WARSAW STOCK EXCHANGE GROUP

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2012

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(all amounts in PLN thousands unless otherwise stated)

Consolidated Statement of Financial Position

	Note	As at 31 December	
		2012	2011
Non-current assets		**512,004**	**355,291**
Property, plant and equipment	5	133,115	128,672
Intangible assets	6	209,545	60,621
Investments in associates	7	151,213	147,894
Deferred tax assets	8	3,155	3,110
Available-for-sale financial assets	10	11,183	11,795
Prepayments	13	3,793	3,199
Current assets		**447,020**	**377,616**
Inventories		253	260
Corporate income tax receivable		4,837	-
Trade and other receivables	12	62,929	29,620
Available-for-sale financial assets	9	118	56,651
Cash and cash equivalents	14	378,883	291,085
TOTAL ASSETS		**959,024**	**732,907**
Equity		**555,890**	**524,492**
Equity of the shareholders of the parent entity		**554,513**	**523,209**
Share capital	15	63,865	63,865
Other reserves	15	(1,000)	270
Retained earnings	15	491,647	459,074
Non-controlling interests		**1,377**	**1,283**
Non-current liabilities		**247,842**	**175,517**
Employee benefits payable	17	4,305	4,206
Finance lease liabilities	19	381	66
Provisions for other liabilities and charges	18	-	1,019
Liabilities on bonds issue	16	243,157	170,226
Current liabilities		**155,292**	**32,898**
Trade payables	16	4,284	10,516
Finance lease liabilities	19	336	61
Corporate income tax payable		2,549	5,011
Liabilities on bonds issue		48	-
Loans and borrowings		13	-
Dividends and other liabilities	16	134,137	4,459
Employee benefits payable	17	12,574	12,851
Provisions for other liabilities and charges	18	1,351	-
TOTAL EQUITY AND LIABILITIES		**959,024**	**732,907**

The notes presented on pages 8 to 76 form an integral part of these consolidated financial statements.

(all amounts in PLN thousands unless otherwise stated)

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December 2012	Year ended 31 December 2011
Revenue	20	273,825	268,797
Operating expenses	21	148,490	133,966
Other income	22	10,505	438
Other expenses	23	10,583	1,613
Operating profit		**125,257**	**133,656**
Financial income	22	14,074	14,384
Financial expenses	23	17,800	448
Share of profit of associates	7	9,243	15,470
Profit before income tax		**130,774**	**163,062**
Income tax expense	24	24,544	28,920
Net profit for the year		**106,230**	**134,142**
Other comprehensive income:			
Gains/(loses) from the valuation of available-for-sale financial assets attributable to shareholders of the parent entity		874	9
Effective portion of changes in fair value of cash flow hedges		(3,580)	-
Gains/(loses) from the valuation of available-for-sale financial assets attributable to the associate		1,437	57
Other comprehensive income after tax		**(1,269)**	**66**
Total comprehensive income		**104,960**	**134,208**
Net profit for the year		**106,230**	**134,142**
Net profit for the year attributable to the shareholders of the parent entity		105,774	133,742
Net profit for the year attributable to the non-controlling interests		456	400
Total comprehensive income:		**104,960**	**134,208**
Total comprehensive income attributable to the shareholders of the parent entity		104,505	133,808
Total comprehensive income attributable to the non-controlling interests		456	400
Basic/diluted earnings per share (in PLN)	32	**2.52**	**3.19**

The notes presented on pages 8 to 76 form an integral part of these consolidated financial statements.

(all amounts in PLN thousands unless otherwise stated)

Consolidated Statement of Cash Flows

	Note	Year ended 31 December	
		2012	2011
Cash flow from operating acitivities:		**126,927**	**129,986**
Cash generated from operation	31	159,335	152,444
Income tax paid		(32,408)	(22,458)
Cash flow from investing actitivies:		**(38,167)**	**18,528**
Purchase of property, plant and equipment	5	(13,482)	(20,717)
Purchase of intangible assets		(12,747)	(4,579)
Proceeds from sale of property, plant and equipment		284	178
Acquisition of subsidiary, net of cash acquired		(68,729)	-
Acquisition of non-controlling interests		(18,001)	-
Sale of available-for-sale financial assets		58,004	30,040
Purchase of available-for-sale financial assets		-	(54,201)
Interest received		9,420	6,309
Dividends received		7,084	61,517
Other		-	(19)
Cash flow from financing activities:		**(962)**	**34,971**
Dividends and the Social Fund		(61,002)	(135,029)
Interest paid		(15,656)	-
Proceeds from loans and borrowings		13	-
Proceeds from bonds issue		75,683	170,000
Net (decrease) / increase in cash and cash equivalents		**87,798**	**183,485**
Cash and cash equivalents at the beginning of the period	14	**291,085**	**107,600**
Cash and cash equivalents at the end of the period	14	**378,883**	**291,085**

The notes presented on pages 8 to 76 form an integral part of these consolidated financial statements.

(all amounts in PLN thousands unless otherwise stated)

Consolidated Statement of Changes in Equity

	Attributable to the shareholders of the parent entity				Non-controlling interests	Total equity
	Share capital	Other reseves	Retained earnings	Total		
Balance as at 31 December 2010	**63,865**	**204**	**459,774**	**523,843**	**883**	**524,726**
Dividend and Social Benefit Fund	-	-	(134,931)	(134,931)	-	**(134,931)**
Other changes in equity	-	-	489	489	-	**489**
Net profit for the year ended 31 December 2011	-	-	*133,742*	*133,742*	*400*	***134,142***
Revaluation of financial assets available for sale	-	*66*	-	*66*	-	***66***
Total comprehensive income for the year ended 31 December 2011	-	66	133,742	133,808	400	**134,208**
Balance as at 31 December 2011	**63,865**	**270**	**459,074**	**523,209**	**1,283**	**524,492**
Balance as at 31 December 2011	**63,865**	**270**	**459,074**	**523,209**	**1,283**	**524,492**
Dividend and Social Benefit Fund	-	-	(60,640)	(60,640)	(362)	**(61,002)**
Value of non-controlling shares as at the day of acquisition of TGE shares - 29 February 2012	-	-	-	-	5,734	**5,734**
Acquisition of non-controlling interests	-	-	(12,412)	(12,412)	(5,589)	**(18,001)**
Other changes in equity	-	-	(149)	(149)	(144)	**(293)**
Net profit for the year ended 31 December 2012	-	-	*105,774*	*105,774*	*456*	***106,230***
Revaluation of available-for-sale financial assets	-	*2,310*	-	*2,310*	-	***2,310***
Effective portion of changes in fair value of hedging instruments	-	*(3,580)*	-	*(3,580)*	-	***(3,580)***
Total comprehensive income for the year ended 31 December 2012	-	**(1,270)**	**105,774**	**104,504**	**456**	**104,960**
Balance as at 31 December 2012	**63,865**	**(1,000)**	**491,647**	**554,513**	**1,377**	**555,889**

The notes presented on pages 8 to 76 form an integral part of these consolidated financial statements.

1. General information

1.1. Legal status and scope of operations of the Company

The parent entity of the Warsaw Stock Exchange Group (‘Group’) is Giełda Papierów Wartościowych w Warszawie Spółka Akcyjna (the ‘Warsaw Stock Exchange’, the ‘WSE’, ‘Entity’, ‘Company’ or ‘parent entity’), with its registered office in Warsaw on Książęca 4 street, was established by Notarial Deed on 12 April 1991 and registered in the Commercial Court in Warsaw on 25 April 1991. WSE has been listed on WSE’s Main Market since 9 November 2010.

WSE’s core activities involve the organization of trading with publicly traded securities.

(all amounts in PLN thousands unless otherwise stated)

1.2. Approval of the financial statement

The consolidated financial statements were authorised for issuance by the entity's Management Board on 19 February 2013.

1.3. Composition and activity of the Group

The Warsaw Stock Exchange and its subsidiaries:

- Grupa Kapitałowa Towarowa Giełda Energii S.A.
- BondSpot S.A.,
- WSEInfoEngine S.A.,
- Instytut Rynku Kapitałowego – WSE Research S.A.

These entities comprise Warsaw Stock Exchange Group in Warsaw S.A.

Associated entities over which the Group exercises significant influence are: Centrum Giełdowe S.A. and KDPW S.A Group.

The following table shows the composition of the Group and its associates as at 31 December 2012.

Name of the Entity	Location of the Entity	Range of activities	WSE's shares stake in the share capital of the entity
		The parent entity	
Warsaw Stock Exchange	00-498 Warszawa Książęca 4 Poland	• Operating a stock exchange through the organization of public trading in securities • Conducting educational, promotional and information activities regarding functioning of the capital market • Organizing an alternative trading system.	n/a
		Subsidiaries	
Towarowa Giełda Energii S.A. („TGE") *(parent entity of The Group Towarowa Giełda Energii S.A.)*	02-822 Warszawa Poleczki 23 bud. H Poland	• Conducting commodity exchange, on which there could be traded: electricity, liquid and gaseous fuels, production limits, emission rights limits, property rights that value depends directly or indirectly on the value of electricity, production limits or emission rights limits • Maintaining a registry of certificates of origin for energy from RES, CHP and agricultural biogas.	100.00%
BondSpot S.A. *(Formerly known as MTS-CeTO S.A.)*	00-609 Warszawa Armii Ludowej 26 Poland	• Managing an over-the-counter market and conducting other activities related to organizing trading in securities and other financial instruments. • Organizing an alternative trading system • Organizing and conducting all activities which supplement and support the functioning of the markets operated by the Company.	92.47%

(all amounts in PLN thousands unless otherwise stated)

Name of the Entity	Location of the Entity	Range of activities	WSE's shares stake in the share capital of the entity
WSEInfoEngine S.A.	00-498 Warszawa Książęca 4 Poland	• Providing data transmission and information services • Acting as a Commercial Operator in the electricity market.	100.00%
Instytut Rynku Kapitałowego - WSE Research S.A. *(Formerly known as WIRK S.A.)*	00-498 Warszawa Książęca 4 Poland	• Publishing books, newspapers, magazines, and other periodicals. • Non-school forms of education. • Supporting education activities.	100.00%

Structure of Towarowa Giełda Energii (TGE) S.A. Group

Izba Rozliczeniowa Giełd Towarowych S.A. („IRGiT")	00-175 Warszawa Jana Pawła II 80 lok. F35 Polska	• Conducting a chamber of settlement of transactions concluded on the regulated market. • Settlement service transactions at TGE. • Other activities related to the organization and conduct of settlement of transactions.	TGE participation: 100.00%
InfoGT S.A. w likwidacji	02-822 Warszawa Poleczki 23 bud. H Polska	• The development and implementation of IT systems for the energy sector. • Development, integration, and maintenance of IT systems and IT projects. • Testing, IT systems' trainings.	TGE participation: 100.00%

Associated Entities

Krajowy Depozyt Papierów Wartościowych S.A. *(Parent entity of the Group Krajowy Depozyt Papierów Wartościowych S.A.)*	00-498 Warszawa Książęca 4 Poland	• Maintaining a deposit for securities. • Clearing and settlement of transactions concluded on the stock exchanges, energy exchanges, and commodity exchanges. • Conducting other activities related to trading in securities and other financial instruments. • Administrating of the Guaranteed Funds.	33.33%
Centrum Giełdowe S.A.	00-498 Warszawa Książęca 4 Poland	• Building, urban and technological design operations. • Undertaking general building works related to constructing buildings. • Lease if real estate on own account. • Real estate management.	24.79%

In 1994, the WSE acquired 66.66% of shares of **Krajowy Depozyt Papierów Wartościowych S.A.** („KDPW"). In January 1999, the Company sold 7,000 of its 14,000 KDPW shares it held on 31 December 1998 to the Polish National Bank for PLN 51,708 thousand. Thus, the WSE share capital of KDPW decreased to 33.33%. KDPW share capital as at 31 December 2012 and as at 31 December 2011 amounted to PLN 21 000 thousand. The WSE's stake in share capital of KDPW and in the total number of votes as at 31 December 2012 and as at 31 December 2011 reached 33.33%.

In 1995, the Company has acquired 16.92% of the share capital of **Centrum Giełdowe S.A.,** a stock company established on 21 November 1995, which commerce activities include: construction, operation and rental of the Company's new headquarters on Książęca street in Warsaw. In 2000, WSE has increased its stocks in the Centrum Giełdowe S.A. by purchasing shares from Bank Handlowy w Warszawie S.A. (a share increase of

7.87%). As at 31 December 2012 and 2011, share capital of Centrum Giełdowe S.A. amounted to PLN 18,760 thousand. The WSE's participation in share capital of Centrum Giełdowe S.A and the total number of votes as at 31 December 2012 and as at 31 December 2011 reached 24.79%.

As at 15 November 2000, WSE acquired shares from **MTS-CeTO S.A**. and was entered in the share registry as the owner of 53.82% of the shares in the share capital of the company. In 2002, a share capital increase occurred in MTS-CeTO S.A., which was acquired by other shareholders. As a result, the share capital of WSE in MTS-CeTO S.A. decreased from 53.82% to 41.54%. In 2004, the MTS-CeTO S.A. share capital increased. As a result of the acquisition of the venture capital by another shareholder, WSE share capital decreased to 31.15%. On 11 March 2009, the WSE has acquired 6,131,290 shares of MTS-CeTO S.A., which represented 61.32% of the share capital of the company. Having a strategic share stake in this entity (92.47% in total), enabled the realisation of the planned objective, which was the revitalisation and development based on MTS-CeTO's market of State Treasury debt securities as well as building a new market for corporate and municipal bonds created by the alternative trading system formula. In September 2009, the company changed its name to **BondSpot S.A**. The company's share capital as at 31 December 2012 and 31 December 2011 amounted to PLN 10,000 thousand. The WSE's participation in share capital of BondSpot S.A. and the total number of votes as at 31 December 2012 and as at 31 December 2011 reached 92.47%.

As at 23 February 2004, **WSEInfoEngine S.A** was established by a Notarial Deed**.** The founder of the company and its sole shareholder is WSE, which acquired 500 shares with a nominal value of PLN 1,000 each. The company was registered in the Commercial Register of the District Court for the Capital City of Warsaw on 13 May 2004. In June 2008, the share capital has increased by PLN 220 thousand, in December 2009 it has increase by PLN 725 thousand, and on December 2010 it has increased by another PLN 2,000 thousand. Share capital of WSEInfoEngine S.A. as at 31 December 2012 and 31 December 2011 amounted to PLN 3,445 thousand. The WSE's participation in share capital of WSEInfoEngine S.A. and the total number of votes as at 31 December 2012 and as at 31 December 2011 reached 100%.

As at 10 July 2008, The WSE has acquired shares in the Ukrainian **Stock Exchange Innex** ("INNEX") for a total amount of USD 1,802 thousand (at the date of acquisition the amount was equivalent to PLN 3,820 thousand). In Q3 of 2012, the INNEX share capital was increased from UAH 6,000 thousand to UAH 15,000 thousand. The WSE did not participate in the capital increase, resulting in a decrease in the WSE's participation in the share capital of INNEX and the total number of votes decreased from 24.98% (31 December 2011) to the level of 9.99% (31 December 2012). Thus in 2012, INNEX has lost its status of a company associated with the WSE.

In December 2009, **Warsaw Institute of Capital Markets S.A.** (WIRK S.A.) was established by a Notarial Deed. The founder of the company and its sole shareholder is WSE, which acquired 1,000 shares with a nominal value of PLN 500 each. In July 2010, the company has changed its name to the **Institute of Capital Markets – WSE Research S.A.** ("IRK"). In May 2011, the share capital was increased by PLN 500 thousand. IRK's share capital as at 31 December 2012 and 31 December 2011 amounted to PLN 1,000 thousand. The WSE's participation in the share capital of IRK and the total number of votes as at 31 December 2012 and as at 31 December 2011 reached 100%.

As at 31 December 2012, the WSE was in possession of 2.33% of the share capital of **Towarowa Giełda Energii S.A.** ("TGE"). The acquisition of posterior shares went as follows:

- February 2012 – acquisition of **1,276,000** of TGE's shares, constituting **88.00%** of share capital, for the price of PLN 195,934 thousand,
- April 2012 – acquisition of **14,750** TGE's shares, constituting **1.01%** of share capital, for the price of PLN 2,154 thousand,

- July 2012 – acquisition of **99,000** TGE's shares, constituting **6.83%** of share capital, for the price of PLN 12,501 thousand,
- November 2012 – acquisition of **12,000** TGE's shares, constituting **0.83%** of share capital, for the price of PLN 1,515 thousand,
- December 2012 – acquisition of **14,500** TGE's shares, constituting **1.00%** of share capital, for the price of PLN 1,831 thousand.

As at 31 December 2012, WSE is an owner of 100% of TGE's shares and is in possession of 100% of votes in regulatory authority.

2. Summary of significant accounting policies

The key accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The consolidated financial statements have been prepared with the assumption that the WSE Group will continue its operations in the foreseeable future. As at the date of the publication of consolidated financial statements, Parent Entity's Management Board indicates no threats to the WSE's ability to continue its operations.

2.1. Basis of preparation of the consolidated financial statement

The consolidated financial statements of the Warsaw Stock Exchange S.A. have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The consolidated financial statements have been prepared at the historical cost basis, except for available-for-sale financial assets which are measured at their fair value.

The preparation of consolidated financial statements in accordance with IFRS requires making certain critical accounting estimates. It also requires management to exercise professional judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the Note 4.

2.1.1. New standards and amendments to already published standards and interpretations adopted by the EU which are effective from the year 2012

The following new Standards, *amendments to Standards* and Interpretations are not yet mandatorily effective for annual periods ending on 31 December 2012, and have not been applied in preparing these consolidated financial statements. The Entity plans to adopt these pronouncements when they become effective.

