Consolidated Financial Statements of the Giełda Papierów Wartościowych w Warszawie S.A. Group for the Year Ended 31 December 2014

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(all amounts in PLN thousands, unless otherwise stated)

Consolidated Statement of Financial Position

	Note	As at 31 December 2014	31 December 2013 *restated*	31 December 2012 *restated*
Non-current assets		**572,710**	**576,421**	**512,004**
Property, plant and equipment	5	119,762	124,042	133,115
Intangible assets	6	261,019	269,155	209,545
Investment in associates	7	188,104	158,540	151,213
Deferred tax assers	8	-	-	3,155
Available-for-sale financial assets	9	207	20,955	11,183
Prepayments	11	3,618	3,729	3,793
Current assets		**451,449**	**357,381**	**325,531**
Inventories		120	166	253
Corporate income tax receivable		8,378	10,797	4,837
Trade and other receivables	12	42,594	34,792	62,929
Available-for-sale financial assets	9	10,503	118	118
Other current financial assets		-	3	-
Assets held for sale	10	812	-	-
Cash and cash equivalents	13	389,042	311,505	257,394
TOTAL ASSETS		**1,024,159**	**933,802**	**837,535**
Equity		**700,466**	**638,105**	**555,890**
Equity of the shareholders of the parent entity		**699,350**	**636,985**	**554,513**
Share capital	14.1	63,865	63,865	63,865
Other reserves	14.2	1,930	1,278	(1,000)
Retained earnings	14.3	633,555	571,842	491,647
Non-controlling interests		**1,116**	**1,120**	**1,377**
Non-current liabilities		**259,419**	**249,578**	**247,842**
Employee benefits payable	17	5,562	4,456	4,305
Finance lease liabilities	20	205	439	381
Liabilities on bonds issue	15	244,078	243,617	243,157
Deferred tax liability	8	9,574	1,066	-
Current liabilities		**64,274**	**46,119**	**33,803**
Trade payables	15	10,017	12,738	4,284
Finance lease liabilities	20	154	365	336
Corporate income tax payable		1,250	657	2,549
Other liabilities	15	36,206	14,381	8,022
Acruals and deferred income	16	5,115	4,328	4,674
Employee benefits payable	17	9,911	11,511	12,574
Liabilities directly related to assets held for sale	10	275	-	-
Provisions for other liabilities and charges	19	1,346	2,139	1,364
TOTAL EQUITY AND LIABILITIES		**1,024,159**	**933,802**	**837,535**

The attached Notes are an integral part of these Consolidated Financial Statements for the year ended 31 December 2014.

(all amounts in PLN thousands, unless otherwise stated)

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December 2014	Year ended 31 December 2013
Revenues	21	317,561	283,762
Operating expenses	22	(181,600)	(166,224)
Other income	23	1,256	3,224
Other expenses	23	(1,861)	(2,126)
Operating profit		**135,356**	**118,636**
Financial income	24	10,360	10,917
Financial expenses	24	(10,356)	(12,215)
Share of profit of associates	7	3,745	12,494
Profit before income tax		**139,105**	**129,832**
Income tax expense	25	(26,819)	(16,289)
Net profit for the period		**112,286**	**113,543**
Other comprehensive income:		-	-
Income to be reclassified as gains or losses		968	2,278
Net change of fair value of available-for-sale financial assets	*14.2*	*(170)*	*(166)*
Effective portion of change of fair value of cash flow hedges	*14.2*	*195*	*3,121*
Gains/(losses) on valuation of available-for-sale financial assets of an associate	*14.2*	*943*	*(677)*
Income not to be reclassified as gains or losses		(316)	-
Actuarial gains/(losses) on provisions against employee benefits after the term of service	*14.2*	*(316)*	-
Other comprehensive income after tax		**652**	**2,278**
Total comprehensive income		**112,938**	**115,821**
Net profit for the period		**112,286**	**113,543**
Net profit for the period attributable to the shareholders of the parent entity		112,079	113,310
Net profit for the period attributable to the non-controlling interests		207	233
Total comprehensive income		**112,938**	**115,821**
Total comprehensive income for the period attributable to the shareholders of the parent entity		112,731	115,588
Total comprehensive income for the period attributable to the non-controlling interests		207	233
Basic/diluted earnings per share (in PLN)		**2.67**	**2.70**

The attached Notes are an integral part of these Consolidated Financial Statements for the year ended 31 December 2014.

(all amounts in PLN thousands, unless otherwise stated)

Consolidated Statement of Cash Flows

	Note	Year ended 31 December	
		2014	2013
Cash flows from operating activities:		**161,669**	**172,385**
Cash generated from operation before tax		176,901	192,195
Net profit of the period		112,286	113,543
Adjustments:		64,615	78,652
Income tax	25	26,819	16,289
Depreciation of property, plant and equipment	5	15,697	13,712
Amortisation of intangible assets	6	13,072	12,010
Foreign exchange (gains)/losses		(28)	(891)
(Profit)/Loss on sale of property, plant and equipment and intangible assets	23	(36)	112
Goodwill impairment losses		1,311	-
Impairment losses on held assets and liabilities		366	-
Financial (income) / expense of available-for-sale financial assets	24.1	(600)	(601)
Income from interest on deposits	24.1	(9,200)	(8,683)
Interest on issued bonds	24.2	9,967	11,658
Share of profit of associates		(3,745)	(12,494)
Net change of provisions for other liabilities and charges		(793)	788
Other		5	5,438
Change in current assets and liabilities:		11,780	41,314
Decrease of inventories		*46*	*87*
(Increase)/Decrease of trade and other receivables and prepayments		*(7,861)*	*28,201*
Increase of trade and other payables		*20,052*	*13,938*
Increase/(Decrease) of employee benefits payable		*(457)*	*(912)*
Income tax expense		(15,232)	(19,810)

The attached Notes are an integral part of these Consolidated Financial Statements for the year ended 31 December 2014.

(all amounts in PLN thousands, unless otherwise stated)

Consolidated Statement of Cash Flows - continued

	Note	Year ended 31 December 2014	Year ended 31 December 2013
Cash flows from investing activities:		**(23,146)**	**(74,813)**
Purchase of property, plant and equipment	5	(12,013)	(13,980)
Purchase of intangible assets	6	(6,401)	(64,685)
Proceeds from sale of property, plant and equipment and intangible assets		214	612
Acquisition of available-for-sale financial assets		-	(213)
Acquisition of associate		(15,202)	(10,105)
Interest received		9,825	9,308
Dividends received		431	4,250
Cash flows from financing activities:		**(60,450)**	**(44,352)**
Dividend paid		(50,568)	(33,141)
Iinterest paid		(9,506)	(11,198)
Finance leases paid		(376)	-
Lloans and borrowings paid		-	(13)
Net increase in cash and cash equivalents		**78,073**	**53,220**
Taken to assets held for sale		*(565)*	-
Effect of movements in exchange rates on cash held		*29*	*891*
Cash and cash equivalents - opening balance		**311,505**	**257,394**
Cash and cash equivalents - closing balance		**389,042**	**311,505**

The attached Notes are an integral part of these Consolidated Financial Statements for the year ended 31 December 2014.

