GIEŁDA PAPIERÓW WARTOŚCIOWYCH W WARSZAWIE S.A. GROUP
(“THE WARSAW STOCK EXCHANGE GROUP”)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

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FOR THE YEAR ENDED 31 DECEMBER 2011

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS	Note	31.12.2011	31.12.2010
NON-CURRENT ASSETS		**355 291**	**337 664**
Property and equipment	5	128 672	119 516
Intangible assets	6	60 621	60 167
Investments in associates	7	147 894	138 956
Deferred tax assets	8	3 110	4 007
Available-for-sale financial assets	9	11 795	11 829
Prepayments	12	3 199	3 189
CURRENT ASSETS		**377 616**	**220 862**
Inventories		260	438
Corporate income tax receivable		-	621
Trade and other receivables	11	29 620	81 416
Available-for-sale financial assets	9	56 651	30 787
Cash and cash equivalents	13	291 085	107 600
TOTAL ASSETS		**732 907**	**558 526**

EQUITY AND LIABILITIES	Note	31.12.2011	31.12.2010
Equity		**524 492**	**524 726**
Equity attributable to the owners of the parent entity		**523 209**	**523 843**
Share capital	14	63 865	63 865
Other reserves	14	270	204
Retained earnings	14	459 074	459 774
Non-controlling interests		**1 283**	**883**
Non-current liabilities		**175 517**	**4 814**
Employee benefits payable	16	4 206	2 367
Finance lease liabilities	18	66	77
Provision for other liabilities	17	1 019	1 010
Debt securities	15	170 226	-
Other liabilities		-	1 360
Current liabilities		**32 898**	**28 986**
Trade payables	15	10 516	7 472
Finance lease liabilities	18	61	73
Corporate income tax payable		5 011	-
Dividends and other liabilities	15	4 459	11 440
Employee benefits payable	16	12 851	9 790
Provisions for other liabilities and charges	17	-	211
TOTAL EQUITY AND LIABILITIES		**732 907**	**558 526**

The notes presented on pages 5 to 67 form an integral part of these consolidated financial statements.

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Year ended 31.12.2011	Year ended 31.12.2010
Revenue	19	268 797	225 629
Operating expenses	20	133 966	132 341
Other income	21	438	1 139
Other expenses	22	1 613	2 677
Operating profit		**133 656**	**91 750**
Financial income	21	14 384	10 307
Financial expenses		448	883
Share of profit of associates	7	15 470	14 170
Profit before income tax		**163 062**	**115 344**
Income tax expense	23	28 920	20 518
Profit for the period		**134 142**	**94 826**
Other comprehensive income:			
Gains/(losses) from the valuation of financial assets available-for-sale of the parent entity		9	(1 189)
Gains/(losses) from the valuation of financial assets available-for-sale of the associate		57	(60)
Other comprehensive income after tax		**66**	**(1 249)**
Total comprehensive income		**134 208**	**93 577**
Profit for the period		**134 142**	**94 826**
Profit for the period attributable to the shareholders of the parent entity		133 742	94 692
Profit for the period attributable to the non-controlling interests		400	134
Total comprehensive income		**134 208**	**93 577**
Total comprehensive income attributable to the shareholders of the parent entity		133 808	93 443
Total comprehensive income attributable to the non-controlling interests		400	134
Basic / diluted earnings per share (expressed in PLN)	32	3,20	2,26

The notes presented on pages 5 to 67 form an integral part of these consolidated financial statements.

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Note	Year ended 31.12.2011	Year ended 31.12.2010
A	**Cash flows from operating activities:**		**129 986**	**90 042**
	Cash generated from operations	30	152 444	110 104
	Income tax paid		(22 458)	(20 062)
B	**Cash flows from investing activities:**		**18 528**	**130 190**
	Purchases of property and equipment		(20 717)	(8 331)
	Proceeds from sale of property and equipment		178	131
	Purchases of intangible assets		(4 579)	(28 351)
	Sales of available-for-sale financial assets		30 040	159 631
	Purchase of available – for- sale financial assets		(54 201)	-
	Interest received		6 309	6 483
	Dividends received		61 517	486
	Other		(19)	141
C	**Cash flow from financing activities:**		**34 971**	**(596 800)**
	Dividends paid		(135 029)	(596 800)
	Proceeds from bonds issue		170 000	-
D	**Net increase / (decrease) in cash and cash equivalents**		**183 485**	**(376 567)**
	Cash and cash equivalents at the beginning of the period		**107 600**	**484 167**
	Cash and cash equivalents at the end of the period	**13**	**291 085**	**107 600**

The notes presented on pages 5 to 67 form an integral part of these consolidated financial statements.

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to the shareholders of the parent entity					
	Share capital	**Other reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance as at 31 December 2009	**63 865**	**1 453**	**455 741**	**521 059**	**749**	**521 808**
Dividends	-	-	(90 659)	(90 659)	-	**(90 659)**
Profit for the year ended 31 December 2010	-	-	94 692	94 692	134	**94 826**
Revaluation of available-for-sale financial assets	-	(1 249)	-	(1 249)	-	**(1 249)**
Total comprehensive income for the year ended 31 December 2010	**-**	**(1 249)**	**94 692**	**93 443**	**134**	**93 577**
Balance as at 31 December 2010	**63 865**	**204**	**459 774**	**523 843**	**883**	**524 726**
Balance as at 31 December 2010	**63 865**	**204**	**459 774**	**523 843**	**883**	**524 726**
Dividends and Social Benefit Fund	-	-	(134 931)	(134 931)	-	**(134 931)**
Profit for the year ended 31 December 2011	-	-	133 742	133 742	400	**134 142**
Other changes in equity	-	-	489	489	-	**489**
Revaluation of available-for-sale financial assets	-	66	-	66	-	**66**
Total comprehensive income for the year ended 31 December 2011	**-**	**66**	**134 231**	**134 297**	**400**	**134 697**
Balance as at 31 December 2011	**63 865**	**270**	**459 074**	**523 209**	**1 283**	**524 492**

The notes presented on pages 5 to 67 form an integral part of these consolidated financial statements.

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. General information

34.1. Legal status and the scope of operations of the parent company

The parent company of Giełda Papierów Wartościowych w Warszawie S.A. Group (the "Group") is Giełda Papierów Wartościowych w Warszawie Spółka Akcyjna (the "Warsaw Stock Exchange", the "Exchange", "WSE" or the "Company") with its registered office in Warsaw, ul. Książęca 4. The Company was established by Notarial Deed on 12 April 1991 and registered with the Commercial Court in Warsaw on 25 April 1991.

The core operations of WSE comprise the organization of public trading in securities.

34.2. Approval of the financial statements

These consolidated financial statements were authorized for issue by the parent entity's Management Board on 9 March 2012.

34.3. The Group's composition and operations

The Warsaw Stock Exchange and its subsidiaries: WSEInfoEngine S.A., BondSpot S.A. and Instytut Rynku Kapitałowego – WSE Research S.A. comprise the Warsaw Stock Exchange Group. The associates on which the Group exerts significant influence are as follows: Centrum Giełdowe S.A., KDPW S.A. and INNEX Stock Exchange.

The composition of the Group as at 31 December 2011 and 31 December 2010 is set out in table below:

Name of the entity	Registered office of the entity	Scope of operations	% interest in share capital
Parent company			
Warsaw Stock Exchange	00-498 Warsaw ul. Książęca 4 Poland	– operating a stock exchange through the organization of public trading in securities – conducting educational, promotional and information activities regarding functioning of the capital market – organizing an alternative trading system	
Subsidiaries			
WSEInfoEngine S.A.	00-498 Warsaw ul. Książęca 4 Poland	– providing data transmission and information services	100.00%
BondSpot S.A. (former MTS-CeTO S.A.)	00-609 Warsaw Al. Armii Ludowej 26 Poland	– running an over-the-counter market and conducting other activities related to organizing trading in securities and other financial instruments – organizing an alternative trading system – organizing and conducting all activities which supplement and support the functioning of the markets operated by the Company	92.47%

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Name of the entity	Registered office of the entity	Scope of operations	% interest in share capital
Instytut Rynku Kapitałowego - WSE Research S.A. (former Warszawski Instytut Rynku Kapitałowego S.A.)	00-498 Warszawa ul. Książęca 4 Poland	– publishing books, newspapers, magazines and other periodicals – non-school forms of education – activities which support education	100.00%

Associates			
Krajowy Depozyt Papierów Wartościowych S.A.	00-498 Warsaw ul. Książęca 4 Poland	– maintaining a deposit for securities – clearing and settlement of transactions concluded on the stock exchanges, energy exchanges and commodity exchanges – conducting other activities related to trading in securities and other financial instruments – administration of the Guarantee Fund	33.33%
Centrum Giełdowe S.A.	00-498 Warsaw ul. Książęca 4 Poland	– building, urban and technological design operations – undertaking general building works related to constructing buildings – leasing of real estate on own account – real estate management	24.79%
Closed joint stock company „INNEX Stock Exchange"	01015, Kiev ul. Moskowska 43/11 Ukraine	– managing financial markets – stock exchange transactions in securities – other types of wholesale – other auxiliary activities relating to financial intermediation – commercial and management advisory services – organizing secondary trading in shares, bonds and options – organizing tenders on the primary market for shares in Ukrainian businesses under privatisation	24.98%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

On 15 November 2000, WSE took up shares in **MTS-CeTO S.A.** and was recorded in the share register as the owner of 53.82% shares of the company. In 2002 the share capital of MTS CeTO S.A. was increased and the shares were acquired by other shareholders which resulted in a dilution of WSE's interest in MTS CeTO's share capital drop from 53.82% to 41.54%. In 2004, the share capital of MTS CeTO S.A. was increased. As a result of another shareholder subscribing to the increased capital, the WSE's interest in the share capital diluted to 31.15%. On 11 March 2009 WSE acquired 6,131,290 shares of MTS-CeTO S.A. which amounted to 61.32% of the company's share capital. Ownership of a strategic block of shares in this company (92.47% in total) enabled the realization of assumed strategic objective, which was to boost and develop, based on MTS-CeTO, a market for State Treasury debt securities listed on MTS Poland and RPW CeTO, as well as to build a new market for corporate and local authority bonds, created as an Alternative Trading System. In September 2009 the company changed its name to **BondSpot S.A.** The share capital of BondSpot S.A. as at 31 December 2010 and as at 31 December 2011 amounted to PLN 10,000 thousand. The WSE's interest in the share capital of BondSpot S.A. and in the total number of voting rights amounted to 92.47% as at 31 December 2010 and as at 31 December 2011.

The notarial deed establishing **WSEInfoEngine S.A.** was drawn up on 23 February 2004. The company's founder and sole shareholder is the WSE, which took up 500 shares with a nominal value of PLN 1,000 each. The company was registered in the National Court Register of the District Court in Warsaw on 13 May 2004. In June 2008 the share capital was increased by PLN 220 thousand, in December 2009 by PLN 725 thousand and in December 2010 by another PLN 2,000 thousand. As at 31 December 2010 the share capital of WSEInfoEngine S.A. amounted to PLN 3,445 thousand. WSE's interest in the share capital of WSEInfoEngine S.A. and in total number of votes as at 31 December 2010 and as at 31 December 2011 amounted to 100%.

