WARSAW STOCK EXCHANGE

SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED

31 DECEMBER 2012

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(all amounts in PLN thousands, unless otherwise stated)

Separate Statement of Financial Position

	Note	As at 31 December	
		2012	**2011**
Non-current assets		**443,592**	**229,253**
Property, plant and equipment	5	129,010	127,585
Intangible assets	6	35,383	35,285
Investments in associates	8	11,652	11,652
Investments in subsidiaries	7	250,497	36,915
Deferred tax assets	10	2,570	2,829
Available-for-sale financial assets	11	11,183	11,795
Prepayments	15	3,297	3,192
Current assets		**206,391**	**358,000**
Inventories		253	260
Corporate income tax receivable		4,815	-
Trade and other receivables	14	23,640	27,578
Available-for-sale financial assets	11	118	56,647
Cash and cash equivalents	16	177,565	273,515
TOTAL ASSETS		**649,983**	**587,253**

	Note	As at 31 December	
		2012	**2011**
Equity		**384,881**	**382,670**
Share capital	17	63,865	63,865
Other reserves	17	(2,943)	(236)
Retained earnings	17	323,960	319,041
Non-current liabilities		**247,336**	**174,406**
Employee benefits payable	19	4,180	4,180
Liabilities on bonds issue	18	243,157	170,226
Current Liabilities		**17,766**	**30,177**
Trade payables	18	3,358	10,155
Corporate income tax payable		0	3,791
Liabilities on bonds issue	18	48	-
Dividends and other liabilities	18	3,550	3,867
Employee benefits payable	19	10,810	12,364
TOTAL EQUITY AND LIABILITIES		**649,983**	**587,253**

The notes presented on pages 7 to 67 form an integral part of these separate financial statements.

(all amounts in PLN thousands, unless otherwise stated)

Separate Statements of Comprehensive Income

	Note	Year ended 31 December	
		2012	2011
Revenue	22	195,932	252,524
Operating expenses	23	114,877	123,553
Other income	24	5,399	326
Other expenses	25	10,573	1,585
Operating profit		**75,881**	**127,712**
Financial income	24	22,337	21,461
Financial expenses	25	17,018	402
Profit before income tax		**81,200**	**148,771**
Income tax expense	26	15,642	27,623
Net profit for the year		**65,558**	**121,148**
Other comprehensive income:			
Gains/(loses) from the valuation of available-for-sale financial assets		872	9
Effective portion of changes in fair value of cash flow hedges		(3,580)	-
Other comprehensive income after tax		**(2,708)**	**9**
Total comprehensive income		**62,850**	**121,157**
Basic/diluted earnings per share (in PLN)	34	**1.56**	**2.89**

The notes presented on pages 7 to 67 form an integral part of these separate financial statements.

(all amounts in PLN thousands, unless otherwise stated)

Separate Statement of Cash Flows

	Note	Year ended 31 December	
		2012	**2011**
Cash flow from operating acitivities:		**66,401**	**125,193**
Cash generated from operation	32	89,755	147,571
Income tax paid		(23,354)	(22,378)
Cash flow from investing actitivies:		**(161,738)**	**18,649**
Purchase of property, plant and equipment	5	(11,712)	(20,160)
Proceeds from sale of property, plant and equipment and intangible assets		40	178
Purchase of intangible assets	6	(12,019)	(4,379)
Acquisition of subsidiary, net of cash acquired		(213,935)	(500)
Sale of available-for-sale financial assets		58,004	30,000
Purchase of available-for-sale financial assets		-	(54,201)
Interest received		6,361	5,634
Dividends received	24	11,523	62,257
Other		-	(180)
Cash flow from financing activities:		**(613)**	**35,031**
Dividends and the Social Fund		(60,640)	(134,969)
Interest paid		(15,656)	-
Proceeds from bonds issue		75,683	170,000
Net (decrease) / increase in cash and cash equivalents		**(95,950)**	**178,873**
Cash and cash equivalents at the beginning of the period	16	**273,515**	**94,642**
Cash and cash equivalents at the end of the period	16	**177,565**	**273,515**

The notes presented on pages 7 to 67 form an integral part of these separate financial statements.

(all amounts in PLN thousands, unless otherwise stated)

Separate Statement of Changes in Equity

	Share capital	Other reseves	Retained earnings	Total
Balance as at 31 December 2010	**63,865**	**(245)**	**332,824**	**396,444**
Dividend and Social Benefit Fund	-	-	(134,931)	**(134,931)**
Net profit for the year ended 31 December 2012	-	-	121,148	**121,148**
Revaluation of available-for-sale financial assets	-	9	-	**9**
Total comprehensive income for the year ended 31 December 2011	-	9	121,148	**121,157**
Balance as at 31 December 2011	**63,865**	**(236)**	**319,041**	**382,670**
Balance as at 31 December 2011	**63,865**	**(236)**	**319,041**	**382,670**
Dividend and Social Benefit Fund	-	-	(60,640)	**(60,640)**
Net profit for the year ended 31 December 2012	-	-	65,558	**65,558**
Revaluation of available-for-sale financial assets	-	872	-	**872**
Effective portion of changes in fair value of hedging instruments	-	(3,580)	-	**(3,580)**
Total comprehensive income for the year ended 31 December 2012	-	(2,708)	65,558	62,850
Balance as at 31 December 2012	**63,865**	**(2,944)**	**323,959**	**384,880**

The notes presented on pages 7 to 67 form an integral part of these separate financial statements.

1. General information

1.1. Legal status and scope of operations of the Company

Giełda Papierów Wartościowych w Warszawie Spółka Akcyjna (the 'Warsaw Stock Exchange', the 'WSE', 'Entity', 'Company' or 'Spółka'), 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.

1.2. Approval of the financial statements

The separate financial statement was authorised for issuance by the entity's Management Board on 19 February 2013.

2. Summary of significant accounting policies

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

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

2.1. Basis of preparation of the separate financial statement

The separate 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 separate 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 separate 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 separate 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. The following table presents:

- 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.

(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
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 Entity 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 Entity 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 statement of comprehensive income to be calculated based on the rate used to discount the defined benefit obligation.	The Entity does not expect that the amendment will have a significant impact on the financial statements.	1 January 2013
4. IAS 27 *Separate Financial Statements* (2011)	IAS 27 (2011) carries forward the existing accounting and disclosure requirements of IAS 27 (2008) for separate financial statements with some minor clarifications. As well, the existing requirements of IAS 28 (2008) and IAS 31 for separate financial statements have been incorporated into IAS 27 (2011). The Standard no longer addresses the principle of control and requirements relating to the preparation of consolidated financial statements, which have been carried over into IFRS 10 Consolidated Financial	The Entity does not expect that the amendment will have a significant impact on the financial	1 January 2014

(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
	Statements.	statements.	
5. 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 Entity 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
6. *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 Entity does not expect that the amendment will have a significant impact on the financial statements.	1 January 2014
7. Amendments to IFRS 7 *Financial Instruments:*	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 Entity does not expect that the amendment will have a significant impact	1 January 2013

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
*Disclosures - *Offsetting Financial Assets and Financial Liabilities		on the financial statements.	
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 Entity 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
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 Entity 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 Entity before or are not relevant to entity's operations:

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 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. 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; • additional disclosure required of a measure of total assets and liabilities for a particular reportable segment for interim financial reporting.	The Entity 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 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
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 Entity 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 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 initial recognition, an irrevocable election to present all fair value changes from the investment in other	The Entity 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 2015

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**
	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 Entity 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 2015

2.2. Evaluation of balances presented in foreign currencies

2.2.1. Functional and presentation currency

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

2.2.2. 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 (FX) rates,
- non-monetary items presented with foreign currencies valued with the historical cost are converted with FX 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'.