- Standards, Interpretations and amendments to published Standards as adopted by the EU that are not yet effective for annual periods ending on 31 December 2012,
- Type of the expected impact on accounting policies implemented by a new Standard/Interpretation,
- Impact of the changes described on the Entity's financial statements,
- Standards implementation date.

Standard/Interpretation	Nature of impending change in accounting policy	Possible impact on financial statements	Effective date for periods beginning as the date or after that date
1. Amendments to IAS 1 *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income*	• require that an entity presents separately the items of other comprehensive income that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. If items of other comprehensive income are presented before related tax effects then the aggregated tax amount should be allocated between these sections. • change the title of the *Statement of Comprehensive Income* to *Statement of Profit or Loss and Other Comprehensive Income*, however, other titles are also allowed to be used.	The Group does not expect that the amendment will have a significant impact on the financial statements.	1 July 2012
2. Amendments to IAS 12 *Income taxes - Deferred Tax: Recovery of Underlying Assets*	The amendments introduce a rebuttable presumption that the carrying value of investment property measured using the fair value model would be recovered entirely by sale. Management's intention would not be relevant unless the investment property is *depreciable* and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. This is the only instance in which the presumption can be rebutted.	The Group does not expect that the amendment will have a significant impact on the financial statements.	1 January 2013
3. IAS 19 *Employee Benefits* (2011)	• The amendments require actuarial gains and losses to be recognised immediately in other comprehensive income. • The amendments remove the corridor method previously applicable to recognising actuarial gains and losses, and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under the requirements of IAS 19. The amendments also require the expected return on plan assets recognised in profit or loss to be calculated based on the rate used to discount the defined benefit obligation.	The Group does not expect that the amendment will have a significant impact on the financial statements.	1 January 2013

(all amounts in PLN thousands, unless otherwise stated)

Standard/Interpretation	Nature of impending change in accounting policy	Possible impact on financial statements	Effective date for periods beginning as the date or after that date
4. IAS 28 *Investments in Associates and Joint Ventures* (2011)	There are limited amendments made to IAS 28 (2008): • *Associates and joint ventures held for sale.* IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale. For any retained portion of the investment that has not been classified as held for sale, the equity method is applied until disposal of the portion held for sale. After disposal, any retained interest is accounted for using the equity method if the retained interest continues to be an associate or a joint venture. • *Changes in interests held in associates and joint ventures*. Previously, IAS 28 (2008) and IAS 31 specified that the cessation of significant influence or joint control triggered remeasurement of any retained stake in all cases, even if significant influence was succeeded by joint control. IAS 28 (2011) now requires that in such scenarios the retained interest in the investment is not remeasured.	The Group is not able to prepare an analysis of the impact this will have on the separate financial statements until the date of initial application.	1 January 2014
5. *Amendments to IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*	The Amendments do not introduce new rules for offsetting financial assets and liabilities; rather they clarify the offsetting criteria to address inconsistencies in their application. The Amendments clarify that an entity currently has a legally enforceable right to set-off if that right is: • not contingent on a future event; and • enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.	The Group does not expect that the amendment will have a significant impact on the financial statements.	1 January 2014
6. Amendments to IFRS 7 *Financial Instruments: Disclosures -* Offsetting Financial Assets and Financial Liabilities	The Amendments contain new disclosure requirements for financial assets and liabilities that are: • offset in the statement of financial position; or • subject to master netting arrangements or similar agreements.	The Group does not expect that the amendment will have a significant impact on the financial statements.	1 January 2013

(all amounts in PLN thousands, unless otherwise stated)

Standard/Interpretation	Nature of impending change in accounting policy	Possible impact on financial statements	Effective date for periods beginning as the date or after that date
7. IFRS 10 *Consolidated Financial Statements*	IFRS 10 provides a new single model to be applied in the control analysis for all investees, including entities that currently are SPEs in the scope of SIC-12. IFRS 10 introduces new requirements to assess control that are different from the existing requirements in IAS 27 (2008). Under the new single control model, an investor controls an investee when (1) it is exposed or has rights to variable returns from its involvement with the investee, (2) has the ability to affect those returns through its power over that investee and (3) there is a link between the power and returns. The new standard also includes disclosure requirements and requirements relating to the preparation of consolidated financial statements. These requirements are carried forward from IAS 27 (2008).	The Group does not expect that the amendment will have a significant impact on the financial statements.	1 January 2014
8. IFRS 12 *Disclosure of Interests in Other Entities*	IFRS 12 requires additional disclosures relating to significant judgements and assumptions made in determining the nature of interests in an entity or arrangement, interests in subsidiaries, joint arrangements and associates and unconsolidated structured entities.	The Group is not able to prepare an analysis of the impact this will have on the consolidated financial statements until the date of initial application.	1 January 2014
9. IFRS 13 *Fair Value Measurement*	IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains ‘how’ to measure fair value when it is required or permitted by other IFRSs. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The standard contains an extensive disclosure framework that provides additional disclosures to existing requirements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant unobservable inputs, the effect of the measurements on profit or loss or other comprehensive income.	The Group does not expect that the amendment will have a significant impact on the financial statements.	1 January 2013

(all amounts in PLN thousands, unless otherwise stated)

2.1.2. New standards, interpretations and amendments to existing standards, which are awaiting EU approval and were not yet used by the Group.

The following table presents:

- Standards, Interpretations and amendments which are yet to be adopted by the EU that are not yet effective for annual periods ending on 31 December 2012,
- Type of the expected impact in accounting policies implemented by a new standard/interpretation,
- Impact of the changes described on the consolidated financial statements,
- Standards implementation date.

Standard/ Interpretation	Nature of impending change in accounting policy	Possible impact on financial statements[1]	Effective date for periods beginning as the date or after that date
1. Improvements to IFRS (2009-2011)	The *Improvements to IFRSs (2009-2011)* contains 7 amendments to 5 standards, with consequential amendments to other standards and interpretations. The main changes relate to: • repeated application of IFRS 1 – a repeated adopter that elects not to apply IFRS 1 has to apply IFRS retrospectively in accordance with IAS 8, as if it had never stopped applying IFRS • clarification that first-time adopter of IFRS choosing to apply borrowing costs exemptions should not restate the borrowing cost component that was capitalised under previous GAAP and should account for borrowing cost incurred on or after the date of transition (or an earlier date, as permitted by IAS 23) in accordance with IAS 23; • clarification that only one comparative period, which is the preceding period, is required to a complete set of financial statements; however if additional comparative information is prepared it should be accompanied by related notes and be in accordance with IFRS; • clarification that the opening statement of financial position is required only if a change in accounting policy, a retrospective restatement or reclassification has a material effect upon the information in that statement of financial position and except for the disclosures required under IAS 8, other notes related to the opening statement of financial position are no longer required. • clarification on the classification and accounting of spare parts, stand-by equipment and servicing equipment; • removal of inconsistencies between IAS 32 and IAS 12 in respect of distributions to holders of an equity instrument and transaction costs of an equity transaction, by clarification that IAS 12 applies to the accounting for income taxes relating to those transactions;	The Group is not able to prepare an analysis of the impact this will have on the consolidated financial statements until the date of initial application.	1 January 2013

(all amounts in PLN thousands, unless otherwise stated)

Standard/ Interpretation	Nature of impending change in accounting policy	Possible impact on financial statements[1]	Effective date for periods beginning as the date or after that date
	• additional disclosure required of a measure of total assets and liabilities for a particular reportable segment for interim financial reporting.		
2. Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*	These Amendments change the disclosure and restatement requirements relating to the initial application of IFRS 9 *Financial Instruments* (2009) and IFRS 9 *Financial Instruments* (2010). The amended IFRS 7 requires to disclose more details about the effect of the initial application of IFRS 9 when an entity does not restate comparative information in accordance with the amended requirements of IFRS 9. If an entity adopts IFRS 9 on or after 1 January 2013, then it will no longer be required to restate comparative information for periods prior to the date of initial application. If an entity early adopts IFRS 9 in 2012, then it has a choice either to restate comparative information or to provide the enhanced disclosures as required by the amended IFRS 7. If an entity early adopts IFRS 9 prior to 2012, then neither restatement of comparative information nor provision of the enhanced disclosures under the amended IFRS 7 are required.	The Group is not able to prepare an analysis of the impact this will have on the consolidated financial statements until the date of initial application.	1 January 2015
3. IFRS 9 *Financial Instruments (2009)*	This Standard replaces the guidance in IAS 39 *Financial Instruments: Recognition and Measurement*, about classification and measurement of financial assets. The Standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivable. Financial assets will be classified into one of two categories on initial recognition: • financial assets measured at amortised cost; or • financial assets measured at fair value. A financial asset is measured AT amortised cost if the following two conditions are met: • the assets is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and • its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. Gains and losses on remeasurement of financial assets measured at fair value are recognised in profit or loss, except that for an investment in an equity instrument which is not held for trading, IFRS 9 provides, on	The Group is not able to prepare an analysis of the impact this will have on the consolidated financial statements until the date of initial application.	1 January 2015

(all amounts in PLN thousands, unless otherwise stated)

Standard/ Interpretation	Nature of impending change in accounting policy	Possible impact on financial statements[1]	Effective date for periods beginning as the date or after that date
	initial recognition, an irrevocable election to present all fair value changes from the investment in other comprehensive income (OCI). The election is available on an individual share-by-share basis. No amount recognised in OCI is ever reclassified to profit or loss at a later date.		
4. Additions to IFRS 9 *Financial Instruments (2010)*	The 2010 additions to IFRS 9 replace the guidance in IAS 39 *Financial Instruments: Recognition and Measurement*, about classification and measurement of financial liabilities and the derecognition of financial assets and financial liabilities. The Standard retains almost all of the existing requirements from IAS 39 on the classification and measurement of financial liabilities and for derecognition of financial assets and financial liabilities. The Standard requires that the amount of change in fair value attributable to changes in the credit risk of a financial liability designated at initial recognition as fair value through profit or loss, be presented in other comprehensive income (OCI), with only the remaining amount of the total gain or loss included in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, then the whole fair value change is presented in profit or loss. Amounts presented in OCI are not subsequently reclassified to profit or loss but may be transferred within equity. Derivative financial liabilities that are linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, are required to be measured at fair value under IFRS 9.	The Group is not able to prepare an analysis of the impact this will have on the consolidated financial statements until the date of initial application.	1 January 2015
5. Amendments to IFRS 10, IFRS 11 and IFRS 12: *Consolidated Financial Statements, Joint Arrangements and Disclosure of*	The amendments: • define the date of initial application of IFRS 10 as the beginning of the annual period in which the standard is applied for the first time (1 January 2013 unless early adopted). At this date, an entity tests whether there is a change in the consolidation conclusion for its investees; • limit the restatement of comparatives to the period immediately preceding the date of initial application; this applies to the full suite of standards. Entities that provide comparatives for more than one period have the option of leaving additional comparative periods unchanged; • requires disclosure of the impact of the change in accounting policy only for the period immediately	The Group does not expect that the amendment will have a significant impact on the financial statements.	1 January 2013

Standard/ Interpretation	**Nature of impending change in accounting policy**	**Possible impact on financial statements**[1]	**Effective date for periods beginning as the date or after that date**
Interests in Other Entities: Transition Guidance	preceding the date of initial application (i.e. disclosure of impact on the current period is not required); • will remove the requirement to present comparative information disclosures related to unconsolidated structured entities for any periods before the first annual period for which IFRS 12 is applied.		

2.2. The Scope and Methods of Consolidation

2.2.1. Subsidiaries

Subsidiaries are all entities in respect of which the Group has the power to govern the financial and operating policies, generally accompanied by a majority of the voting rights. In assessing whether the Group controls a given entity, the existence and effects of potential voting rights must be assessed. On the date a Group takes control over a company, the subsidiary begins to be fully consolidated. The consolidation ceases once the Group no longer controls the entity.

Acquisitions of subsidiaries by the Group are accounted for using the purchase method. The cost of the acquisition is measured as the fair value of the consideration transferred plus any costs directly attributable to the acquisition, recognised the value of non-controlling interest in the acquiree, plus the fair value of previously held equity interest in the acquiree, less the net recognised value (fair value) of the identifiable assets acquired and assumed liabilities. Identifiable acquired assets, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date regardless of the extent of any minority interest. Excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income.

Inner-group transactions and settlements between Group companies, as well as unrealised gains on inner-group transactions have been eliminated. Unrealised losses are also subject to elimination, unless the transaction provides evidence of an impairment loss of the asset transferred.

When necessary, accounting policies of subsidiaries have been changed to ensure consistency with the accounting policies adopted by the Group.

2.2.2. Associated Entities

Associated entities are all entities over which the Group has significant influence but does not control. The Group usually possesses between 20 to 50 percent of the voting rights. Investments in associated entities are accounted for using the equity method and are initially recognised at cost.

The Group's share of its associated entities from the date of acquisition is recognised in the statement of comprehensive income, and its share of changes in other reserves from the date of purchase - in other capitals. The carrying amount of the investment is adjusted for the cumulative change in the date of acquisition. When the Group's share of losses in an associated entity equals or exceeds its interest in the associate, including any other unsecured receivables, the Group ceases to recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's participation in those entities. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred.

In order to prepare the consolidated financial statement, accounting policies of associated entities have been changed to ensure consistency with the accounting policies adopted by the Group.

2.3. Evaluation of balances presented in foreign currencies

2.3.1. Functional and presentation currency

Items included in the financial statements of the respective entities of the WSE Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of WSE Group is the Polish Zloty (PLN). The financial statements are presented in PLN thousands.

2.3.2. Transactions and balances

Foreign currency transactions are converted into the functional currency at the moment of initial recognition, using FX rates prevailing at the transaction date.

As at the year end date:

- monetary items presented in foreign currencies are converted with the closing foreign exchange rates,
- non-monetary items presented with foreign currencies valued with the historical cost are converted with exchange rates prevailing at the respective days of transactions,
- non-monetary items presented in foreign currencies at their fair values are converted with the FX rates prevailing at days of determining those respective fair values.

Foreign exchange gains and losses resulting from settlements of transactions and from the conversions of monetary assets and liabilities denominated in foreign currencies are disclosed as profit / loss of the current period.

FX rates conversion differences on non-monetary items such as equities classified as available-for-sale financial assets are disclosed as 'other comprehensive income'.

2.4. Segment reporting

An operating segment is a component of the entity, in respect of which consolidated financial information is available, serving for the top management as a resource used in the decision making process, concerning allocation of resources and performance assessment.

Following the "management approach", operating segments are reported in accordance with the internal reporting standards presented to the Parent Entity's Management Board (the chief operating decision-maker), who is responsible for allocating resources to the appropriate segments and assessing their performances.

The segments were identified based on specific service groups having homogenous characteristics.

2.5. Property, plant and equipment

Property, plant and equipment comprise of non-current assets, such as:

- held by the entity to be used in the process of providing services or for administrative purposes,
- which are expected to be used longer than one year,
- which are probable that the entity will obtain future economic benefits from,
- which values can be reliably estimated.

Property, plant and equipment comprise of:

- real estate: lands, building and structures,
- machinery, vehicles and other movable fixed assets,
- property, plant and equipment improvements,
- property, plant and equipment under construction.

Property, plant and equipment used in the process of providing services and for administrative purposes are disclosed at the historical cost, net of accumulated depreciation and impairment. Lands and property, plant and equipment under construction are not considered as a subject for depreciation.

The cost of purchase or the cost of manufacturing of the property, plant and equipment consist of the purchase price, customs duty and non-deductible taxes, net of any discounts and rebates. This amount is increased by all of the other directly attributable costs incurred in order to adapt an asset to the place and conditions necessary for commencing its use in accordance with the management's intentions.

Property, plant and equipment under construction manufactured for administrative and operational purposes are disclosed on the consolidated statement of financial position at the manufacturing cost decreased by impairment. The manufacturing cost is increased by all of the other directly attributable costs incurred in order to adapt an asset to the place and conditions necessary for commencing its use in accordance with management's intentions, excluding the costs of external financing. Depreciation of these property, plant and equipment commences when an asset is available for use in the normal course of operating activities.

Depreciation is calculated for all property, plant and equipment items, excluding lands and property, plant and equipment under construction, over their estimated useful life, taking into account their residual values and using the straight-line depreciation method. The WSE Group uses the following useful life time periods for different categories of property, plant and equipment:

Tangible fixed asset type	Depreciation Period
Buildings[1]	10-40 years
Leasehold improvements	10 years
Transportation vehicles	5 years
Computer hardware	3-5 years
Other PP&E	5-10 years
WARSET[2] Stock Exchange system	to 31 December 2012

Depreciation commences when a property, plant and equipment is available for use. Depreciation is discontinued when a property, plant and equipment is derecognised.

The individual components of a property, plant and equipment with a useful life different from that of the useful life of the entire property, plant and equipment are depreciated separately using the depreciation rates reflecting their expected useful life. Only property, plant and equipment with a significant gross book value are analysed in search for the separate components with different depreciation rates.

The depreciation method, the depreciation rate and the residual value are subjects for revaluation at each year end day. Any changes resulting from the revaluation are recorded as a change in accounting estimates prospectively.

A property, plant and equipment's carrying amount is written down to its recoverable amount if the property, plant and equipment's carrying amount is greater than its estimated recoverable amount. Impairment tests and write-downs are performed with accordance to the accounting policies set out in Note 2.7 "Impairment of property, plant and equipment and intangible assets".

A component of property, plant and equipment is derecognised when sold or when economic benefits from its

[1] The WSE also uses common areas of the "Centrum Giełdowe" building. Common areas (such as escalators, halls, corridors), owned in respective parts by the Exchange and other owners of the building, are managed by the Housing Community "Książęca 4" appointed for this purpose. The common areas of the building in the part owned by the WSE are recognised as assets in the separate financial statements. The maintenance costs incurred in respect of the use of those areas of the building (such as current maintenance, repairs and refurbishments of technical equipment and installations included in common areas, electric energy, security, administrative services etc.) are recognised in the statement of comprehensive income at the time when they incurred.