The notarial deed establishing **Warszawski Instytut Rynku Kapitałowego S.A.** (WIRK S.A.) was drawn up in December 2009. The company's founder and sole shareholder is the WSE, which took up 1,000 shares with a nominal value of PLN 500 each. In May 2011 the share capital was raised by PLN 500 thousand. The share capital of WIRK S.A. as at 31 December 2010 amounted to PLN 500 thousand and as at 31 December 2011 amounted to PLN 1 000 thousand. WSE's interest in the share capital and voting rights of WIRK S.A. as at 31 December 2010 and as at 31 December 2011 amounted to 100%. In June 2010 the company changed its name to **Instytut Rynku Kapitałowego WSE Research S.A.**

In 1994, the WSE acquired shares in **KDPW S.A.** The WSE's interest in the share capital of KDPW S.A. was 66.66% at the end of 1998. In January 1999, the Company sold 7,000 out of 14,000 shares of KDPW S.A. held as at 31 December 1998 to the National Bank of Poland for PLN 51,708 thousand. Thus, as at the end of 1999 the Exchange's interest in the share capital of KDPW S.A. was 33.33%. The share capital of KDPW S.A. as at 31 December 2010 and as at 31 December 2011 was PLN 21,000 thousand. The WSE's interest in the share capital of KDPW S.A. and voting rights amounted to 33.33% as at 31 December 2010 and as at 31 December 2011.

In 1995, the Company acquired shares comprising 16.92% of the share capital of **Centrum Giełdowe S.A.**, a joint stock company formed on 21 November 1995 whose operations comprised the construction, use and rental of the WSE's new registered office at Książęca street in Warsaw. In 2000, the Exchange increased its interest in Centrum Giełdowe S.A. by purchasing shares from Bank Handlowy w Warszawie S.A. (an increase by 7.87% of shares). The share capital of Centrum Giełdowe S.A. as at 31 December 2010 and as at 31 December 2011 was PLN 18,760 thousand. WSE's interest in the share capital and voting rights of Centrum Giełdowe S.A. was 24.79% as at 31 December 2010 and as at 31 December 2011.

On 10 July 2008, WSE acquired shares in the Ukrainian **Stock Exchange INNEX** for USD 1,802 thousand, which represented on the date of transaction PLN 3,820 thousand. The share capital of INNEX as at 31 December 2010 and as at 31 December 2011 was UAH 6,000 thousand. WSE's interest in the INNEX share capital and voting rights as at 31 December 2010 and as at 31 December 2011 was 24.98%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. Summary of significant accounting policies

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

The consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern in the foreseeable future. As at the date of these consolidated financial statements, there are no circumstances indicating any threats to the Group's ability to continue operations.

35.1. Basis of preparation of the consolidated financial statements

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

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

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

(a) New standards and amendments to published standards and interpretations effective from 2011

Certain standards, interpretations and amendments to published standards are mandatory for accounting reporting periods commencing on or after 1 January 2011, but only if the Company did not apply them before that date.

Below are the requirements of the published standards and interpretations which are mandatory from 2011:

Amendments to IFRS 7 *Financial Instruments: Disclosures - Transfers of Financial Assets*. The Amendments require disclosure of information that enables users of financial statements to understand the relationship between transferred financial assets that are not derecognised in their entirety and the associated liabilities and to evaluate the nature of, and risks associated with, the entity's continuing involvement in derecognised financial assets. The Amendments define "continuing involvement" for the purposes of applying the disclosure requirements.

The Group does not expect the amendments to IFRS 7 to have material impact on the consolidated financial statements.

Amendments to IFRS 1 *Severe Hyperinflation and Removal of Fixed Dates for First – time Adopters*. The Amendments add an exemption to IFRS 1 that an entity can apply at the date of transition to IFRSs after being subject to severe hyperinflation. This exemption allows an entity to measure assets and liabilities held before the functional currency normalization date at fair value and use that fair value as the deemed cost of those assets and liabilities in the opening IFRS statement of financial position. The standard is not yet adopted by the European Union.

The amendment has no impact on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(b) New standards, interpretations and amendments to the existing standards, which have not come into force yet and have not been applied by the Group or have not been relevant for the current Group's activity

The following new standards, interpretations and amendments to the existing standards have been published and are mandatory for the accounting periods beginning on or after 1 January 2012 or later periods:

Amendments to IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities. The Amendments contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting arrangements or similar agreements.

The Group does not expect the Amendments to have any impact on the consolidated financial statements.

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 amortized cost or financial assets measured at fair value. A financial asset is measured at amortized 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 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.

The Group does not expect IFRS 9 (2009) to have material impact on the consolidated financial statements.

Additions to IFRS 9 *Financial Instruments* (2010). The 2010 additions to IFRS 9 replace the guidance in IAS 39 Financial Instruments: Recognition and Measurement, about classification and measurement of financial liabilities and the derecognition of financial assets and financial liabilities. The Standard retains almost all of the existing requirements from IAS 39 on the classification and measurement of financial liabilities and for derecognition of financial assets and financial liabilities. The Standard requires that the amount of change in fair value attributable to changes in the credit risk of a financial liability designated at initial recognition as fair value through profit or loss, be presented in other comprehensive income (OCI), with only the remaining amount of the total gain or loss included in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, then the whole fair value change is presented in profit or loss.
Amounts presented in OCI are not subsequently reclassified to profit or loss but may be transferred within equity. Derivative financial liabilities that are linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, are required to be measured at fair value under IFRS 9.

The Group does not expect IFRS 9 (2010) to have material impact on the consolidated financial statements.

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 (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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

It is expected that the Amendments will not have a material impact on the Group's consolidated financial statements.

IFRS 10 *Consolidated Financial Statements*" and IAS 27 (2011) *Separate Financial Statements* - IFRS 10 provides a new single model to be applied in the control analysis for all investees, including entities that currently are SPEs in the scope of SIC-12. IFRS 10 introduces new requirements to assess control that are different from the existing requirements in IAS 27 (2008). Under the new single control model, an investor controls an investee when (1) it is exposed or has rights to variable returns from its involvements with the investee, (2) has the ability to affect those returns through its power over that investee and (3) there is a link between power and returns. The new standard also includes the disclosure requirements and the requirements relating to the preparation of consolidated financial statements. These requirements are carried forward from IAS 27 (2008).

It is expected that the Amendments will not have a material impact on the Group's consolidated financial statements.

IFRS 11 *Joint Arrangements* - IFRS 11 Joint Arrangements, supersedes and replaces IAS 31, *Interest in Joint Ventures*. IFRS 11 does not introduce substantive changes to the overall definition of an arrangement subject to joint control, although the definition of control, and therefore indirectly of joint control, has changed due to IFRS 10. Under the new Standard, joint arrangements are divided into two types, each having its own accounting model defined as follows: a joint operation is one whereby the jointly controlling parties, known as the joint operators, have rights to the assets, and obligations for the liabilities, relating to the arrangement or a joint venture is one whereby the jointly controlling parties, known as joint venturers, have rights to the net assets of the arrangement. IFRS 11 effectively carves out, from IAS 31, those cases in which although there is a separate vehicle for the joint arrangement, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations, under IAS 31, and are now called joint operations. The remainder of IAS 31 jointly controlled entities, now called joint ventures, must be accounted for using the equity method. Proportionate consolidation is no longer possible.

The Group does not expect the new standard to have any impact on the consolidated financial statements.

IFRS 12 *Disclosure of Interests in Other Entities* - IFRS 12 requires additional disclosures relating to significant judgements and assumptions made in determining the nature of interests in an entity or arrangement, interests in subsidiaries, joint arrangements and associates and unconsolidated structured entities.

The Group does not expect IFRS 12 to have material impact on the consolidated financial statements.

IFRS 13 *Fair Value Measurement* - IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains 'how' to measure fair value when it is required or permitted by other IFRSs. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The standard contains an extensive disclosure framework that provides additional disclosures to existing requirements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant unobservable inputs, the effect of the measurements on profit or loss or other comprehensive income.

The Group does not expect IFRS 13 to have material impact on the consolidated financial statements.

Amendments to IAS 1 *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income* - The amendments require that an entity presents separately the items of OCI 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 OCI are presented before related tax effects then the aggregated tax amount should be allocated between these sections.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 Amendments are not relevant to the Group's consolidated financial statements.

Amendments to IAS 12 *Income taxes - Deferred Tax: Recovery of Underlying Assets* - The 2010 amendment introduces an exception to the current measurement principles based on the manner of recovery in paragraph 52 of IAS 12 for investment property measured using the fair value model in accordance with IAS 40 by introducing a rebuttable presumption that the carrying value of underlying assets would be recovered entirely by sale. Management's intention would not be relevant unless the investment property is *depreciable* and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. This is the only instance in which the presumption can be rebutted.

The Group does not expect The Amendments to have material impact on the consolidated financial statements.

IAS 19 (2011) *Employee Benefits* - The amendment requires actuarial gains and losses to be recognised immediately in other comprehensive income. The amendment removes the corridor method previously applicable to recognising actuarial gains and losses, and eliminates 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 amendment also requires the expected return on plan assets recognised in profit or loss to be calculated based on the rate used to discount the defined benefit obligation.

The Group does not expect The Amendments to have material impact on the consolidated financial statements.

IAS 27 (2011) *Separate Financial Statements* - 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 Statements.

The Group does not expect IAS 27 (2011) to have material impact on the consolidated financial statements.

IAS 28 (2011) *Investments in Associates and Joint Venutres* - There are limited amendments made to IAS 28 (2008). *Associates and joint ventures held for sale.* IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale. For any retained portion of the investment that has not been classified as held for sale, the equity method is applied until disposal of the portion held for sale. After disposal, any retained interest is accounted for using the equity method if the retained interest continues to be an associate or a joint venture. *Changes in interests held in associates and joint ventures*. Previously, IAS 28 (2008) and IAS 31 specified that the cessation of significant influence or joint control triggered remeasurement of any retained stake in all cases, even if significant influence was succeeded by joint control. IAS 28 (2011) now requires that in such scenarios the retained interest in the investment is not remeasured.

The Group is not able to prepare an analysis of the impact this will have on the consolidated financial statements until the date of initial application.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Group does not expect the Amendments to have any impact on the consolidated financial statements.

IFRIC Interpretation 20: *Stripping Costs in the Production Phase of a Surface Mine* - The Interpretation sets out requirements relating to the recognition of production stripping costs, initial and subsequent measurement of stripping activity assets. To the extent that benefits from production stripping are realised in the form of inventory produced, the related production stripping costs are accounted for in accordance with IAS 2 *Inventories*. Production stripping costs that improve access to ore to be mined in the future are recognised as a non-current asset if, and only if, all of the following criteria are met: it is probable that future economic benefits will flow to the entity; the entity can identify the component of the ore body for which access has been improved; and the costs relating to the stripping activity associated with that component can be measured reliably. The stripping activity asset shall be accounted for as an addition to, or as an enhancement of, an existing asset. The stripping activity asset shall initially be recognised at cost while after initial recognition, it shall be carried at either its cost or its revalued amount, less depreciation or amortisation and impairment losses, in the same way as the existing asset of which it is a part. The Interpretation also requires that when the costs of the stripping activity asset and of the inventory produced are not separately identifiable, the entity allocates production stripping costs between the two based on a 'relevant' production measure.

The Group does not expect the Interpretation to have any impact on the consolidated financial statements.

35.2. Consolidation scope and method

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of consideration transferred and costs directly attributable to acquisition, increased by amount of non-controlling interest and the fair value of previously held equity interest. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Inter-company transactions and balances between Group companies and unrealized gains on intergroup transactions are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

For the purpose of preparing the consolidated financial statements, accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Associates

Associates are all entities over which the Group has significant influence but not control, which usually involves a shareholding of between 20% and 50% of the voting rights at the Shareholdres Meetings. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Group's share of its associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in reserves is recognized in other reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

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

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

35.3. Foreign currency translation

(a) Functional and presentation currency

Items included in the Group entities' separate financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in PLN thousand. The Polish zloty is the functional and presentation currency of all the Group entities.

(b) Transactions and balances

On initial recognition, foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

As at the balance sheet date:

- foreign currency monetary items are translated using the closing rate,
- foreign currency non-monetary items valued at historical cost are translated using the exchange rates prevailing at the dates of the transactions; and,
- foreign currency non-monetary items stated at fair value are translated using the exchange rate prevailing at the date of determining the fair value.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss of current period.

Translation differences on non-monetary items such as equities classified as available-for-sale financial assets are included in other comprehensive income.