2.3. Segment reporting

An operating segment is a component of the entity, in respect of which separate 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 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.

2.4. 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 and are disclosed on the 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 uses the following useful life time periods for different categories of property, plant and equipment:

Property, plant and equipment 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.

[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.*

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 2.6 "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 use or disposal are no longer expected.

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

2.5. Intangible assets

2.5.1. 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 transaction responsible for the creation of goodwill, according to the operational business segmentation.

2.5.2. 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 2.6 "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.

2.6. 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 reviews the net book amounts of fixed assets 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.

2.7. Financial assets

2.7.1. Financial assets classification

WSE 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 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 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 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 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 WSE 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.

2.7.2. 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.

2.7.3. Impairment of financial assets

At each year end date, the Company 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 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 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.

2.8. 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.

2.9. 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 expenses.

2.10. 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.

2.11. Equity

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 of 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 17.3.

2.12. 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.

2.13. 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.

2.14. 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 present value.

2.15. 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.

2.16. 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 against 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 Company has 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.

2.17. 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 which the contribution relates to.

WSE 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 comprehensive income.

The Company 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 19.

Furthermore, the Company has an incentive scheme, according to which, depending on the Company's results, the employees have the right to annual bonuses dependant on the net profit and employee individual performance. The Company 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, which are set up individually for each employee, based on the incentive scheme for salaries.

The Company pays contributions for the Employees' Pension Fund, to which employees belong voluntarily based on an agreement. After payment of the contributions, WSE 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.

2.18. Provisions

Provisions are recorded when the Company 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's 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.

2.19. Revenue recognition

2.19.1. Sales revenue

Sales revenue is recognised when it is likely that economic benefits will flow to the Company 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 Company's core activities are provided.

Sales revenue consists of three main business segments:

- Financial market,
- Commodity market,
- Other.

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 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 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.

Sales revenue from the **commodity market** consist of the transaction and membership (electric energy market) fees collected from WSE members on the basis of WSE Regulations.

Other revenue is earned on other services provided by the Company. In this category, the following services are the main sources of revenue; training services relating to an educational programme for young people ("Stock Exchange School"), and other training courses on the stock exchange market organised according to needs, as well as, office lease revenue.

2.19.2. 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.

2.20. 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.

2.21. 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.

2.21.1. WSE 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.

2.21.2. WSE 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's activities expose it to a variety of financial risks. The Company 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. The WSE's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise any potential adverse effects on the Company's financial performance. The WSE's Management Board is responsible for risk management within the Company. WSE has dedicated departments, responsible for ensuring its liquidity, including foreign currency liquidity, debt collection and timely payment of liabilities, particularly tax liabilities.

3.2. Market risk

3.2.1. Cash flow and fair value interest risk

The WSE is moderately exposed to interest rate risk. WSE 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's cash flow increases based on the higher interest from assets with variable interest rates. On the other hand, WSE'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.

WSE 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 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.

(all amounts in PLN thousands, unless otherwise stated)

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 WSE's exposure to interest risk is presented in Note 13.

3.2.2. Foreign Exchange risk

WSE 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.

Based on the result of sensitivity analysis to average exchange rates changes performed, 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 summarizes the WSE's exposure to FX rates:

	Balance as at 31 December 2012				
	PLN	**EUR**	**USD**	**Other**	**Total**
Available-for-sale treasury bonds	10,968	-	-	-	**10,968**
Cash and cash equivalents	120,242	57,323	-	-	**177,565**
Trade receivables	15,716	3,835	-	1	**19,552**
Total financial assets	**146,926**	**61,158**	**-**	**1**	**208,085**
Trade liabilities	3,165	135	101	(43)	**3,358**
Liabilities on bonds issue	243,205	-	-	-	**243,205**
Dividends payable	132	-	-	-	**132**
Total financial liabilities	**246,502**	**135**	**101**	**(43)**	**246,695**
Net balance (assets-liabilities)	**(99,576)**	**61,023**	**(101)**	**44**	**(38,610)**

(all amounts in PLN thousands, unless otherwise stated)

	Balance as at 31 December 2012				
	PLN	**EUR**	**USD**	**Inne**	**Razem**
Available-for-sale treasury bonds	67,178	-	-	-	**67,178**
Cash and cash equivalents	208,569	64,946	-	-	**273,515**
Trade receivables	16,491	4,101	-	11	**20,603**
Total financial assets	**292,238**	**69,047**	**-**	**11**	**361,296**
Trade liabilities	10,045	(713)	786	37	**10,155**
Finance lease liabilities	170,226	-	-	-	**170,226**
Dividends payable	122	-	-	-	**122**
Total financial liabilities	**180,393**	**(713)**	**786**	**37**	**180,503**
Net balance (assets-liabilities)	**111,845**	**69,760**	**(786)**	**(26)**	**180,793**

3.2.3. Price risk

WSE 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 is not exposed to any commodity price risk.

Debt securities purchased by WSE 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 Company as a result of deterioration of counterparty's ability to repay liabilities.

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

WSE Management Board's resolutions, which are binding on the Company, 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 WSE are presented in the table below.

(all amounts in PLN thousands, unless otherwise stated)

	As at 31 December	
	2012	**2011**
Available-for-sale financial assets	**11,301**	**68,442**
Long-term	11,183	11,795
Short-term	118	56,647
Loans and receivables	**197,110**	**294,111**
Trade receivables	19,552	20,603
Bank deposits and current accounts (included in cash and cash equivalents)	177,558	273,508
Total financial assets	**208,411**	**362,553**

Based on the decision of WSE's 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 the Company 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's exposure to credit risk is presented in the following table:

	Balance as at 31 December	
	2012	**2011**
Trade and other receivables (included in financial assets)	19,552	20,603
Debt securities (available-for-sale treasury bonds and bills)	10,968	67,178
Bank deposits and current accounts	177,558	273,508
Total	**208,078**	**361,289**

3.4. Liquidity risk

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

An analysis of the structure of the WSE's assets shows a considerable share of liquid assets, and thus, a very good position of the WSE in terms of liquidity. Cash and debt securities owned by the WSE as at 31 December 2012 amounted to PLN 188,526 thousand (as at 31 December 2011: PLN 340,693 thousand) representing 29.00% of the total assets (as at 31 December 2011: 58.01%)

The analysis of the structure of equity and liabilities shows the following share of equity in financing the WSE's operations. Equity as at 31 December 2012 comprised 59.07% of WSE's total liabilities and equity (31 December 2011: 65.17%).