(all amounts in PLN thousands, unless otherwise stated)

Consolidated Statement of Changes in Equity

	Equity of the shareholders of the parent entity				Non-controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Total		
As at 31 December 2013	**63,865**	**1,278**	**571,842**	**636,986**	**1,120**	**638,105**
Dividend	-	-	(50,366)	**(50,366)**	(211)	**(50,577)**
Transactions with owners recognised directly in equity	**-**	**-**	**(50,366)**	**(50,366)**	**(211)**	**(50,577)**
Net profit for the year ended 31 December 2014	-	-	112,079	**112,079**	207	**112,286**
Income to be reclassified as gains or losses	-	968	-	**968**	-	**968**
Net change of fair value of available-for-sale financial assets	-	*(170)*	-	***(170)***	-	***(170)***
Effective portion of change of fair value of cash flow hedges	-	*195*	-	***195***	-	***195***
Revaluation of available-for-sale financial assets of an associate	-	*943*	-	***943***	-	***943***
Income not to be reclassified as gains or losses	-	*(316)*	-	***(316)***	-	***(316)***
Actuarial gains/(losses) on provisions against employee benefits after the term of service	-	*(316)*	-	***(316)***	-	***(316)***
Total comprehensive income for the year ended 31 December 2014	**-**	**652**	**112,079**	**112,731**	**207**	**112,938**
As at 31 December 2014	**63,865**	**1,930**	**633,555**	**699,350**	**1,116**	**700,466**

The attached Notes are an integral part of these Consolidated Financial Statements for the year ended 31 December 2014.

(all amounts in PLN thousands, unless otherwise stated)

Consolidated Statement of Changes in Equity - continued

	Equity of the shareholders of the parent entity				Non-controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Total		
As at 31 December 2012	**63,865**	**(1,000)**	**491,647**	**554,512**	**1,377**	**555,889**
Dividend	-	-	(32,738)	**(32,738)**	(414)	**(33,152)**
Acquisition of non-controlling interests	-	-	(137)	**(137)**	(76)	**(213)**
Change of interest in subsidiaries	**-**	**-**	**(32,875)**	**(32,875)**	**(490)**	**(33,365)**
Other changes in equity	-	-	(240)	**(240)**	-	**(240)**
Net profit for the year ended 31 December 2013	-	-	113,310	**113,310**	233	**113,543**
Income not to be reclassified as gains or losses	-	2,278	-	**2,278**	-	**2,278**
Net change of fair value of available-for-sale financial assets	-	*(167)*	-	***(167)***	-	***(167)***
Effective portion of change of fair value of cash flow hedges	-	*3,121*	-	***3,121***	-	***3,121***
Revaluation of available-for-sale financial assets of an associate	-	*(677)*	-	***(677)***	-	***(677)***
Total comprehensive income for the year ended 31 December 2013	**-**	**2,278**	**113,310**	**115,588**	**233**	**115,821**
As at 31 December 2013	**63,865**	**1,278**	**571,842**	**636,986**	**1,120**	**638,105**

The attached Notes are an integral part of these Consolidated Financial Statements for the year ended 31 December 2014.

1. General information

1.1. Legal status and scope of operations of the company

The parent entity of the Giełda Papierów Wartościowych w Warszawie S.A. Group ("the Group") is Giełda Papierów Wartościowych w Warszawie Spółka Akcyjna ("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 in the Commercial Court in Warsaw on 25 April 1991, entry no. KRS 0000082312, VAT no. 526-025-09-72, Regon 012021984. WSE has been listed on WSE's Main Market since 9 November 2010.

The core activities of the Group include organising exchange trading in financial instruments and activities related to such trading. At the same time, the Group pursues activities in education, promotion and information concerning the capital market and organises an alternative trading system. The Group is active on the following markets:

- **WSE Main Market** (trade in equities, other equity-related financial instruments and other cash markets instruments as well as derivatives);
- **NewConnect** (trade in equities and other equity-related financial instruments of small and medium-sized enterprises);
- **Catalyst** (trade in corporate, municipal, co-operative, Treasury and mortgage bonds operated by WSE and BondSpot);
- **Treasury BondSpot Poland** (wholesale trade in Treasury bonds operated by BondSpot).

The Group also organises and operates trade on the markets operated by Towarowa Giełda Energii S.A. ("the Polish Power Exchange", "PolPX") and WSEInfoEngine S.A. on the following markets:

- **Energy Markets** (trade in electricity on the Intra-Day Market, Day-Ahead Market, Commodity Forward Instruments Market, Electricity Auctions),
- **Gas Market** (trade in natural gas with physical delivery on the Intra-Day and Day-Ahead Market and the Commodity Forward Instruments Market),
- **Property Rights Market** (trade in property rights in certificates of origin of electricity),
- **CO2 Emission Allowances Market** (trade in CO2 emission allowances),
- **OTC (Over-the-Counter) commodity trade platform** (complements the offer with OTC commodity trade in electricity, energy biomass and property rights in certificates of origin).

In addition, the Group operates:

- **Clearing and Settlement System** (exchange clearing house for transactions in exchange commodities),
- **Trade Operator and Balancing Entity services** – both types of services are offered by WSEInfoEngine S.A., balancing involves the submission of power sale contracts for execution and clearing of non-balancing with the transmission system operator (differences between actual power production or consumption and power sale contracts accepted for execution).

WSE is also present in Ukraine through the Warsaw Stock Exchange Representation Office and in London through an appointed permanent representative of WSE whose mission is to support acquisition on the London market, in particular the acquisition of new investors and Exchange Members.

1.2. Approval of the financial statements

The consolidated financial statements were authorised for issuance by the Management Board of the parent entity on 20 February 2015.

1.3. Composition and activity of the Group

Warsaw Stock Exchange and its following subsidiaries:

- Towarowa Giełda Energii S.A. Group (Polish Power Exchange Group),
- BondSpot S.A.,
- WSEInfoEngine S.A. ("WSE IE"),
- Instytut Rynku Kapitałowego – WSE Research S.A. ("IRK"),
- WSE Services S.A. ("WSE Services"),
- Instytut Analiz i Ratingu S.A. ("IAiR")

comprise the Warsaw Stock Exchange Group

The following are the associates over which the Group exerts significant influence: KDPW S.A. Group, Centrum Giełdowe S.A. and Aquis Exchange Limited.

Following the acquisition by WSE in February 2014 of a second tranche of shares of Aquis Exchange Limited, the company became as associate (Note 7).

In June 2014, WSE established the subsidiary Instytut Analiz i Ratingu S.A.. The mission of IAiR is to close the gap in the domestic rating offer for small and medium-sized enterprises.