35.4. Segment reporting

An operating segment is a component of the entity, in respect of which separate financial information is available and analyzed by the chief operating decision-maker in the decision making process, including allocation of resources and performance assessment.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The segments were identified taking into account specific service groups based on homogenous transaction characteristics.

35.5. Property and equipment

Property and equipment comprise non-current assets:
- held by the entity to be used in the process providing services, or for administrative purposes,
- which are expected to be used for a period that is longer than one period,
- in respect of which it is probable that the entity will obtain future economic benefits related to the assets, and
- whose cost can be reliably estimated.

Property and equipment comprise:
- real estate, i.e. own land, buildings and structures;
- machinery, vehicles and other movable P&E items;
- leasehold improvements; and
- assets under construction.

Property and equipment used in the process of providing services and for administrative purposes are stated at historical cost less accumulated depreciation and impairment. Land and non-current assets under construction are not depreciated.

The cost of purchase or cost of manufacture of property and equipment comprises the purchase price plus customs duty and non-deductible taxes, net of any discounts and rebates. This amount is increased by all 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.

Assets under construction manufactured for administrative purposes and for the purpose of providing services are stated in the balance sheet at cost less impairment. The cost is increased by all 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 non-current assets commences when asset is available for use in the normal course of operating activities.

Depreciation is calculated for all property and equipment items, excluding land and assets under construction, over their estimated useful lives, taking account of their residual values, using the straight-line method. The Group assumes following useful lives for individual property and equipment categories:

Buildings *	10 - 40 years
Leasehold improvements	10 years
Vehicles	5 years
Computer hardware	3 - 10 years
Other equipment	5 - 10 years
WARSET Exchange system**	to 31 December 2012.

** The Group 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 Group are recognized as assets in the consolidated 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 recognized in the consolidated income statement as incurred.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*** Equipment related to the WARSET exchange system: at individually set rates taking into account the useful lives until 31 December 2012.*

Depreciation commences when a non-current asset is available for use. Depreciation is discontinued when a non-current asset is derecognized.

The individual components of a non-current asset with a useful life different from that of the useful life of the entire asset are depreciated separately using the depreciation rates that reflect their expected useful lives. In order to identify components, non-current assets with a significant gross book value are analyzed.

The depreciation method, depreciation rate and residual value are subject to verification at each balance sheet date. Any changes resulting from the verification are recorded as a change in accounting estimates, in accordance with the guidance of IAS 8 "Accounting Policies, Changes in Accounting Estimates, and Errors".

A non-current asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Impairment tests are performed and impairment write-downs recorded in line with the accounting policies set out in Note 2.6 "Impairment of property and equipment and intangible assets".

A component of property and equipment is derecognized when sold or when economic benefits from its use or disposal are no longer expected.

Gains and losses on disposal / scrapping or withdrawing from use are determined as the difference between the proceeds and the net book amount and included in the income statement.

35.6. Intangible assets

(a) Goodwill

Goodwill is the difference cost of acquisition and the fair value of the net assets of the acquired subsidiary or its organised part, calculated at the acquisition date. The goodwill from the acquisition of a subsidiary is presented as an intangible asset. Goodwill is annually tested against potential impairment and recorded net of impairment losses. The goodwill impairment losses are reversed. Profits and losses from sale of subsidiary include the balance sheet value of the corresponding goodwill.

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

(b) Other intangible assets

Intangible assets comprise 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, and rights to inventions, patents, trademarks, functional and decorative patterns and know-how.

Intangible assets are valued at cost less accumulated amortization and accumulated impairment write-downs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Amortization is calculated on a straight-line basis, over the estimated useful lives of the assets. The estimated useful lives of intangible assets vary from 1 to 5 years. In particular intangible assets corresponding to WARSET exchange system have useful lives until as at 31 December 2012.

Amortization commences when an intangible asset becomes available for use. Amortization is discontinued when the intangible asset is derecognized.

The amortization method and amortization rate are subject to verification at each balance sheet date. Any changes resulting from the verification are recorded as a change in accounting estimates, in accordance with the guidance of IAS 8 “Accounting Policies, Changes in Accounting Estimates, and Errors”.

Impairment tests are performed and impairment losses recorded in line with the accounting policies set out in Note 2.7 "Impairment of property and equipment and intangible assets".

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

35.7. Impairment of property and equipment and intangible assets

Intangible assets not yet available for use are not amortized but are tested for potential impairment annually, and additionally when there are indicators of impairment. Assets that are amortized are tested for impairment if there are indicators of possible impairment.

At each balance sheet date, the Group reviews the net book amounts of non-current assets to determine whether there are indicators of impairment. If such indicators are found the recoverable amount of an asset is estimated to determine the amount of the potential impairment. If an asset does not generate cash flows that are largely independent of 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 costs to sell and the value in use. The latter corresponds to the present value of the estimated future cash flows which are 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 inherent in a given asset.

35.8. Financial assets

The Group classifies its financial assets to the following categories: loans and receivables and available-for-sale financial assets. This classification is based on the criteria of the reason for purchasing financial assets. The parent entity’s Management Board determines the classification of these financial assets at initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an 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 upon initial recognition designates at fair value through profit or loss,
- those that the entity upon initial recognition designates as available-for-sale, or,
- those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available for sale.

Loans and receivables are classified as current assets if the maturity date is less than 12 months after the balance sheet date. Loans and receivables with a maturity of more than 12 months after the balance sheet date are classified as non-current assets. Loans and receivables are recognized in the balance sheet as "Trade and other receivables" and "cash and cash equivalents"

(b) 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. In particular, they comprise Treasury bills and shares in entities over which the Group does not exercise control or exert significant influence. They are recognized as non-current assets unless they mature within 12 months or the parent entity's Management Board intends to sell them within 12 months after the balance sheet date.

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

(c) Financial assets held to maturity

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity.

The parent entity does not classify any of its financial assets as held to maturity due to the fact that in 2010 the parent entity sold more than insignificant part of held to maturity investments.

(d) Recognition and measurement

Standardized purchase or sale transaction of a financial asset are recognized or derecognized as at the transaction date, i.e. the day when the Group becomes obliged to buy or sell the financial asset. These assets are initially recognized at fair value, plus transaction costs.

Financial assets available for sale are subsequently carried at fair value. Loans and receivables and investments held to maturity are subsequently recorded at amortized cost using the effective interest rate method.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The fair values of quoted investments 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 Group 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.

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.

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

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

Interest on available-for-sale securities calculated using the effective interest method is recognized in the income statement as part of financial income. Dividends from equity instruments available for sale are recognized in the income statement as financial income, when the Group 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 amortized cost using the effective interest rate method and recognized in the income statement as financial income.

35.8.1. Impairment of financial assets

As at each balance sheet date, the Group assesses whether there is objective evidence that a financial asset or a group of financial assets are 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 recognized earlier in the income statement – are excluded from other comprehensive income and recognized in the income statement. Losses from the impairment of equity instruments recognized earlier in the income statement are not reversed through the income statement.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

- through the profit or loss – 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.

The accounting policies for impairment of trade receivables are described in Note 2.8.3.

35.8.2. Receivables in respect of repurchase transactions

Securities purchased in buy-sell-back transactions are treated as receivables which are secured with the securities purchased and received. The difference between the sales price and the buyback price is treated as interest and accrued using the effective interest rate method over the term of the contract.

35.8.3. Trade receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 180 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Unrecoverable debt and the provisions for doubtful receivables are recognized in the profit and.

With respect to short-term receivables due to the short-term period of their settlement, the book value is deemed to be the fair value of these items.

Receivables are removed from the balance sheet (written off) when their uncollectibility has been documented with:

- a decision that these are uncollectible, recognized by the creditor as reflecting the actual situation, issued by the relevant enforcement proceedings authority, or
- a court decision dismissing a bankruptcy petition comprising the liquidation of assets, when the assets of the insolvent debtor are insufficient for covering the costs of the proceedings, or discontinuing bankruptcy proceedings comprising the liquidation of assets, when the debtor's assets are insufficient for satisfying the creditors' claims, or that bankruptcy proceedings comprising the liquidation of assets have been completed, or
- a report stating that the expected procedural and enforcement costs associated with the debt recovery would be equal to or higher than the amount of the debt.

35.9. Other receivables

Other receivables comprise mainly prepayments and deferred costs and payments for the rights to perpetual usufruct of land.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 balance sheet date, and
- short-term balances relating to future reporting periods, up to 12 months from the balance sheet date**.**

Prepayments and deferred costs are recognized in the income statement over the life of the relevant contract.

35.10. 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 recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

35.11. Inventories

Inventories are stated at the lower of cost and net realizable value. As at the balance date, materials are stated at the lower of purchase price and net realizable value, less impairment write-downs. Impairment write-downs are charged to other expenses.

35.12. Cash and cash equivalents – recognized in the consolidated 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.

35.13. Group's Equity

The Group's equity comprises:

- share capital of the parent Company shown at par, adjusted for hyperinflation,
- other reserves, including the revaluation reserve,
- retained earnings, comprising:
    - retained earnings from prior years (comprising supplementary capital and other reserves formed from prior year profits), and
    - profit for the year.

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 Group 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 14.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35.14. Income tax

Income tax comprises 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 liabilities are recorded in the full amount and are not subject to discounting.

Deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized.

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

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

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

35.15. 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 to the income statement in the period which the contribution relates to.

The Group makes provision for future 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 income statement.

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

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Provisions for retirement benefits and jubilee bonuses are recorded on the basis of the assumptions described in detail in Note 16.

Furthermore, the parent 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 Group sets up provisions for bonuses in order to assign costs to the periods to which they relate. Provisions are estimated according to the best knowledge of the parent 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 Group pays contributions for the Employees' Pension Fund, to which employees belong voluntarily based on an agreement. After payment of the contributions, the Group has no further obligations to make payments in respect of payment to the Fund. These contributions are charged to costs of employee benefits as they are incurred. Paid social security contributions are recognized as cost of the period they relate to.

35.16. <u>Provisions</u>

Provisions are recorded when the Group companies have 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 parent entity's Management Board best estimates of the expenditure necessary to settle the current obligation at the balance sheet 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.

35.17. <u>Revenue recognition</u>

(a) Sales revenue

Sales revenue is recognized when it is likely that economic benefits will flow to the Group from transactions and the amount of revenue can be reliably measured. Sales revenue is recognized 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 recognized at the time the services representing the Group's core activities are provided.

Sales revenue includes the following groups:

- 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 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, 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 as well as BondSpot information services.

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.

- Other revenue

Other revenue is earned on other services provided by the Group such as training services relating to an educational programme for young people ("Stock Exchange School"), and other training courses on the stock exchange market organized according to needs. Revenues of WSEInfoEngine from the services related to data transmission as well as training services income of Instutut Rynku Kapitałowego – WSE Research S.A. are also included in this category.

(b) Financial income

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

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

35.18. Leasing

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.

Group as lessee – operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease of land, if it is not expected that the legal title will be transferred to the lessee before the end of the lease term, is classified as 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 income statement on a straight-line basis over the period of the leases.

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Group as lessee – finance lease

The Group leases property and equipment under finance lease. Finance leases are capitalized 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 income statement 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.

35.19. Financial liabilities

Financial liabilities at the balance sheet date are valued at amortized cost. The valuation is based on cost at which the liability was initially recognized, 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 repricing (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.

35.20. 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.

35.21. Change of presentation

In these financial statements for the year ended 31 December 2011 the WSE changed the presentation of the remunerations paid or payable to key management personel (WSE Management Board). Change relate to presentation of the remunerations in 2011 without unused holiday and mandatory employer social contributions with respect to remuneration.
The following table presents information as at 31 December 2010, in accordance with the presentation method adopted in 2011 compared with the audited financial statements for the year ended 31 December 2010.