[2] Equipment related to the WARSET stock exchange system: at individually set rates taking into account the useful lives until 31 December 2012.The WARSET System will be in use until the implementation of the new transaction system – UTP.

use or disposal are no longer expected.

Gains and losses on disposal / withdrawing from use are determined as the difference between the proceeds and the net book value of a property, plant and equipment and included in the statement of comprehensive income.

2.6. Intangible assets

2.6.1. Goodwill

Goodwill is the difference between the purchase price and the fair value of the net assets of the acquired subsidiary, calculated at the acquisition date. The goodwill from the acquisition of a subsidiary is disclosed as an intangible asset. Goodwill is tested annually against potential impairment and recorded net of impairment losses. The goodwill impairment losses are not reversible. Profits and losses from a sale of a subsidiary include the carrying value of the corresponding goodwill.

For impairment testing purposes, goodwill is allocated to cash generating assets which are expected to benefit from the merger responsible for the creation of goodwill, according to the operational business segmentation.

2.6.2. Other intangible assets

Intangible assets comprise of identifiable non-monetary assets which do not have a physical form.

In particular, intangible assets comprise:

- acquired computer software,
- acquired property rights – author’s rights, related rights, licenses, concessions, rights to inventions, patents, trademarks, functional and decorative patterns and know-how.

Intangible assets are valued at the purchase cost net of accumulated amortisation and accumulated impairment losses.

Amortisation is calculated with straight-line method, over the estimated useful life of the assets. The estimated useful lives of intangible assets vary from 1 to 5 years. Intangible assets corresponding to the WARSET stock exchange system have useful life until 31 December 2012.

Amortisation commences when an intangible asset becomes available for use. Amortisation is discontinued when the intangible asset is derecognised.

The amortisation method, the amortisation rate and the residual value are subjects for revaluation at each year end day. Any changes resulting from the revaluation are recorded as a change in accounting estimates, prospectively.

Impairment tests and write-downs are performed with accordance to the accounting policies set out in Note 2.7 "Impairment of property, plant and equipment and intangible assets".

Intangible assets are derecognised when sold or when economic benefits from their use or disposal are no longer expected. Gains and losses on derecognition of intangible assets are determined by comparing net proceeds from disposal (if any) with the carrying amount of these intangible assets and they are disclosed on the statement of comprehensive income.

2.7. Impairment of property, plant and equipment and intangible assets

Intangible assets that are not ready for use are not amortised but are tested for potential impairment annually and any other time, if there are indicators supporting the possibility of impairment. Assets that are amortised are tested for impairment if there are indicators of a potential impairment.

At each year end day, the WSE Group reviews the net book amounts of property, plant and equipment to determine whether there are indicators of impairment. If such indicators are identified, the recoverable amount of an asset is estimated, in order to determine the amount of the potential impairment. If an asset does not generate cash flows that are independent from the cash flows generated by other assets, the analysis is performed for the group of assets generating cash flows (a cash generating unit) to which the asset belongs.

The recoverable amount is determined as the higher of: fair value less selling costs or the value in use. Value in use corresponds to the present value of the estimated future cash flows which would be generated by an asset (or a cash generating unit), discounted using the discount rate that takes into account the current market time value of money and the risk for a given asset.

2.8. Financial assets

2.8.1. Financial assets classification

WSE Group classifies its financial assets to the following categories: loans and receivables, available-for-sale financial assets and held to maturity financial assets. This classification is based on the reason for purchasing financial assets. The Parent Entity's Management Board determines the classification of these financial assets at their initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on the active market, other than:

- those, that the entity intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity designates at fair value through profit or loss upon initial recognition,
- those, that the entity upon initial recognition designates as available-for-sale, or
- those, which are classified as available-for-sale, and for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are classified as current assets if the maturity date is less than 12 months after the year end date. Loans and receivables with a maturity of more than 12 months after the year end date are classified as non-current assets. Loans and receivables are disclosed on the consolidated statement of financial position as "Trade and other receivables" and "cash and cash equivalents".

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are not classified in any of the other categories of financial assets. In particular, they comprise Treasury bills and shares in entities over which the Company does not exercise control or exert significant influence. They are disclosed as non-current assets unless they mature within 12 months or the Parent Entity's Management Board intends to sell them within 12 months after the year end date.

Available-for-sale financial assets also comprise funds that the parent company entrusts to external asset management companies. Such external management is a form of investing in chosen capital market instruments on behalf of a client and on his account. WSE Group own investments comprise only securities issued or guaranteed by the State Treasury, i.e. Treasury bonds and bills and money market instruments (e.g. bank deposits).

Financial assets held to maturity

Financial assets held to maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company intends and is able to hold to maturity.

Currently the WSE Group does not classify any of its financial assets as held to maturity due to the fact that in 2010 the Company sold more than an insignificant part of held to maturity investments.

2.8.2. Recognition and measurement

Standardised purchase or sale transaction of a financial asset are recognised or derecognised as at the transaction date, i.e. the day when the Company becomes obliged to buy or sell the financial asset. These assets are initially recognised at a fair value, plus transaction costs.

Financial assets available-for-sale are subsequently carried at fair value. Loans and receivables, including trade receivables, and investments held to maturity are subsequently recorded at amortised cost using the effective interest rate method, net of impairment losses.

The Company derecognises financial assets if and when contractual rights to cash flows from the financial assets expire or the Company transfers a financial asset and substantially all the risks and benefits associated with the possession of this financial asset.

The fair values of investments quoted on the active market are based on their current bid prices. If the market for a financial asset is not active (also in respect of non-listed securities), the Company determines the fair value using valuation techniques. These include the use of recent arm's length transactions, reference to transactions in other virtually identical instruments, discounted cash flow analysis and option pricing models, using market information to the maximum extent and relying on information from the entity to the minimum extent.

Fair value is determined based on the following quotations:

- Treasury bonds – exchange prices,
- Treasury bills – closing rate prices for a given date available in the Reuters service,
- Shares – exchange prices.

If available-for-sale financial assets are not quoted, they do not have a fixed maturity (equity instruments) and their fair value cannot be reliably determined, they are valued at cost, net of impairment losses.

Short-term receivables fair value is determined as their book value because they are exercised in a short time period.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are allocated between conversion differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The conversion differences on change in amortised cost are disclosed on the statement of comprehensive income, while other changes in the carrying amount are disclosed as other comprehensive income. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are disclosed as other comprehensive income.

When available-for-sale financial assets are sold or impaired, the cumulative gain or loss previously recognised as other comprehensive income is transferred to the statement of comprehensive income as gains and losses from investment securities.

Interest on available-for-sale securities calculated using the effective interest method is disclosed on the statement of comprehensive income as a part of financial income. Dividends from equity instruments available-for-sale are disclosed on the statement of comprehensive income as financial income, when the Company acquires the rights to the respective payments.

Interest on financial assets classified as **loans and receivables** and financial assets held to maturity are subsequently measured at amortised cost using the effective interest rate method and recognised on the statement of comprehensive income as financial income.

Purchased buy-sell-back securities (transactions with a sell promise) are recognised as receivables, which are secured by possession of themselves. Differences between buy and sell price are determined as an interest, which is calculated using amortised cost method over the time of a contract.

2.8.3. Impairment of financial assets

At each year end date, the WSE Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of financial assets classified as available-for-sale, when determining impairment of securities, a significant or prolonged decline of a given security's fair value below cost, financial situation and possibilities of further development of an issuer are taken into account as well as the influence of political and economical situation in issuer's home country. If such evidence exists in respect of available-for-sale financial assets, total current losses – determined as the difference between the purchase price and current fair value, less possible losses resulting from impairment recognised earlier on the statement of comprehensive income – are excluded from other comprehensive income and disclosed on the statement of comprehensive income. Losses from the impairment of equity instruments recognised earlier on the statement of comprehensive income are not reversed through the financial result.

If there is an evidence of a possible impairment of investments held to maturity measured at amortised cost, the amount of impairment is determined as the difference between the asset's carrying value and the present value of estimated cash flows discounted at the original effective group of assets interest rate.

If the indications of impairment cease to exist, impairment losses are reversed:

- through the profit or loss of the current period – in the case of financial assets classified as investments held to maturity and available-for-sale financial assets which are debt securities;
- through other reserves – in the case of available-for-sale financial assets which are equity instruments.

Impairment loss on trade receivables are created when there is sufficient evidence that the WSE Group will not be able to collect all of the amounts that were due to the original terms of the receivables.

Significant financial difficulties, probability of bankruptcy, delays in payments (more than 180 days) are all considered indicators that the trade receivables are impaired. The amount of the provision is the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted at the effective interest rate method.

Bad debts and allowances for doubtful receivables are written off through the profit or loss of the current period.

Receivables are written off from the consolidated statement of financial position when their un-collectability has been documented:

- provision for uncollectible recognised by the creditor as corresponding with the facts, issued by the appropriate authority of enforcement, or
- court decision rejecting an application for bankruptcy liquidation of assets, the assets of the insolvent debtor is not sufficient to cover the costs of the proceedings, or discontinue the bankruptcy proceedings involving the liquidation of assets, the debtor's assets are insufficient to satisfy the claims of creditors or the completion of bankruptcy proceedings involving the liquidation of assets, or
- Protocol stating that the anticipated costs associated with the process and execution of debt recovery would be equal to or greater than the amount stated,

2.9. Other receivables

Other receivables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest rate method, net of impairment losses. Other receivables comprise mainly of prepayments, deferred costs and payments for the rights to perpetual usufruct of land.

Prepayments and deferred cost items are recorded when expenditures incurred relate to goods or services to be received in future periods. Prepayments and deferred costs comprise:

- long-term balances relating to future reporting periods, more than 12 months from the reporting date, and
- short-term balances relating to future reporting periods, up to 12 months from the reporting date.

Prepayments and deferred costs are recognised on the statement of comprehensive income over the life of the relevant contract.

2.10. Inventories

Inventories are disclosed at the purchase or acquisition cost, not higher than their net realisable value. As at the year end date, materials are stated at the lower of purchase price and net realizable value, less impairment losses. Impairment losses are charged to other operating expenses.

2.11. Cash and cash equivalents – recognised in the statements of cash flows

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.12. Equity of the Group

The Company's equity comprises:

- share capital of the Parent Entity disclosed at par, adjusted for hyperinflation,
- other reserves, including the revaluation reserve,
- retained earnings, comprise of:
    - retained earnings from prior years (comprising supplementary capital and other reserves formed from prior year profits), and
    - financial result for the current period.

In accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies", equity items (except for retained earnings and any surpluses on revaluation of assets) have been restated using the general price index beginning from the date on which a given equity item was contributed or otherwise formed, for the period in which the economy in which the Company carries out its operations was a hyperinflationary economy, i.e. until 31 December 1996. The effect of recalculating the appropriate equity items using the inflation ratios was reflected in retained earnings and is presented in Note 15.3.

2.13. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

2.14. Bond issue liabilities

WSE issues corporate bonds. Liabilities resulting from issuance of bonds are financial instruments (bonds, series A and B) with variable interest rates. At the year end date, they are priced at the amortised cost using the effective interest rate method, so at the purchase price (that the instrument was recognised for the first time), less the payment of its face value, adjusted by accumulated discounted difference between its beginning value and its value at the new interest period, calculated with effective interest rate method.

2.15. Financial liabilities

Financial liabilities at the reporting date are valued at amortised cost. The valuation is based on cost at which the liability was initially recognised, less the repayment of the nominal value, adjusted by the cumulative amount of the discounted difference between the initial value and its maturity value. For instruments with variable interest rates, in relation to the next agreed re-pricing (on which the interest rate is determined), calculated using the effective interest rate. The effective interest rate is the internal rate of return (IRR) of the liability, which is used for discounting future cash flows of the financial instrument to the present value.

2.16. Contingent liabilities

A contingent liability is:

- a possible obligation resulting from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not fully under the entity's control, or
- a present obligation resulting from past events, which however is not recorded in the consolidated financial statements because:
  - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or
  - the amount of the obligation cannot be reliably determined.

2.17. Income tax

Income tax comprises of current and deferred tax.

Current income tax is calculated on the basis of net taxable income for a given financial year determined in accordance with the binding tax regulations and using the tax rates provided in those regulations. Net taxable income (loss) differs from accounting profit (loss) for the year due to excluding taxable income and deductible costs relating to future periods as well as cost and income items that would never be deductible or taxable.

Deferred tax is calculated using the liability method as tax payable or reimbursable in the future in respect of differences between carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax amounts used for the calculation of the tax base.

The deferred tax provisions are recorded in the full amount and are not subject for discounting.

Deferred tax assets are recognised to the extent that it is probable that the future taxable income will be available, for which the temporary differences could be utilised.

The amount of the deferred tax asset is analysed at each year end date, and it is written down if the expected future taxable income or taxable temporary differences are not sufficient to utilise the asset in full.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. The deferred tax is recognised on the statement of comprehensive income for the given period unless the deferred tax relates to transactions or events recognised in other comprehensive income or directly in equity, when it is also recognised as other comprehensive income or directly in equity.

Deferred tax assets and liabilities can be offset when the Group’s companies have an enforceable right to offset their current income tax receivables and liabilities and when the deferred tax assets and liabilities relate to income tax imposed on the same tax-payer by the same tax authorities.

2.18. Employee benefits

In accordance with the remuneration system, employees of the parent company are entitled to jubilee bonuses, retirement benefits, holiday pay and social security contribution. Retirement benefits are one-off payments, being the multiplication of monthly remuneration (within a range from 100% to 500%, depending on the period of service and number of months remaining to retirement age).

Employer contribution to state pension schemes is charged as a profit or loss for the period as to which the contribution relates to.

WSE Group makes provision for liabilities on account of retirement benefits and jubilee bonuses determined on the basis of an estimation of liabilities of that type, using an actuarial model. All provisions formed are charged to the statement of comprehensive income.

The Group makes provision for liabilities arising from unused annual leave (taking into account all outstanding unused holiday days), from damages and severance payments made to those employees whose employment contracts are terminated for reasons independent of the employee, and for the employee compensation costs incurred in the current period which will be paid out in future periods, including bonuses.

Provisions for retirement benefits and jubilee bonuses are recorded on the basis of the assumptions described in details in the Note 17.

Furthermore, the parent entity has an incentive scheme, according to which, depending on the results, the employees have the right to annual bonuses dependant on the net profit and employee individual performance. The Group sets up provisions for bonuses in order to assign costs to the periods to which they relate. Provisions are estimated according to the best knowledge of the entity's Management Board concerning probable bonuses to be paid, based on the incentive scheme for salaries.

The parent entity pays contributions for the Employees' Pension Fund, to which employees belong voluntarily based on an agreement. After payment of the contributions, WSE Group has no further obligations to make payments in respect to the payment to the Fund. These contributions are charged to costs of employee benefits as they are incurred. Paid pension contributions are recognised as cost of the period they relate to.

2.19. Provisions

Provisions are recorded when the Group has a current (legal or constructive) obligation resulting from past events and it is probable that settling the obligation will result in an outflow of resources embodying economic benefits and the amount of the obligation can be reliably estimated.

Provisions are recorded in particular against the following (if the above-mentioned conditions for recording a provision have been met):

- results of pending litigation and disputes,
- future employee benefits, and
- restructuring costs.

Provisions are recorded based on WSE Group Management Board's best estimates of the expenditure necessary to settle the current obligation at the year end date. If the effect of changes in the time value of money is material, the provision corresponds to the present value of expenditure, which as expected would be necessary to settle the obligation.

2.20. Revenue recognition

2.20.1. Sales revenue

Sales revenue is recognised when it is likely that economic benefits will flow to the Group from transactions and the amount of revenue can be reliably measured. Sales revenue is recognised at the fair value of the consideration received or due, representing receivables for services provided in the course of ordinary business activities. Sales revenue is recognised at the time the services representing the Group's core activities are provided.

Sales revenue consists of three main business segments:

- Financial market,
- Commodity market,
- Other revenue.

Sales revenue from **financial market** consists of:

- Revenue from trading:
  Trading revenue consists of the fees collected from WSE members on the basis of WSE Regulations. Trading fees are the main revenue item in this category. Trading commission depends on the size, value, turnover and type of instrument being traded. In addition to trading commissions, lump sum fees are collected to enable the trading and to provide access to the information systems of the Stock Exchange. Revenue from trading of a subsidiary Bondspot from its debt securities is also included in this category.
- Revenue from listing:
  Listing comprises the revenue collected from the issuers on the basis WSE Regulations. Fees for the listing of securities are the main revenue item in this category. The annual listing fee depends on the market value of trading securities issued by particular companies. In addition, lump sum fees are collected from issuers for admission and for introducing securities to the exchange market and for submitting the relevant applications for this admission and introduction of securities. Revenue from issuers of debt securities possessed by a subsidiary Bondspot is also included in this category.
- Revenue from information services:
  Revenue from information services consist of revenue earned on the sale of stock exchange information: real-time stock exchange data and statistical and historical data in the form of: a statistical e-mail bulletin, electronic publications, calculation of indices, index licenses and other calculations. The sale of stock exchange information is based on separate agreements signed with stock exchange data distributors, stock exchange members and other organizations, mainly financial institutions. Revenue from the sale of information systems belonging to a subsidiary Bondspot is also included in this category.

Sales revenue from the **commodity market** consist of the transaction and membership (electric energy market) fees collected by the parent entity from WSE members on the basis of Trading Regulations. In addition, revenues from the TGE Group's markets and WSEInfoEngine's activities as a trading and technical-trading operator are included in this category.

Other revenue is earned on other services provided by the Group. In this category, the following services are included: advertising (sponsoring), office space rental fees and training courses on the stock exchange market organised according to needs. Additional sales revenues are recognised from the Group's subsidiaries, WSEInfoEngine and WSE Research S.A. from data transmission and IT services.