(all amounts in PLN thousands, unless otherwise stated)

The composition of the Group and the associates as at 31 December 2014 is set out in the table below:

Name of the entity	Registered office of the entity	Scope of operations	WSE's % share in the share capital
		Parent entity	
Giełda Papierów Wartościowych w Warszawie S.A.	00-498 Warsaw ul. Książęca 4 Poland	• operating a financial instruments exchange through the organisation of public trading in securities, • conducting educational, promotional and information activities regarding the functioning of the capital market, • organising an alternative trading system.	N/A
		Subsidiaries	
Towarowa Giełda Energii S.A. ("PolPX" or "Polish Power Exchange") *(parent entity of the Polish Power Exchange Group*	02-822 Warsaw ul. Poleczki 23 bud. H Poland	• operating a commodity exchange on which the following may be traded: electricity, liquid and gas fuels, production limits, pollution emission limits, property rights whose value depends directly or indirectly on the value of electricity, liquid or gas fuels, operation of a register of certificates of origin of energy from renewable energy sources and from cogeneration and agricultural biogas.	100.00%
BondSpot S.A. *(former MTS-CeTO S.A.)*	00-609 Warsaw Al. Armii Ludowej 26 Poland	• operating an over-the-counter market and conducting other activities related to organising trading in securities and other financial instruments, • organising an alternative trading system, • organising and conducting all activities which supplement and support the functioning of the markets operated by BondSpot.	92.96%
WSEInfoEngine S.A.	00-498 Warsaw ul. Książęca 4 Poland	• providing services of a Trade Operator (TO) on the electricity market.	100.00%
Instytut Rynku Kapitałowego - WSE Research S.A. *(former WIRK S.A.)*	00-498 Warsaw ul. Książęca 4 Poland	• publishing books, newspapers, magazines and other periodicals, • extracurricular education forms, • activities which support education, • providing services in the area of data transmission and ITT.	100.00%
WSE Services S.A. *(former WSE Commodities Sp. z o.o.)*	00-498 Warsaw ul. Książęca 4 Poland	• back-office services for Group companies	100.00%
Instytut Analiz i Ratingu S.A.	00-498 Warsaw ul. Książęca 4 Poland	• valuation of non-Treasury debt securities in the SME segment	100.00%

(all amounts in PLN thousands, unless otherwise stated)

Polish Power Exchange Group subsidiaries

Izba Rozliczeniowa Giełd Towarowych S.A. ("Warsaw Commodity Clearing House" or "WCCH")	00-175 Warsaw al. Jana Pawła II 80 lok. F35 Poland	• operating a clearing house and a settlement system for transactions made on the regulated market, • clearing transactions made on PolPX, • other activities related to organising and conducting clearing or settlement of transactions.	PolPX share: 100.00%

Associates

Krajowy Depozyt Papierów Wartościowych S.A. ("KDPW S.A.") *(parent entity of the KDPW S.A. Group)*	00-498 Warsaw ul. Książęca 4 Poland	• maintaining a depository for securities, • clearing transactions made on financial instruments exchanges, commodity exchanges including energy exchanges, among others via the subsidiary KDPW_CCP S.A., • conducting other activities related to trading in securities and other financial instruments, • administering the Guarantee Fund, • operating a trade repository and issuing LEI codes.	33.33%
Centrum Giełdowe S.A.	00-498 Warsaw ul. Książęca 4 Poland	• activities in respect of building, urban and technological design, • undertaking general building works related to constructing buildings, • leasing of real estate on own account, • real estate management.	24.79%
Aquis Exchange Limited	Becket House 36 Old Jewry EC2R 8DD, London United Kingdom	• trade in stocks of the biggest companies from 12 Western European financial markets on a multi-lateral trading platform	36.23%

2. Summary of significant accounting policies

2.1. Statement of compliance

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

As at the date of approval of these consolidated financial statements, considering the process of IFRS adaptation by the European Union, there are no differences in the accounting policies adopted by the Company under the IFRS and the IFRS as adopted by the European Union.

2.2. Basis of preparation of the financial statements

These consolidated financial statements are presented in the Polish zloty (PLN), which is the functional currency of the Group, and all values are presented in thousands of Polish zlotys (PLN'000) unless stated otherwise.

The financial statements have been prepared on the historical cost basis, except for hedge accounting of cash flows and available-for-sale financial assets which are measured at fair value.

These consolidated financial statements have been prepared with the assumption that the Group will continue its operations in the foreseeable future. As at the date of the preparation of these consolidated financial statements, the Management Board of the parent entity identified no threats to the Group's ability to continue its operations.

The preparation of financial statements in accordance with the IFRS requires making certain critical accounting estimates. It also requires the Management Board of the parent entity 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 financial statements are disclosed in Note 4.

The Group prepared the consolidated financial statements in accordance with the same accounting policies as those described in the consolidated financial statements as at 31 December 2013 other than for changes resulting from the amendments to the IFRS described below and the change describe in note 2.28.

Amendments to existing standards adopted by the European Union which are effective for the Group's financial statements for the financial year starting on 1 January 2014:

1) IFRS 10 Consolidated Financial Statements,

2) IFRS 11 Joint Arrangements,

3) IFRS 12 Disclosure of Interests in Other Entities,

4) IAS 27 (2011) Separate Financial Statements,

5) IAS 28 (2011) Investments in Associates and Joint Ventures,

6) Amendments to IFRS 10, IFRS 11 and IFRS 12 concerning interim provisions,

7) Amendments to IFRS 10, 12 and IAS 27 concerning consolidation of investment entities,

8) Amendments to IAS 32 Financial Instruments: Presentation concerning netting of financial assets and financial liabilities,

9) Amendments to IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets,

10) Amendments to IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting.

The Group does not expect that the Amendments of other Standards will have a significant impact on the consolidated financial statements.

The key accounting policies applied in the preparation of these consolidated financial statements are described below. These policies were continuously followed in all presented periods, unless indicated otherwise.

2.3. New accounting Standards and Interpretations of the IFRS Interpretations Committee (IFRIC)

The Group did not use the option of early application of new Standards and Interpretations already published and adopted by the European Union or planned for adoption in the near future which will take effect after the balance sheet date.

2.3.1. Standards and Interpretations adopted by the European Union

Certain Standards, Interpretations and Amendments to published Standards are not yet mandatorily effective for the annual period ending on 31 December 2014 and have not been applied in preparing these financial statements. The Company plans to adopt these pronouncements when they become effective. The following table presents:

- Standards and Interpretations adopted by the EU that are not yet effective for the annual period ending on 31 December 2014;
- Type of the expected impact on accounting policies implemented by a new Standard/Interpretation;
- Impact of the changes described on the Company’s financial statements;
- Effective date of the amendments.

(all amounts in PLN thousands, unless otherwise stated)

Standard/Interpretation adopted by EU	**Nature of impending change in accounting policy**	**Possible impact on financial statements**	**Effective date for periods beginning as the date or after that date**
1. IFRIC Interpretation 21 Levies	The Interpretation provides guidance as to the identification of the obligating event giving rise to a liability, and to the timing of recognition of the liability to pay a levy imposed by government. In accordance with the Interpretation, the obligating event is the activity that triggers the payment of that levy, as identified in the relevant legislation and as a consequence, the liability for paying the levy is recognised when this event occurs. The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time. If the obligating event is the reaching of a minimum activity threshold, the corresponding liability is recognised when that minimum activity threshold is reached. The Interpretation sets out that an entity cannot have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the entity being economically compelled to continue to operate in that future period.	The entity does not expect IFRIC 21 to have a material impact on the financial statements, since it does not result in a change in the entity's accounting policy regarding levies imposed by governments.	17 June 2014 *(the IASB effective date is 1 January 2014)*
2. Amendments to IAS 19 Employee Benefits entitled Defined Benefit Plans: Employee Contributions	The amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.	It is expected that the Amendment, when initially applied, will not have a material impact on the financial statements. The entity does not plan to change the accounting policy to account for such contributions as a reduction in the service cost in the same period in which they are payable.	1 February 2015 *(the IASB effective date is 1 July 2014)*
3. Improvements to IFRS (2010-2012)	The Improvements to IFRSs (2010-2012) contains 8 amendments to 7 standards, with consequential amendments to other standards and interpretations. The main changes were to: • clarify the definition of 'vesting conditions' in Appendix A of IFRS 2 *Share-based Payment* by separately defining a 'performance condition' and a 'service condition'; • clarify certain aspects of accounting for contingent consideration in a business combination;	None of these changes are expected to have a significant impact on the financial statements of the entity.	1 February 2015 *(the IASB effective date is 1 July 2014)*