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

	Year ended 31.12.2010 *	**Year ended 31.12.2010 ****
Remuneration	1 244	1 243
Bonuses – long-term liabilities	-	-
Other employee benefits	318	566
Unused holiday	-	506
Total	**1 562**	**2 315**

(*) data for 2010 according to the method of presentation adopted in 2011.
(**) according to the audited financial statements for the year ended 31.12.2010.

In addition, in the financial statements as at 31 December 2011 the Company changed the presentation of raised and reversed allowances for trade receivables. The change relates to net presentation of movements in the allowance in other operating income and costs.
The following table presents information as at 31 December 2010, in accordance with the method of presentation adopted in 2011 compared with the audited financial statements for the year ended 31 December 2010.

	Year ended 31.12.2010 *	**Year ended 31.12.2010 ****
Other income from allowance for receivables	-	528
Allowance for receivables	(1 307)	(1 835)
Total	**(1 307)**	**(1 307)**

(*) data for 2010 according to the method of presentation adopted in 2011.
(**) according to the audited financial statements for the year ended 31.12.2010.

36. Financial risk management

36.1. Financial risk factors

The Group's activities expose it to a variety of financial risks. The Group is subject to the following financial risks: market risk (including cash flow and fair value interest rate risk, currency risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize any potential adverse effects on the Group's financial performance. The parent entity's Management Board is responsible for risk management within the Group. The Group has dedicated departments, responsible for ensuring its liquidity, including foreign currency liquidity, debt collection and timely payment of liabilities, particularly tax liabilities. The Group does not use derivative financial instruments, fair value hedges or cash flow hedges to manage financial risk.

36.2. Market risk

(a) Cash flow and fair value interest rate risk.

The Group is moderately exposed to interest rate risk. The Group has short-term and long-term assets whose interest terms and profitability were determined at the inception of contracts which are not subject to significant changes in connection with interest rate fluctuations. Due to the average or short period to maturity the risk of changes in the cash flows related to those assets resulting from interest rate fluctuations is relatively low.

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

Based on the sensitivity analysis performed, a decrease/increase in the market interest rate of 0.50 percentage points (assuming no other changes) would result in 2011 in a decrease/increase in the net profit and cash flows of PLN 312 thousand and an increase/decrease in the revaluation reserve of PLN 326 thousand. Accordingly decrease/increase in interest rates of 0.50 percentage point (assuming no other changes) respectively would have resulted, in 2010, in a decrease/an increase in the net profit and cash flows of PLN 317 thousand and an increase/ a decrease in the revaluation reserve of PLN 269 thousand.

Detailed information on the Group's exposure to interest risk is presented in Note 10.

(b) Foreign exchange risk

The Group does not conduct significant international activities and has moderate foreign exchange risk.

Based on the result of sensitivity analysis to average exchange rates changes performed, the impact of a 10% decrease/increase in average EUR exchange rate (i.e. PLN 0.44; assuming no other changes) would result in a change in net profit for 2011 of PLN 5,692 thousand. Based on the result of sensitivity analysis to average exchange rates changes performed as at 31 December 2010, the impact of a 10% decrease/increase in average EUR exchange rate (i.e. PLN 0.40; assuming no other changes) results in a change in net profit for 2010 of PLN 4,424 thousand.

EUR exchange rate volatility has been estimated based on the average NBP exchange rate volatility in the last three years, defined as the standard deviation of the daily exchange rates published by the National Bank of Poland over the last 3 years (rounded up to nearest whole percentage).

The tables below summarize the Group's exposure to foreign exchange risk:

31.12.2011	**PLN**	**EUR**	**USD**	**Others**	**Total**
Assets					
Treasury Bonds and bills available-for-sale	67 178	-	-	-	67 178
Cash and cash equivalents	225 759	65 326	-	-	291 085
Trade receivables	17 625	4 608	-	11	22 244
Total financial assets	**310 562**	**69 934**	**-**	**11**	**380 507**
Liabilities					
Trade liabilities	10 278	(585)	786	37	10 516
Debt securities	170 226	-	-	-	170 226
Finance lease liabilities	127	-	-	-	127
Total financial liabilities	**180 631**	**(585)**	**786**	**37**	**180 869**
Net foreign exchange position	**129 931**	**70 519**	**(786)**	**(26)**	**199 638**

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	PLN	EUR	USD	Other	Total
Assets					
Treasury Bonds and bills available-for-sale	41 313	-	-	-	41 313
Cash and cash equivalents	76 840	30 766	-	-	107 606
Trade receivables	16 545	7 765	-	-	24 310
Total financial assets	**134 698**	**38 531**	**-**	**-**	**173 229**
Liabilities					
Trade liabilities	7 455	(157)	116	75	7 489
Finance lease liabilities	150	-	-	-	150
Total financial liabilities	**7 605**	**(157)**	**116**	**75**	**7 639**
Net foreign exchange position	**127 093**	**38 688**	**(116)**	**(75)**	**165 590**

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(c) Price risk

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

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

The Group's investments in the equity of other entities that are publicly traded are mostly investments in other entities operating stock exchanges and are not directly dependent on specific stock exchange indices, therefore the Group does not analyze the impact of possible changes in the stock exchange indices on its equity.

36.3. Credit risk

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

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

The parent entity's Management Board 's resolutions, which are binding on the Group, set payment dates that differ depending on groups of clients. These payment dates are 30 days for most clients. The payment terms for recipients of stock exchange news bulletins are mostly 60 days. There is a procedure of collecting receivables in the Group, based on which amounts due are collected.

The reliability of clients is verified in accordance with the Group's regulations and with capital market general laws concerning issuers of securities.

Financial assets held by the Group are disclosed in the table below:

	31.12.2011	**31.12.2010**
Financial assets available for sale	68 446	42 616
- long-term	11 795	11 829
- short-term	56 651	30 787
Loans and receivables	313 319	185 980
- trade and other receivables	22 244	78 389
- term deposits and current accounts (classified as cash and cash equivalents	291 075	107 591
Total financial assets	**381 765**	**228 596**

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

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

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

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

	31.12.2011	**31.12.2010**
Trade and other receivables	22 244	78 389
Debt securities, including:	67 182	41 313
- Treasury bonds and bills available-for-sale	67 182	41 313
Term deposits and current accounts	291 068	107 591
Total	**380 494**	**227 293**

Detailed information on credit risk of trade receivables is presented in Note 11.

36.4. <u>Liquidity risk</u>

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

An analysis of the structure of the Group's assets shows a considerable share of liquid assets, and thus, a very good position of the Group in terms of liquidity. Cash and debt securities owned by the Group as at 31 December 2011 amounted to PLN 358,283 thousand (as at 31 December 2010: PLN 148,913 thousand) representing 48.89% of the total assets (as at 31 December 2010: 26.66%)

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 2011 comprised 71.56% of WSE's total liabilities and equity (31 December 2010: 93.95%).

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

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

Liquidity risk 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
Assets							
Treasury bonds and bills available-for-sale	-	-	-	58 625	11 875	-	**70 500**
Bank deposits and current accounts	291 085	-	-	-	-	-	**291 085**
Trade receivables and dividends	21 135	673	434	2	-	-	**22 244**
Total assets	**312 220**	**673**	**434**	**58 627**	**11 875**	**-**	**383 829**
Liabilities							
Trade liabilities	10 201	167	92	29	27	-	**10 516**
Debt securities	-	-	-	10 727	36 686	175 338	**222 751**
Finance lease liabilities	5	15	15	26	66	-	**127**
Total liabilities	**10 206**	**182**	**107**	**10 782**	**36 779**	**175 338**	**233 394**
Liquidity gap	**302 014**	**491**	**327**	**47 845**	**(24 904)**	**(175 338)**	**150 435**

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Liquidity risk as at 31 December 2010

	Up to 1 month	1-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	Total
Assets							
Treasury bonds and bills available-for-sale	-	-	31 275	625	12 500	-	**44 400**
Bank deposits and current accounts	54 990	52 110	500	-	-	-	**107 600**
Trade and other receivables	20 853	3 340	20	19	88		**24 320**
Total assets	**75 843**	**55 450**	**31 795**	**644**	**12 588**	**-**	**176 320**
Liabilities							
Trade liabilities	5 523	861	544	272	272	-	**7 472**
Finance lease liabilities	5	24	19	25	78	-	**151**
Total liabilities	**5 528**	**885**	**563**	**297**	**350**	**-**	**7 623**
Liquidity gap	**70 315**	**54 565**	**31 232**	**347**	**12 238**	**-**	**168 697**

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36.5. Capital management

The parent company considers as capital its total equity. The equity maintained is compliant with the Commercial Code and Financial Instruments Act; there are no other external capital requirements.

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

The parent entity'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 formalized by way of parent entity's Management Board Resolutions.

The basic criteria for selecting financial instruments and their structure are the security of investments and, secondly, their profitability due to the fact that WSE is an institution of 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 below 2-year bracket. The results of the cash management are reported to the parent entity's Management Board of WSE on a current basis.

37. Critical judgments and accounting estimates

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

Economic useful lives for property and equipment and intangible assets

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

As at 31 December 2011 and 31 December 2010, the depreciation and amortization rates adopted by the Company reflected the economic useful lives of non-current assets.

Valuation of fair value of financial assets held to maturity

The Company estimates the fair value of financial assets held to maturity. Detailed information is presented in Note 9. As described in note 2.8 (c) the Group do not qualify any financial assets as held to maturity.

Calculation of provisions for doubtful receivables

Detailed information on the method of calculation of provisions for doubtful receivables is presented in Note 2.8.3., whereas detailed information on allowances made for doubtful receivables is presented in Note 11.

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38. Property and equipment

Year ended 31.12.2011	**Lands and buildings**	**Vehicles and machinery**	**Furniture, fittings and equipment**	**Assets under construction**	**Total**
Opening net book value	94 296	19 534	1 794	3 892	119 516
Additions	335	7 492	190	20 160	28 177
Disposals & liquidation	(67)	(42)	-	(7 466)	(7 575)
Depreciation charge (Note 20)	(2 907)	(8 082)	(457)	-	(11 446)
Closing net book value	**91 657**	**18 902**	**1 527**	**16 586**	**128 672**
As at 31 December 2011					
Opening gross book value	119 484	72 532	5 782	16 586	214 384
Accumulated depreciation	(27 827)	(53 630)	(4 255)	-	(85 712)
Net book value	**91 657**	**18 902**	**1 527**	**16 586**	**128 672**

Year ended 31.12.2010	**Lands and buildings**	**Vehicles and machinery**	**Furniture, fittings and equipment**	**Assets under construction**	**Total**
Opening net book value	96 408	20 601	1 575	5 763	124 347
Additions	771	8 808	622	8 329	18 530
Disposals & liquidation	-	(203)	-	(10 200)	(10 403)
Depreciation charge (Note 21)	(2 883)	(9 672)	(403)	-	(12 958)
Closing net book value	**94 296**	**19 534**	**1 794**	**3 892**	**119 516**
As at 31 December 2010					
Opening gross book value	119 253	70 781	5 633	3 892	199 559
Accumulated depreciation	(24 957)	(51 247)	(3 839)	-	(80 043)
Net book value	**94 296**	**19 534**	**1 794**	**3 892**	**119 516**

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6. Intangible assets

Year ended 31.12.2011	Licences	Copyrights	Goodwill	Total
Opening net book value	26 367	1 279	32 521	60 167
Additions	3 089	1 539	-	4 628
Disposals & liquidation	-	-	-	-
Amortization charge (Note 20)	(3 654)	(520)	-	(4 174)
Closing net book value	**25 802**	**2 298**	**32 521**	**60 621**
As at 31 December 2011				
Opening gross book value	88 825	3 644	32 521	124 990
Accumulated amortization	(63 023)	(1 346)	-	(64 369)
Net book value	**25 802**	**2 298**	**32 521**	**60 621**

Year ended 31 December 2010	Licences	Copyrights	Goodwill	Total
Opening net book value	11 662	1 454	22 986	36 102
Additions	18 642	175	9 535	28 352
Disposals & liquidation	(564)	-	-	(564)
Amortization charge (Note 21)	(3 373)	(350)	-	(3 723)
Closing net book value	**26 367**	**1 279**	**32 521**	**60 167**
As at 31 December 2010				
Opening gross book value	85 937	1 904	32 521	120 362
Accumulated amortization	(59 570)	(625)	-	(60 195)
Net book value	**26 367**	**1 279**	**32 521**	**60 167**

The useful life for intangible assets corresponding to WARSET exchange system was determined until 31 December 2012. As at 31 December 2011 the net book value of intangible assets with respect to the WARSET eschange system amounted to PLN 1,172 thousand (PLN 2,303 thousand as at 31 December 2010).