2.20.2. Financial income

Financial revenues comprise of: gains on financial assets, revenue from interest income of financial instruments available-for-sale and held to maturity, as well as dividend income.

Interest income is recognised on a time-proportionate basis using the effective interest rate method. Dividend income is recognised at the moment of establishing the shareholders' right to receive the payment.

2.21. Bond issue expenses recognition

As an issuer of bonds, WSE is charged with the costs related to the handling of the debt. Interest periods for bonds A and B are semi-annual. Interest is calculated using the effective interest rate method. Each time there are changes in the interest rate, the Company determines a new effective interest rate that will be in effect immediately.

2.22. Leases

A lease agreement is classified as a finance lease when the terms of the agreement transfer substantially all risks and rewards of ownership to the lessee. All remaining leases are treated as operating leases.

2.22.1. Group as lessee – operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. If it is not expected that the legal title of the leased land will be transferred to the lessee before the end of the lease term of land, is classified as an operating lease. In particular, operating lease agreements comprise rights to perpetual usufruct of land owned by the State Treasury.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the leases.

2.22.2. Group as lessee – financial lease

Finance leases are capitalised at the commencement of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between (deducted from) the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included as finance lease liabilities. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

3. Financial risk management

3.1. Financial risk factors

The Warsaw Stock Exchange Group's activities expose it to a variety of financial risks. The Group is subject to the following financial risks: market risk (including cash flow and fair value interest rate risk, currency risk and price risk), credit risk and liquidity risk. WSE Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise any potential adverse effects on the Group's financial performance. The parent entity's Management Board is responsible for risk management within the Group. WSE Group has dedicated departments, responsible for ensuring its liquidity, including foreign currency liquidity, debt collection and timely payment of liabilities, particularly tax liabilities.

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3.2. Market risk

3.2.1. Cash flow and fair value interest risk

WSE Group is moderately exposed to interest rate risk. WSE Group has short-term and long-term assets which interest terms and profitability were determined at the inception of contracts.

In the case of rising interest rates, WSE Group's cash flow increases based on the higher interest from assets with variable interest rates. On the other hand, WSE Group's assets with fixed interest rates decrease their fair value and have no impact on the cash flow. As a result of fluctuations in interest rates, profitability and fair value valuations are the subject of decreasing fluctuations along with the shortening time to their maturity.

The parent entity minimises interest rate risk by maintaining a low average duration period for the entire Treasury bond portfolio – below three years. In the case of an increase in interest rates, WSE Group obtains higher deposit interest rates and the cash flows increase, and at the same time the fair value of the bonds decreases.

Based on the sensitivity analysis performed, a decrease/increase in the market interest rate of 0.50 percentage points (assuming no other changes) would result in 2012 in a decrease/increase in the net profit and cash flows of PLN 639 thousand and an increase/decrease in the revaluation reserve of PLN 139,6 thousand. Accordingly decrease/increase in interest rates of 0,50 percentage point (assuming no other changes) respectively would have resulted in 2011 in a decrease/an increase in the net profit and cash flows of PLN 312 thousand and an increase/ a decrease in the revaluation reserve of PLN 326 thousand.

The parent entity is also an issuer of bonds with variable interest rates. In the case of an increase in interest rates, WSE will be obligated to pay out interest coupons with the higher value, and in the case of a decrease in interest rates the value of those coupons will be lower.

Detailed information on Group's exposure to interest risk is presented in Note 11.

(all amounts in PLN thousands, unless otherwise stated)

3.2.2. Foreign Exchange risk

WSE Group has moderate foreign exchange risk. However, because of the purchase and implementation of the new transaction system UTP, Entity's Management Board decided to secure cash flows related to that transaction. Details are presented in the Note 3.6.

In addition, as at 31December 2012, the entity Bondspot was in possession of the forward contract for the sale of the EUR currency in the amount of € 50 thousand. The contract was purchased on 3 December 2012, with the maturity date of 7 January 2012, at the exchange rate of 4.1270 €/PLN, which gives PLN 206,350 thousand. The valuation of the contract at 31 December 2012 shows a net profit of PLN 1,790 thousand.

Based on the result of sensitivity analysis to average exchange rates changes performed at 31 December 2012, the impact of a 10% decrease/increase in average EUR currency exchange rate (i.e. PLN 0.4088; assuming no other changes) would result in a change in net profit for 2012 of PLN 356 thousand. Based on the result of sensitivity analysis to average exchange rates changes performed as at 31 December 2011, the impact of a 10% decrease/increase in average EUR currency exchange rate (i.e. PLN 0,41; assuming no other changes) results in a change in net profit for 2011 of PLN 5,626 thousand.

The table below summarises the WSE Group's exposure to FX rates:

	Balance as at 31 December 2012				
	PLN	**EUR**	**USD**	**Inne**	**Razem**
Available-for-sale treasury bonds	10,968	-	-	-	**10,968**
Cash and cash equivalents	320,878	58,005	-	-	**378,883**
Trade receivables	28,923	4,442	-	1	**33,366**
Total financial assets	**360,769**	**62,447**	**-**	**1**	**423,217**
Trade liabilities	3,993	233	101	(43)	**4,284**
Liabilities on bonds issue	243,205	-	-	-	**243,205**
Finance lease liabilities	717	-	-	-	**717**
Dividends payable	159	-	-	-	**159**
Total financial liabilities	**248,074**	**233**	**101**	**(43)**	**248,365**
Net balance (assets-liabilities)	**112,695**	**62,214**	**(101)**	**44**	**174,852**

	Balance as at 31 December 2012				
	PLN	**EUR**	**USD**	**Inne**	**Razem**
Available-for-sale treasury bonds	67,178	-	-	-	**67,178**
Cash and cash equivalents	225,759	65,326	-	-	**291,085**
Trade receivables	17,625	4,608	-	11	**22,244**
Total financial assets	**310,562**	**69,934**	**-**	**11**	**380,507**
Trade liabilities	10,278	(585)	786	37	**10,516**
Liabilities on bonds issue	170,226	-	-	-	**170,226**
Dividends payable	127	-	-	-	**127**
Total financial liabilities	**180,631**	**(585)**	**786**	**37**	**180,869**
Net balance (assets-liabilities)	**129,931**	**70,519**	**(786)**	**(26)**	**199,638**

(all amounts in PLN thousands, unless otherwise stated)

3.2.3. Price risk

WSE Group is exposed to debt and equity securities price risk because of investments held and classified in the separate statements of financial position as available-for-sale. WSE Group is not exposed to any commodity price risk.

Debt securities purchased by WSE Group have a fixed redemption price and are characterised by low risk. Possible changes to their market prices are determined by the changes in interest rates, the impact of which is presented in note 3.2.1 above.

3.3. Credit risk

Credit risk is defined as a risk of occurrence of losses due to counterparty's default of payments to WSE or as a risk of decrease in economic value of amounts due to the Group as a result of deterioration of counterparty's ability to repay liabilities.

The credit risk connected with trade receivables is restricted by the parent entity's Management Board by setting limits and an assessment of the clients' credibility.

WSE Management Board's resolutions, which are binding on the WSE Group, set payment dates that differ depending on groups of clients. The payment dates are 21 days for most clients. The payment terms for recipients of stock exchange news bulletins are mostly 60 days. WSE has a procedure of collecting receivables based on which amounts due are collected.

The reliability of clients is verified in accordance with WSE's regulations and with capital market general laws concerning issuers of securities and stock exchange participants.

Financial assets held by the Group are presented in the table below.

	As at 31 December	
	2012	**2011**
Available-for-sale financial assets	**11,301**	**68,446**
Long-term	11,183	11,795
Short-term	118	56,651
Loans and receivables	**412,228**	**313,319**
Trade receivables	33,366	22,244
Bank deposits and current accounts (included in cash and cash equivalents)	378,862	291,075
Total financial assets	**423,529**	**381,765**

Based on the decision of Group's parent entity Management Board, the portfolio of debt securities comprises only of securities issued or guaranteed by the State Treasury (rating A2 according to Moody's). In this way, the risk of loss is minimised. Buy-sell-back transactions also cover only bonds issued by State Treasury.

In the case of banks and financial institutions (concerning term deposits, bank accounts and buy-sell-back transactions) only entities with a good rating (stable financial standing) are acceptable (being in the range between A2 and Baa2 according to Moody's rating).

The maximum exposure of WSE Group to credit risk is reflected in the value of trade receivables, loans granted, deposits held and the value of the portfolio of purchased debt securities.

WSE Group's exposure to credit risk is presented in the following table:

(all amounts in PLN thousands, unless otherwise stated)

	Balance as at 31 December	
	2012	2011
Trade and other receivables (included in financial assets)	33,366	22,244
Debt securities (available-for-sale treasury bonds and bills)	10,968	67,182
Bank deposits and current accounts	378,862	291,068
Total	**423,196**	**380,494**

3.4. Liquidity risk

An analysis of the WSE Group's financial position shows that WSE Group is not significantly exposed to the liquidity risk.

An analysis of the structure of the WSE Group's assets shows a considerable share of liquid assets, and thus, a very good position of the WSE Group in terms of liquidity. Cash and debt securities owned by the WSE Group as at 31 December 2012 amounted to PLN 378,883 thousand (as at 31 December 2011: PLN 358,283 thousand) representing 39.5% of the total assets (as at 31 December 2011: 48.89%).

The analysis of the structure of equity and liabilities shows the following shares of equity in financing the WSE Group's operations. Equity as at 31 December 2012 comprised 57.9% of WSE's total liabilities and equity (31 December 2011: 71.56%).

WSE Group's Management Board monitors, on a current basis, forecasts of WSE Group's liquidity funds on the basis of contractual cash flows, based on the current interest rates.

Liquidity analysis based on the contractual cash flows is presented in the following tables:

(all amounts in PLN thousands, unless otherwise stated)

	Balance as at 31 December 2012						
	Up to 1 month	1-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	Total
Available-for-sale treasury bonds and treasury bills	-	-	-	625	11,250	-	**11,875**
Bank deposits and current accounts and cash in hand*	322,460	20,097	12,000	24,326	-	-	**378,883**
Trade receivables and dividends	29,589	3,777	-	-	-	-	**33,366**
Total assets	**352,049**	**23,874**	**12,000**	**24,951**	**11,250**	**-**	**424,124**
Trade liabilites	4,284	-	-	-	-	-	**4,284**
Liabilities on bonds issue	-	-	-	12,912	283,938	-	**296,850**
Finance lease liabilities	27	55	84	170	381	-	**717**
Loans and borrowings	13	-	-	-	-	-	**13**
Dividends and other payables**	121,648	-	-	-	-	-	**121,648**
Total liabilites	**125,972**	**55**	**84**	**13,082**	**284,319**	**-**	**423,512**
Liquidity gap	**226,077**	**23,819**	**11,916**	**11,869**	**(273,069)**	**-**	**612**

**Deposits in the amount of PLN 121,489 thousand as at 31 December 2012 are cash restricted funds (guarantee fund in the IRGiT company security transactions in the energy market)*
*** Position includes dividends payable and obligations of the Security Fund IRGiT execution of transactions on the regulated market that was created by IRGiT S.A., in accordance with Article 68d of the Act of 29 July 2005 on trading in financial instruments in the amount of PLN 121 489 thousand.*

	Balance as at 31 December 2011						
	Up to 1 month	1-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	Total
Available-for-sale treasury bonds and treasury bills	-	-	-	58,625	11,875	-	**70,500**
Bank deposits and current accounts	291,085	-	-	-	-	-	**291,085**
Trade receivables and dividends	21,135	673	434	2	-		**22,244**
Total assets	**312,220**	**673**	**434**	**58,627**	**11,875**	**-**	**383,829**
Trade liabilites	10,201	167	92	29	27	-	**10,516**
Liabilities on bonds issue	-	-	-	10,727	36,686	175,338	**222,751**
Finance lease liabilities	5	15	15	26	66	-	**127**
Total liabilites	**10,206**	**182**	**107**	**10,782**	**36,779**	**175,338**	**233,394**
Liquidity gap	**302,014**	**491**	**327**	**47,845**	**(24,904)**	**(175,338)**	**150,435**

3.5. Capital management

The parent entity considers capital as its total equity. The equity maintained is compliant with the Commercial Code; there are no other external capital requirements.

WSE Group's objectives when managing capital are to safeguard the entity's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The WSE Group maintains sufficient liquid financial means in order to settle its liabilities in a timely manner. The risk of delays in settlements is minimal.

WSE Group's capital management policy is derived from annually reviewed assumptions. These form the basis of the rules of conduct in this regard in a given financial year and are formalised by parent entity's Management Board Resolutions.

The basic criteria for selecting financial instruments and their structure are the security of investments and, secondly, their profitability due to the fact that WSE is an institution of a public trust. WSE invests its free cash in short-term, highly liquid instruments (bank deposits, repo transactions in Treasury bills, Treasury bills and bonds) and long-term instruments (Treasury bonds). The cash invested in short-term instruments is maintained on a level which ensures paying the dues resulting from WSE's current operations and covering the investment expenditures. In order to mitigate the interest rate risk, free funds are invested so that the average-weighted WSE liquid funds' duration falls within 3-year bracket. The results of the cash management are reported to the WSE's Management Board on a current basis.

3.6. Hedge accounting

WSE Group's Management Board declared a new security measure in regards to cash payments for all new transaction system contracts. To secure all contractual related expenses, the entity began collecting all EUR currency related transactions on separate bank accounts. The foreign currency is derived from operating activities with foreign contractors. On 1 January 2012, the entity was in possession of the entire EUR currency amount needed to compensate future provision for the purchase of the new transaction systems. The currency is held as short-term bank deposits, as well as, cash and cash equivalents in the bank account. Due to the fact, that the stated EUR currency resources are meant for compensating future payments, the Company decided to classify these funds as a hedging instruments which would secure the risk of fluctuating currency exchange in future provision payments.

Lack of a hedge account for the funds in foreign currency could lead to significant currency exchange fluctuations for the contractual obligation.

Due to the fact, that the contractual amount for the purchases of the new transaction systems is expressed in EUR currency, and payments are due in separate future amounts, a high risk of fluctuating currency exchange exists. The fluctuating currency prices could lead to a significant increase in the costs related to the hedged item.

Using such hedge accounting, the entity would be completely neutral to future fluctuating currency exchange. The amount set to compensate future provision payments in foreign currency today would be equal to the amount in the future.

It is established, that the security measure will last from 1 January 2012 till 31 December 2014. The end date could change only if the last contractual payment related to the hedged item would be compensated in an earlier period before 31 December 2014.

The level of effectiveness is considered high when the estimate ratio of the change in the fair value of the hedged position to the change in value of the hedging instrument falls between 80 and 125 percent.

Ex-ante test was conducted as a compliance test for the key elements of the contract. The analysis shows that the basic conditions of the hedging instrument and future highly probable hedged transaction are the same, so it is highly likely that there will be a full offset changes in cash flows attributable to the hedged risk, both at inception and in the later period.

The value of funds held in a bank account and bank deposits relates to the same amounts of currency, at the same time and location as the planned hedged transaction

Due to the fact that key elements of the agreement are fully satisfactory, the entity expects that the hedge will be effective.

Due to the progress of work and the fact that, since 1 January 2012, there were partial payments related to the contract with regards to the payment schedule, the hedged transactions are highly probable.

4. Critical judgments and accounting estimates

Estimates and accounting judgments are subject to ongoing verification. Estimates and judgments adopted for the purpose of preparing the consolidated financial statements are based on historical experience, predictions and analyses of future events, which to the best knowledge of WSE's Management Board are believed to be reasonable in that situation.

4.1. Economic useful life for property, plant and equipment and intangible assets

The Company determines the estimated economic useful life and depreciation and amortisation rates for property, plant and equipment and intangible assets. These estimates are based on the anticipated periods for using the individual groups of property, plant and equipment and intangible assets. The adopted economic useful life may undergo considerable changes as a result of new technological solutions appearing on the market, plans of WSE's Management Board or their intensive use.

As at 31 December 2012 and 31 December 2011, the depreciation and amortisation rates adopted by the Company reflected the economic useful life of non-current assets.

4.2. Valuation of fair value of financial assets held to maturity

The Company estimates the fair value of financial assets held to maturity. Currently, the Company does not classify any of its financial assets as held to maturity.

4.3. Calculation of allowance for receivables

Detailed information on the method of calculation of allowance for trade receivables is presented in the Note 2.8.3., whereas detailed information on allowances made for receivables is presented in the Note 12.

4.4 Goodwill impairment test

The cash flow generating unit, to which goodwill has been allocated, is the subject of annual impairment analysis tests. They are conducted using DCF method based on the financial forecasts, which are based on a number of assumptions, from which some (those relating to the macroeconomic environment) are beyond control of the Group.

Detailed information about impairment assumptions are presented in the Note 6.

