquisition cost 1-Jan-1998	Accumulated depreciation	Annual depreciation	Net book value 31-Dec-1998
Car	210,625	67,576	67,576	143,049
	Finance lease payable	Total amount of payments in the reporting period	Interest expenses of the reporting period	Interest rate
31 December 1998	125,899	32,070	17,987	13 %

ECDS has pre-emptive right to purchase the car at the termination of the lease period. In buying the car within the lease period ECDS should pay 2% of the lessor's part of the car's book value for the pre-term termination of the lease contract.

Note 5

Contingent liabilities

• Deferred income tax liability:	EEK 108,465
Calculation:	
Net book value of fixed assets as at 31 December 1998 in accounting of ECDS:	3,837,937
Net book value of fixed assets adjusted with tax depreciation as at 31 December 1998:	3,420,764
Difference:	417,173
Deferred income tax liability 26%:	108,465

Note 6

Changes in owners' equity

	Share capital	Share premium	Mandatory legal reserve	Retained earnings	Profit/loss for 1998	TOTAL
Beginning balance	2,800,000	80,000	68,000	3,560,230		6,508,230
Financial year			101,000	-122,573	-777,843	-779,416
Ending balance	2,800,000	80,000	169,000	3,437,657	-777,843	5,708,814

The corporate income tax of 1997 in amount of EEK 21,573 was calculated from the entry of retained earnings. The difference incurred is due to the adjustment in the tax depreciation table which in its turn changed the outcome in the tax return.

All shares are paid for as at the balance sheet date. As the non-profitable company according to the statutes, dividends are not paid to the owners.

Maximum number of shares according to valid statutes: 400
 Shares issued: 280
 Nominal value: 10,000
 Issued during the year: 0

Note 7

Taxes

Tax prepayments

	Beginning balance 31-Dec-1997	Calculated	Transferred	Advance paid	Ending balance 31-Dec-1998
Corporate income tax	-525,277	-21,573	546,850	232,800	232,800
Total	-525,277	-21,573	546,850	232,800	232,800

Tax payables

	Beginning balance 31-Dec-1997	Calculated	Transferred	Advance paid	Ending balance 31-Dec-1998
Fine for delay of corporate income tax		-4,575			-4,575
Personal income tax	-117,475	-580,990	568,540		-129,925
Income tax of non-resident	0	-104,299			-104,299
Income tax on fringe benefits		-24,211	24,211		0
Social security tax	-64,050	-477,482	482,572		-58,960
Health insurance tax	-15,433	-310,361	287,472		-38,322
Total	-196,958	-1,501,918	1,362,795		-336,081

Non-resident's income tax in amount of 104,299 kroons is recorded at the entry of personal income tax (15% income tax from the licence fee).

Note 8

Net sales

	1998	1997
Total net sales:	10,853,377	10,572,183
Including domestic market:	10,853,377	10,572,184
Organising subscription	35,000	110,500
Transaction fee	2,706,949	4,314,775
Registration	1,025,095	963,677
Annual fee	2,173,267	1,607,119
Fee for managing accounts of legal persons	1,430,168	1,544,646
Fee for managing accounts of private persons	410,021	433,110
Crediting of accounts	190,136	425,413
"Estonian Securities Market" bulletin	29,985	30,700
Arranging meetings	409,600	183,490
Payment of dividends	97,379	62,898
Issue of AR	156,526	66,935
Opening of temporary account	19,580	17,840
Other services	2,169,671	811,081

Note 9

Off-Balance Sheet Liabilities

As at 31 December 1998 ECDS has one valid contract of bail for the purchase-sale contract of ECDS's employee in amount of EEK 18,000.

AUDITOR'S REPORT

Translation of the Estonian original

To the shareholders of Estonian Central
Depository for Securities

We have audited the financial statements of Estonian Central Depository for Securities (the Company) for the year ended 31 December 1998 as set out on pages 58 to 64. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes

examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements give a true and fair view of the financial position of the Company as at 31 December 1998 and of the results of its operations and its cash flows for the year then ended in accordance with Estonian Accounting Law.

AS PricewaterhouseCoopers



Urmas Kaarlep
Authorised auditor

5 April 1999