Goodwill of PLN 32,521 thousand comprises of:

- goodwill of PLN 22,986 thousand on consolidation of BondSpot S.A. for the first time,
- goodwill of PLN 9,535 thousand on acquisition by WSE and WSEInfoEngine of poee WSE Energy Market.

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The impairment test of goodwill arrising on the acquisition of controlling interest in BondSpot S.A. was performed using the discounted cash flow method (DCF) for the six year period 2012-2017. Six-year period was used by due to expected reach of target development level by BondSpot by the end of this period.

The following assumptions were used for the test in the test:

- weighted average cost of capital before tax: 10.68%,
- compound annual growth rate in revenue in the analyzed period: 7.97%,
- compound annual growth rate in costs in the analyzed period: 6.35 – 7.74%.

The analysis includes the following basic cash flows resulting from the following income and expense categories:

- fees and commissions collected from the organized markets members and participants (fixed and transaction charges),
- fees collected from issuers of securities quoted on organized markets,
- Treasury BondSpot Poland over-the-counter market revenue,
- revenue from sale of information services,
- operating expenses (materials and energy, external services, taxes and fees, salaries, social security and other employee benefits, other expenses).

Based on the analysis performed the Management Board of WSE did not identify any indication of impairment loss of goodwill related to BondSpot S.A.

The impairment test of goodwill arising on the acquisition of organised part of the enterprise – Electricity Trading Platform (poee) was performed through estimation of value in use with discounted cash flows (DCF) based on six-year financial plan for the period 2012 – 2017.
The following assumptions were used for the test:

- weighted average cost of capital before tax: 9.03%,
- compound annual growth rate in revenue in the analyzed period: 15.08%,
- compound annual growth rate in costs in the analyzed period: 1.7%.

The analysis includes the following basic cash flows resulting from the following income and expense categories:

- revenue from electricity trading,
- operating expenses (materials and energy, external services, taxes and fees, salaries, social security and other employee benefits, other expenses).

Based on the analysis performed the Management Board of WSE did not identify any indication of impairment loss of goodwill related to poee.

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7. Investments in associates

	Year ended 31.12.2011	Year ended 31.12.2010
Beginning of the year	**138 956**	**179 324**
Dividends	(7 134)	(54 302)
Share in profit *	15 470	14 170
Other additions	545	(176)
Share in revaluation reserve (Note 14)	57	(60)
End of the year	**147 894**	**138 956**

* *Represents share in profit after tax*

Investments in associates that are accounted for under the equity method include:

Name of Entity	Year ended 31.12.2011	Year ended 31.12.2010
KDPW S.A.	132 566	123 341
Centrum Giełdowe S.A.	15 328	15 615
Giełda Papierów Wartościowych INNEX	-	-
- purchase price	3 820	3 820
- impairment allowance	(3 820)	(3 820)
Total	**147 894**	**138 956**

None of the Group's associates is listed on an active market. Selected financial data of associates are as follows:

Year ended 31.12.2011

Name of entity	Assets	Equity	Liabilities	Revenue	Profit (loss) for the period	Interest held	The Group's share in associate's profit (loss)
KDPW S.A.	1 362 234	396 708	965 526	543 535	47 401	33,33%	15 800
Centrum Giełdowe S.A.	88 808	61 833	26 975	18 126	(1 333)	24,79%	(330)
INNEX *	2 750	2 719	31	111	(65)	24,98%	-
Total	**1 453 792**	**461 260**	**992 532**	**561 772**	**46 003**		**15 470**

* *INNEX Stock Exchange prepares financial statements in accordance with Ukrainian accounting policies.*

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Year ended 31.12.2010

Name of entity	Assets	Equity	Liabilities	Revenue	Profit (loss) for the period	Interest held	The Group's share in associate's profit (loss)
KDPW S.A.	1 361 353	370 023	991 330	150 908	42 106	33,33%	14 035
Centrum Giełdowe S.A.	92 880	63 027	29 853	17 533	547	24,79%	135
INNEX *	2 313	2 303	10	283	(192)	24,98%	-
Total	**1 456 546**	**435 353**	**1 021 193**	**168 724**	**42 461**		**14 170**

* *INNEX Stock Exchange prepares financial statements in accordance with Ukrainian accounting policies.*

In accordance with Article 4, clause 3 of the Memorandum of Association of KDPW S.A., the Company has only registered shares.

The registered offices of the associates, except for INNEX, are located in Poland. The registered office of INNEX is located in Ukraine.

The carrying amount of investments in associates does not differ significantly from their fair value.

WSE purchased shares of Ukrainian Stock Exchange INNEX to transform it into modern platform of trading Ukrainian securities. It was also planned to start trading derivates. In 2008 impairment loss of INNEX carrying amount of PLN 3,820 thousand (total amount of investment) was recognized based on the following triggering events:

- the deep economic crisis that affected the grow perspectives of the Ukrainian economy made WSE unable to actively participate in the Ukrainian capital market, and
- significant decrease in the amount of privatization transactions, which are currently the main revenue source for INNEX, resulted in a negative financial result for 2008.

In addition, INNEX shares are not quoted on any market and it is not possible to sell the shares of INNEX. The negative financial result of INNEX for 2010 does not indicate any evidence justifying reversal of impairment loss on shares of INNEX as at 31 December 2011.

8. Deferred tax

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

Deferred tax assets:	31.12.2011	31.12.2010
- deferred tax assets to be recovered within 12 months	(2 809)	(2 375)
- deferred tax assets to be recovered after more than 12 months	(2 823)	(1 931)
Total	**(5 632)**	**(4 306)**

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Deferred tax liabilities:	**31.12.2011**	**31.12.2010**
- deferred tax liabilities to be recovered within 12 months	2 010	(69)
- deferred tax liabilities to be recovered after more than 12 months	512	368
Total	**2 522**	**299**

The gross movement on the deferred tax asset account is as follows:

	Year ended 31.12.2011	**Year ended 31.12.2010**
Deferred tax assets (net) at the beginning of the period	**(4 007)**	**(2 400)**
Credited to the income statement	895	(1 328)
Tax charged (Credited) to other comprehensive income	2	(279)
Deferred tax assets (net) at the end of the period	**(3 110)**	**(4 007)**

Deferred tax assets and liabilities (without taking into consideration the offsetting of balances within the same tax jurisdiction) are as follows:

Deferred tax assets	**31.12.2011**	**31.12.2010**
Credited to the income statement	**(5 632)**	**4 306**
Unused holiday pay	(276)	257
Jubilee bonuses and retirement benefits	(870)	508
Efficiency and discretional bonus	(2 091)	1 537
Impairment of shares	(726)	726
Interest included in the purchase price of bonds	(27)	244
Difference between book value and tax value of property and equipment and intangible assets	(529)	112
Impairment write-down of trade receivables	(739)	511
Advisory services	(8)	-
Other	(366)	411
Total	**(5 632)**	**4 306**

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Deferred tax liabilities	Year ended 31.12.2011	Year ended 31.12.2010
Charged to the income statement	**2 579**	**358**
Accrued financial income	495	326
Difference between book value and tax value of property and equipment and intangible assets	1 059	32
Unrealized exchange rate differences	1 013	-
Other	12	-
Charged to other comprehensive income	**(57)**	**(59)**
Total	**2 522**	**299**

The amount recognized in other comprehensive income in respect of deferred tax is as follows:

	31.12.2011	31.12.2010
Fair valuation of shares	(141)	(131)
Fair valuation of debt securities	84	72
Total	**(57)**	**(59)**

The Group did not include in the calculation of deferred tax the differences between book values and tax values of the associates.

On 14 June 2011 the Ordinary General Shareholder's Meeting of KDPW S.A. passed the Resolution No. 20/2011 regarding allocation of PLN 21,052,920 of the net profit for 2010.

The total difference between accounting and tax value of associates as at 31 December 2011 amounted to PLN 132,422 thousand (PLN 163,853 thousand as at 31 December 2010). According to The Act of 22 February 2002 on Corporate Income Tax, WSE will not be charged with tax on dividend paid by its associates. Moreover, the parent entity does not intend to sell shares in associates. Therefore, the Group did not recognize a deferred tax liabilities in respect of the difference between the book value of associates and its tax base, which would amount in total to PLN 25,160 thousand as at 31 December 2011 (as at 31 December 2010 PLN 31,132 thousand).

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9. Available-for-sale and held to maturity financial assets

(a) Available-for-sale financial assets

	Year ended 31.12.2011	Year ended 31.12.2010
Beginning of the year	**42 616**	**49 622**
Additions (bonds and Treasury bills purchase)	57 092	3 055
Reclassification from protfolio of financial assets held to maturity	-	152 372
Decreases (redemption of Treasury bonds and bills, interest received)	(31 271)	(160 965)
Change in fair value – recognized in other comprehensive income	9	(1 468)
- shares	*(55)*	*(1 031)*
- Treasury bonds and Treasury bills	*64*	*(437)*
End of the period	**68 446**	**42 616**
Non-current portion	11 795	11 829
Current portion	56 651	30 787

Available-for-sale financial assets include:

Name of entity	31.12.2011	31.12.2010
Non-current		
Shares in Towarowa Giełdza Energii S.A., Warsaw, Poland	647	647
Shares in XTRADE S.A., Warsaw, Poland	-	1 880
Shares in Sibiu Monetary Financial an Commodities Exchange, Sibiu,	1 343	656
Treasury bonds	10 547	10 526
- with fixed interest rate	10 547	10 526
Impairment of shares	(742)	(1 880)
Total	**11 795**	**11 829**
Current		
Other shares: Miraculum S.A.	16	-
Treasury bonds	56 635	30 787
- with fixed interest rate	56 635	*30 787*
Total	**56 651**	**30 787**

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

Name of entity	Purchase consideration of shares	Impairment	Revaluation	Carrying amount
31.12.2011				
Towarowa Giełda Energii S.A., Warsaw, Poland	647	-	-	647
S.C. SIBEX - Sibiu Stock Exchange S.A., Sibiu, Romania	1 343	-	(742)	601
Total equity financial assets	**1 990**	**-**	**(742)**	**1 248**
31.12.2010				
XTRADE S.A., Warsaw, Poland	1 880	(1 880)	-	-
Towarowa Giełda Energii S.A., Warsaw, Poland	647	-	-	647
S.C. SIBEX - Sibiu Stock Exchange S.A., Sibiu, Romania	1 343	-	(687)	656
Total equity financial assets	**3 870**	**(1 880)**	**(687)**	**1 303**

In 2010 WSEInfoEngine S.A. sold 529,914 of 1,000,000 held shares of the company Xtrade S.A..
In 2011 WSEInfoEngine S.A. sold the remainder of the shares of Xtrade S.A..

The fair value of quoted investments is based on share quotations. Since 2010 Sibiu Monetary Financial and Commodities Exchange (SIBEX) is quoted on Monetary Financial and Commodities Exchange (SIBEX). The fair value of this company as at 31 December 2011 and 31 December 2010 was based on market prices respectively as at 30 December 2011 and 31 December 2010.

In 2011 WSE obtained 13,100 shares of Miraculum in exchange for debt. The value of Miraculum shares issued amounted to PLN 16 thousand. In 2010 WSE sold shares in NYSE Euronext, Deutsche Borse, London Stock Exchange and Centrozap S.A.