(all amounts in PLN thousands, unless otherwise stated)

Standard/Interpretation adopted by EU	**Nature of impending change in accounting policy**	**Possible impact on financial statements**	**Effective date for periods beginning as the date or after that date**
	• amend paragraph 22 of IFRS 8 *Operating Segments* to require entities to disclose those factors that are used to identify the entity's reportable segments when operating segments have been aggregated. This is to supplement the current disclosure requirements in paragraph 22(a) of IFRS 8; • amend paragraph 28(c) of IFRS 8 *Operating Segments* to clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should be disclosed, if that amount is regularly provided to the chief operating decision maker. This proposed amendment is consistent with the requirements in paragraphs 23 and 28(d) in IFRS 8; • clarify the IASB's rationale for removing paragraph B5.4.12 of IFRS 9 *Financial Instruments* and paragraph AG79 of IAS 39 *Financial Instruments: Recognition and Measurement* as consequential amendments from IFRS 13 *Fair Value Measurement*; • clarify the requirements for the revaluation method in IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* to address concerns about the calculation of the accumulated depreciation or amortisation at the date of the revaluation; make an entity providing management personnel services to the reporting entity a related party of the reporting entity.		
4. Improvements to IFRS (2011-2013)	The Improvements to IFRSs (2011-2013) contains 4 amendments to standards, with consequential amendments to other standards and interpretations. The main changes were to: • clarify the meaning of 'each IFRS effective at the end of an entity's first IFRS reporting period' as used in paragraph 7 of IFRS 1 *First-time Adoption of IFRSs*; • clarify that the scope exemption in paragraph 2(a) of IFRS 3 *Business Combinations*: - excludes the formation of all types of joint arrangements as defined in IFRS 11 *Joint Arrangements* from the scope of IFRS 3; and - only applies to the financial statements of the joint venture or the joint operation itself. • clarify that the portfolio exception included in paragraph 48 of IFRS 13 applies to all contracts within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* or IFRS 9 *Financial Instruments*, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32 *Financial Instruments: Presentation*. • clarify that judgement is needed to determine whether the acquisition of investment property is the acquisition of an asset, a group of assets or a business combination in the scope of IFRS 3 and that this judgement is based on the guidance in IFRS 3.	None of these changes are expected to have a significant impact on the financial statements of the entity.	1 January 2015 *(the IASB effective date is 1 July 2014)*

2.3.2. Standards and Interpretations awaiting adoption by the European Union

The following table presents:

- Standards and Interpretations **awaiting adoption by the EU** that are not yet effective for the annual period ending on 31 December 2014;
- Type of the expected impact on accounting policies implemented by a new Standard/Interpretation;
- Impact of the changes described on the Group's financial statements;
- Effective date of the amendments.

Standard/Interpretation awaiting adoption by EU	**Nature of impending change in accounting policy**	**Possible impact on financial statements**	**Effective date for periods beginning as the date or after that date**
1. IFRS 9 *Financial Instruments (2014)*	The new standard replaces the guidance included in IAS 39 Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets, including a model for calculating impairment. IFRS 9 eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables used to classify financial assets. Under the new standard, financial assets are to be classified on initial recognition into one of three categories: • financial assets measured at amortized cost; • financial assets measured at fair value through profit or loss; or • financial assets measured at fair value through other comprehensive income (OCI). A financial asset is classified as being subsequently 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. Otherwise, e.g. in the case of equity instruments of other entities, a financial asset will be measured at fair value. Gains and losses on remeasurement of financial assets measured at fair value are recognised in profit or loss, other than assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets – such remeasurement gains and losses are recognized in OCI. In addition, at initial recognition of an equity investment that is not held for trading, an entity may irrevocably elect to present all fair value changes from the investment in OCI. The election is available on an individual share-by-share basis. No amount recognised in OCI in relation to the above-described remeasurement is ever reclassified to profit or loss at a later date. The new standard retains almost all of the existing requirements in IAS 39 on the classification and measurement of financial liabilities and on derecognition of financial assets and financial liabilities. However, IFRS 9 requires that the portion of the gain or loss on a financial liability designated at initial recognition as fair value through profit or loss that is attributable to	The entity is analysing the impact of the new standard and its changes on the separate financial statements.	1 January 2018

Standard/Interpretation awaiting adoption by EU	Nature of impending change in accounting policy	Possible impact on financial statements	Effective date for periods beginning as the date or after that date
	changes in its credit risk be presented in 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, or if the financial liability is a loan commitment or a financial guarantee contract, the entire fair value change is presented in profit or loss. In respect of the financial assets impairment requirements, IFRS 9 replaces the "incurred loss" impairment model in IAS 39 with an "expected credit loss" model. Under the new approach, which aims to address concerns about "too little, too late" provisioning for impairment losses, it will no longer be necessary for a loss event to occur before an impairment allowance is recognized. In short, the expected credit loss model uses a dual measurement approach, under which the loss allowance is measured as either: • 12-month expected credit losses, or • lifetime expected credit losses. The measurement basis generally depends on whether there has been a significant increase in credit risk since initial recognition. If the credit risk of a financial asset has not increased significantly since initial recognition, the financial asset will attract a loss allowance equal to 12-month expected credit loss. If, however, its credit risk has increased significantly, it will attract an allowance equal to lifetime expected credit losses, thereby increasing the amount of impairment recognized. The standard contains a rebuttable presumption that the condition for recognizing lifetime expected credit losses is met when payments are more than 30 days past due.		
2. IFRS 14 *Regulatory Deferral Accounts*	The interim Standard: • permits first time adopters of IFRS to continue to use its previous GAAP to account for regulatory deferral account balances both on initial adoption of IFRS and in subsequent financial statements; • requires entities to present regulatory deferral account balances and movements therein as separate line items on the face of the financial statements; and requires specific disclosures to identify clearly the nature of, and risks associated with, the rate regulation that has resulted in the recognition of regulatory deferral account balances in accordance with this interim Standard.	It is expected that the interim Standard will not have a material impact on the entity.	1 January 2016
3. Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11 *Joint Arrangements*)	The Amendments provide guidance on the accounting for the acquisition of an interest in a joint operation that constitutes a business. The acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3 *Business Combinations*, is required to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs except for those principles that conflict with the guidance in IFRS 11. In addition, the acquirer shall disclose the information required by IFRS 3 and other IFRSs for business combinations.	The entity is analysing the impact of the new standard and its changes on the separate financial statements.	1 January 2016

(all amounts in PLN thousands, unless otherwise stated)