(all amounts in PLN thousands, unless otherwise stated)

5. Property, plant and equipment

Tables below present the net book values for each category of property, plant and equipment:

	Year ended 31 December 2012				
	Land and buildings	**Vehicles and machinery**	**Furniture, fittings and equipment**	**Property, plant and equipment under construction**	**Total**
Net carrying value - opening balance	**91,657**	**18,902**	**1,527**	**16,586**	**128,672**
Additions	-	637	1,038	11,807	**13,482**
Additions arising from acquisition of TGE	28	1,016	1,759	-	**2,803**
Reclassification	563	3,792	72	(4,427)	-
Disposals	-	(589)	(60)	-	**(649)**
Depreciation charge (Note 21)	(2,587)	(7,656)	(950)	-	**(11,193)**
Net carrying value - closing balance	**89,661**	**16,102**	**3,386**	**23,966**	**133,115**
Balance as at 31 December 2012					
Gross carrying value - opening balance	120,079	70,614	10,370	23,966	**225,030**
Accumulated depreciation	(30,418)	(54,512)	(6,984)	-	**(91,915)**
Net carrying value	**89,661**	**16,102**	**3,386**	**23,966**	**133,115**

	Year ended 31 December 2011				
	Land and buildings	**Vehicles and machinery**	**Furniture, fittings and equipment**	**Property, plant and equipment under construction**	**Total**
Net carrying value - opening balance	**94,296**	**19,534**	**1,794**	**3,892**	**119,516**
Additions	-	496	60	20,160	**20,717**
Reclassification	335	6,996	130	(7,461)	-
Disposals	(67)	(42)	-	(5)	**(114)**
Depreciation charge (Note 21)	(2,907)	(8,082)	(457)	-	**(11,446)**
Net carrying value - closing balance	**91,657**	**18,902**	**1,527**	**16,586**	**128,672**
Balance as at 31 December 2011					
Gross carrying value - opening balance	119,484	72,532	5,782	16,586	**214,384**
Accumulated depreciation	(27,827)	(53,630)	(4,255)	-	**(85,712)**
Net carrying value	**91,657**	**18,902**	**1,527**	**16,586**	**128,672**

(all amounts in PLN thousands, unless otherwise stated)

6. Intangible assets

Table below presents changes in the net book values of intangible assets categories.

	Year ended 31 December 2012			
	Licences	**Copyrights**	**Goodwill**	**Total**
Net carrying value - opening balance	**25,802**	**2,298**	**32,521**	**60,621**
Additions	15,139	-	-	15,139
Addittions arising from acquisition of	1,765	-	147,792	149,557
Disposals	(2,437)	(17)	(7,946)	(10,401)
Amortisation charge (Note 21)	(4,652)	(719)	-	(5,371)
Net carrying value - closing balance	**35,617**	**1,562**	**172,366**	**209,545**
Balance as at 31 December 2012				
Gross carrying value - opening balance	113,860	3,827	180,312	297,999
Impairment	-	-	(7,946)	(7,946)
Accumulated amortisation	(78,243)	(2,265)	-	(80,507)
Net carrying value	**35,617**	**1,562**	**172,366**	**209,545**

	Year ended 31 December 2011			
	Licences	**Copyrights**	**Goodwill**	**Total**
Net carrying value - opening balance	26,367	1,279	32,521	60,167
Additions	3,089	1,539	-	4,628
Disposals	-	-	-	-
Amortisation charge (Note 21)	(3,654)	(520)	-	(4,174)
Net carrying value - closing balance	**25,802**	**2,298**	**32,521**	**60,621**
Balance as at 31 December 2011				
Gross carrying value - opening balance	88,825	3,644	32,521	124,990
Accumulated amortisation	(63,023)	(1,346)	-	(64,369)
Net carrying value	**25,802**	**2,298**	**32,521**	**60,621**

The useful life of intangible assets related to WARSET exchange system was determined until 31 December 2012. As at 31 December 2012 the net book value of intangible assets with respect to the WARSET exchange system amounted to PLN 0 (31 December 2011: PLN 1,172 thousand). WARSET will be in use until implementation of the new UTP transaction system.

At 31 December 2012 the value of the firm, in the amount of PLN 172,366 thousand, consist of:

- goodwill in the amount of PLN 22,986 thousand arising from acquiring control over Bondspot S.A.,
- goodwill in the amount of PLN 1,589 thousand arising from acquisition of WSEInfoEngine and Electricity Trading Platform (Platforma Obrotu Energią Elektryczną – POEE),
- goodwill in the amount of PLN 147,792 thousand arising from acquiring control over Towarowa Giełda Energii S.A. (TGE),

As at 27 December 2012, WSE Group’s Management Board has decided to discontinue organizing trading commodities at **POEE Rynek Energii** WSE (WSE Energy Market “POEE”) as at the end of the first quarter of 2013. The decision stems from WSE Group’s strategy, which involves the focus on trade in goods on the markets organised by Towarowa Giełda Energii S.A. (Energy Exchange Market). On 8 February 2012, the WSE Group’s Management Board decided to make impairment on the goodwill of POEE. As a consequence, at 31 December 2012 a POEE goodwill impairment loss write off was recognised, which amounted to PLN 7,946 thousand. The amount was included in the other expenses of the Group. As at 31 December 2012, the value of the company (POEE), which was not written off, amounted to PLN 1,589 thousand. This value is assigned to the operations of commercial and technical trade by conducted by WSEinfoEngine S.A.

As at 31 December 2012, impairment test of goodwill arising from the acquisition of an organised part of the enterprise ELBIS Sp. z o.o. – Platforma Obrotu Energią Elektryczną ("Electricity Trading Platform", "POEE") by the Company WSEInfoEngine S.A. was performed by the estimation of the useful value, using the discounted cash flow method (DCF) for the five year period 2013-2017.

Valuation was performed with the following assumptions:

- weighted average cost of capital (WACC) – 10.56%,
- average annual increase in sale revenue for the analyzed period – 10.0%,
- average annual increase in operating expenses for the analyzed period – 6.6%.

The analysis includes cash flows, which are based on the following categories of revenues and expenses:

- revenue from Trading Operator,
- revenue from Trading and Technical Operator,
- expenses from operating activities of the OH segment (materials and energy, external services, taxes and fees, wages, company's social fund, other expenses).

Based on the test, Management Board of the parent entity did not identify impairment on the goodwill of POEE Rynek Energii WSE as at 31 December 2012.

As at 31 December 2011, impairment test of goodwill arising from the acquisition of an organised part of the enterprise – Platforma Obrotu Energią Elektryczną ("Electricity Trading Platform", "POEE") was performed using the discounted cash flow method (DCF) for the period 2012-2017. Based on the test, Management Board of the parent entity has not identified impairment on the goodwill of POEE Rynek Energii WSE as at 31 December 2011.

Impairment test of goodwill arising from the acquiring control over the entity **Bondspot S.A.**, as at 31 December 2012, was conducted by valuating the useful value using the discounted cash flow (DCF) method for the five year period 2013-2017.

Valuation was performed with the following assumptions:

- weighted average cost of capital (WACC) – 9.71%,
- average annual increase in sale revenue for the analyzed period – 9.1%,
- average annual increase in operating expenses for the analyzed period – 4.0%.

The analysis includes cash flows, which are based on the following categories of revenues and expenses:

- fees from members and participants of the regulated over-the-counter market (Regulowany Rynek Pozagiełdowy) and alternative trading system (Alternatywny System Obrotu) with fixed and transaction fees,
- fees from issuers of securities on the regulated over-the-counter market (Regulowany Rynek Pozagiełdowy) and alternative trading system (Alternatywny System Obrotu),
- revenues from the Treasury Bondspot Poland market,
- revenues from information services,
- expenses from operating activities (materials and energy, external services, taxes and fees, wages, company's social fund, other expenses).

Based on the analysis conducted, WSE's Management Board did not identify Bondspot S.A. goodwill to be the subject for impairment, as at 31 December 2012.

(all amounts in PLN thousands, unless otherwise stated)

Impairment test of goodwill arising from the acquiring control over the entity Bondspot S.A**.**, as at 31 December 2011, was conducted by valuating the useful value using the discounted cash flow (DCF) method for the five year period 2012-2017. Based on the analysis conducted, WSE's Management Board did not identify Bondspot S.A. goodwill to be the subject for impairment, as at 31 December 2011.

The Impairment test of goodwill arising from the acquisition of **Grupa Kapitałowa TGE**., as at 31 December 2011, was conducted by valuating the useful value using the discounted cash flow (DCF) method for the five year period 2013-2017.

Valuation was performed with the following assumptions:

- weighted average cost of capital (WACC) – 9.71%,
- average annual increase in sale revenue for the analyzed period – 10.2%,
- average annual increase in operating expenses for the analyzed period – 6.3%,

The analysis includes cash flows, which are based on the following categories of revenues and expenses:

- revenue from electric energy trading at spot and futures market,
- revenue from trading with property rights and certificates of origin,
- other fees from participants,
- revenue from the registry of certificated of origin,
- revenue from transactions,
- expenses from operating activities (materials and energy, external services, taxes and fees, wages, company's social fund and other expenses).

Based on the analysis conducted, WSE's Management Board did not identify TGE Group to be the subject for impairment, as at 31 December 2012.

7. Investments in associates

As at 31 December 2012, WSE was in possession of investments in the following associated entities: Krajowy Depozyt Papierów Wartościowych S.A., and Centrum Giełdowe S.A.

As at 31 December 2011, WSE was in possession of investments in the following associated entities: Krajowy Depozyt Papierów Wartościowych S.A., Centrum Giełdowe S.A., and INNEX.

In the third quarter of 2012, INNEX increased its share capital without WSE's participation. As a result, WSE's participation in INNEX's share capital decreased from 24.98% to 9.99% (INNEX lost the status of being associated with WSE).

The following tables present the changes in the value of the Group's investment in associated entities in 2011 and 2012 and the value of the investments in associated entities as at 31 December 2012 and 31 December 2011.

	Year ended 31 December	
	2012	**2011**
Opening balance	**147,894**	**138,956**
Dividends	(7,084)	(7,134)
Share in profit*	9,243	15,470
Other additions / (decreases)	(277)	545
Share in other comprehensive income (Note 15)	1,437	57
Closing balance	**151,213**	**147,894**

** Net profit*

(all amounts in PLN thousands, unless otherwise stated)

	Year ended 31 December	
	2012	**2011**
KDPW Group	134,845	132,566
Centrum Giełdowe S.A.	16,367	15,328
INNEX:	-	-
- purchase price	-	3,820
- impairment	-	(3,820)
Total	**151,213**	**147,894**

Tables below present WSE's investments in associated entities as at 31 December 2012 and 2011.

	As at 31 December 2012						
	Assets	**Equity**	**Liabilities**	**Revenue**	**Profit (loss) for the period**	**Interest held**	**The Group's share in associate's profit (loss)**
KDPW Group*	1,534,212	404,399	1,129,813	120,931	24,613	33.33%	8,204
Centrum Giełdowe S.A.	85,211	66,024	19,187	17,069	4,191	24.79%	1,039
Total	**1,619,423**	**470,423**	**1,149,000**	**138,000**	**28,804**		**9,243**

** Presented KDPW Group's consolidated results according to IAS/ IFRS. As at 31 December 2012, the Group recognised a goodwill impairment loss of the comapny POEE in the amount of PLN 4,222 thousand, which is charged to KDPW Group's net profit for the year 2012. The impairment affected the order of the shares of profits of associates, and thus the net result of the WSE Group in the amount of PLN 1,407 thousand.*

	As at 31 December 2011						
	Assets	**Equity**	**Liabilities**	**Revenue**	**Profit (loss) for the period**	**Interest held**	**The Group's share in associate's profit (loss)**
KDPW Group	1,435,668	396,708	1,038,960	144,312	47,401	33.33%	15,800
Centrum Giełdowe S.A.	88,808	61,833	26,975	18,126	(1,333)	24.79%	(330)
INNEX *	2,750	2,719	31	111	(65)	24.98%	-
Total	**1,527,226**	**461,260**	**1,065,966**	**162,549**	**46,003**		**15,470**

** Innex prepares its financial statements in accordance with the Ukrainian accounting policies.*

In accordance with Article 4, clause 3 of the Memorandum of Association of KDPW S.A., the Company has only registered shares. The registered offices of the associates, except for INNEX, are located in Poland. The registered office of INNEX is located in Ukraine. The carrying amount of investments in associates does not differ significantly from their fair value.

8. Deferred tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority. After offsetting, the following amounts are presented in the consolidated financial statements.

(all amounts in PLN thousands, unless otherwise stated)

	Balance as at 31 December	
	2012	**2011**
Deffered tax assets to be recovered within 12 months	(3,380)	(2,809)
Deffered tax assets to be recovered after more than 12 months	(2,967)	(2,823)
Total deferred tax assets	**(6,347)**	**(5,632)**

	Balance as at 31 December	
	2012	**2011**
Deffered tax liabilities to be settled within 12 months	2,704	2,010
Deffered tax liabilities to be settled after more than 12 months	488	512
Total deferred tax liabilities	**3,192**	**2,522**

Changes in the net deferred tax balance are as follows:

	Balance as at 31 December	
	2012	**2011**
Deferred tax assets (net) at the beginning of the period	**(3,110)**	**(4,007)**
Effect on aquisition of TGE	(87)	-
Recognition in the financial statement	677	895
Charged to other comprehensive income	(635)	2
Deferred tax assets (net) at the end of the period	**(3,155)**	**(3,110)**

(all amounts in PLN thousands, unless otherwise stated)

Deferred tax assets (without taking into consideration the offsetting of balances) are as follows:

	Year ended 31 December	
	2012	**2011**
Recognition in the statement of comprehensive income	**(5,507)**	**(5,632)**
Unused holiday	(440)	(276)
Jubilee bonuses and retirement benefits	(986)	(870)
Annual and merit awards	(1,746)	(2,091)
Impairment of shares	(1,108)	(726)
Interest paid on bonds purchase	(27)	(27)
Difference between accounting and carrying value of property, plant and equipment and intangible assets	(494)	(529)
Impairment allowance for receivables	(166)	(739)
Advisory services	(13)	(8)
Other	(527)	(366)
Recognition in other comprehensive income	**(840)**	**-**
Hedge accounting	(840)	-
Total recognition in the statement of comprehensive income and other comprehensive income	**(6,347)**	**(5,632)**

Deferred tax liabilities (without taking into consideration the offsetting of balances) are as follows:

	Year ended 31 December	
	2012	**2011**
Charge to the statement of comprehensive income	**3,044**	**2,579**
Financial income	466	495
Difference between accounting and carrying value of property, plant and equipment and intangible assets	1,600	1,059
Non-realised foreign exchange differences	488	1,013
Other	490	12
Charge to other comprehensive income	**148**	**(57)**
Fair value of the shares	-	(141)
Fair value of debt securities	148	84
Total charge to the statement of comprehensive income and other comprehensive income	**3,192**	**2,522**

WSE Group did not include differences between book values and tax values of the associates in the calculation of deferred tax. The total difference between book and tax value of associates as at 31 December 2012 amounted to PLN 139,561 thousand (PLN 132,422 thousand as at 31 December 2011). According to the Act of 22 February 2002 on Corporate Income Tax, the parent entity will not be charged with tax on dividend paid by its associates. Moreover, the parent entity does not intend to sell shares in associates. Therefore, the Group did not recognise deferred tax liability in respect of the difference between the book value of associates and its tax base, which would amount in total to PLN 26,517 thousand as at 31 December 2011 (as at 31 December 2010 PLN 25,160 thousand).

(all amounts in PLN thousands, unless otherwise stated)

9. Available-for-sale financial assets

The table below presents changes in available-for-sale financial assets in years of 2011 and 2012.

	As at 31 December	
	2012	**2011**
Opening balance	**68,446**	**42,616**
Additions (purchase of treasury bonds and bills and valuation of discount and interests)	1,454	57,092
Decrease (redemption of treasury bonds and bills, interests received)	(58,004)	(31,271)
Reclassification from portfolio of available-for-sale financial assets	(647)	-
Decreases (sale of treasury bonds, bills and shares)	(16)	-
Change in fair value - recognised in other comprehensive income	68	9
- shares	*(270)*	*(55)*
- treasury bonds and treasury bills	*338*	*64*
Closin balance	**11,301**	**68,446**
Long-term	*11,183*	*11,795*
Short-term	*118*	*56,651*

The table below presents available-for-sale financial assets by type of asset.

	As at 31 December	
	2012	**2011**
Debt financial assets	**10,968**	**67,182**
Treasury bonds	10,968	67,182
Equity financial assets	**333**	**1,264**
Listed on the active market	333	617
Not listed on the active market	-	647
Total	**11,301**	**68,446**

The table below presents available-for-sale financial assets by the type of current and non-current assets:

	As at 31 December	
	2012	**2011**
Interest in other entities:		
Towarowa Giełda Energii S.A.	-	*647*
S.C. SIBEX - Sibiu Stock Exchange S.A.	*333*	*601*
Innex PJSC	-	-
Treasury bonds	10,850	10,547
Total long-term financial assets	**11,183**	**11,795**
Interest in other entities:	-	-
Miraculum S.A.	-	*16*
Treasury bonds	118	56,635
Total short-term financial assets	**118**	**56,651**
Total available-for-sale financial assets	**11,301**	**68,446**

Non-current available-for-sale financial assets include:

(all amounts in PLN thousands, unless otherwise stated)

	As at 31 December 2012			
	Purchase consideration of shares	**Impairment**	**Revaluation**	**Carrying amount**
Innex PJSC	3,820	(3,820)	-	-
S.C. SIBEX - Sibiu Stock Exchange S.A.	1,343	(1,011)	-	333
Total available-for-sale equity securities	**5,163**	**(4,831)**	**-**	**333**

	As at 31 December 2011			
	Purchase consideration of shares	**Impairment**	**Revaluation**	**Carrying amount**
Towarowa Giełda Energii S.A.	647	-	-	647
S.C. SIBEX - Sibiu Stock Exchange S.A.	1,343	-	(742)	600
Total available-for-sale equity securities	**1,990**	**-**	**(742)**	**1,248**

The fair values of quoted investments are based on current share quotations.

WSE Group acquired a package of shares of the Ukrainian entity INNEX in July 2008. WSE's intention was to transform INNEX into a modern stock exchange (and derivative) trading platform for the Ukrainian financial market. In 2008, an impairment loss was created for INNEX's stock value (total value of the investment amounted to PLN 3,820 thousand) because of:

- financial crisis, which significantly affected Ukrainian market unabled WSE to be an active participant of the Ukrainian financial market,
- decrease in number of privatizations, which are currently INNEX's main stream of revenue, caused a negative result for the year 2008.

INNEX's shares are not listed on any market, as a consequence it is impossible to quickly sell them. INNEX's financial result for the year 2012 does not support an impairment reversal as at 31 December 2012.