(b) Financial assets held to maturity

	Year ended 31.12.2011	Year ended 31.12.2010
Beginning of the period	**-**	**150 645**
Additions (purchases of Treasury bonds, bills and interest accrued))	-	2 727
Decreases (redemption of bonds and interest received as well as reclassification from held to matrurity to available-for-sale financial assets)	-	(153 372)
End of the period	**-**	**-**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Due to dividend payment, with dividend payment date set at 20 July 2010, the WSE Management Board decided in June 2010 on sale of part of held to maturity bonds portfolio. Due to change in designation of the asset portfolio of PLN 152,372 thousand, the Group reclassified these assets to available-for-sale category. As a result, the Group cannot classify acquired financial assets to the held to maturity category until the end of 2012.

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

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
(b) 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
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The classification of financial assets available-for-sale measurement, according to fair value hierarchy as at 31 December 2011, was following: level one PLN 68,446 thousand, as at 31 December 2010: level one PLN 42,616 thousand.

10. Interest rate risk

The following is an analysis of financial assets classified based on the earlier of their date of interest rate adjustment or their maturity. Other financial assets and financial liabilities, not presented in the tables below (except for finance lease liabilities), do not bear interest.

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A summary of financial assets as at 31 December 2011

	Total	Maturity date / Date of interest rate adjustment								
		Up to 1 year, including	*Up to 1 month*	*1 – 3 months*	*3 months – 1 year*	1 – 2 years	2 – 3 years	3-4 years	4 – 5 years	Over 5 years
Long-term bonds	**10 547**	**-**	**-**	**-**	**-**	**-**	**10 547**	**-**	**-**	**-**
- with fixed interest rate:	10 547	-	-	-	-	-	10 547	-	-	-
- held to maturity / available for sale	*10 547*	-	-	-	-	-	*10 547*	-	-	-
Short-term bonds	**56 635**	**56 635**	**-**	**-**	**56 635**	**-**	**-**	**-**	**-**	**-**
- with fixed interest rate:	56 635	56 635	-	-	56 635	-	-	-	-	-
- available for sale	*56 635*	*56 635*	-	-	*56 635*	-	-	-	-	-
Term deposits and current accounts	**291 075**	**291 075**	**281 222**	**9 853**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**358 257**	**347 706**	**281 222**	**9 853**	**56 635**	**-**	**10 547**	**-**	**-**	**-**

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A summary of financial assets as at 31 December 2010

	Total	Maturity date / date of interest rate adjustment								
		Up to 1 year, including	*Up to 1 month*	*1 – 3 months*	*3 months – 1 year*	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	Over 5 years
Long-term bonds	**10 526**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**10 526**	**-**
- with fixed interest rate:	10 526	-	-	-	-	-	-	-	10 526	-
- held to maturity / available for sale	*10 526*	-	-	-	-	-	-	-	*10 526*	-
Short-term bonds	**30 787**	**-**	**-**	**-**	**30 787**	**-**	**-**	**-**	**-**	**-**
- with fixed interest rate:	30 787	-	-	-	30 787	-	-	-	-	-
- available for sale	*30 787*	-	-	-	*30 787*	-	-	-	-	-
Term deposits and current accounts	**107 591**	**107 597**	**55 987**	**51 610**	-	-	-	-	-	-
Total	**148 904**	**107 597**	**55 987**	**51 610**	**30 787**	**-**	**-**	**-**	**10 526**	**-**

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

11. Trade and other receivables

Trade and other receivables comprise the following:

	31.12.2011	31.12.2010
Gross trade receivables	26 262	27 214
Allowances for receivables	(4 018)	(2 904)
Net trade receivables	22 244	24 310
Dividend receivables	-	54 079
Total financial assets	**22 244**	**78 389**
Prepayments	2 656	1 586
Other receivables and advances	4 651	1 134
Receivables from the public sector	69	307
Total non financial assets	**7 376**	**3 027**
Total trade and other receivables	**29 620**	**81 416**

As at 31 December 2011, trade receivables amounting to PLN 7,326 thousand (PLN 6,922 thousand as at 31 December 2010) were overdue. The overdue balance includes PLN 330 thousand from debtors that went bankrupt and PLN 6,996 thousand of other overdue receivables. The balance as at 31 December 2010 included PLN 416 thousand from bankrupt debtors and PLN 6,506 thousand of other overdue receivables.

As at the approval date of the financial statements by the Management Board of the parent entity overdue receivables of PLN 4,652 thousand has been settled.

Trade receivables

Trade receivables by credit quality:

Gross book value of trade receivables	Trade receivables neither past due nor impaired	Trade receivables which are past due as at balance sheet date but not impaired				Trade receivables impaired
		1 do 30 days	31 do 60 days	61 do 90 days	more than 90 days	
As at 31 December 2011	18 936	2 354	245	303	406	4 018
As at 31 December 2010	20 292	2 402	1 018	186	412	2 904

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

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Debtors by type	**31.12.2011**	**31.12.2010**
Warsaw Stock Exchange members	12 764	13 918
Issuers	383	625
Others	5 789	5 749
Total	**18 936**	**20 292**

Receivables from stock exchange members include receivables from Polish and foreign banks and brokerage houses, whose risk rating are presented in the following table. Due to the fact that the Group does not have its own credit ratings system, external credit ratings were used. In the case of the lack of a credit rating of any single debtor, the rating of the parent company of the debtor was used.

Rating by Moody's	**31.12.2011**	**31.12.2010**
Aaa	-	-
Aa	1 475	2 387
A	2 885	3 344
Baa	3 658	3 543
B	102	-
Not rated	4 644	4 644
Total	**12 764**	**13 918**

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

Other trade receivables include mainly fees for the access to the stock exchange data and other fees. Other trade receivables as at 31 December 2011 contained receivables from approx. 100 clients, out of which approx. 24% were foreign clients (as at 31 December 2010: approx. 100 clients, foreign clients – approx. 30%). The main group of debtors as at 31 December 2011 were stock exchange data providers constituting approx. 68% of receivables (as at 31 December 2010: brokerage houses as those having access to stock exchange data, approx. 55% of receivables)

As at 31 December 2011, trade receivables which were past due amounting to PLN 4,018 thousand (PLN 2,904 thousand as at 31 December 2010) were impaired. The balance includes PLN 330 thousand from bankrupt debtors and PLN 3,688 thousand of other overdue receivables (as at 31 December 2010: PLN 416 thousand from bankrupt debtors and PLN 2,488 thousand of other overdue receivables).

	Year ended 31.12.2011	**Year ended 31.12.2010**
Beginning of the period	**2 904**	**1 709**
Allowance recorded	2 109	1 835
Receivables written off during the period as uncollectible	(88)	(112)
Reversal of allowance	(907)	(528)
End of the period	**4 018**	**2 904**

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The recording and reversing of allowance for impaired receivables were recognized as other expenses or other income respectively. The amounts that are charged to the write-downs account are typically written off if the cash is not expected to be collected, i.e. it is highly probable that the debtor will go bankrupt, will be subject of financial restructuring or when debtor has significant financial difficulties.

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

Gross value of trade receivables – geographical concentration:

	31.12.2011	31.12.2010
Domestic receivables	17 219	17 554
Foreign receivables	9 043	9 660
Total	**26 262**	**27 214**

The following table presents the concentration of gross trade receivables in terms of individual debtors:

Entity	31.12.2011	Share	31.12.2010	Udział
Entity A	1 844	7%	1 844	7%
Entity B	1 603	6%	1 656	6%
Entity C	1 016	4%	1 084	4%
Entity D	1 032	4%	1 327	5%
Entity E	826	3%	864	3%
Entity F	1 135	4%	1 078	4%
Entity G	822	3%	681	3%
Entity H	437	2%	549	2%
Others	17 547	67%	18 131	66%
Total	**26 262**	**100%**	**27 214**	**100%**

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

Other receivables

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

Movements in impairment write-downs of other receivables:

	Year ended 31.12.2011	Year ended 31.12.2010
Beginning of the period	**-**	**82**
Allowance recorded	13	-
Allowance reversed	-	(77)
Allowance utilized	-	(5)
End of the period	**13**	**-**

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. Long term prepayments

As at 31 December 2011 prepayments amounted to PLN 3,199 thousand.

Non-current part of prepayments relate to the right to perpetual usufruct of land and amounted to PLN 3,073 thousand as at 31 December 2011 (31 December 2010: PLN 3,189 thousand).

Prepayments relate to the payment for the right to perpetual usufruct of land. The current portion of the right to perpetual usufruct of land in the amount of PLN 106 thousand as at 31 December 2011 (as at 31 December 2010: PLN 106 thousand) is included in prepayments and deferred costs in the Note 11.

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

13. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	31.12.2011	31.12.2010
Cash in hand	10	9
Current accounts	2 777	1 228
Term deposits	288 298	106 363
Total cash and cash equivalents	**291 085**	**107 600**

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 balance sheet they are measured at amortized 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 6 days in 2011 (in 2010 - 17 days).

14. Equity

Equity attributable to the shareholders of parent entity	31.12.2011	31.12.2010
Share capital	63 865	63 865
Other reserves	270	204
Retained earnings	459 074	459 774
Total	**523 209**	**523 843**

Share capital	31.12.2011	31.12.2010
41 972 000 ordinary shares approved, allocated and paid up	41 972	41 972
Revaluation of the share capital using the inflation rate	21 893	21 893
Total	**63 865**	**63 865**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Share capital from before 1996 (at par value of PLN 6 000 thousand) was revalued 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%).

As at 31 December 2011 the share capital of WSE amounted to PLN 41,972 thousand and was divided into 41,972,000 shares of nominal value of PLN 1 each. As far as ownership structure is concerned, as at 31 December 2011 the share capital was divided into 15,087,470 Series A preferred shares (one share gives two votes) and 26,884,530 B series ordinary bearer shares. As a result of privatization of WSE in 2010 the State Treasury holds 14,688,470 Series A preferred registered shares, which represent 35.0% of total shares and give 29,376,940 votes on General Meeting, which represents 51.48% of the total vote on General Meeting. The remaining Series A shares (399,000 shares, 0.95% of total shares) are held mainly by brokerage houses and banks, and give 798,000 votes on General Meeting (1.40% of the total vote on General Meeting). As at 31 December 2011, 26,884,530 Series B bearer shares (64.05% of total shares) and corresponding 26,884,530 votes (47.12% of the total vote) were in free float on WSE’s Main Market.

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The ownership structure and percentage of shares in the parent company as at 31 December 2011 and 31 December 2010:

Shareholders	**Nominal value of shares**	**% in share capital**	**% of votes**	**Nominal value of shares**	**% in share capital**	**% of votes**
	31.12.2011			**31.12.2010**		
Registered shares	15 087	35,94%	52,88%	15 185	36,18%	53,14%
State Treasury	14 688	34,99%	51,48%	14 688	35,00%	51,40%
Banks	231	0,55%	0,81%	238	0,57%	0,83%
Brokerage houses	119	0,28%	0,42%	203	0,48%	0,71%
Others	49	0,12%	0,17%	56	0,13%	0,20%
Bearer shares	26 885	64,06%	47,12%	26 787	63,82%	46,86%
Total	**41 972**	**100%**	**100%**	**41 972**	**100%**	**100%**

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

Other reserves

	31.12.2011	31.12.2010
Revaluation reserve	**270**	**204**
- revaluation	327	263
- deferred tax	(57)	(59)

Change in the revaluation reserve

	Year ended 31.12.2011	Year ended 31.12.2010
Beginning of the period:	**204**	**1 453**
- parent entity (net)	(245)	944
- associate (net)	449	509
Additions/decreases	**66**	**(1 249)**
- changes due to revaluation and sales:	68	(1 528)
-parent entity	11	(1 468)
- associate (net)	57	(60)
- deferred tax, including parent company	(2)	279
End of period:	**270**	**204**
- parent entity (net)	(236)	(245)
- associate (net)	506	449

Retained earnings

	Supplementary capital	Reserves	Accumulated profits	Profit for the period	Total
31 December 2010	**38 023**	**182 656**	**144 403**	**94 692**	**459 774**
Allocation of profit for the year ended 31 December 2010	217	110	94 365	(94 692)	-
Dividend payable and Social Benefit Fund	-	-	(134 931)	-	(134 931)
Profit attributable to the shareholders of the entity for the year ended 31 December 2011	-	-	-	133 742	133 742
Other capital adjustments	-	-	-	489	489
31 December 2011	**38 240**	**182 766**	**103 837**	**134 231**	**459 074**
31 December 2009	**38 023**	**182 508**	**134 448**	**100 762**	**455 741**
Allocation of profit for the year ended 31 December 2009	-	148	100 614	(100 762)	-
Dividend payable	-	-	(90 659)	-	(90 659)
Profit attributable to the shareholders of the entity for the year ended 31 December 2010	-	-	-	94 692	94 692
31 December 2010	**38 023**	**182 656**	**144 403**	**94 692**	**459 774**

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

As required by the Commercial Companies Code, 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 2011, 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.