Standard/Interpretation awaiting adoption by EU	**Nature of impending change in accounting policy**	**Possible impact on financial statements**	**Effective date for periods beginning as the date or after that date**
4. Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*)	The Amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The Amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	The entity does not expect the Amendments to have a material impact on its financial statements once applied.	1 January 2016
5. IFRS 15 *Revenue from Contracts with Customers*	The Standard provides a framework that replaces existing revenue recognition guidance in IFRS. Specifically, it replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. Under the new standard, entities will apply a five-step model to determine when to recognize revenue, and at what amount. The model specifies that revenue should be recognized when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognized: • Over time, in a manner that depicts the entity's performance; or • At a point in time, when control of the goods or services is transferred to the customer. Included in the Standard are new qualitative and quantitative disclosure requirements to enable financial statements users to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.	The entity is analysing the impact of the new standard and its changes on the separate financial statements.	1 January 2017
6. Agriculture: Bearer Plants (Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture*)	The Amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. IAS 41 Agriculture currently requires all biological assets related to agricultural activity to be measured at fair value less cost to sell. Under the new requirements, bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16, because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.	The entity does not expect the Amendments to have a material impact on its financial statements once applied.	1 January 2016
7. Equity Method in Separate Financial Statements (Amendments to IAS 27 *Separate Financial Statements*)	The Amendments introduce an option for the entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements, in addition to the existing cost and fair value options.	The entity is analysing the impact of the new standard and its changes on the separate financial statements.	1 January 2016

Standard/Interpretation awaiting adoption by EU	**Nature of impending change in accounting policy**	**Possible impact on financial statements**	**Effective date for periods beginning as the date or after that date**
8. Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates*)	The Amendments address the acknowledged inconsistency between the requirements in IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. While IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint venture, IFRS 10 requires full profit or loss recognition on the loss of control of subsidiary. The Amendments require a full gain or loss to be recognised when the assets transferred meet the definition of a business under IFRS 3 Business Combinations (whether it is housed in a subsidiary or not). A partial gain or loss (only to the extent of unrelated investors' interests) shall be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.	The entity is analysing the impact of the new standard and its changes on the separate financial statements.	1 January 2016

(all amounts in PLN thousands, unless otherwise stated)

Standard/Interpretation awaiting adoption by EU	**Nature of impending change in accounting policy**	**Possible impact on financial statements**	**Effective date for periods beginning as the date or after that date**
9. Improvements to IFRS (2012-2014)	The Improvements to IFRSs (2012-2014) contains 4 amendments to standards, with consequential amendments to other standards and interpretations. The main changes were to: • clarify that paragraphs 27-29 of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (dealing with the accounting for assets that are no longer classified as held for sale) will also apply to assets that cease to be classified as held for distribution. This, however, will not apply if an entity reclassifies an asset (or disposal group) without any time lag from held for sale to held for distribution (or vice versa). Such changes in classification are considered a continuation of the original plan of disposal; • explain how an entity should apply the guidance in paragraph 42C of IFRS 7 Financial Instruments: Disclosures to a servicing contract to determine whether the contract represents 'continuing involvement' for the purposes of the disclosure requirements in paragraphs 42E-42H of IFRS 7; • clarify that the additional disclosures required by Disclosures-Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) are not specifically required for inclusion in condensed interim financial statements for all interim periods. However, they are required if the general requirements of IAS 34 *Interim Financial Reporting* require their inclusion*;* • amend IAS 19 *Employee Benefits* to clarify that the high-quality corporate bonds or government bonds used in determining the discount rate for post-employment benefit obligations should be issued in the same currency in which the benefits are to be paid. Consequently, the assessment of the depth of the market for high quality corporate bonds should be made at the currency level and not at the country level; clarify the meaning of the term 'elsewhere in the interim financial report' per IAS 34 and add to IAS 34 a requirement to include a cross-reference from the interim financial statements to the location of this information.	None of these changes are expected to have a significant impact on the financial statements of the entity.	1 January 2016

Standard/Interpretation <u>awaiting adoption</u> by EU	**Nature of impending change in accounting policy**	**Possible impact on financial statements**	**Effective date for periods beginning as the date or after that date**
10. Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investments in Associates and Joint Ventures*)	The Amendments, related to financial reporting of investment entities, address the following matters: • Consolidation of intermediate investment entities Before the Amendments, it was unclear how to account for an investment entity subsidiary that provides investment-related services. As a result of the changes, intermediate investment entities are not permitted to be consolidated. The amendments also clarify that entities conducting “investment-related services” are those whose main purpose and activities are to provide services that relate to the investment entity parent’s activities. • Consolidated financial statements exemption for intermediate parents owned by investment entities Intermediate holding entities have a long-standing exemption from preparing consolidated financial statements when they are themselves consolidated by a higher-level parent (and when other relevant criteria are met). The Amendments make this exemption available to an intermediate held by an investment entity, even though the investment entity does not consolidate the intermediate. • Policy choice to equity account for interests in investment entities The Amendments provide an accounting policy choice to a non-investment entity in relation to its stake in an investment entity that it is required to equity account. The non-investment entity’s equity accounting can either pick up the investment entity’s fair value accounting for its subsidiaries or, alternatively, it can pick up figures as if the investment entity had consolidated all of its subsidiaries.	The entity does not expect the Amendments to have any impact on the financial statements.	1 January 2016

<table>
<tr><th>Standard/Interpretation <u>awaiting adoption</u> by EU</th><th>Nature of impending change in accounting policy</th><th>Possible impact on financial statements</th><th>Effective date for periods beginning as the date or after that date</th></tr>
<tr><td>11. Disclosure initiative (Amendments to IAS 1 Presentation of Financial Statements)</td><td>Key clarifications resulting from the Amendments include the following:
An emphasis on materiality. Specific single disclosures that are not material do not have to be presented – even if they are a minimum requirement of a standard.
The order of notes to the financial statements is not prescribed. Instead, companies can chose their own order, and can also combine, for example, accounting policies with notes on related subjects.
It had been made explicit that companies:
should disaggregate line items in the statement of financial position and in the statement of profit or loss and other comprehensive income (OCI) if this provides helpful information to users; and
can aggregate line items in the statement of financial position if the line items specified by IAS 1 are immaterial.
Specific criteria are provided for presenting subtotals in the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI.
The presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounted for using the equity method follows the standard’s approach of splitting items that may, or that will never, be reclassified to profit or loss.</td><td>None of the changes are expected to have a significant impact on the financial statements of the entity.</td><td>1 January 2016</td></tr>
</table>

2.4. The Scope and Methods of Consolidation

2.4.1. Subsidiaries

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

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

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

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

2.4.2. Associates

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

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

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

In order to prepare the consolidated financial statements, accounting policies of associates have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

2.5. Evaluation of balances presented in foreign currencies

Transactions presented in foreign currencies are booked at the transaction date at the following foreign exchange rate:

- the rate actually applied at such date, depending on the nature of the transaction – for sale or purchase of foreign currencies or payment of receivables or payables;
- the average rate published for the currency by the National Bank of Poland at the day preceding such date.

As at the balance sheet date:

- monetary items presented in foreign currencies are converted with the closing foreign exchange (FX) rates;
- non-monetary items presented in foreign currencies valued at historical cost are converted at the FX rate prevailing at the transaction date;
- non-monetary items presented in foreign currencies at fair value are converted at the FX rate prevailing at the day of determining the fair value.

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

2.6. Segment reporting

Segment information is disclosed based on the entity's components monitored by managers to the extent of operating decision-making. An operating segment is a component of the entity, in respect of which separate financial information is available, serving the top management as a resource used in the decision-making process concerning allocation of resources and performance assessment.

The segments are identified based on specific service groups having homogenous characteristics. The presentation by operating segment follows the management approach at WSE Group level.