Since 2010, S.C. SIBEX – Sibiu Stock Exchange S.A. (SIBEX) has been listed on S.C. SIBEX – Sibiu Stock Exchange S.A. (SIBEX). The purchase price of SIBEX's shares amounted to PLN 1,343 thousand, while as at 31 December 2012 the fair value based on the share price reached the total of PLN 333 thousand. Due to negative consolidated results of SIBEX's Group for the year 2011, SIBEX's negative result for the three quarters of 2012, and because of the more than double decline in the share price over the period 2011-2012, as at 31 December 2012 the Management Board decided to make an goodwill impairment loss of SIBEX stake at a value of PLN 1,011 thousand.

Fair value hierarchy:

WSE classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in assessing the measurements. The hierarchy of the fair value has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (**Level 1**);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (that is, derived from prices) (**Level 2**); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (**Level 3**).

As at 31 December 2012, all of WSE's financial assets available-for-sale were classified as level 1 (excluding INNEX – classified at level 3) in the fair value hierarchy.

10. Financial assets held to maturity

Due to dividend payment, the parent entity's Management Board decided in June 2010 to sell a part of held to maturity bonds portfolio. Due to change in designation of the asset portfolio of the amount of PLN 152,372 thousand, the parent entity reclassified these assets as available-for-sale. As a result, the parent entity lost its right to classify acquired financial assets as assets held to maturity until the end of 2012.

Based on the above information, Group is not in possession of any financial assets held to maturity as at 31 December 2012 and 2011.

(all amounts in PLN thousands, unless otherwise stated)

11. Interest rate risk

The following is an analysis of financial assets classified based on the date of the interest rate adjustment or their maturity, whichever is at an earlier date. Other financial assets and liabilities, not presented in the tables below (except for finance lease liabilities, bonds issue and working capital facility of TGE Group), do not bear any interest.

Financial assets as at 31 December 2012	Maturity date / Interest rate change date									
	Total	Up to 1 year				1-2 years	2-3 years	3-4 years	4-5 years	> 5 lat
		Total	Up to 1 month	1 to 3 months	3 to 12 months					
Long-term treasury bonds	10,850	-	-	-	-	-	10,850	-	-	-
Short-term treasury bonds	118	118	-	-	118	-	-	-	-	-
Bank deposits and current accounts*	378,862	378,862	330,889	11,647	36,326	-	-	-	-	-
Total	**389,830**	**378,980**	**330,889**	**11,647**	**36,444**	**-**	**10,850**	**-**	**-**	**-**

** Deposits in the amount of PLN 121,489 thousand as at 31 December 2012 are cash restricted funds (guarantee fund in the IRGiT company security transactions in the energy market)*

Financial assets as at 31 December 2011	Maturity date / Interest rate change date									
	Total	Up to 1 year				1-2 years	2-3 years	3-4 years	4-5 years	> 5 lat
		Total	Up to 1 month	1 to 3 months	3 to 12 months					
Long term treasury bonds (fixed rate, available-for-sale)	10,547	-	-	-	-	-	10,547	-	-	-
Short term treasury bonds (fixed rate, available-for-sale)	56,635	56,635	-	-	56,635	-	-	-	-	-
Bank deposits and current accounts	291,075	291,075	281,222	9,853	-	-	-	-	-	-
Total	**358,257**	**347,710**	**281,222**	**9,853**	**56,635**	**-**	**10,547**	**-**	**-**	**-**

(all amounts in PLN thousands, unless otherwise stated)

12. Trade and other receivables

Trade and other receivables comprise the following:

	As at 31 December	
	2012	2011
Gross trade receivables	*34,532*	*26,262*
Impairment allowances for receivables	*(1,166)*	*(4,018)*
Net trade receivables	33,366	22,244
Total financial assets	**33,366**	**22,244**
Prepayments	2,078	2,656
Other receivables and advance payments	2,739	4,651
Receivables from statutory settlements	24,747	69
Total non-financial assets	**29,563**	**7,376**
Total trade and other receivables	**62,929**	**29,620**

12.1. Trade receivables

Trade receivables by credit quality:

Gross trade receivables	**Current receivables (no impairment)**	**Overdue receivables (no impairment)**				**Impaired and overdue receivables**
		1 to 30 days	**31 to 60 days**	**61 to 90 days**	**over 90 days**	
As at 31 December 2012	30,692	1,108	(80)	103	1,543	1,166
As at 31 December 2011	18,936	2,354	245	303	406	4,018

Trade receivables neither past due nor impaired, include mainly receivables from the Stock Exchange participants, which are mostly banks and brokerage houses, but also receivables from the issuers of securities and other receivables.

(all amounts in PLN thousands, unless otherwise stated)

The following table presents the structure of trade receivables neither past due nor impaired, by the **type of debtors**:

	As at 31 December	
	2012	**2011**
Stock Exchange Participants	13,721	12,764
Issuers*	739	383
Other*	16,231	5,789
Total	**30,692**	**18,936**

**Receivables from creditors, who are also members, issuers, and distributors of information in the Stock Exchange are presented presented in receivables from Exchange Members.*

Receivables from **Stock Exchange participants** include receivables from Polish and foreign banks and brokerage houses, whose risk rating are presented in the following table. Due to the fact that WSE does not have its own credit ratings system, external credit ratings were used. If a single debtor had no credit rating, the rating of the parent company of the debtor was used.

The following table presents the structure of trade receivables from stock exchange members based on **Moody's rating**:

	As at 31 December	
	2012	**2011**
Aaa	-	-
Aa	176	1,475
A	3,984	2,885
Baa	4,155	3,658
Ba	452	-
B	6	102
Without rating	4,948	4,644
Total	**13,721**	**12,764**

Receivables from **issuers** include fees from companies listed on the Warsaw Stock Exchange.

Other trade receivables include mainly fees for the **information services** and **other sales**. Other trade receivables as at 31 December 2012 comprised receivables from approx. 132 clients, out of which approx. 37% were foreign clients (as at 31 December 2011: approx. 96 clients, foreign clients – approx. 24%). The main group of debtors as at 31 December 2012 and as at 31 December 2011 were debtors of the parent entity, mainly information distributors.

As at 31 December 2012, trade receivables in the amount of PLN 3 840 thousand (PLN 7,326 thousand as at 31 December 2011) were **overdue**. Receivables from debtors in bankruptcy accounted for the amount PLN 432 thousand and other overdue receivables equalled PLN 3,408 thousand.

As at 31 December 2011, the receivables from bankrupt debtors amounted to PLN 330 thousand; other overdue receivables equalled PLN 6,996 thousand.

At the approval date of the current financial statement by WSE's Board, overdue receivables **were paid** in the amount PLN 1,031 thousand.

As at 31 December 2012, trade receivables which were **overdue** and **impaired** amounted to PLN 1,166 thousand (PLN 4,018 thousand as at 31 December 2011). The balance includes PLN 432 thousand from bankrupt debtors and PLN 730 thousand of other overdue receivables (as at 31 December 2011: PLN 330 thousand from bankrupt debtors and PLN 3,688 thousand of other overdue receivables).

(all amounts in PLN thousands, unless otherwise stated)

Changes in the impairment allowance for receivables in 2011 and 2012 are presented in the following table.

	Year ended 31 December	
	2012	**2011**
Beginning of the year	**4,018**	**2,904**
Increase of impairment allowance	272	2,109
Receivables written off during the period as uncollectible	(7)	(88)
Reversal of impairment allowance	(3,117)	(907)
End of the year	**1,166**	**4,018**

The creation and reversal of impairment allowance for receivables is recognized as either other expenses or other income respectively. The amounts that are charged to the impairment allowance account are usually written off if it is likely that the cash would not be collected, i.e. it is highly probable that the debtor will go bankrupt, will be subject of financial restructuring or when debtor has significant financial difficulties.

The Group has no collaterals on receivables. None of the trade receivables were renegotiated.

Gross value of trade receivables by geographical concentration:

	As at 31 December	
	2012	**2011**
Domestic receivables	27,310	17,219
Foreign receivables	7,222	9,043
Total	**34,532**	**26,262**

The following table illustrates eight most significant creditor receivables balance as at 31 December 2012, as well as, WSE's receivables balance for creditors as at 31 December 2011:

Contractor	**As at 31 December 2012**	**Share %**	**As at 31 December 2011**	**Share %**
Contractor A	1,655	5%	1,844	7%
Contractor B	1,604	5%	1,603	6%
Contractor C	1,375	4%	1,016	4%
Contractor D	1,286	4%	1,032	4%
Contractor E	1,172	3%	826	3%
Contractor F	1,138	3%	1,135	4%
Contractor G	1,055	3%	822	3%
Contractor H	945	3%	437	2%
Other contractors	24,301	70%	17,547	67%
Total	**34,532**	**100%**	**26,262**	**100%**

In the opinion of the parent entity's Management Board, due to the short period of trade receivables collection, the fair value of those receivables is equal to their book value.

12.2. Other receivables

The parent entity's Management Board also performs an analysis of impairment allowance for other receivables. Impairment allowance for other receivables is included in the following table.

(all amounts in PLN thousands, unless otherwise stated)

Movements in impairment allowance for other receivables:

	As at 31 December	
	2012	2011
Beginning of the period	-	-
Increase of imapairment allowance	-	13
Receivables written off during the period as uncollectible	-	-
Reversal of imapairment allowance	-	-
End of the period	**-**	**13**

13. Prepayments

As at 31 December 2012 prepayments amounted to PLN 3,793 thousand (31 December 2011: PLN 3,199 thousand).

Non-current part of prepayments relates to the right to perpetual usufruct of land and amounted to PLN 2,976 as at 31 December 2012 (31 December 2011: PLN 3,073 thousand).

The current prepayments portion of the right to perpetual usufruct of land in the amount of PLN 106 thousand as at 31 December 2012 (as at 31 December 2011 PLN 106 thousand) is included in prepayments and deferred costs in Note 12.

Perpetual usufruct of land is deferred and amortised over 40 years.

14. Cash and Cash equivalents

Cash and cash equivalents include:

	As at 31 December	
	2012	2011
Cash	21	10
Current accounts	2,070	2,777
Bank deposits*	376,792	288,298
Total cash and cash equivalents	**378,883**	**291,085**

***Deposits in the amount of PLN 121,489 thousand as at 31 December 2012 are cash restricted funds (guarantee fund in the IRGiT company security transactions in the energy market)*

Cash and cash equivalents include short-term bank deposits, current accounts and cash in hand. For short-term deposits and current accounts, given their short realization period, the fair value is equal to their carrying amount. In the consolidated statement of financial position they are measured at amortised cost, using the effective interest rate. The carrying amount of such deposits and current accounts is considered to be their estimated fair value, given the fact that the interest rates applied are based on market rates and the re-pricing period is shorter than 1 month. The average maturity of such deposits was 8 days in 2012 (in 2011 – 6 days).

(all amounts in PLN thousands, unless otherwise stated)

15. Equity

WSE Group's equity includes:

	As at 31 December	
	2012	**2011**
Share capital	63,865	63,865
Other reserves	(1,000)	270
Retained earnings	491,647	459,074
Total equity attributable to the shareholders of parent entity	**554,513**	**523,209**

15.1. Share capital

WSE Group's share capital includes:

	As at 31 December	
	2012	**2011**
Share capital: approved, allocated and paid - 41 972 000 ordinary shares	41,972	41,972
Revaluation of share capital using the inflation rate	21,893	21,893
Total share capital	**63,865**	**63,865**

Share capital from before 1996 in the nominal value of PLN 6,000 thousand was re-valued with general price index according to IAS 29 (the cumulative inflation rate for the period April 1991 – December 1996 amounted to 464.9%).

As at 31 December 2012 the share capital of the WSE Group amounted to PLN 41,972 thousand and was divided into 41,972,000 shares with nominal value of PLN 1 each. There are two types of shares: A and B series. A series (preferred) shares at any time could be changed into B series (ordinary bearer) shares. Each A series share gives 2 votes. Each B series share gives 1 vote.

According the best WSE's knowledge as at 31 December 2012 the State Treasury held 14,688,470 series A preferred shares (35.00% of all shares), which constitute 29,376,940 votes – 51.70% of all votes at the General Meeting. The rest of the series A shares (161,000; 0.38% of all shares) mainly belong to brokers and banks, giving them 322,000 votes (0.57% of all possible votes at the General Meeting).

Ordinary bearer shares series B in the number of 27,122,530 (64.62% of all shares), which constitute 27,122,530 votes (47.73% of all votes), are traded at the WSE. In the year 2012, 238,000 of A series preferred shares were reclassified as B series bearer shares.

(all amounts in PLN thousands, unless otherwise stated)

The ownership structure and percentage of shares in the parent entity as at 31 December 2012 and 31 December 2011:

	As at 31 December 2012			As at 31 December 2011		
		Share			Share	
	Shares' par value	share capital %	votes %	Shares' par value	share capital %	votes %
Registered shares	**14,849**	**35.38%**	**52.27%**	**15,087**	**35.94%**	**52.88%**
State Treasury	14,688	35.00%	51.70%	14,688	35.00%	51.48%
Banks	14	0.03%	0.05%	231	0.55%	0.81%
Brokerage houses	98	0.23%	0.35%	119	0.28%	0.42%
Others	49	0.12%	0.17%	49	0.12%	0.17%
Bearer shares	**27,123**	**64.62%**	**47.73%**	**26,885**	**64.05%**	**47.12%**
Total	**41,972**	**100.00%**	**100.00%**	**41,972**	**100.00%**	**100.00%**

15.2. Other reserves

Other reserves comprise the following:

	As at 31 December	
	2012	2011
Capital arising from available-for-sale financial assets:	**2,580**	**270**
Revaluation	2,728	327
Deferred tax	(148)	(57)
Capital arising from hedge accounting:	**(3,580)**	**-**
Revaluation	(4,420)	-
Deferred tax	840	-
Total capital from revaluation of financial assets	**(1,000)**	**270**

Changes in the revaluation reserve:

	As at 31 Decemver	
	2012	2011
Beginning of the period:	**270**	**204**
Net parent entity	*(237)*	*(245)*
Net associates	*507*	*449*
Additions/decreases:	**(1,270)**	**66**
Changes due to revaluation and sales:	(1,905)	68
Net parent entity	*(3,342)*	*11*
Net associates	*1,437*	*57*
Deferred tax (parent entity)	635	(2)
End of the period:	**(1,000)**	**270**
Net parent entity	*(2,943)*	*(236)*
Net associates	*1,944*	*506*

(all amounts in PLN thousands, unless otherwise stated)

15.3. Retained earnings

Tables below present changes in retained earnings in 2012 and 2011.

	Reserve capital	Other capital reserves	Accumulated profits	Profit for the period	Total
As at 31 December 2010	**38,023**	**182,656**	**144,403**	**94,692**	**459,774**
Distribution of the profit for the year ended 31 December 2010	217	110	94,365	(94,692)	-
Dividends and Social Fund	-	-	(134,931)	-	(134,931)
Profit for the year ended 31 December 2011 attributable to the shareholders	-	-	-	133,742	133,742
Other changes	-	-	-	489	489
As at 31 December 2011	**38,240**	**182,766**	**103,837**	**134,231**	**459,074**
As at 31 December 2011	**38,240**	**182,766**	**103,837**	**134,231**	**459,074**
Distribution of the profit for the year ended 31 December 2011	450	60,508	73,273	(134,231)	-
Dividends and Social Fund	-	-	(60,640)	-	(60,640)
Non-controlling interests	(12,412)	-	-	-	(12,412)
Profit for the year ended 31 December 2012 attributable to the shareholders	-	-	-	105,774	105,774
Other changes	(17)		(494)	362	(149)
As at 31 December 2012	**26,261**	**243,274**	**115,976**	**106,136**	**491,647**

As required by the Commercial Companies Code (Kodek Spółek Handlowych), which is binding for the Company, the amounts to be divided between the shareholders may not exceed the net profit reported for the last financial year plus retained earnings, less the accumulated losses and amounts transferred to reserves that are established in accordance with law or the Memorandum of Association and that may not be earmarked for the payment of dividend.

The net profit, which stands for the basis of the dividend's payment for 2012, has been calculated according to International Financial Reporting Standards (IFRS) as adopted by the European Union.

As required by WSE Group's Memorandum of Association, the supplementary capital is earmarked for covering losses that may arise on the Company's operations, and for supplementing the share capital. Transfers from profit are made to the supplementary capital, which may not be lower than 10% of the profit. The transfers may be discontinued when the supplementary capital equals a third of the share capital.

The reserves are designated for covering investments and other expenses connected with the WSE Group's operations. Reserves can be capitalised as share capital or dividend payment.

(all amounts in PLN thousands, unless otherwise stated)

16. Trade payables and other liabilities

Trade payables and other liabilities include:

	As at 31 December	
	2012	**2011**
Trade payables	4,223	10,226
Payables to associates and subsidiaries	61	290
Dividend payable	159	122
Long-term liabilities on bonds issue*	243,157	170,226
Short-term liabilities on bonds issue	48	-
Total financial liabilities	**247,648**	**180,864**
Social security and other statutory payables	7,721	1,911
Other payables**	121,583	1,748
Accruals and deferred income	4,674	678
Total other liabilities	**133,978**	**4,337**
Total trade and other liabilities	**381,626**	**185,201**

** Liabilities arising from the issue of bonds was reduced by the amount of deferred issuance costs, which are charged by the Company's financial expenses by the straight line basis over the remaining period to maturity of the bonds.*

***As at 31 December 2011, other liabilities in the amount of PLN 121,489 thousand were liabilities to participants who perform security fund transactions on a regulated market that was created by the IRGiT, in accordance with Article. 68d of the Act of 29 July 2005 on trading in financial instruments.*

In the opinion of the Management of the WSE Group, due to the short term of execution of trade payables, the fair value of trade payables is equal to their book value.