The reserves are earmarked for covering investments and other expenses connected with the Company's operations. Reserves can be capitalised as share capital.

15. Trade payables and other liabilities

	31.12.2011	31.12.2010
Trade payables	10 226	6 968
Payables to associated and dependent	290	504
Dividend payable	122	-
Debt securities	170 226	-
Total financial liabilities	**180 864**	**7 472**
Other state payables	1 911	4 275
Other payables*	1 748	6 421
Accruals and deferred income	678	744
Total other liabilities	**4 337**	**11 440**
Total trade payables and other liabilities	**185 201**	**18 912**

(*) other payables include as at 31 December 2011 among others PLN 1,360 thousand payables for purchase Electric Energy Trading Platform (poee)(as at 31 December 2010: PLN 5,400 thousand payables).

In the opinion of the parent entity's Management Board, due to the short period of execution of trade payables the fair value of trade liabilities is equal to the carrying value.

In accordance with 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 15 February 2012 with a listing on the Catalyst market.

Maturity day of the series A and B bonds is 2 January 2017.

There are no overdue payables.

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

16. Employee benefits payable (retirement benefits, pension benefits and jubilee bonuses)

The Group 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.

	31.12.2011	**31.12.2010**
Payables recognized in the balance sweet in respect of retirement and pension benefits and jubilee bonuses:	4 575	2 723
- Current	687	356
- Non-current	3 888	2 367
Expenses recognized in the income statement in respect of retirement and pension benefits and jubilee bonuses (Note 20)	1 908	250

Factors that have substantial impact on the current value of these employee benefit liabilities include:
- rate of employee mobility (rotation),
- discount rate; and
- rate of salaries increase.

Provisions were calculated for each employee individually. The provision is valued based on the present value of the Group's future non-current payables in respect of retirement benefits and jubilee bonuses. The expected amount of retirement benefits is calculated as a product of the expected retirement 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 2011 the following assumptions were made in the actuarial valuation:

1) 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,
2) the inflation rate is 2.5% p.a. and may fluctuate by +/-1 percentage point,
3) wages and salaries and future benefits are assumed to grow by 3.5% p.a. (1 percentage point above inflation); and
4) the mobility rate in 2011 year is assumed to be 5.2%.

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

Employee benefits payables:

	31.12.2011	31.12.2010
Non-current	**4 206**	**2 367**
Retirement and pension benefits and jubilee bonuses	3 888	2 367
Other	318	-
Current	**12 851**	**9 790**
Retirement and pension benefits and jubilee bonuses	687	356
Other	12 164	9 434
Total	**17 057**	**12 157**

Other employee benefits payables:

	Year ended 31.12.2011	Year ended 31.12.2010
Current		
Beginning of the period	**9 434**	**9 532**
- annual and spot bonuses	10 693	8 087
- unused holiday	1 451	1 301
- overtime pay	13	38
- vehicles lump sums	8	8
- provisions used	(9 435)	(9 532)
Non-current		
Beginning of the period	-	-
- annual bonuses	318	-
End of the period	**12 482**	**9 434**

17. Provisions for other liabilities and charges

Structure of the total provisions for other liabilities and charges	31.12.2011	31.12.2010
Non-Current	1 019	1 010
Current	-	211

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

	Other provisions	**Total**
As at 1 January 2010	**200**	**1 210**
- additional provisions	211	211
- reversed provisions	-	-
- utilized provisions	(200)	(200)
As at 31 December 2010	**211**	**1 221**
As at 1 January 2011	**211**	**1 221**
- additional provisions	-	9
- reversed provisions	(211)	(211)
- utilized provisions	-	-
As at 31 December 2011	**-**	**1 019**

The Group has created provision for litigation in the amount of PLN 1,010 thousand as a result of legal claims filed by employees. It is difficult to estimate when the balance of provisions set as at 31 December 2009 will be utilized. In the parent entity's Management Board's opinion, which was backed by the professional legal advice, the execution of the employee claims will not incur considerable losses as it is expected that they will not exceed the amount of provisions as at 31 December 2010.

Other provisions comprise provisions for the planned profit appropriation to the Company Social Fund.

18. Finance lease liabilities

	31.12.2011	**31.12.2010**
Non-current	66	77
Current	61	73
Total finance lease liabilities	**127**	**150**

	31.12.2011	**31.12.2010**
Finance lease liabilities gross – minimum lease payments	**-**	**67**
Up to 1 year	-	37
1 to 5 years	-	30
Present value of finance lease liabilities	**127**	**150**
Up to 1 year	61	73
1 to 5 years	66	77

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

19. Revenue

	Year ended 31.12.2011	Year ended 31.12.2010
Revenue from trading	202 974	168 783
Revenue from listing	23 385	20 224
Revenue from information services	36 569	32 569
Other revenue	5 869	4 053
Total	**268 797**	**225 629**

20. Operating expenses

	Year ended 31.12.2011	Year ended 31.12.2010
Depreciation and amortization	15 620	16 681
Salaries (1)	39 387	35 226
Other employee costs (2)	12 454	8 696
Rent and other rent related fees	6 877	6 279
Fees and charges	15 675	16 045
External services (3)	36 235	42 101
Other operating expenses (4)	7 718	7 313
Total	**133 966**	**132 341**

Salaries (1)	Year ended 31.12.2011	Year ended 31.12.2010
Wages and salaries	38 899	34 303
Termination payments	156	504
Employee cost concerning jubilee bonus	332	419
Total	**39 387**	**35 226**

Other employee costs (2)	Year ended 31.12.2011	Year ended 31.12.2010
Social security costs	4 730	3 587
Retirement benefit costs - defined benefit plans *	1 908	250
Retirement benefit costs - defined contribution plans **	1 852	1 540
Other current service benefits (medical services, lunch subsidies, Company's Fund of Social Benefits)	3 964	3 319
Total	**12 454**	**8 696**

** The Group offers its employees defined benefit plans. The plans relate to retirement and pension benefits and are based on the number of years in service and salaries (Note 16).*
*** The Group offers its employees defined contribution plans (Employee' Pension Fund). The plans are financed from contributions made by the Group and employees to the retirement fund that is independent of the Group's financial structure.*

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

External services (3)	**Year ended 31.12.2011**	**Year ended 31.12.2010**
Building renovations and maintenance	11 914	11 433
Advertising expenses	6 897	12 968
Electronic data transfer	6 543	5 224
Consulting and audit fees	2 446	3 943
Press announcements	31	99
Staff training	1 046	900
Security	1 005	920
Telecommunication	500	603
Information services	366	604
Office cleaning	391	417
Legal and translation services	664	1 746
Software modyfications	244	178
Transport services	205	138
Post services	49	41
Bank charges	87	75
KDPW charges	35	124
Market animation	1 260	1 225
TBS Poland market upkeep	838	777
Other external services	1 506	686
Leasing	206	-
Total	**36 235**	**42 101**

Other operating expenses (4)	**Year ended 31.12.2011**	**Year ended 31.12.2010**
Office stationery and electricity	4 187	4 445
Business trips	1 776	1 264
Depreciation of perpetual usefruct of land	106	-
Membership fees	682	701
Property insurance	274	138
Attendance in conferences	302	255
Other expenses	391	509
Total	**7 718**	**7 312**

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

21. Other income and financial income

Other income

	Year ended 31.12.2011	Year ended 31.12.2010
Compensations received	3	19
Donations received	-	229
Profit from sale of fixed assets	69	-
Reversal of impairment charges	-	528
Other	366	363
Total	**438**	**1 139**

Financial income

	Year ended 31.12.2011	Year ended 31.12.2010
Interest on bank account and current account	4 127	1 683
Interest, including:	3 499	1 982
- interest on financial assets available-for-sale	3 499	1 852
- interest on financial assets held to maturity	-	130
Income on sale of financial assets available-for-sale	40	6 327
Dividends	372	250
Other	6 346	65
Total	**14 384**	**10 307**

22. Other expenses

	Year ended 31.12.2011	Year ended 31.12.2010
Donations (1)	306	192
Loss from sale of property and equipment	-	77
Impairment of charges	1 215	1 835
Impairment of investment	-	351
Other	92	222
Total	**1 613**	**2 677**

(1) 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 – for statutory purposes – PLN 48 thousand,
- other donations for statutory purposes – PLN 69 thousand.

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

In 2010, donations were made to:

- Fundacja Edukacji Rynku Kapitałowego (Capital Market Education Foundation) – for purchase of electronic al equipment – PLN 13 thousand:
- foundations, orphanages, charity associations – PLN 134 thousand:
- other donations for statutory purposes – PLN 35 thousand.

23. Income tax

	Year ended 31.12.2011	Year ended 31.12.2010
Current income tax	28 025	21 846
Deferred tax (Note 9)	895	(1 328)
Total	**28 920**	**20 518**

As required by the Polish tax regulations, the tax rate applicable in 2011 and 2010 amounts to 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 profit and loss is as follows:

	Year ended 31.12.2011	Year ended 31.12.2010
Profit before income tax	**163 062**	**115 344**
Income tax rate	19%	19%
Income tax at the statutory tax rate	**30 982**	**21 915**
Tax effect of:		
Non-deductible differences	248	1 281
Non- taxable revenue	(42)	(123)
Additional taxable revenue	11	20
Other adjustments	660	117
Non-taxable share in profit of associates	(2 939)	(2 692)
Tax charge	**28 920**	**20 518**

24. Contingent positions

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 Group, together with penalties and interest.

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

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

25. Contingent and investment liabilities

As at 31 December 2011 and 31 December 2010 the Group had no contingent liabilities and investment commitments.

26. Related party transactions

The Group's related parties include its associates (Krajowy Depozyt Papierów Wartościowych S.A., Centrum Giełdowe S.A. and INNEX). The related parties include also the Treasury of State as a parent entity (holding as at 31 December 2011 35% of shares and 51.70% of votes on the General Meeting) as well as entities controlled, jointly controlled by the State Treasury and entities over which the State Treasury exerts significant influence. Additionally related parties are members of key management personnel of WSE.