2.7. Property, plant and equipment

Property, plant and equipment are disclosed at the cost of purchase or production, expansion or modernisation, net of accumulated depreciation and impairment losses (principle in 2.9).

Purchase cost includes the cost of purchase, expansion and/or modernisation as well as external financing costs.

Depreciation is calculated for property, plant and equipment items over their estimated useful life, taking into account their residual value and using the straight-line depreciation method. The Group uses estimated useful life periods of different types of property, plant and equipment as follows:

Property, plant and equipment type	Depreciation period
Buildings[1]	10-40 years
Leasehold improvements	10 years
Vehicles	5 years
Computer hardware	3-5 years
Other property, plant and equipment	5-10 years

Land is not depreciated.

[1] *The Group also uses common areas of the "Centrum Gieldowe" 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 "Ksiazeca 4" appointed for this purpose. The common areas of the building in the part owned by the Group are recognised 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, electricity, security, administrative services, etc.) are recognised in the statement of comprehensive income at the time when they incurred.*

Individual components of property, plant and equipment with a different useful life are recognised separately and depreciated throughout the useful life taking into account their residual value.

The depreciation method, the depreciation rate and the residual value are subject to regular verification by the Group. Any changes resulting from the verification are recorded as a change in accounting estimates, prospectively.

A component of property, plant and equipment is derecognised when sold or when economic benefits from its use or disposal are no longer expected. Gains and losses on disposal/liquidation of property, plant and equipment are determined as the difference between the proceeds (if any) and the net book value of property, plant and equipment and included in the profit or loss of the period.

2.8. Intangible assets

2.8.1. Goodwill

Goodwill from acquisition is the difference between the purchase price and the fair value of the acquired assets, liabilities and identifiable contingent liabilities. After initial recognition, goodwill is disclosed at cost of purchase net of accumulated impairment losses (principle in Note 2.9). Goodwill is tested against potential impairment annually or more frequently in case of events or changes indicating potential impairment.

For impairment testing purposes, goodwill is allocated to cash generating assets which are expected to benefit from the transaction responsible for the creation of goodwill.

2.8.2. Other intangible assets

Other intangible assets are disclosed at cost of purchase or production net of accumulated amortisation and impairment losses (principle in Note 2.9).

Amortisation is calculated with the straight-line method over the estimated useful life of other intangible assets. The estimated useful life of intangible assets varies from 1 to 5 years except for the intangible assets corresponding to the UTP trading system which have an expected useful life of 12 years.

Costs of intangible assets which do not improve or extend their useful life are recognised as cost when incurred. Otherwise, the costs are capitalised.

The amortisation method and the amortisation rate are subject to regular verification by the Group. Any changes resulting from the verification are recorded as a change in accounting estimates, prospectively.

A component of intangible assets is derecognised when sold or when economic benefits from its use or disposal are no longer expected. Gains and losses on disposal / liquidation of intangible assets are determined as the difference between the net proceeds (if any) and the book value of intangible assets and included in the profit or loss of the period.

2.9. Impairment of assets

At each balance sheet date, the Group reviews assets to determine whether there are indicators of impairment except for inventories (see Note 2.13) and deferred tax assets (see Note 2.20) to which other valuation procedures apply. If such indicators are identified, the recoverable amount of an asset is estimated (as the higher of: fair value less selling costs or value in use). Value in use corresponds to the discounted value of the estimated future economic benefits which would be generated by an asset. If an asset does not generate cash flows that are independent from the cash flows generated by other assets, the analysis is performed for the group of assets generating cash flows (a cash generating unit) to which the asset belongs.

If the carrying value of an asset (or a cash generating unit) is higher than its recoverable value, impairment is recognised and the asset value is written down to recoverable value. Impairment losses are charged to the profit or loss of the period.

At the end of every reporting period, the Group checks for conditions indicating that the impairment losses recognised in previous reporting periods may be redundant or excessive. In that case, impairment losses are reversed in whole or in part and the asset value is disclosed net of the impairment losses (but including amortisation or depreciation). Impairment reversal is recognised as other income in the statement of comprehensive income.

Impairment of goodwill is not subject to reversal.

2.10. Financial assets

2.10.1. Classification and valuation of financial assets

The Group classifies its financial assets in the following categories: loans and receivables; available-for-sale financial assets; held-to-maturity financial assets. This classification is based on the reason for purchasing financial assets. The WSE Management Board determines the classification of financial assets at their initial recognition. Financial assets are derecognised when the right to cash flows that they generate expires or is transferred if a Group company transfers substantially all the risks and benefits of ownership.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments to hedge FX risk. Embedded derivative instruments are separated from the host contract and disclosed separately if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the hybrid (combined) instrument is not measured at fair value with changes in fair value recognised in profit or loss.

At initial recognition of a derivative financial instrument as a hedging instrument, a Group company formally documents the relationship between the hedging instrument and the hedged position. The documentation includes the purpose of risk management and the strategy of the hedging and the hedged risk, as well as the methods that a Group company will use to evaluate the effectiveness of the hedging instrument. Both at establishment of a hedge and subsequently on a continuous basis, a Group company evaluates whether it is reasonable to expect that the hedging instruments will remain highly effective in offsetting any change of the fair value or cash flows of each hedged position due to the specific risk for which the hedge was established, and whether the actual level of each hedge is within the range of 80-125%. Hedging of cash flows from future transactions applies to future highly probable transactions which present an exposure to variations in cash flows.

Derivative financial instruments are initially recognised at fair value. Transaction costs are recognised when incurred and charged to the profit or loss of the period. After initial recognition, the Group measures derivative financial instruments at fair value while gains and losses on change of fair value are recognised as described below.

Separate embedded derivatives

Change of the fair value of separate embedded derivatives is recognised in the profit or loss of the period.

Other non-trading derivatives

If a derivative is not classified as a hedging instrument, any change of its fair value is recognised in the profit or loss of the period.

Cash flow hedges

If a derivative financial instrument is used as a cash flow hedge against a specific risk related to a recognised asset, a recognised liability or a highly probable forecast transaction that could affect the profit or loss of the period, that portion of the gains or losses on the hedging instrument which represents effective hedging is recognised in other comprehensive income and presented as a separate hedging item in equity. The ineffective portion of changes in the fair value of the derivative instrument is recognised in the profit or loss of the period. Where a hedged position is a non-financial asset, the amount accumulated under equity is added to the carrying value of the asset on its recognition. Otherwise, the amount accumulated under equity is taken to the profit or loss of the period in which the hedged position affects the profit or loss.

If a hedging instrument no longer meets the criteria of hedge accounting, expires, is sold, terminated, exercised, or its purpose changes, then the Group ceases to apply the principles of hedge accounting. If a forecast transaction is not expected, the gains and losses recognised under equity are taken to the profit or loss of the period.

Loans and receivables

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

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

Loans and receivables are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method less impairment losses, if any.

Interest on financial assets classified as loans and receivables is measured using the effective interest rate method and recognised in the profit or loss of the period as part of financial income.

Loans and advances include cash and cash equivalents as well as trade and other receivables.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are classified as available for sale or are not classified in any of the other categories of financial assets. In particular, they comprise Treasury debt securities and shares in entities over which a Group company does not exercise control or exert significant influence. They are disclosed as non-current assets unless the Management Boards of Group companies intend to sell them within 12 months after the balance sheet date.