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

(all amounts in PLN thousands, unless otherwise stated)

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

	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	168,980	-	-	8,585	-	-	**177,565**
Trade receivables	16,149	3,403	-	-	-	-	**19,552**
Total assets	**185,129**	**3,403**	**-**	**9,210**	**11,250**	**-**	**208,992**
Trade liabilites	3,358	-	-	-	-	-	**3,358**
Liabilities on bonds issue	-	-	-	12,912	283,938	-	**296,850**
Dividends payable	132	-	-	-	-	-	**132**
Total liabilites	**3,490**	**-**	**-**	**12,912**	**283,938**	**-**	**300,340**
Liquidity gap	**181,639**	**3,403**	**-**	**(3,702)**	**(272,688)**	**-**	**(91,348)**

	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 and cash in hand*	273,515	-	-	-	-	-	**273,515**
Trade receivables	19,676	518	409	-	-		**20,603**
Total assets	**293,191**	**518**	**409**	**58,625**	**11,875**	**-**	**364,618**
Trade liabilites	9,840	167	92	29	27	-	**10,155**
Liabilities on bonds issue	-	-	-	10,727	36,686	175,338	**222,751**
Dividends payable	-	-	122	-	-	-	**122**
Total liabilities	**9,840**	**167**	**214**	**10,756**	**36,713**	**175,338**	**233,028**
Liquidity gap	**283,351**	**351**	**195**	**47,869**	**(24,838)**	**(175,338)**	**131,590**

3.5. Capital management

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

WSE'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. WSE maintains sufficient liquid financial means in order to settle its liabilities in a timely manner. The risk of delays in settlements is minimal.

WSE'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 way of 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 Board of Directors 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 on the bank account. Due to the fact, that the stated EUR currency resources are meant for compensating future payments, the Entity 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 Entity's 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 transactions.

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 have been 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 financial statements are based on historical experience, predictions and analyses of future events, which to the best knowledge of the 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 2.7.3., whereas detailed information on allowances made for receivables is presented in the Note 14.

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.

5. Property, plant and equipment

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

(all amounts in PLN thousands, unless otherwise stated)

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	**91,645**	**18,009**	**1,345**	**16,586**	**127,586**
Additions	-	-	-	11,712	**11,712**
Reclassification	563	3,792	72	(4,427)	**0**
Disposals	-	(459)	(7)	-	**(466)**
Depreciation charge (Note 23)	(2,585)	(6,881)	(356)	-	**(9,822)**
Net carrying value - closing balance	**89,623**	**14,461**	**1,054**	**23,872**	**129,010**
Balance as at 31 December 2012					
Gross carrying value - opening	120,025	66,287	5,037	23,872	**215,222**
Accumulated depreciation	(30,402)	(51,827)	(3,983)	-	**(86,212)**
Net carrying value	**89,623**	**14,461**	**1,054**	**23,872**	**129,010**

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	**94,282**	**18,776**	**1,598**	**3,887**	**118,543**
Additions	-	-	-	20,160	**20,160**
Reclassification	335	6,996	130	(7,461)	**-**
Disposals	(67)	(42)	-	-	**(109)**
Depreciation charge (Note 23)	(2,905)	(7,721)	(383)	-	**(11,009)**
Net carrying value - closing balance	**91,645**	**18,009**	**1,345**	**16,586**	**127,585**
Balance as at 31 December 2011					
Gross carrying value - opening	119,462	69,590	5,149	16,586	**210,787**
Accumulated depreciation	(27,817)	(51,581)	(3,804)	-	**(83,202)**
Net carrying value	**91,645**	**18,009**	**1,345**	**16,586**	**127,585**

(all amounts in PLN thousands, unless otherwise stated)

6. Intangible assets

Tables below present changes in the net book values of intangible assets categories.

	Year ended 31 December 2012			
	Licences	**Copyrights**	**Goodwill**	**Total**
Net carrying value - opening balance	**25,071**	**2,268**	**7,946**	**35,285**
Additions	14,410	-	-	14,410
Disposals	(2,437)	(17)	(7,946)	(10,401)
Amortisation charge (Note 21)	(3,210)	(701)	-	(3,911)
Net carrying value - closing balance	**33,834**	**1,549**	**-**	**35,383**
As at 31 December 2012				
Gross carrying value - opening balance	95,406	3,791	7,946	107,143
Impairment	-	-	(7,946)	(7,946)
Accumulated amortisation	(61,572)	(2,242)	-	(63,813)
Net carrying value	**33,834**	**1,549**	**-**	**35,383**

	Year ended 31 December 2011			
	Licences	**Copyrights**	**Goodwill**	**Total**
Net carrying value - opening balance	**25,617**	**1,247**	**-**	**26,864**
Additions	2,845	1,534	7,946	12,325
Disposals	-	-	-	-
Amortisation charge (Note 21)	(3,391)	(513)	-	(3,904)
Net carrying value - closing balance	**25,071**	**2,268**	**7,946**	**35,285**
As at 31 December 2011				
Gross carrying value - opening balance	86,357	3,607	7,946	97,910
Accumulated amortisation	(61,286)	(1,339)	-	(62,625)
Net carrying value	**25,071**	**2,268**	**7,946**	**35,285**

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.

As at 27 December 2012, WSE'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 Company'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 2011, an impairment test of goodwill arising from the acquisition of an organised part of the enterprise – Platforma Obrotu Energią Elektryczną ("Electric Power Trading Platform", "POEE") was performed using the discounted cash flow method (DCF) for the six year period 2012-2017. Based on the test, Management Board of the entity has not identified impairment on the goodwill of POEE as at 31 December 2011.

(all amounts in PLN thousands, unless otherwise stated)

7. Investment in subsidiaries

As at 31 December 2012, WSE was in possession of investments in the following subsidiaries: Towarowa Giełda Energii S.A., BondSpot S.A., WSE InfoEngine S.A. and Instytut Rynku Kapitałowego – WSE Research S.A. ("IRK"). As at 31 December 2011, WSE was in possession of investments in the following subsidiaries: BondSpot S.A., WSE InfoEngine S.A. and Instytut Rynku Kapitałowego – WSE Research S.A.

Towarowa Giełda Energii S.A. has been a subsidiary of WSE since the first quarter of 2012, based on the purchase of the controlling interest (88%). At 31 December 2012, the Entity was in possession of 100 percent of TGE's share capital. Details are described in the Note 36.

As at 31 December 2012, a full goodwill impairment write-off was conducted by WSE for IRK that amounted to PLN 1,000 thousand. The amount is included in the Company's other expenses. IRK's negative financial results for the years 2011-2012 were the cause of the goodwill impairment write-off.

Tables below present WSE's investments in its subsidiaries as at 31 December 2012 and 2011:

As at 31 December 2012

	Purchase consideration of shares	Revaluation	Impairment	Carrying amount	Number of shares	% interest in share capital	% of votes	Profit/(loss) for the last fiscal year
Towarowa Giełda Energii S.A.*	214,582	-	-	214,582	14,500,000	100.00	100.00	38,795
BondSpot S.A.	32,470	-	-	32,470	9,246,659	92.47	92.47	6,052
WSEInfoEngine S.A.	3,445	-	-	3,445	3,445	100.00	100.00	42
Instytut Rynku Kapitałowego - - WSE Research S.A.	1,000	-	(1,000)	-	2,000	100.00	100.00	(177)
Total	**251,497**	-	**(1,000)**	**250,497**				**44,712**

**Presents the consolidated results of TGE Group for 2012. The TGE Group is fully consolidated since 1 March 1 2012, TGE Group's net profit for the period 1 March 2012 to 31 December 2012 amounted to PLN 31 512 thousand.*

As at 31 December 2011

	Purchase consideration of shares	Revaluation	Impairment	Carrying amount	Number of shares	% interest in share capital	% of votes	Profit/(loss) for the last fiscal year
BondSpot S.A.	32,470	-	-	32,470	9,246,659	92.47	92.47	5,316
WSEInfoEngine S.A.	3,445	-	-	3,445	3,445	100.00	100.00	556
Instytut Rynku Kapitałowego - - WSE Research S.A.	1,000	-	-	1,000	2,000	100.00	100.00	(473)
Total	**36,915**	-	-	**36,915**				**5,399**

(all amounts in PLN thousands, unless otherwise stated)

8. 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).