Information about transactions with entities related to the State Treasury

The Ministry of the State Treasury provides neither to 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 Group 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 2011 and balances with these entities as at 31 December 2011 were as follows:

No	Name of the entity	Receivables 31.12.2011	Liabilities 31.12.2011	Revenue for the year ended 31.12.2011	Operating expenses for the year ended 31.12.2011
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 Dom Maklerski BGŻ S.A. are included*
** *Transactions with Dom Maklerski PKO Bank Polski S.A. are included*
*** *Transactions with Dom Maklerski Bank Ochrony Środowiska S.A. are included*

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

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

The Company's revenue from individually significant transactions with State-controlled entities and operating expenses for the year ended 31 December 2010 and balances with these entities as at 31 December 2010 were as follows:

No	Name of the entity	Receivables 31.12.2010	Liabilities 31.12.2010	Revenue for the year ended 31.12.2010	Operating expenses for the year ended 31.12.2010
1.	BGŻ S.A.*	94	-	1 115	-
2.	PKO BP S.A.**	559	-	9 219	-
3.	Powszechny Zakład Ubezpieczeń S.A.	-	-	151	47
4.	Bank Ochrony Środowiska S.A.***	913	15	11 746	180
	Total	**1 566**	**15**	**22 231**	**227**

* *Transactions with Dom Maklerski BGŻ S.A. are included*
** *Transactions with Dom Maklerski PKO Bank Polski S.A. are included*
*** *Transactions with Dom Maklerski Bank Ochrony Środowiska S.A. are included*

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

In accordance with the Polish law, the Group is subject to taxation. The Group pays tax to the State Treasury, which was a related party till 9 November 2010. The principles and regulations binding upon the Group in this regard are the same as those binding upon other entities which are not a related party with the Group.

In accordance with the Decree of the Minister of Finance of 18 October 2005 on fees paid to the Polish Securities and Exchange Commission by supervised entities, the Group pays fees to the State Treasury in the amount set by the Polish Financial Supervision Authority (PFSA). The Group contributes monthly prepayments and the PFSA makes final yearly settlements before 15 February of the following year. Fees paid to Polish Financial Supervision Authority in 2011 amounted to PLN 17,712 thousand (in 2010: PLN 14,986 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 3,351 thousand as at 31 December (PLN 682 thousand as at 31 December 2010).

Transactions with associates

For the year ended 31 December 2011

Name of the entity	Receivables 31.12.2011	Liabilities 31.12.2011	Revenue for the year ended 31.12.2011	Operating expenses for the year ended 31.12.2011
Centrum Giełdowe S.A.	-	133	-	2 147
KDPW S.A.	54	96	585	114
Total	**54**	**229**	**585**	**2 261**

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

For the year ended 31 December 2010

Name of the entity	Receivables 31.12.2010	Liabilities 31.12.2010	Revenue for the year ended 31.12.2010	Operating expenses for the year ended 31.12.2010
Centrum Giełdowe S.A.	-	427	-	2 086
KDPW S.A.	54 267	77	877	208
Total	**54 267**	**504**	**877**	**2 294**

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.

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

The Group did not conclude transactions with INNEX in the years 2010-2011.

In 2011 the Group also concluded transactions with the "Książęca 4" Housing Cooperative of which it is a member. In 2011 related expenses amounted to PLN 3,078 thousand and in 2010 PLN 2,961 thousand. Moreover when the Housing Cooperative generates surpluses in individual year, the Group receives the refunds. It amounted to PLN 18 thousand in 2011 (in 2010 it amounted to PLN 25 thousand).

27. Information on remuneration and benefits of key management personnel

The parent entity's Management Board is the management key personnel of the Group.

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

	Year ended 31.12.2011	Year ended 31.12.2010
Remuneration	3 861	1 244
Bonuses – non-curent liabilities	296	-
Other employee benefits	803	318
Total	**4 960**	**1 562**

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

Information on loans to key management personnel

In 2011 as well as in 2010 no loans were granted to the key management personnel of the Group.

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

28. Future minimum lease payments

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

WSE is a party to rental agreements in respect of office space and conference room with a three-month' notice for which rent to be paid over three months amounts to PLN 199 thousand. In 2007 WSE concluded an agreement for the lease of office space for the period of 3 years, for which the annual rent payable amounts to PLN 1,251 thousand. In 2010 WSE concluded an agreement for the lease of office space, for which the rent payable for six months amounts to PLN 102 thousand.

In 2007, BondSpot S.A. concluded an agreement for the lease of office space for a period of 5 years, for which the rent payable in 2012 amounts to PLN 183 thousand in total.

In 2009 WSEInfoEngine concluded an agreement for the lease of office space for a period of 3 years, for which the rent payable in 2012 amounts to PLN 37 thousand in total.

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

As at 31 December 2011

	Up to 1 year	1-5 years	Over 5 years	Total
GPW	1 552	-	-	**1 552**
BondSpot S.A.	183	-	-	**183**
WSE InfoEngine S.A.	37	-	-	**37**
Total	**1 772**	**-**	**-**	**1 772**

As at 31 December 2010

	Up to 1 year	1-5 years	Over 5 years	Total
GPW	1 127	-	-	**1 127**
BondSpot S.A.	494	164	-	**658**
WSE InfoEngine S.A.	133	33	-	**166**
Total	**1 754**	**197**	**-**	**1 951**

29. Derivatives

As at 31 December 2011 and 31 December 2010 there were no derivative instruments in the Group.

30. Cash generated from operations

	Note	Year ended 31.12.2011	Year ended 31.12.2010
Profit for the period		**134 143**	**94 826**
Total adjustments		**18 302**	**15 278**
Income tax expense	23	28 920	20 518
Depreciation of property and equipment	5	11 446	12 958
Amortization of intangible assets	6	4 174	3 723
(Gain) / Loss on sale of property and equipment	21	(69)	77
Change in provisions for other liabilities and charges	17	(202)	11
Financial income on held to maturity financial assets	21	-	(130)
Financial income on available-for-sale financial assets	21	(3 539)	(8 179)
Dividend income	21	(372)	(250)
Interest income on deposits	21	(4 049)	(1 683)
Share in profit of associates	7	(15 470)	(14 170)
Others		-	560
Change in assets and short-term liabilities			
Change in inventories		178	(13)
Change in trade and other receivables and prepayments	11	(2 294)	(4 372)
Change in trade and other payables	15,17	(5 321)	6 436
Change in employee benefit payables	16	4 900	(208)
Cash generated from operations		**152 444**	**110 104**

31. Dividends

In accordance with Resolution No. 4 of Annual General Meeting dated 27 June 2011 parent entity's Management Board earmarked PLN 134,730 thousand from the net profit for 2010 for dividend payment. The date of dividend payment was established on 27 July 2011. The value of dividend per share amounted to PLN 3.21. Dividend was paid on 27 July 2011.

32. Earnings per share

Basic and diluted	Year ended 31.12.2011	Year ended 31.12.2010
Profit attributable to the shareholders of the parent entity	134 143	94 692
Weighted average number of ordinary shares (in thousands)	41 972	41 972
Basic and diluted earnings per share (in PLN)	**3,20**	**2,26**

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

33. Operating segments

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

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

In the years 2010-2011 the Group was engaged in activities in three main operating segments:

- 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.

At the moment, the Group does not analyse costs of the individual operating segments. However, it intends to implement activity based costing model, which will support appropriate segment cost allocation. Furthermore, the Group does not allocate assets and liabilities to individual segments.

The Group's other revenues comprise mainly the revenue from training services and rental of space. None of these areas of operations represent reportable segments. The Management Board does not analyse data relating to the subsidiaries and associated entities.

In 2010-2011 there were no sales between the segments.

The Group's operating segments are concentrated on the territory of Poland. All Group assets are located in Poland.

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

In 2011, the segment revenues were as follows:

	WSE *	Subsidiaries	Other adjustments	Total**
Revenue (external transactions)	**252 524**	**17 624**	**(1 351)**	**268 797**
Trading (Segments)	189 707	13 267	-	202 974
Listing (Segments)	22 720	665	-	23 385
Information services (Segments)	36 693	85	(209)	36 569
Other (Segments)	3 404	3 607	(1 142)	5 869
Operating expenses	123 553	11 764	(1 351)	133 966
Profit on sales	128 971	5 861	-	134 832
Other operating profit/(loss)	(1 259)	84	-	(1 175)
Operating profit	127 712	5 944	-	133 656
Net financial gain	21 059	751	(7 874)	13 936
Share of profit of associates	-	-	15 470	15 470
Profit/(loss) before income tax	**148 771**	**6 696**	**7 596**	**163 063**

** Data analyzed by the Management Board of WSE.*
*** As presented in Consolidated Statements of Comprehensive Income.*

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

For the year ended 31 December 2010, the segment revenues were as follows:

		WSE *	Subsidiaries	Other adjustments	Total**
Revenue (external transactions)		**216 467**	**10 024**	**(862)**	**225 629**
Segments	Trading	160 369	8 414	-	168 783
	Listing	20 041	183	-	20 224
	Information services	32 521	52	(4)	32 569
	Other	3 536	1 375	(858)	4 053
Operating expenses		124 473	8 796	(928)	132 341
Profit on sales		91 994	1 228	-	93 288
Other operating profit/(loss)		(19)	17	(1 536)	(1 538)
Operating profit		91 975	1 245	-	93 220
Net financial gain		63 276	450	(54 302)	9 424
Share of profit of associates		-	-	14 170	14 170
Profit/(loss) before income tax		**155 251**	**1 695**	**(41 668)**	**115 344**

** Data analyzed by the Management Board of WSE.*
*** As presented in Consolidated Statements of Comprehensive Income.*

Revenue by geographical area was as follows:

	Year ended 31.12.2011	Share	Year ended 31.12.2010	Share
Domestic sales	215 348	80%	183 266	81%
Export sales	53 449	20%	42 363	19%
Total	**268 797**	**100%**	**225 629**	**100%**

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

Assets and liabilities are presented in the assets and liabilities of the Group as at 31 December 2011 and 31 December 2010 as follows:

31.12.2011	**WSE**	**Subsidiaries**	**Associates***	**Other adjustments****	**Total*****
Total assets	587 253	23 753	136 242	(14 341)	732 907
Total liabilities	204 583	3 993	-	(162)	208 414

** representing the difference between the carrying amount of the associates determined using the equity method and their measurement at cost net of impairment as analysed by the Management Board*

*** other adjustments consist among the other consolidation elimination such as: (1) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary (2) non-controlling interests in the profit or loss of consolidated subsidiaries for the reporting period (3) non-controlling interests in the net assets of consolidated subsidiaries (4) intragroup balances, transactions, income and expenses*
**** as presented in Consolidated Statements of Financial Position*

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

31.12.2010	WSE	Subsidiaries	Associates*	Other adjustments**	Total***
Total assets	426 670	18 335	127 304	(13 783)	558 526
Total liabilities	30 226	3 724	-	(150)	33 800

** representing the difference between the carrying amount of the associates determined using the equity method and their measurement at cost net of impairment as analysed by the Management Board*

*** other adjustments consist among the other consolidation elimination such as: (1) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary (2) non-controlling interests in the profit or loss of consolidated subsidiaries for the reporting period (3) non-controlling interests in the net assets of consolidated subsidiaries (4) intragroup balances, transactions, income and expenses*
**** as presented in Consolidated Statements of Financial Position*

34. Subsequent events

On the basis of an agreement with the shareholders of Towarowa Giełda Energii S.A. ("TGE") signed on 8 November 2011, the WSE acquired 1,164,750 TGE shares for an amount of PLN 179,371,500 on 24 February 2012. The shares represent 80.33% of TGE's share capital and carry an entitlement to 80.33% of the total number of votes at the TGE General Meeting. The acquisition of the shares was financed with funds raised from the WSE's series A and B bonds issue. On 29 February 2012 the WSE acquired additional shares representing 7.68% TGE's share capital for an amount of PLN 16,563 thousand.
Including the 2.33% of the shares of TGE acquired in the past, the WSE currently holds 90.33% of the shares of TGE, which entitle the WSE to 90.33% of the total number of votes at the TGE General Meeting.

Due to the fact that initial accounting for the business combination of TGE is incomplete, it is not possible to disclose all information required by IFRS 3 § 59 b).

The Consolidated financial statements are presented by the Management Board of the Warsaw Stock Exchange:

1. Ludwik Sobolewski – the President of the Management Board ....
2. Lidia Adamska – the Member of the Management Board ....
3. Beata Jarosz – the Member of the Management Board ....
4. Adam Maciejewski – the Member of the Management Board ....

Lidia Michalska – the Chief Accountant ....

Warsaw, 9 March 2012