On 5 December 2011, the WSE Group's Management Board passed a resolution no. 1473/2011 on issue of series A and B bearer bonds. The purpose of this issue was the financing of WSE Group, such as the institutional consolidation of the commodity/stock markets and the extension of the list of products that are available to investors in this markets as well as technology ventures at the financial markets and commodity/stock markets.

PLN 170,000,000 par value series A bearer bonds addressed solely to qualified investors were issued on 23 December 2011. Public offer of PLN 75,000,000 par value series B bearer bonds took place on 10 February 2012.

A and B series shares have been traded at the Catalyst market. Maturity day for the series A and B bonds is at 2 January 2017.

There are no overdue payables.

(all amounts in PLN thousands, unless otherwise stated)

17. Employee benefits payables (retirement bonuses, pension benefits and jubilee bonuses)

WSE Group records provisions for retirement and pension benefits and jubilee bonuses (employee benefits) based on the actuarial valuation prepared as at the balance sheet date by an independent actuarial advisor.

	As at 31 December	
	2012	**2011**
Liabilities from retirement benfits and jubilee awards disclosed on the statement of financial position:	**5,300**	**4,575**
Short-term	1,073	687
Long-term	4,227	3,888
Expenses from retirement benfits and jubilee awards disclosed on the statement of comprehensive income (Note 21)	**606**	**1,908**

Factors that have substantial impact on the current value of these employee benefit liabilities include:

- rate of employee mobility (rotation),
- discount rate,
- salaries increase rate.

Provisions were calculated for each employee individually. The provision is valued based on the present value of the WSE Group's future non-current payables in respect of retirement and pension benefits and jubilee bonuses.

The expected amount of retirement and pension benefits is calculated as a product of the expected retirement and pension base, expected growth in the base until the time of attaining retirement age, and a percentage ratio depending on the number of years in service. The resulting amount is discounted on an actuarial basis.

The expected amount of jubilee bonuses is calculated as a product of the expected bonus base, expected growth in the base until the time of acquiring the right to the bonus, and at the percentage ratio depending on years in the service. The resulting amount is subsequently discounted on an actuarial basis.

In 2012 the following assumptions were made in the actuarial valuation:

- the discount rate was determined based on the market yields of Treasury bonds whose currency and maturity are the same as the currency and the estimated maturity of the employee benefits payable – the nominal discount rate was determined at 3.6% p.a. (hence the real discount rate is 1.1%);
- the inflation rate is 2.5% p.a. and may fluctuate by +/-1 percentage point;
- wages and salaries and future benefits are assumed to grow by 3.5% p.a. (1 percentage point above inflation); and
- the mobility rate in 2012 is assumed to be 4.3%.

In 2011 the following assumptions were made in the actuarial valuation:

- the discount rate was determined based on the market yields of Treasury bonds whose currency and maturity are the same as the currency and the estimated maturity of the employee benefits payable – the nominal discount rate was determined at 5.7% p.a. (hence the real discount rate is 3.2%); and,
- the inflation rate is 2.5% p.a. and may fluctuate by +/-1 percentage point,
- wages and salaries and future benefits are assumed to grow by 3.5% p.a. (1 percentage point above inflation); and
- the mobility rate in 2011 is assumed to be 5.2%.

(all amounts in PLN thousands, unless otherwise stated)

The following tables present employee benefits payables by short-term and long-term:

	As at 31 December	
	2012	**2011**
Long-term	**4,305**	**4,206**
Retirement benefits and jubilee awards	4,227	3,888
Other	78	318
Short-term	**12,574**	**12,851**
Retirement benefits and jubilee awards	1,073	687
Other	11,501	12,164
Total	**16,878**	**17,057**

Changes in employee benefits payables comprise the following:

	As at 31 December	
	2012	**2011**
Short-term		
Beginning of the period	**12,164**	**9,434**
Annual and merit awards	8,419	10,693
Holiday accruals	978	1,451
Overhours	12	13
Car charges reimbursements	8	8
Provisions used	(10,080)	(9,435)
Long-term		
Beginning of the period	**318**	**-**
Annual rewards	(160)	318
Provisions reversed	(80)	
End of the period - long- and short-term liabilities	**11,579**	**12,482**

18. Provisions for other liabilities and charges

Provisions for other liabilities and charges in 2011 and 2012 comprise the following:

	As at 31 December	
	2012	**2011**
Long-term	-	1,019
Short-term	1,351	-
Total	**1,351**	**1,019**

Changes in provisions for other liabilities and charges include:

(all amounts in PLN thousands, unless otherwise stated)

	Provisions for litigations and claims	Other provisions	Total
As at 1 January 2011	**1,010**	**211**	**1,221**
Provisions created	9	-	**9**
Provisions reversed	-	(211)	**(211)**
As at 31 December 2011	**1,019**	**-**	**1,019**
As at 1 January 2012	**1,019**	**-**	**1,019**
Provisions created	341	-	**341**
Provisions reversed	(9)	-	**(9)**
As at 31 December 2012	**1,351**	**-**	**1,351**

In 2009, the Group recognised a provision in the amount of PLN 1,010 thousand for a dispute arising out of employment claims. In 2012, this provision was increased by the amount of PLN 341 thousand and reclassified as a current liability. According to the parent entity's Management Board opinion, supported by appropriate legal judgment, application of these claims will not cause significant losses in excess of the amount of provisions created on 31 December 2011.

19. Finance lease liabilities

The following table presents financial lease liabilities:

	As at 31 December	
	2012	**2011**
Long-term	381	66
Short-term	336	61
Total finance lease liabilities	**717**	**127**

Minimal future finance lease payments and carrying value of finance lease as at 31 December 2012 and 31 December 2012:

	As at 31 December	
	2012	**2011**
Gross value of finance lease liabilities - minimal charges	**805**	**-**
Up to 1 year	388	-
1 to 5 years	417	-
Future finance lease charges	88	-
Carrying value of finance lease liabilities	**717**	**127**
Up to 1 year	336	61
1 to 5 years	381	66

(all amounts in PLN thousands, unless otherwise stated)

20. Sales revenue

Table below presents WSE Group's sales revenue by segments of operations:

	Year ended 31 December	
	2012	**2011**
Financial market	**208,144**	**262,154**
Trading	150,112	202,199
Listing	21,539	23,385
Information services	36,493	36,569
Commodity market	**62,646**	**2,011**
Trading	30,164	2,011
Register of certificates of origin	16,549	-
Clearing	15,933	-
Other revenue	**3,035**	**4,633**
Total	**273,825**	**268,797**

21. Operating expenses

The table below illustrates WSE Group's operating costs structure:

	Year ended 31 December	
	2012	**2011**
Depreciation and amortisation	16,564	15,620
Salaries	47,814	39,387
Other employee costs	12,088	12,454
Rent and other maintenance fees	9,905	6,877
Fees and charges	19,452	15,675
External services	33,718	36,235
Other operating expenses	8,950	7,718
Total operating expenses	**148,490**	**133,966**

(all amounts in PLN thousands, unless otherwise stated)

21.1. Salaries and other employee costs

The tables below illustrate salaries and other employee costs include:

	Year ended 31 December	
	2012	2011
Wages and salaries	47,169	38,899
Other payments after employment period	194	-
Termination benefits	64	156
Employee cost concerning jubilee bonus	387	332
Total employee costs	**47,814**	**39,387**

	Year ended 31 December	
	2012	2011
Social security costs	6,280	4,730
Retirement benefit costs - defined benefit plans	606	1,908
Retirement benefit costs - defined benefit fees	1,459	1,852
Other current service benefits (including medical services, lunch subsidies, Social Fund)	3,743	3,964
Total other employee costs	**12,088**	**12,454**

The parent entity offers its employees defined contribution benefit plans, which are calculated based on an employee's length of service and its base salary (Note 17).

The parent entity offers its employees defined contribution fees plan (Pracowniczy Program Emerytalny), which is financed from contributions made by the Group and employees to the retirement benefits fund, which operates independently from the financing structure of the parent entity.

(all amounts in PLN thousands, unless otherwise stated)

21.2. External services

External services include:

	Year ended 31 December	
	2012	**2011**
Fixad assets maintenance	12,033	11,914
Security	1,188	1,005
Data transmissions	4,813	6,543
Phone and mobile phone services	1,334	500
Software update	45	244
Information services	646	366
Advertisement	5,334	6,897
Market liquidity support	1,045	1,260
Consulting and audit services	1,936	2,446
Support services for TBSP market	847	838
Legal and translation services	1,048	664
Transportation services	527	205
Lease fees	332	206
Cleaning services	385	391
Newspaper ads	37	31
Training	787	1,046
Mail fees	79	49
Bank fees	213	87
KDPW fees	38	35
Other	1,052	1,506
Total external services	**33,718**	**36,235**

21.3. Other operating expenses

Other operating expenses include:

	Year ended 31 December	
	2012	**2011**
Consumption of materials and energy	4,497	4,187
Membership fees	862	682
Property insurance	353	274
Impairment of perpetual usufruct	86	106
Business Trips	1,378	1,776
Conferences	554	302
Other	1,220	391
Total other operating expenses	**8,950**	**7,718**

(all amounts in PLN thousands, unless otherwise stated)

22. Other income and income from financial activities

22.1. Other income

Other income comprises the following:

	Year ended 31 December	
	2012	2011
Compensations received	442	3
Income from sale of property, plant and equipment	63	69
Reversal of impairment allowance for receivables	2,888	-
Other*	7,113	366
Total other income	**10,505**	**438**

** The remaining revenue is composed of Revaluation of 2.33% stake in TGE held by the Stock Exchange on the date of acquisition of control over TGE Group (PLN 4,541 thousand).*

22.2. Income from financial activities

Income from financial activities comprises the following:

	Year ended 31 December	
	2012	2011
Interest received from bank deposits and current accounts	10,732	4,127
Available-for-sale securities	625	1,900
Income from sale of available-for-sale financial assets	1,454	1,639
Dividends	-	372
Other	1,262	6,346
Total financial income	**14,074**	**14,384**

23. Other expenses and expenses from financial activities

23.1. Other expenses

Other expenses comprise the following:

	Year ended 31 December	
	2012	2011
Donations	144	306
Loss on sale of property, plant and equipment	489	-
Impairment allowance for receivables	43	1,215
Impairment of investments*	8,957	-
Other	951	92
Total other expenses	**10,583**	**1,613**

**In 2012, impairment loss of goodwill was created for the POEE company.*

In 2012, donations were made to:

- Fundacja Europa (Europe Foundation - Olympics in knowledge about Poland) – PLN 6 thousand,

(all amounts in PLN thousands, unless otherwise stated)

- Fundacja Edukacji Rynku Kapitałowego (Capital Market Education Foundation) – for educational activities promoting knowledge of capital market) – PLN 12.5 thousand,
- Fundacja Polski Instytut Dyrektorów (statutory purposes) – PLN 60 thousand,
- Other donations (statutory purposes, rehab and treatment, success indices for children) – PLN 65.5 thousand.

In 2011, donations were made to:

- Fundacja Edukacji Rynku Kapitałowego (Capital Market Education Foundation) – for educational activities promoting knowledge of capital market – PLN 128 thousand,
- foundations, orphanages, charity associations – PLN 61 thousand,
- Fundacja 2065 im. L. Pagi (L. Paga Foundation, for statutory purposes) PLN 48 thousand,
- other donations for statutory purposes – PLN 69 thousand.

23.2. Expenses from financial activities

Expenses from financial activities comprise the following:

	Year ended 31 December	
	2012	**2011**
Interest paid from bond issue	15,477	226
Expenses from bond issue	401	5
Interest paid from loans and borrowings	431	-
Other, including:	1,491	217
Financial lease	*51*	*16*
Negative foreign exchange differences	*1,041*	-
Loss on sale of investments	*12*	-
Other, including:	*387*	*201*
Total financial expenses	**17,800**	**448**

(all amounts in PLN thousands, unless otherwise stated)

24. Income tax

The following table illustrates current and deferred income tax.

	Year ended 31 December	
	2012	**2011**
Current income tax	23,867	28,025
Deferred tax (Note 8)	677	895
Total income tax	**24,544**	**28,920**

As required by the Polish tax regulations, the tax rate applicable in 2012 and 2011 is 19%.

The reconciliation of the theoretical amount of tax arising from profit before tax and the statutory tax rate with the income tax expense shown in the statement of comprehensive income is as follows:

	Year ended 31 December	
	2012	**2011**
Profit before income tax	**130,774**	**163,062**
Income tax rate	19%	19%
Income tax at the statutory tax rate	**24,847**	**30,982**
Tax effect:		
Non-deductible differences	1,977	248
Non-taxable income	(87)	(42)
Additional non-taxable revenue	-	11
Revaluation of TGE possessed as at the date of acquisition and additonal adjustments	(863)	-
Other adjustments	426	660
Non-taxable share in profit of associates	(1,756)	(2,939)
Total income tax	**24,544**	**28,920**

25. Contingent positions and investment liabilities

The tax authorities may inspect the books of account and tax settlements within 5 years after the end of the year in which tax declarations were submitted and they may impose additional tax on the Company, together with penalties and interest.

According to the WSE Group's Management Board there are no indications of any material contingent liabilities in this respect arising.

As at 31 December 2012 and 31 December 2011 the WSE Group's had no contingent liabilities and investment commitments other than those subject to hedge accounting.

The value of the future investment commitments as at 31 December 2012 is estimated to approx. PLN 63 million.

(all amounts in PLN thousands, unless otherwise stated)

26. Transactions with related parties

Related parties of the Group comprise associates (Krajowy Depozyt Papierów Wartościowych S.A. and Centrum Giełdowe S.A.) and the State Treasury as a dominant entity (holding as at 31 December 2012 35.00% of shares and 51.70% of votes in the General Meeting of WSE Group) as well as parties controlled, and jointly-controlled by the State Treasury and with significant influence of the State Treasury. Additionally to related parties belong members of key management personnel of the WSE Group.

26.1. Information regarding transactions with entities related to the State Treasury

Complete list of entities controlled and jointly-controlled by the State Treasury or with significant influence of State Treasury is not revealed by the Ministry of Treasury to public or entities owned by State Treasury. Therefore the Management Board of the WSE Group disclosed in the hereby financial statement transactions with those related parties that were indentified based on its best knowledge.

Related entities identified by the parent entity's Management Board include companies listed on the Warsaw Stock Exchange (issuers of securities) and the stock exchange members. The Group charges fees to the related entities listed on WSE for introduction, admission to trading, and listing financial instruments. In case of related parties being stock exchange members the fees for enabling the conclusion of transactions in the stock exchange market, enabling access to the Exchange's information systems and trading in financial instruments are charged.

All the transactions with entities related to the State Treasury are concluded in the normal course of business and are carried out on an arm's length basis.

The individually significant transactions with State-controlled entities and operating expenses for the year ended 31 December 2012 and balances with these entities as at 31 December 2012 were as follows:

		As at 31 December 2012		Year ended 31 December 2012	
		Receivables	**Liabilities**	**Revenue**	**Operating expenses**
1.	BGŻ S.A.*	115	-	1,123	-
2.	PKO BP S.A.**	854	-	11,583	-
3.	Powszechny Zakład Ubezpieczeń S.A.	-	-	102	-
4.	Bank Ochrony Środowiska S.A.***	564	-	8,102	-
	Total	**1,533**	**-**	**20,910**	**-**

** Transactions with Brokerage House BGŻ S.A. are included*
*** Transactions with Brokerage House PKO Bank Polski S.A. are included*
**** Transactions with Brokerage House Bank Ochrony Środowiska S.A. are included*

Individual and joint impact of other transactions with State-controlled entities was not significant.

(all amounts in PLN thousands, unless otherwise stated)

The Company's revenue from individually significant transactions with State-controlled entities and operating expenses for the year ended 31 December 2011 and balances with these entities as at 31 December 2011 were as follows:

		As at 31 December 2011		Year ended 31 December 2011	
		Receivables	**Liabilities**	**Revenue**	**Operating expenses**
1.	BGŻ S.A.*	101	-	1,208	-
2.	PKO BP S.A.**	700	-	10,452	-
3.	Powszechny Zakład Ubezpieczeń S.A.	2	-	83	-
4.	Bank Ochrony Środowiska S.A.***	913	-	11,402	-
	Total	**1,716**	**-**	**23,145**	**-**

** Transactions with Brokerage House BGŻ S.A. are included*
*** Transactions with Brokerage House PKO Bank Polski S.A. are included*
**** Transactions with Brokerage House Bank Ochrony Środowiska S.A. are included*

Individual and joint impact of other transactions with State-controlled entities in 2012 was not significant.

In accordance with the Polish law, the Group is subject to taxation. The Company pays tax to the State Treasury, which is a related party. The principles and regulations binding upon the Group entities in this regard are the same as those binding upon other entities which are not related parties.

In accordance with the Decree of the Minister of Finance of 16 March 2010, regarding fees paid to the Polish Securities and Exchange Commission by supervised entities, the Group incurs costs and fees, paid to the State Treasury in the amount set by the Polish Financial Supervision Authority (PFSA). The Group contributes monthly prepayments to the PFSA for the supervision over the financial market. PFSA also conducts final yearly settlements before 10 February of the following year. Fees paid to Polish Financial Supervision Authority in 2012 amounted to PLN 18,403 thousand (in 2011: PLN 17,712 thousand). The receivable in respect of the difference between the amount of the advance payments made and the amount of the annual charges as determined by the PFSA amounted to PLN 1,580 thousand as at 31 December 2012 (PLN 3,315 thousand as at 31 December 2011). Accordingly, the Group's operating expense amounted to PLN 16,823 thousand in 2012 (in 2011: PLN 14,361 thousand) in respect of fees payable to PFSA for the supervision over the capital market.