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

As at 31 December 2012

	Purchase consideration of shares	Revaluation	Impairment	Carrying amount	Number of shares	% interest in share capital	% of votes	Profit/(loss) for the last fiscal year
KDPW S.A.*	7,000	-	-	7,000	7,000	33.33	33.33	24,613
Centrum Giełdowe S.A.	4,652	-	-	4,652	46,506	24.79	24.79	4,191
Total	**11,652**	**-**	**-**	**11,652**				**28,804**

** Presents KDPW Group's consolidated results according to IAS / IFRS. As at 31 December 2012, the Group recognized an impairment loss of KDPW 's goodwill (poee) an amount equal to PLN 4 222 thousand, which is charged to the KDPW Group's net profit for 2012*

As at 31 December 2011

	Purchase consideration of shares	Revaluation	Impairment	Carrying amount	Number of shares	% interest in share capital	% of votes	Profit/(loss) for the last fiscal year
KDPW S.A.*	7,000	-	-	7,000	7,000	33.33	33.33	47,401
Centrum Giełdowe S.A.	4,652	-	-	4,652	46,506	24.79	24.79	(1,333)
Innex**	3,820	-	(3,820)	-	1,499	24.98	24.98	(65)
Total	**15,472**	**-**	**(3,820)**	**11,652**				**46,003**

** Presented KDPW Group's consolidated results.*

*** Innex illustrates its financial statement according to Ukrainian accounting standards.*

(all amounts in PLN thousands, unless otherwise stated)

In accordance with Article 4, clause 3 of the Memorandum of Association of KDPW S.A., the company has only registered shares. Offices of KDPW S.A., and Centrum Giełdowe S.A. 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.

9. Investment in other entities

As at 31 December 2012, WSE was in possession of investments in entities that are neither associated nor subsidiaries. Those entities were as follows: S.C. SIBEX – Sibiu Stock Exchange, and INNEX. As at 31 December 2011, those entities were as follows: S.C. SIBEX – Sibiu Stock Exchange, and Towarowa Giełda Energii S.A.

	As at 31 December 2012							
	Purchase consideration of shares	**Revaluation**	**Impairment**	**Carrying amount**	**Number of shares**	**% interest in share capital**	**% of votes**	**Profit/(loss) for the last fiscal year**
Innex*	3,820	-	(3,820)	-	1,499	9.99	9.99	22
S.C. SIBEX - SIBIU Stock Exchange S.A.**	1,343	(1,011)	-	333	435,750	1.30	1.30	(650)
Total	**5,163**	**(1,011)**	**(3,820)**	**333**				

** Innex illustrates its financial statement according to Ukrainian accounting standards.*
*** SIBEX interim financial statements prepared in accordance with Romanian accounting standards. SIBEX presented net profits cover the period for the three quarters ended 30 September 2012*

	As at 31 December 2011							
	Purchase consideration of shares	**Revaluation**	**Impairment**	**Carrying amount**	**Number of shares**	**% interest in share capital**	**% of votes**	**Profit/(loss) for the last fiscal year**
Towarowa Giełda Energii S.A.	647	-	-	647	33,750	2.33	2.33	26,357
S.C. SIBEX - SIBIU Stock Exchange S.A.*	1,343	(742)	-	601	435,750	1.30	1.30	(415)
Total	**1,990**	**(742)**	**-**	**1,248**				

**Sibex Group's 2012 results presented according to IAS/IFRS.*

WSE 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 (which 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 privatisations, which are currently INNEX's main stream of revenue, caused a negative result for the year 2008.

INNEX's stock is not listed on any market, which is why there is no fast way of selling them. INNEX's financial result for the year 2012 does not support an impairment reversal as at 31 December 2012.

(all amounts in PLN thousands, unless otherwise stated)

Since 2010, S.C. SIBEX – Sibiu Stock Exchange S.A. (SIBEX) has been listed on S.C. SIBEX – SibiuStock 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 a goodwill impairment loss of interest in SIBEX at a value of PLN 1,011 thousand.

10. 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 authority. After offsetting, the following amounts are presented in the separate financial statements:

	As at 31 December	
	2012	**2011**
Deferred tax assets to be recovered within 12 months	(3,290)	(2,519)
Deferred tax assets to be recovered after more than 12 months	(2,396)	(2,816)
Total deferred tax assets	**(5,686)**	**(5,335)**

	As at 31 December	
	2012	**2011**
Deferred tax liabilities to be settled within 12 months	2,647	1,994
Deferred tax liabilities to be settled after more than 12 months	469	512
Total deferred tax liability	**3,116**	**2,506**

Changes in the net deferred tax assets balance are as follows:

	Year ended 31 December	
	2012	**2011**
Deferred tax assets (net) at the beginning of the period	**(2,829)**	**(3,729)**
Charged to the statement of comprehensive income	894	898
Charged to other comprehensive income	(635)	2
Deferred tax assets (net) at the end of the period	**(2,570)**	**(2,829)**

(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	**(4,846)**	**(5,335)**
Unused holiday	(350)	(264)
Jubilee bonuses and retirement benefits	(976)	(861)
Annual and merit awards	(1,710)	(2,015)
Impairment on interests	(916)	(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)
Other	(207)	(174)
Recognition in other comprehensive income	**(840)**	**-**
Hedge accounting	(840)	-
Total recognition in the statement of comprehensive income and other comprehensive income	**(5,686)**	**(5,335)**

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

	As at 31 December	
	2012	**2011**
Charge to the statement of comprehensive income	**2,968**	**2,563**
Financial income	391	480
Difference between accounting and carrying value of property, plant and	1,600	1,059
Non-realised foreign exchange differences	487	1,012
Other	490	12
Charge to other comprehensive income	**148**	**(57)**
Fair value of shares	-	(141)
Fair value of debt securities	148	84
Total charge to the statement of comprehensive income and other comprehensive income	**3,116**	**2,506**

(all amounts in PLN thousands, unless otherwise stated)

11. Available-for-sale financial assets

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

	Year ended 31 December	
	2012	**2011**
Opening balance	**68,442**	**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)	(58,000)	(31,275)
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*
Closing balance	**11,301**	**68,442**
Long-term	*11,183*	*11,795*
Short-term	*118*	*56,647*

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

	As at 31 December	
	2012	**2011**
Debt financial assets	**10,968**	**67,178**
Treasury bonds	10,968	67,178
Equity financial assets	**333**	**1,264**
Listed on the active market	333	617
Not listed on the active market	-	647
Total available-for-sale financial assets	**11,301**	**68,442**

(all amounts in PLN thousands, unless otherwise stated)

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.	*1,343*	*1,343*
Innex PJSC	*3,820*	-
Treasury bonds	10,850	10,547
Revaluation or impairement of financial assets	(4,831)	(742)
Long-term financial assets	**11,182**	**11,795**
Interest in other entities:		
Miraculum S.A.	-	*16*
Treasury bonds	118	56,631
fixed interest rate	118	*56,631*
variable interest rate	-	-
Total short-term financial assets	**118**	**56,647**
Total available-for-sale financial assets	**11,300**	**68,442**

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

	As at 31 December 2012			
	Purchase consideration of shares	**Impairment**	**Revaluation**	**Carrying amount**
Innex	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**	**(3,820)**	**(1,011)**	**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)	602
Total available-for-sale equity securities	**1,990**	-	**(742)**	**1,248**

The fair value of listed entities shares is recognised based on the quotation price.