Available-for-sale financial assets are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, available-for-sale financial assets are measured at fair value and any effect of change in the fair value other than impairment losses (see Note 2.10.2) and FX differences for available-for-sale debt instruments is recognised in other comprehensive income and presented in equity as fair value reserves. On derecognition, the cumulative profit of loss recognised in equity is taken to the profit or loss of the period.

Interest on available-for-sale securities calculated using the effective interest method is disclosed in the profit or loss of the period as part of financial income. Dividends from available-for-sale equity instruments are disclosed the profit or loss of the period as part of financial income when a Group company acquires the rights to the respective payments.

The fair value of investments listed on an active market derives from the current price. Fair value is determined based on listed prices:

- for bonds – prices on the exchange;
- for Treasury bills – the day's closing prices from Reuters;
- for shares – prices on the exchange.

If the market for a financial asset or non-listed securities is not active, 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.

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

Goodwill hierarchy

The Group classifies the valuation of goodwill on the basis of a goodwill hierarchy which reflects the significance of valuation input data. The goodwill hierarchy includes the following levels:

- (unadjusted) trading prices on active markets for identical assets or liabilities (**level 1**);
- input data other than trading prices at level 1, which can be identified or observed for an asset or liability, directly (as prices) or indirectly (calculations based on prices) (**level 2**); and
- input data for an asset or liability not based on observable market data (non-observable data) (**level 3**).

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the entity intends and is able to hold to maturity, other than:

a) classified by the entity upon initial recognition as measured at fair value and recognised in the profit or loss;

b) classified by the entity as available-for-sale; and

c) meeting the criteria of the definition of loans and receivables.

Held-to-maturity financial assets are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest rate method less impairment losses, if any. Disposal or reclassification of held-to-maturity financial assets in an amount greater than insignificant at a time other than close to maturity means that the Group must reclassify all held-to-maturity investments as available-for-sale investments and that the Group is not allowed to recognise acquired investments as held-to-maturity financial assets until the end of the financial year and for two subsequent financial years.

Interest on held-to-maturity financial assets is measured using the effective interest rate method and recognised in the profit or loss of the period as part of financial income.

2.10.2. Impairment of financial assets

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

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

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

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

Impairment losses on trade receivables are created when there is objective evidence that a Group company will not be able to collect all of the amounts that were due to the original terms of the receivables. The debtor's significant financial difficulties, probability of bankruptcy or creditor arrangement, delay in payments (more than 365 days) are all considered indicators that the trade receivables are impaired. The amount of the provision is the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted using the effective interest rate method.

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

Receivables are written off the statement of financial position when their uncollectability has been documented:

- uncollectible decision recognised by the creditor as corresponding with the facts, issued by the appropriate authority of enforcement; or
- court decision rejecting an application for bankruptcy involving the liquidation of assets where the assets of the insolvent debtor are insufficient to cover the costs of the proceedings, or discontinuing the bankruptcy proceedings involving the liquidation of assets where the debtor's assets are insufficient to satisfy the claims of creditors, or closing bankruptcy proceedings involving the liquidation of assets; or
- report stating that the anticipated costs associated with the proceedings and enforcement of debt would be equal to or greater than the amount stated.

2.11. Non-current prepayments

Prepayments include the right to perpetual usufruct of land with expected economic useful life longer than one year, which is equivalent to operating lease. Perpetual usufruct is initially recognised at cost and subsequently at the end of the reporting period at net carrying value, i.e., cost less incremental depreciation charges and impairment losses.

The rights to perpetual usufruct of land are equivalent to operating lease.

2.12. Trade and other receivables

Trade receivables are recognised initially at fair value, where fair value at initial recognition is the nominal value in issued invoices, and subsequently measured at amortised cost using the effective interest rate method, net of impairment losses (due payment for trade receivables).

Receivables are impaired when there is objective evidence that the entity will be unable to receive amounts due. Impairment losses are recognised as other expenses.

Other receivables mainly comprise prepayments, deferred costs and payments for the rights to perpetual usufruct of land, which is equivalent to operating lease.

Prepayments and deferred cost items are recorded when expenditures incurred relate to products or services to be used 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 recognised in the statement of comprehensive income over the lifetime of the relevant contract.

2.13. Inventories

Inventories are disclosed at the cost of purchase or acquisition, not higher than their net realisable value.

As at the balance sheet date, materials are stated at the lower of purchase price and net realisable value, less impairment losses. Impairment losses are charged to other expenses.

2.14. Assets held for sale

Non-current assets (or groups for sale) are classified as held for sale if their carrying value will be recovered through sale rather than continued use. The condition is met only if the sale is very probable and the asset (or group for sale) is available for sale immediately in its current condition. Classification of an asset as held for sale implies that the management of the entity intends to make the sale within one year after reclassification.

If the sale involves loss of control over a subsidiary, all assets and liabilities of the subsidiary are classified as held for sale.

Non-current assets (or groups for sale) classified as held for sale are recognised at the lower of carrying amount or fair value less the cost of sale.

2.15. Cash and cash equivalents – recognised in the cash flow statements

Cash and cash equivalents include cash in hand, on-demand deposits with banks and other short-term investments with original maturities of three months or less from placement, receipt, acquisition or issue which are highly liquid or not exposed to significant change of fair value.

2.16. Equity of the Group

The Group's equity comprises:

- share capital of the parent entity disclosed at par, adjusted for hyperinflation;
- other reserves, including the revaluation reserve;
- retained earnings, comprised of:
    - retained earnings from prior years (comprised of supplementary capital and other reserves formed from prior year profits); and
    - profit of the current period.

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.

2.17. Trade payables and other liabilities

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

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

2.18. Financial liabilities

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

2.19. 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 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 (liability) cannot be reliably determined.

2.20. Income tax

Tax Group

On 3 October 2013, the Head of the First Mazovian Tax Office in Warsaw issued a decision registering the Tax Group for a period of three tax years from 1 December 2013 to 31 December 2016.

The Tax Group is comprised of Giełda Papierów Wartościowych w Warszawie S.A. and WSE Services S.A.

As the Company Representing the Tax Group, Giełda Papierów Wartościowych w Warszawie S.A. is responsible for payment of monthly corporate income tax advances of the Tax Group pursuant to the Corporate Income Tax Act.

Current income 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 income tax

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

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

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

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

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 realised or the deferred tax liability is settled. The deferred tax is recognised in the statement of comprehensive income for the given period unless the deferred tax relates to transactions or events recognised in other comprehensive income or directly in equity, when it is also recognised as other comprehensive income or directly in equity.

Deferred tax assets and liabilities can be offset when the Group has an enforceable right to offset current income tax receivables and liabilities and when the deferred tax assets and liabilities relate to income tax imposed on the same taxpayer by the same tax authorities.

2.21. Employee benefits

In accordance with the remuneration system of Group companies, employees are entitled to retirement benefits. In the parent entity, according to a resolution of the Management Board, WSE employees are entitled to jubilee bonuses and retirement benefits. Retirement benefits are one-off payments, being a multiple of monthly remuneration (within a range from 100% to 500%, depending on the period of service and the number of months remaining to retirement age).

The cost of mandatory pension contributions is charged to the profit or loss of the period.

The present value of liabilities is measured by an independent actuary at each balance sheet date. Liabilities equal discounted future payments, taking into account employee rotation, for the period up to the balance sheet date. Demographic and employee rotation statistics are historical data.