(all amounts in PLN thousands, unless otherwise stated)

26.2. Transactions with associates

Transactions with associates in 2012 and 2011 include:

	As at 31 December 2012		Year ended 31 December 2012	
	Receivables	**Liabilities**	**Revenue**	**Operating expenses**
KDPW Group	8	4	468	55
Centrum Giełdowe S.A.	-	155	-	1,811
Total	**8**	**159**	**468**	**1,867**

	As at 31 December 2011		Year ended 31 December 2011	
	Receivables	**Liabilities**	**Revenue**	**Operating expenses**
KDPW Group	54	96	585	114
Centrum Giełdowe S.A.	-	133	-	2,147
Innex	-	-	-	-
Total	**54**	**229**	**585**	**2,261**

Based on resolution no. 20 of the Annual General Meeting of KDPW S.A. as at 19 June 2012, the company declared a dividend payment to the amount of PLN 21,253 thousand from the 2011 profit. Dividends paid by KDPW in 2012 for WSE was PLN 7,084 thousand. In 2011, the dividend paid to WESE from the KDPW's 2010 profits was amounted to PLN 7,118 thousand. In 2011, WSE has received a dividend from KDPW's 2009 profits, as well as, reserve capital which amounted to PLN 54 million. The dividend was included in WSE's financial income for 2010.

In 2011, WSE received a dividend from Centrum Giełdowe's S.A. 2010 profits which amounted to PLN 116 thousand. In 2012, Centrum Giełdowe S.A. paid no dividends.

In the years ended 31 December 2012 and 31 December 2011 no receivables from associates were written off and no impairment allowances for receivables from associates were recorded.

The WSE Group did not grant any guarantees or warranties for the benefit of related parties.

The WSE Group did not conclude transactions with INNEX in the years 2011-2012.

Because of possession and rental of the office space in Centrum Giełdowe, WSE pays fees for the rental and usage of the mutual parts of the building on behalf of the managing entity – Centrum Giełdowe S.A.

In 2012 the WSE Group also concluded transactions with the Książęca 4 Street Housing Cooperative of which it is a member. In 2012 related expenses amounted to PLN 2,808 thousand and in 2011 PLN 3,078 thousand. Moreover when the Housing Cooperative generates surpluses during an individual year, the Company receives refunds. The refunds amounted to PLN 119 thousand in 2012 (in 2011 it amounted to PLN 18 thousand).

(all amounts in PLN thousands, unless otherwise stated)

27. Information on remuneration and benefits of key management personnel

Remuneration and benefits paid and payable to the key management personnel of the Warsaw Stock Exchange Group*:

	Year ended 31 December	
	2012	2011
Remuneration	3,666	3,861
Bonus - long-term liability	71	296
Other benefits	887	803
Total remuneration and benefits paid to the key management personnel of the parent entity	**4,624**	**4,960**

(*)The data does not include remunerations of the key management personnel from subsidiaries.

Information on loans granted to key management personnel

In 2012 and 2011 no loans were granted to the key management personnel of WSE.

28. Future minimum lease payments

Lease fees paid under operating lease are charged to expenses over the lease period using the straight-line method.

WSE's rental agreements consist of:

- office space and conference room with a three-month notice for which rent to be paid over three months amounts to PLN 164 thousand,
- office space with a twelve month notice, for which the annual rent payable amounts to PLN 1,251 thousand,
- office space with a six month notice, for which the rent payable for six months amounts to PLN 102 thousand,
- server space with 26 month notice, for which the rent payable for the 26 month period amounts to PLN 4,895 thousand.

Towarowa Giełda Energii is a party to the lease contract of office space for a specific period ending in 2013, for which the rent to be paid amounts to PLN 988 thousand.

BondSpot S.A. is a party to the lease contract of office space for a fixed period (5 years), which the rent to be paid in 2013 will amount to PLN 613 thousand.

Entities WSEInfoEngine S.A. and Instytut Rynku Kapitałowego – WSE Research S.A. are leasing office space owned by WSE S.A.

(all amounts in PLN thousands, unless otherwise stated)

Total future minimum lease payments under non-cancellable operating leases are as follows:

	As at 31 December 2012			
	Up to 1 year	**1-5 years**	**Over 5 years**	**Total**
WSE	3,776	2,636	-	**6,412**
Grupa Towarowa Giełda Energii	988	-	-	**988**
BondSpot S.A.	613	1,991	-	**2,604**
Total	**5,377**	**4,627**	**-**	**10,004**

	As at 31 December 2011			
	Up to 1 year	**1-5 years**	**Over 5 years**	**Total**
WSE	1,552	-	-	**1,552**
BondSpot S.A.	183	-	-	**183**
WSEInfoEngine S.A.	37	-	-	**37**
Total	**1,772**	**-**	**-**	**1,772**

29. Derivative financial instruments

As at 31 December 2012, the entity Bondspot S.A. was in possession of the EUR currency forward contract for the amount of EUR 50 thousand. The contract was purchased on 3 December 2012 and has a maturity date of 7 January 2013. The exchange rate equals to 4.1270 PLN/EUR, which amounts to PLN 206 thousand. As at 31 December 2012, income from the transaction amounts to PLN 2 thousand.

30. Cash inflows on operating activities

Cash generated from operating activities presents as follows:

		Year ended 31 December	
		2012	**2011**
Profit for the period		**106,230**	**134,142**
Total adjustments		**53,106**	**18,303**
Corporate income tax	24	24,544	28,920
Depreciation of property, plant and equipment	5	11,193	11,446
Amortisation of intangible assets	6	5,371	4,174
(Profit) / Loss on sale of property, plant and equipment	22, 23	426	(69)
Impairment of goodwill	23	7,946	-
Result on impairment of investments in other entities	23	1,011	-
(Profit)/Loss of available-for-sale financial assets	22	(2,079)	(3,539)
Interest income on deposits	22	(10,732)	(4,127)
Interest and premium bonds		14,795	-
Share in profit of associates	7	(9,243)	(15,470)
Effect of TGE acquisition		(77,334)	-
Net change in provisions for liabilities and charges	18	332	(202)
Other		(3,081)	79
Change in assets and short-term liabilities			
Increase / (Decrease) in inventories		*7*	*178*
Increase / (Decrease) in trade and other receivables and prepayments		*(33,904)*	*(2,294)*
Increase / (Decrease) in trade and other payables		*124,034*	*(5,321)*
Increase / (Decrease) in employee benefits payables		*(180)*	*4,900*
Cash flows from operating activities		**159,335**	**152,444**

31. Dividends

By the resolution No. 4 of Annual General Meeting dated 27 June 2012 earmarked PLN 60,440 thousand from the net profit of 2011 for the dividend payment. The date of dividend payment was established on 20 July 2012. The value of dividend per share amounted to PLN 1.44. The dividend was paid on 20 July 2012.

32. Earnings per share

Earnings per share calculation:

	As at 31 December	
	2012	**2011**
Profit attributable to the shareholders of the parent entity	105,774	133,742
Weighted average number of ordinary shares (in thousands)	41,972	41,972
Basic and diluted earnings per share (in PLN)	**2.52**	**3.19**

33. Segments of operations

Following the "management approach", operating segments are reported in accordance with the internal reporting provided to the parent entity Management Board (the chief operating decision-maker), which is responsible for allocating resources to the reportable segments and assesses their performance.

The operating segments of the Group were identified by the type of products and services, from which a given operating segment earns revenues.

For the year ended 31 December 2012 and for the year ended 31 December 2011 the Group was engaged in activities in three main operating segments:

- Financial market
- Commodity market
- Other revenues

There are 3 sub-segments in the **financial market**:

- trading (transaction fees dependant on the stock exchange market turnover, stock exchange system access fees, charges for servicing brokerage application);
- listing (annual fees for the listing of securities and one-off charges e.g. charges for admission and introducing the securities to stock exchange trading);
- Stock Exchange information services.

Revenues from the **commodity market** include fees from the energy exchange market (POEE), TGE's energy markets and revenues of the entity WSEInfoEngine S.A. from the trading operator activity.

The WSE Group's **other revenues** comprise mainly from training services, rental of space and revenues of the entity Instytut Rynku Kapitałowego – WSE Research S.A. and the entity WSEInfoEngine S.A. from the activities in the media industry. None of these segments of operations is subject to the reporting duty.

For the time being the WSE Group does not analyze costs as divided into individual operating segments. At the same time, the costing model is being prepared, which will support appropriate segment cost allocation. The WSE's Management Board intends to illustrate the segments activities during the year 2013. Furthermore, the Company does not allocate assets and liabilities to individual segments.

For the year ended 31 December 2012 and for the year ended 31 December 2011 there were no sales between the segments.

The WSE Group's operating segments are concentrated on the territory of Poland.

(all amounts in PLN thousands, unless otherwise stated)

The following tables present a reconciliation of the data analyzed by the parent entity's Management Board with the relevant items shown in these consolidated financial statements.

Revenue by segments in 2012 presents as follows:

		Year ended 31 December 2012			
		WSE	**Subsidiaries**	**Other exclusions**	**Total***
	Revenue (external transactions)	**195,932**	**78,896**	**(1,003)**	**273,825**
	Financial market	**193,114**	**15,180**	**(150)**	**208,144**
	Trading	135,446	14,666	-	150,112
	Listing	21,163	376	-	21,539
Segments	Information services	36,505	138	(150)	36,493
	Commodity market	**980**	**61,666**	**-**	**62,646**
	Trading	980	29,184	-	30,164
	Register of certificates of origin	-	16,549	-	16,549
	Clearing	-	15,933	-	15,933
	Other revenue	**1,838**	**2,050**	(853)	**3,035**
		-	-		
	Operating expenses	114,877	34,598	(985)	148,490
	Profit on sales	**81,055**	**44,298**	**(18)**	**125,335**
	Profit / (loss) on other operating activity	(5,174)	(445)	5,541	(78)
	Operating profit / (loss)	**75,881**	**44,743**	**(5,559)**	**125,257**
	Profit /(loss) from financial activity	5,319	2,477	(11,523)	(3,727)
	Share in profit of associates	-	-	9,243	9,243
	Profit / (loss) before income tax	**81,200**	**47,220**	**(7,839)**	**130,774**

** In accordance with the presentation of the data in the Consolidated Statement of Comprehensive Income*

Revenue by segments in 2011 presents as follows:

		Year ended 31 December 2011			
		WSE	**Subsidiaries**	**Other exclusions**	**Total***
	Revenue (external transactions)	**252,524**	**17,624**	**(1,351)**	**268,797**
	Financial market	**248,345**	**14,017**	**(209)**	**262,154**
	Trading	188,932	13,267	-	202,199
	Listing	22,720	665	-	23,385
Segments	Information services	36,693	85	(209)	36,569
	Commodity market	**775**	**1,236**	**-**	**2,011**
	Trading	775	1,236	-	2,011
	Register of certificates of origin	-	-	-	-
	Clearing	-	-	-	-
	Other revenue	**3,404**	**2,371**	**(1,142)**	**4,633**
	Operating expenses	123,553	11,764	(1,351)	133,966
	Profit on sales	**128,971**	**5,861**	**-**	**134,832**
	Other operating profit / (loss)	(1,259)	84	-	(1,175)
	Operating profit / (loss)	**127,712**	**5,944**	**-**	**133,656**
	Profit /(loss) from financial activity	21,059	751	(7,874)	13,936
	Share in profit of associates			15,470	15,470
	Profit / (loss) before income tax	**148,771**	**6,696**	**7,596**	**163,062**

*** In accordance with the presentation of the data in the Consolidated Statement of Comprehensive Income*

(all amounts in PLN thousands, unless otherwise stated)

Revenue by geographical concentration presents as follows:

	Year ended 31 December 2012	Share (%)	Year ended 31 December 2011	Share (%)
Nominated in PLN	236,923	87%	215,348	80%
Nominated in foreign currency	36,902	13%	53,449	20%
Total	**273,825**	**100%**	**268,797**	**100%**

The following tables present a reconciliation of total assets and liabilities as analysed by WSE's Management Board to total assets and liabilities presented in these consolidated financial statements.

Assets and liabilities are presented in the assets and liabilities of the WSE Group as at 31 December 2012 and 31 December 2011 as follows:

	WSE	Subsidiaries	Associates*	Other exclusions**	Total***
As at 31 December 2012					
Total Assets	649,983	249,848	151,213	(92,020)	**959,024**
Total Liabilities	265,102	138,157	-	(125)	**403,134**
Net Assets (assets less liabilities)					**555,890**
As at 31 December 2011					
Total Assets	587,253	23,753	147,894	(25,993)	**732,907**
Total Liabilities	204,583	3,993	-	(162)	**208,414**
Net Assets (assets less liabilities)					**524,493**

** The difference between the valuation of associates according to the equity method, and their valuation at cost less accumulated impairment losses analysed by the Board.*

***The following consolidated exclusions consist of: (1) the carrying amount of parent company investment in subsidiaries, (2) minority interest in the net profit or loss of consolidated subsidiaries for the reporting period, (3) minority interest in the net assets of consolidated subsidiaries, (4) Intercompany accounts, transactions, income and expenses*

**** According to the presentation in the Consolidated Statement of Financial Position*

34. Information about the acquisition of shares of Towarowa Giełda Energii S.A.

As at 31 December 2012 WSE was in possession of **2.33%** interest in TGE S.A. The acquisition of posterior shares went as follows:

- February 2012 – acquisition of **1,276,000** of TGE's shares, constituting **88.00%** of share capital, for the price of PLN 195,934 thousand,
- April 2012 – acquisition of **14,750** TGE's shares, constituting **1.01%** of share capital, for the price of PLN 2,154 thousand,
- July 2012 – acquisition of **99,000** TGE's shares, constituting **6.83%** of share capital, for the price of PLN 12,501 thousand,
- November 2012 – acquisition of **12,000** TGE's shares, constituting **0.83%** of share capital, for the price of PLN 1,515 thousand,
- December 2012 – acquisition of **14,500** TGE's shares, constituting **1.00%** of share capital, for the price of PLN 1,831 thousand.

As at **31 December 2012,** WSE is an owner of **100% of TGE's shares** and is in possession of **100% of votes** in regulatory authority.

This acquisition of strategic block of shares in the company allowed the realization of the Group's projects such as the institutional consolidation of the commodity/stock markets and the extension of the list of products that are available to investors in this market as well as technology ventures at the financial markets and commodity and stock markets.
Towarowa Giełda Energii S.A. as a parent company creates a Capital Group, which constitute of the following subsidiaries:

- Izba Rozliczeniowa Giełd Towarowych S.A. (IRGiT) z siedzibą w Warszawie,
- INFO GT Sp. z o.o. w likwidacji z siedzibą w Warszawie (in liquidation).

Warsaw Commodity Clearing House (IRGiT) deals with the members' settlements of transactions in respective markets of Towarowej Giełdy Energii.S.A. In 2010, IRGiT received permission from the Polish Securities and Exchange Commission for the settlement of transactions on the regulated and alternative market, regarding financial instrument. Company INFO GT, established in 2003, specializes in creating IT solutions for the energy sector.

Business activity of Towarowa Giełda Energii S.A. is running the commodity market and trade in electricity, liquid and solid fuels, production volume limits, in particular in electricity production, emission limits, property rights which value directly or indirectly depends on value of electricity, liquid or gas fuels, limits on production volume or emission, as well as running a register of certificates of origin for energy from OZE (Renewable Energy) and Cogeneration.

The extension of the list of products and the introduction of financial instruments based on commodities will require expenditures associated with trading and auxiliary systems to handle these products. In consequence, also the cooperation with the infrastructure institutions' systems, supported by or interoperating with WSE.

The main TGE's assets and liabilities group at the acquisition date (29 February 2012) were presented as follows:

- Intangible assets: PLN 1,922 thousand,
- Tangible assets: PLN 2,803 thousand,
- Short-term receivables: PLN 33,194 thousand,
- Cash and Cash equivalents: PLN 127,205 thousand,
- Prepayments: PLN 1,146 thousand,
- Financial lease liabilities: PLN 300 thousand,

- Short-term liabilities: PLN 103,309 thousand,
- Provisions for liabilities: PLN 626 thousand,
- Deferred income: PLN 2,811 thousand.

At the acquisition date the nominal value of Towarowa Giełda Energii S.A. share capital amounted to PLN 14,500 thousand. Non-controlling interest at the acquisition date amounted to PLN 5,734 thousand and its value was based on the fair value of identifiable net assets. At the acquisition date the fair value of shares previously owned was calculated just before the acquisition date and amounted to PLN 5,188 thousand.

As the result of the acquisition, the TGE Group brought to the WSE Group revenue, amounting to PLN 59,990 thousand and net profit of PLN 31,512 thousand for the period from 1 March 2012 to 31 December 2012. If the control was taken over on 1 January 2012, revenues brought by the Company would amount to PLN 71,878 thousand and the result would amount to PLN 38,795 thousand, respectively.

As the consequence of the first time full consolidation of Towarowa Giełda Energii S.A., the Group recognized the goodwill, calculated in the following way:

- the purchase price of 88% TGE's shares PLN 195,935 thousand
- non-controlling interests PLN 5,734 thousand
- fair value of the 2.33% of shares possessed as at the day of the acquisition PLN 5,188 thousand
- fair value of net assets available to be identified PLN -59,065 thousand
- total goodwill recognized by the Group PLN 147,792 thousand

Goodwill was directly influenced by high profitability (about 50% margin), of TGE S.A. in recent years.

Goodwill results from the price paid by the WSE for the shares of TGE. The price was based on DCF valuation model. The impact on the valuation had high profitability of the TGE business activity due to TGE participation in trading of electricity and property rights to certificates of electricity origin, and maintaining the register of certificates of electricity origin. TGE (excluding POEE Energy Market of WSE) is the only market in Poland, which gives possibility to fulfill the statutory limit in electricity trading (energy producers are required to sell not less than 15% of electricity produced in a given year on commodity market or regulated market) and is the only entity operating the register of certificates of origin of electricity.

35. Subsequent events

After the balance sheet date 31 December 2012, there have been no significant subsequent events that could have influenced consolidated financial statement for the year ended 31 December 2012.