Since 2010, S.C. SIBEX – Sibiu Stock Exchange S.A. (SIBEX) has been listed on the S.C. SIBEX –Sibiu Stock Exchange S.A. (SIBEX). As at 31 December 2012, the fair value of this company was the appropriate quotation prices.

Because there is no active market for shares of INNEX and it is not possible to reliably determine the fair value of the shares so they were recognised at cost, net of the impairment loss. The impairment is described in Note 9.

Fair value classification:

WSE classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making 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 are classified as level 1 (excluding INNEX – classified at level 3) in the fair value hierarchy.

12. Financial assets held to maturity

Due to dividend payment, the WSE 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 Company reclassified these assets as available-for-sale. As a result, the Company lost its right to classify acquired financial assets as assets held to maturity until the end of 2012.

Based on the above information, WSE 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)

13. 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 one is at an earlier date. Other financial assets and liabilities, not presented in the tables below (with the exception of bonds payable), do not bear any interest.

Financial assets as at 31 December 2012	**Maturity date / Interest rate change date**									
	Total	**Up to 1 year**				**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**over 5 years**
		Total	**Up to 1 month**	**1 to 3 months**	**3 to 12 months**					
Long-term bonds (fixed interest rates, available-for-sale)	10,850	-	-	-	-	-	10,850	-	-	-
Short-term bonds (fixed interest rates, available-for-sale)	118	118	-	-	118	-	-	-	-	-
Bank deposits and current accounts	177,558	177,558	168,973	-	8,585	-	-	-	-	-
Total	**188,526**	**177,676**	**168,973**	**-**	**8,703**	**-**	**10,850**	**-**	**-**	**-**

Financial assets as at 31 December 2011	**Maturity date / Interest rate change date**									
	Total	**Up to 1 year**				**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**over 5 years**
		Total	**Up to 1 month**	**1 to 3 months**	**3 to 12 months**					
Long-term bonds (fixed interest rates, available-for-sale)	10,547	-	-	-	-	-	10,547	-	-	-
Short-term bonds (fixed interest rates, available-for-sale)	56,631	56,631	-	-	56,631	-	-	-	-	-
Bank deposits and current accounts	273,508	273,508	273,508	-	-	-	-	-	-	-
Total	**340,686**	**330,139**	**273,508**	**-**	**56,631**	**-**	**10,547**	**-**	**-**	**-**

(all amounts in PLN thousands, unless otherwise stated)

14. Trade and other receivables

Trade and other receivables comprise of the following:

	As at 31 December	
	2012	**2011**
Gross trade receivables	*20,675*	*24,621*
Impairment allowances for receivables	*(1,123)*	*(4,018)*
Net trade receivables	19,552	20,603
Total financial assets	**19,552**	**20,603**
Prepayments	1,605	2,423
Other receivables and advance payments	2,484	4,507
Receivables from statutory settlements	-	45
Total non-financial assets	**4,088**	**6,975**
Total trade and other receivables	**23,640**	**27,578**

14.1. 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	17,343	668	(80)	82	1,539	1,123
As at 31 December 2011	17,477	2,199	220	301	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.

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	11,596
Issuers*	732	325
Other*	2,889	5,556
Total	**17,343**	**17,477**

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

(all amounts in PLN thousands, unless otherwise stated)

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	1,267
A	3,984	2,555
Baa	4,155	3,262
Ba	452	-
B	6	102
Without rating	4,948	4,410
Total	**13,721**	**11,596**

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 mainly information distributors.

As at 31 December 2012, trade receivables which amounted to PLN 3,332 thousand (31 December 2011 – PLN 7,144 thousand) were **overdue**. Overdue receivables from debtors in bankruptcy account for a total amount of PLN 432 thousand (31 December 2011 – PLN 330 thousand), and other past due receivables totalled to PLN 2,900 thousand (31 December 2011 – PLN 6,814 thousand).

At the approval date of the current financial statement by WSE's Board, overdue receivables **were paid** in the amount of PLN 741 thousand.

As at 31 December 2012, trade receivables which were **overdue** and **impaired** amounted to PLN 1,123 thousand (PLN 4,018 thousand as at 31 December 2011). The balance includes PLN 432 thousand from bankrupt debtors and PLN 691 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).

The table below illustrates the impairment loss on receivables in years 2011-2012:

	As at 31 December	
	2012	**2011**
Beginning of the year	**4,018**	**2,816**
Increase of impairment allowance	229	2,109
Receivables written off during the period as uncollectible	(7)	-
Reversal of impairment allowance	(3,117)	(907)
End of the year	**1,123**	**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 Company has no collaterals on receivables. None of the trade receivables were renegotiated.

(all amounts in PLN thousands, unless otherwise stated)

Gross value of trade receivables – geographical concentration:

	As at 31 December	
	2012	**2011**
Domestic receivables	14,260	16,085
Foreign receivables	6,415	8,536
Total	**20,675**	**24,621**

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:

	As at 31 December 2012	**Share (%)**	**As at 31 December 2011**	**Share (%)**
Contractor A	1,336	6%	1,701	7%
Contractor B	1,286	6%	1,492	6%
Contractor C	564	3%	913	4%
Contractor D	582	3%	939	4%
Contractor E	836	4%	736	3%
Contractor F	398	2%	1,049	4%
Contractor G	649	3%	750	3%
Contractor H	208	1%	372	1%
Other contractors	14,816	72%	16,669	68%
Total	**20,675**	**100%**	**24,621**	**100%**

In the opinion of the 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.

14.2. Other receivables

The 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.

Movements in impairment allowance for other receivables:

	Year ended 31 December	
	2012	**2011**
Beginning of the period	**-**	**77**
Increase of impairment allowance	-	-
Reversal of impairment allowance	-	(77)
End of the period	**-**	**-**

15. Prepayments

As at 31 December 2012 non-current prepayments amounted to PLN 3,297 thousand (31 December 2011: PLN 3,192 thousand).

Non-current part of prepayments related to the right to perpetual usufruct of land amounted to PLN 2,976 thousand 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 14.

(all amounts in PLN thousands, unless otherwise stated)

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

16. Cash and Cash equivalents

Cash and cash equivalents include:

	As at 31 December	
	2012	**2011**
Cash	7	7
Current accounts	389	1,643
Bank deposits	177,169	271,865
Total cash and cash equivalents	**177,565**	**273,515**

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 the carrying amount. In the 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).

17. Equity

WSE's equity includes:

	As at 31 December	
	2012	**2011**
Share capital	63,865	63,865
Other reserves	(2,943)	(236)
Retained earnings	323,959	319,041
Total equity	**384,881**	**382,670**

17.1. Share capital

WSE'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**

Before 1996, share capital (at par value of PLN 6,000 thousand) was re-valued using the general price index in accordance with IAS 29 (the cumulative inflation rate for the period April 1991 – December 1996 amounted to 464.9%).

(all amounts in PLN thousands, unless otherwise stated)

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, which constitute 29,376,940 votes – 51.7% 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.

The ownership structure and percentage of shares in the Company 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%**

17.2. Other reserves

Other reserves include:

	As at 31 December	
	2012	2011
Capital arising from available-for-sale financial assets:	**636**	**(236)**
Revaluation	784	(293)
Deferred tax	(148)	57
Capital arising from hedge accounting:	**(3,580)**	**-**
Revaluation	(4,420)	-
Deferred tax	840	-
Total capital from revaluation of financial assets	**(2,944)**	**(236)**

(all amounts in PLN thousands, unless otherwise stated)

Changes in revaluation reserve:

	Year ended 31 December	
	2012	**2011**
Beginning of the period	**(236)**	**(245)**
Additions/Decreases	**(2,708)**	**9**
Changes due to revaluation and sales:	(3,343)	11
Deferred tax	635	(2)
End of the period	**(2,944)**	**(236)**

17.3. Retained earnings

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

	Reserve capital	Other capital reserves	Accumulated profit	Profit for the period	Total
As at 31 December 2010	**38,023**	**182,656**	**(22,896)**	**135,041**	**332,824**
Distribution of profit for the year ended 31 December 2010	-	110	134,931	(135,041)	-
Dividends and Social Fund	-	-	(134,931)	-	(134,931)
Other changes	-	-	-	-	-
Profit for the year ended 31 December 2011	-	-	-	121,148	121,148
As at 31 December 2011	**38,023**	**182,766**	**(22,896)**	**121,148**	**319,041**
As at 31 December 2011	**38,023**	**182,766**	**(22,896)**	**121,148**	**319,041**
Distribution of profit for the year ended 31 December 2011	-	60,508	60,640	(121,148)	-
Dividends and Social Fund	-	-	(60,640)	-	(60,640)
Other changes	(1,003)	-	1,003	-	-
Profit for the year ended 31 December 2012	-	-	-	65,558	65,558
As at 31 December 2012	**37,020**	**243,274**	**(21,893)**	**65,558**	**323,959**

As required by the Commercial Companies Code (Kodeksem 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'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.

(all amounts in PLN thousands, unless otherwise stated)

Reserve capital is intended for financing investments and other expenses related with the company's operations. Reserves capital may be used for share capital or dividend payment.

18. Trade payables and other liabilities

Trade payables and other liabilities include:

	As at 31 December	
	2012	2011
Trade payables	3,172	9,881
Payables to associates	186	274
Dividend payable	132	122
Long-term bonds payable*	243,157	170,226
Short-term bonds payable	48	-
Total Financial Liabilities	**246,694**	**180,503**
Social security and other statutory payables	2,360	1,679
Other payables	74	1,485
Accruals and deferred income	984	581
Total other liabilities	**3,418**	**3,745**
Total trade and other liabilities	**250,112**	**184,248**

** 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 straight line basis over the remaining period to maturity of the bonds.*

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

In accordance with the resolution No. 1473/2011 dated 5 December 2011, Management Board decided to issue WSE series A and B bearer bonds. The purpose of the issue was to finance WSE's projects such as institutional consolidation on the commodities market, extension of the line of products available for investors on this market and technological projects in financial and commodities markets.

Series A bonds, for qualified investors only, of a nominal value of PLN 170,000 thousand were issued on 23 December 2011.

Series B bonds with a nominal value of PLN 75,000 thousand were issued through a public offering on 25 February 2012 with a listing on 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)

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

WSE records provisions for retirement and pension benefits and jubilee bonuses (employee benefits) based on the actuarial valuation prepared as at the balance 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:	**5,135**	**4,529**
-Short-term	1,034	667
-Long-term	4,101	3,862
Expenses from retirement benfits and jubilee awards disclosed on the statement of comprehensive income (Note 23)	**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'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)

Employee benefits payables include:

	As at 31 December	
	2012	**2011**
Long-term	**4,180**	**4,180**
Retirement benefits and jubilee awards	4,101	3,862
Other	78	318
Short-term	**10,810**	**12,364**
Retirement benefits and jubilee awards	1,034	667
Other	9,776	11,697
Total	**14,991**	**16,544**

Other employee benefits payables include:

	Year ended 31 December	
	2012	**2011**
Begining of the period short-term payables	**11,697**	**9,176**
Annual and merit awards	7,217	10,287
Holiday accruals	455	1,389
Overhours	12	13
Car charges reimbursements	8	8
Provisions used	(9,613)	(9,176)
Begining of the period long-term payables	**318**	**-**
Annual rewards	(240)	318
End of the period long/short-term payables	**9,854**	**12,015**

20. Provisions for other liabilities and charges

Provisions for other liabilities and charges include:

	As at 31 December	
	2012	**2011**
Long-term	-	-
Short-term	-	200
Total provisions for other liabilities and payments	-	**200**

(all amounts in PLN thousands, unless otherwise stated)

Changes in provisions for other liabilities and charges include:

	Provisions for litigations and disputes	Other provisions	Total
As at 1 January 2011	**-**	**200**	**200**
Provisions reversed	-	(200)	**(200)**
As at 31 December 2011	**-**	**-**	**-**
As at 1 January 2012	**-**	**-**	**-**
Provisions created	-	-	-
Provisions reversed	-	-	-
Provisions used	-	-	**-**
As at 31 December 2012	**-**	**-**	**-**

21. Finance lease liabilities

There are no finance lease liabilities.

22. Sales revenue

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

	Year ended 31 December	
	2012	**2011**
Financial market	**193,114**	**248,345**
Trading	135,446	188,932
Lisiting	21,163	22,720
Information services	36,505	36,693
Commodity market	**980**	**775**
Trading	980	775
Other revenue	**1,838**	**3,404**
Total	**195,932**	**252,524**

(all amounts in PLN thousands, unless otherwise stated)

23. Operating expenses

The table below presents WSE's operating costs structure:

	Year ended 31 December	
	2012	**2011**
Depreciation and amortisiation	13,733	14,913
Salaries	30,661	33,756
Other employee costs	9,623	11,621
Rent and other maintenance fee	7,861	6,105
Fees and charges	18,109	15,180
External services	28,462	34,846
Other operating expenses	6,429	7,132
Total operating expenses	**114,878**	**123,553**

23.1. Salaries and other employee costs

Salaries and other employee costs include:

	Year ended 31 December	
	2012	**2011**
Wages and salaries	30,210	33,268
Termination benefits	64	156
Employee cost concerning jubilee bonuses	387	332
Total employee costs	**30,661**	**33,756**

	Year ended 31 December	
	2012	**2011**
Social security costs	4,211	4,040
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)	3,347	3,821
Total other employee costs	**9,623**	**11,621**

WSE offers its employees defined contribution benefit plans, which are calculated based on employee's length of service and their base salary (Note 19).

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

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(all amounts in PLN thousands, unless otherwise stated)

23.2. External services

External services include:

	Year ended 31 December	
	2012	**2011**
Fixad assets maintenance	11,968	11,786
Security	1,007	1,004
Data transmission	4,310	6,209
Phone and mobile services	729	420
Sofware upgrades	165	209
Information services	584	485
Advertisment	4,916	8,022
Market liquidity support	1,045	1,260
Consulting and auditing services	1,547	2,181
Legal and translation services	259	607
Transport services	320	193
Lease fees	332	206
Cleaning services	337	381
Press releases	32	28
Training	438	993
Mailing fees	34	41
Banking fees	59	60
KDPW fees	38	35
Other	343	726
Total external services	**28,462**	**34,846**

23.3. Other operating expenses

Other operating expenses include:

	Year ended 31 December	
	2012	**2011**
Consumption of materials and energy	3,783	3,856
Membership fees	712	682
Property insurance	199	203
Impairment of perpetual usufruct	86	106
Business trips	1,086	1,748
Conferences	207	302
Other	356	235
Total other operating expenses	**6,429**	**7,132**

(all amounts in PLN thousands, unless otherwise stated)

24. Other income and income from financial activities

24.1. Other income

Other income includes:

	Year ended 31 December	
	2012	**2011**
Compensations received	437	2
Income from sale of property, plant and equipment	-	69
Reversal of impairment allowance for receivables	2,888	-
Other	2,075	255
Total other income	**5,399**	**326**

24.2. Income from financial activities

Income from financial activities includes:

	Year ended 31 December	
	2012	**2011**
Interest received from bank deposits and current accounts	7,650	3,488
Interest from available-for-sale assets	625	1,900
Income from available-for-sale financial assets	1,454	1,599
Dividends	11,523	8,246
Other	1,085	6,228
Total financial income	**22,337**	**21,461**

Based on the Resolution No. 5 of the General Meeting of BondSpot S.A. from 20 June 2012, BondSpot S.A. decides to pay out PLN 4,800 thousand from its 2011 earnings as a dividend on 25 July 2012. The value of the dividend paid to WSE in 2012 was PLN 4,438 thousand. The value of the dividend paid to WSE in 2011 was PLN 740 thousand.

Based on the resolution No. 20 of General Meeting of KDPW S.A. from 19 June 2012, KDPW decides to pay out PLN 21,253 thousand from its 2011 earnings as a dividend. The value of the dividend paid to WSE in 2012 was PLN 7,084 thousand. The value of the dividend paid to WSE in 2011 was PLN 7,018 thousand. In 2011, WSE received a dividend from KDPW's 2009 net profit and reserve capital with a total amount of PLN 54.1 million. The dividend was included in WSE's 2010 financial revenue.

In 2011, WSE received a dividend payment from the entity Centrum Giełdowe S.A. in value of PLN 116 thousand. In 2012, Centrum Giełdowe S.A. did not pay out any dividends.

In 2011, WSE received dividend payments from entities where it has a minority interest, they include: TGE, Nyse Euronext, and London Stock Exchange.

(all amounts in PLN thousands, unless otherwise stated)

25. Other expenses and expenses from financial activities

25.1. Other expenses

Other expenses include:

	Year ended 31 December	
	2012	2011
Grants	128	306
Loss on sale of tengible fixed assets	489	-
Impairment allowance for receivables	-	1,202
Impairment of investments*	9,957	-
Other	0	77
Total other expenses	**10,573**	**1,585**

** In 2012, there was an impairment of goodwill (poee) which amounted to PLN 7,946 thousand, as well as, an impairment loss lasting value of the shares of Instytut Rynku Kapitałowego - WSE Research S.A. totaled amount of PLN 1,000 thousand.*

In 2012, donations were made to:

- Fundacja Polski Instytut Dyrektorów (statutory purposes) – PLN 60 thousand,
- Fundacja Edukacji Rynku Kapitałowego (Capital Market Education Foundation) – for educational activities promoting knowledge of capital market) – PLN 12.5 thousand,
- Fundacja Europa (Europe Foundation - Olympics in knowledge about Poland) – PLN 6 thousand,
- other donations (statutory purposes, rehab and treatment, success indices for children) – PLN 49 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.

25.2. Expenses from financial activities

Expenses from financial activities include:

	Year ended 31 December	
	2012	2011
Interest paid from bond issue	15,477	226
Expenses from bond issue	401	5
Other, including:	1,140	171
Negative foreign exchange differences	*1,041*	-
Loss on sale of investments	*12*	-
Other	*87*	*171*
Total financial expenses	**17,018**	**402**

(all amounts in PLN thousands, unless otherwise stated)

26. Income tax

The following table illustrates current and deferred income tax.

	Year ended 31 December	
	2012	**2011**
Current income tax	14,748	26,725
Deferred tax (Note 10)	894	898
Total income tax	**15,642**	**27,623**

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	**81,200**	**148,771**
Income tax rate	19%	19%
Income tax at the statutory tax rate	**15,427**	**28,266**
Tax effect:		
Non-deductible differences	1,828	248
Non-taxable income	-	(6)
Additional non-taxable revenue	-	1
Other adjustments	576	610
Non-taxable share in profit of associates	(2,189)	(1,496)
Total income tax	**15,642**	**27,623**

27. 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 (along with penalties and interest). According to the WSE Group's Management Board of the parent entity there are no indications of any material contingent liabilities in this respect arising.

As at 31 December 2012 and 31 December 2011 the Company had neither contingent liabilities nor investment commitments other than hedge accounting.

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

28. Transactions with related parties

The Company's related parties include its subsidiaries (BondSpot S.A., WSEInfoEngine S.A., Instytut Rynku Kapitałowego – WSE Research S.A., and Grupa Towarowa Giełda Energii) and associates (Krajowy Depozyt Papierów Wartościowych S.A., Centrum Giełdowe S.A. and INNEX). WSE's related parties also include; the Treasury of State as a parent entity (holding as at 31 December 2012 35.00% of shares and 51.70% of votes on the General Meeting) of companies that it controls fully/jointly, or has significant influence over. Additionally, associated parties are members of the key management personnel of WSE.

(all amounts in PLN thousands, unless otherwise stated)

28.1. Information about transactions with entities related to the State Treasury

The Ministry of the State Treasury provides to neither the general public nor to the companies held by the State Treasury a complete list of the entities which are controlled or jointly controlled by the State Treasury, or entities over which the State Treasury exerts significant influence. Consequently the WSE's Management Board using its best efforts has disclosed transactions with these entities it managed to identify.

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

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

The Company's revenue from 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.

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.

(all amounts in PLN thousands, unless otherwise stated)

In accordance with the Polish law, the Company is subject to taxation. The Company pays tax to the State Treasury, which is a related party. The principles and regulations binding upon the Company 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 WSE incurs costs and fees, paid to the State Treasury in the amount set by the Polish Financial Supervision Authority (PFSA). The WSE 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 WSE'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.

28.2. Transactions with subsidiaries

Transactions with subsidiaries in 2012 and 2011 include:

	As at 31 December 2012		**Year ended 31 December 2012**	
	Receivables	**Liabilities**	**Sales revenue**	**Operating expenses**
Grupa Towarowa Giełda Energii	18	-	34	-
BondSpot S.A.	9	12	29	126
WSEInfoEngine S.A.	6	22	205	245
Instytut Rynku Kapitałowego - - WSE Research S.A.	11	(7)	115	76
Total	**45**	**27**	**383**	**447**

	As at 31 December 2011		**Year ended 31 December 2011**	
	Receivables	**Liabilities**	**Sales revenue**	**Operating expenses**
BondSpot S.A.	16	26	131	78
WSEInfoEngine S.A.	81	20	137	917
Instytut Rynku Kapitałowego - - WSE Research S.A.	-	-	28	61
Total	**97**	**46**	**296**	**1,056**

In the years ended 31 December 2011 and 31 December 2010 no receivables from related parties were written off and no impairment write-downs on receivables from related parties were recorded.

(all amounts in PLN thousands, unless otherwise stated)

28.3. 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**

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.

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

WSE 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, WSE 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).

29. 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*:

	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 entity	**4,624**	**4,960**

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

(all amounts in PLN thousands, unless otherwise stated)

Information on loans granted to key management personnel

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

30. Future minimum lease payments

Lease fees paid under operating lease are charged to expenses over the lease period using the straight-line method. WSE is a party to rental agreements which 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.

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

	Future minimal non-revokable operating lease fees			
	Up to 1 year	**1 to 5 years**	**Over 5 years**	**Total**
As at 31 December 2012	3,776	2,636	-	**6,412**
As at 31 December 2011	1,552	-	-	**1,552**

31. Derivative financial instruments

As at 31 December 2012 and as at 31 December 2011 there were no derivative instruments in the Company.

(all amounts in PLN thousands, unless otherwise stated)

32. Cash generated from operating activities

Cash generated from operating activities presents as follows.

	Note	Year ended 31 December	
		2012	**2011**
Profit for the period:		**65,558**	**121,148**
Adjustments:		**24,197**	**26,423**
Corporate income tax	26	15,642	27,623
Depreciation of property, plant and equipment	5	9,822	11,009
Amortisation of intangible assets	6	3,911	3,904
(Profit) / Loss on sale of property, plant and equipment	24, 25	489	(69)
Impairment of goodwill	25	7,946	-
Result on impairment of investments in other entities	25	2,011	-
(Profit)/Loss of available-for-sale financial assets	24	(2,079)	(3,499)
Dividend income	24	(11,523)	(8,246)
Interest income on deposits	24	(7,650)	(3,464)
Paid iterest on bonds issued		14,795	-
Net change in provisions for liabilities and other charges	20	-	(200)
Other		(4,338)	246
Change in assets and short-term liabilities:		(4,829)	(881)
Increase / (Decrease) in inventories		*7*	*178*
Increase / (Decrease) in trade and other receivables and prepayments		*3,833*	*(1,599)*
Increase / (Decrease) in trade and other payables		*(7,115)*	*(4,206)*
Increase / (Decrease) in employee benefits payables	*19*	*(1,554)*	*4,746*
Cash flows from operating activities		**89,755**	**147,571**

33. 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 the 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.

34. Earnings per share

Earnings per share calculation:

	Year ended 31 December	
	2012	**2011**
Profit attributable to the shareholders of the parent entity	65,558	121,148
Weighted average number of ordinary shares (in thousands)	41,972	41,972
Basic and diluted earnings per share (in PLN)	**1.56**	**2.89**

35. Segments of activity

Following the “management approach”, operating segments are reported in accordance with the internal reporting provided to the 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 Company 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 Company 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);
- information services.

Revenues from the **commodity market** include fees received based on the commodity trading, particularly regulations, transaction and participation in the electric energy market fees.

The Company’s **other revenues** comprise mainly income from sale of promotional services and rental of space. None of these segments of operations is subject to the reporting duty. The Management Board does not analyse data relating to the subsidiaries and associates.

For the time being the Company does not analyse 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 beyond the segments.

The Company’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 analysed by the Management Board with the relevant items shown in these separate financial statements.

Revenue by segments in 2012 presents as follows:

		Year ended 31 December 2012
	Revenue (external transactions)	**195,932**
Segments	**Financial market**	**193,114**
	Trading	135,446
	Listing	21,163
	Information services	36,505
	Commodity market	**980**
	Trading	980
	Other revenue	**1,838**
	Operating expenses	114,877
	Profit on sales	**81,055**
	Profit / (loss) on other operating activity	(5,174)
	Operating profit / (loss)	**75,881**
	Profit /(loss) from financial activity	5,319
	Profit / (loss) before income tax	**81,200**

Revenue by segments in 2011 presents as follows:

		Year ended 31 December 2011
	Revenue (external transactions)	**252,524**
Segments	**Financial market**	**248,345**
	Trading	188,932
	Listing	22,720
	Information services	36,693
	Commodity market	**775**
	Trading	775
	Other revenue	**3,404**
	Operating expenses	123,553
	Profit on sales	**128,971**
	Profit / (loss) on other operating activity	(1,259)
	Operating profit / (loss)	**127,712**
	Profit /(loss) from financial activity	21,059
	Profit / (loss) before income tax	**148,771**

(all amounts in PLN thousands, unless otherwise stated)

Revenue by geographical area presents as follows:

	Year ended 31 December 2012	Share (%)	Year ended 31 December 2011	Share (%)
Nominated in PLN	165,250	84%	203,985	81%
Nominated in foreign currency	30,682	16%	48,539	19%
Total	**195,932**	**100%**	**252,524**	**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 separate financial statements.

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

	As at 31 December	
	2012	2011
Total assets	649,984	587,253
Total liabilities	265,103	204,583
Net assets (assets less liabilities)	**384,881**	**382,670**

36. 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.

Takeover of strategic interest in TGE enables WSE to such ventures as institutional consolidation on the financial market, increasing the number of financial products available for investors and technological improvements at the financial and commodity market.

Towarowa Giełda Energii S.A., as a parent entity creates a Capital Group, which consists of:

- Clearing House of Commodity Exchanges (Izba Rozliczeniowa Giełd Towarowych S.A. - IRGiT) in Warsaw,
- INFO GT Sp. z o.o. w likwidacji located in Warsaw (in liquidation).

Lead by IRGiT Clearing House (Izba Rozliczeniowa) and House of Account (Izba Rozrachunkowa), serves as clearing house of commodity exchanges, which operates as a clearing unit for transactions at all TGE's markets. Entity INFO GT, established in 2003, specialises in creation of IT solution 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.

As a consequence of an increase in the number of products offered on the commodity market and implementation of financial instruments based on commodities, there will be a need of adaptation of transaction systems to support those new products and cooperation in this area with the institutional infrastructure systems cooperating with WSE at the commodity market.

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

Nominal value of TGE's share capital at the acquisition day amounted to PLN 14,500 thousand. Non-controlling interest created at the acquisition Day amounted to PLN 5,734 thousand, which were recognised as the sum of fair values of identified net assets. The fair value of 2.33% of the WSE's minority stake of TGE, which the Company had prior to taking control of TGE, amounted to PLN 5,188 thousand at the acquisition day of TGE

The main cause of TGE's goodwill was its high profitability (about 50%) over past few years.

The goodwill of TGE is a direct implication of the price that WSE paid for TGE's shares. The price was calculated using the DCF method. Big impact on the pricing had high profitability of TGE's operations, caused by its participation on the electric energy market, property rights to the certifications of origins of electric energy and the registry of certifications of origin of electric energy. TGE (excluding POEE – WSE's Energy Market) is the only market in Poland allowed to trade electric energy within the regulatory limit (electric energy producers cannot sell less than 15% of their production at the commodity markets or at the regulated market) and is the only entity conducting the registry of certifications of origin for electric energy.

37. Subsequent events

After the year end Day 31 December 2012, no significant subsequent events took place, which could have had an impact on the separate financial statements for the year ended 31 December 2012.