Actuarial gains and losses on employee benefits after the term of service are recognised in other comprehensive income; actuarial gains and losses on jubilee awards are recognised in expenses.

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

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

Furthermore, the parent entity has an incentive scheme, according to which employees have the right to annual bonuses dependent on the Company's net profit and the employee's 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 WSE Management Board concerning probable bonuses to be paid based on the framework of the incentive scheme.

The incentive system for the Management Board of the parent entity includes a variable part (discretionary bonus awarded on the basis of annual appraisal by the Supervisory Board) as well as other benefits. The annual bonus amount is capped. As part of the maximum bonus, on the basis of its appraisal of individual performance and the Group's targets, the Supervisory Board may award a discretionary bonus to Management Board Members including three parts: 30% of the discretionary bonus is paid on a one-off basis; 30% of the discretionary bonus is paid in phantom shares; 40% of the discretionary bonus is put in the Bonus Bank; the terms and conditions are described in detail in note 17.

The parent entity pays contributions to the Employee Pension Scheme, which employees join voluntarily based on an agreement. After payment of the contributions, the Company has no further obligations to make payments in respect to the payment to the Employee Pension Scheme. These contributions are charged to costs of employee benefits as they are incurred. Paid pension contributions are recognised as a cost of the period they relate to.

2.22. Provisions

Provisions are recorded when 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 the best estimates of the Management Boards of Group companies 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 the expenditure which as expected would be necessary to settle the obligation.

2.23. Revenue

2.23.1. Sales revenue

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

Sales revenue consists of three main business segments (lines):

- Financial market,
- Commodity market,
- Other.

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

- Revenue from trading

  Trading revenue consists of the fees collected from Exchange Members on the basis of the Exchange Rules and the Alternative Trading System Rules. Trading fees are the main revenue item in this category. Trading fees depend on the value of transactions, the number of executed orders and the and type of traded instruments. In addition to trading fees, flat-rate fees are charged for access to and use of the IT systems of the Exchange. Trading revenue on the financial market also includes the revenue of BondSpot from trading on the debt instrument markets operated by BondSpot.

- Revenue from listing

  Listing comprises the revenue collected from issuers on the basis of the Exchange Rules and the Alternative Trading System Rules. Fees for the listing of securities are the main revenue item in this category. In addition, fees for admission to trading as well as other fees are collected from issuers. The Group's listing revenue also includes the revenue of BondSpot from issuers of instruments listed on the debt instrument markets operated by BondSpot.

- Revenue from information services

  Revenue from information services of the parent entity 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 daily bulletin, electronic publications, calculation of indices, index licenses and other calculations. The sale of stock exchange information is based on separate agreements signed with exchange data vendors, exchange members and other organizations, mainly financial institutions. The Group's revenue from information services also includes the revenue from BondSpot information services.

Revenue from the **commodity market** includes mainly fees charged by PolPX under the Polish Power Exchange Commodity Market Rules. These include mainly transaction fees and fees for participation in the electricity, gas and property right markets. In addition, revenue from the commodity market includes fees charged by PolPX under the Rules of the Register of Certificates of Origin (mainly for issuance of property rights in certificates of origin and for cancellation of certificates of origin) and by WCCH under the Exchange Clearing House Rules (mainly for clearing of transactions made on PolPX). In addition, revenue from the commodity market includes the revenue of WSEInfoEngine from its activity as trade operator and as technical trade operator.

2.23.2. Other revenue

Other revenue is earned on other services provided by WSE including advertising services (sponsorship), lease of office space, as well as training on the stock exchange market organised according to needs. This category also includes the revenue of WSEInfoEngine from data transmission and ITT services as well as the revenue of Instytut Rynku Kapitałowego – WSE Research S.A.

2.23.3. Financial income

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

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

2.24. Expenses

Expenses (of the core operating activities) include expenses of the core business of Group companies, i.e., the activity for which the companies were established, which are recurring and not incidental. These include without limitation the cost of maintenance of the IT infrastructure of the trading systems which supports trade in financial instruments and related activities on the financial market and trade in electricity, gas and property rights on the commodity market, as well as the cost of capital market education, promotion and information.

Expenses are a probable decrease of economic benefits in the reporting period, whose amount is reliably determined, that reduces the value of assets or increases liabilities and provisions, which will reduce equity or increase negative equity, other than due to withdrawal of funds by shareholders or owners.

The Group records expenses by type.

2.25. Bond issue expenses

As an issuer of bonds, WSE pays debt service costs. Interest periods for series A and B bonds are semi-annual. Interest on bonds is calculated using the effective interest rate method. At each time there are changes in the interest rate, the Company determines a new effective interest rate that will be in effect immediately.

2.26. 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.

2.26.1. The Group as lessee – operating lease

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

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

(all amounts in PLN thousands, unless otherwise stated)

2.26.2. The Group as lessee – finance lease

Finance leases are capitalised in non-current assets 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 payments, net of finance charges, are included as finance lease liabilities. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

2.27. Statement of cash flows

The statement of cash flows is prepared using the indirect method.

2.28. Changes in accounting policies

In 2014, the Warsaw Commodity Clearing House (WCCH) implemented a new model for clearing of transactions on the Polish Power Exchange. Co-operation established with banks, which were granted the status of Clearing House Member Payment Bank, as well as the introduction of the Clearing House Payment Bank function, ensured effective management of cash clearing in the settlement of trade. With the exception of specific cases where cash may be maintained in the account of a Clearing House Member, cash contributed by Clearing House Members to the clearing guarantee system was booked in newly established sub-accounts dedicated to clients in the Clearing House Payment Bank, separately for individual components of the system. Each Clearing House Clearing Member has an assigned transaction deposit sub-account and, where the company is a derivatives market participant, also a margin sub-account. The methodology for Clearing House Members' payments in respect of credits and debits under updated requirements was amended with separation and partial automation of the process (for a description of the system, see Note 34 to the Consolidated Financial Statements).

Further to these modifications, in order to ensure a clear and fair presentation of the clearing guarantee system, the Group changed the presentation principles for cash contributed by Clearing House Members to the guarantee funds, which was previously presented under cash and other liabilities in respect of the guarantee fund; as of 2014, such items are not presented as assets and liabilities in the statement of financial position of the Group.

The Group recalculated cash and other liabilities retrospectively in the statement of financial position as well as net cash flows from operating activities in the statement of cash flows accordingly.

The table below presents the impact of the change of the accounting principle:

	As at		
	31 December 2014	**31 December 2013**	**31 December 2012**
Total Cash and cash equivalents before restate	555,183	436,831	378,883
Total Cash and cash equivalents restated	389,042	311,505	257,394
Other liabilities before restate	202,347	139,707	129,511
Other liabilities restated	36,206	14,381	8,022

3. Financial risk management

3.1. Financial risk factors

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

3.2. Market risk

3.2.1. Cash flow and fair value interest risk

The 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.

In the case of rising interest rates, the Group's cash flows will increase based on higher interest from assets at floating interest rates. On the other hand, if interest rates increase, the fair value of the Group's assets at fixed interest rates will decrease while cash flows from interest due will remain unchanged. The volatility of the yield and fair value caused by the volatility of interest rates decreases as the time to maturity decreases.

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

Based on a sensitivity analysis, an increase/(decrease) in the market interest rate by 0.50 percentage point (assuming no other changes) would result in 2014 in an increase/(decrease) in the net profit and cash flows by PLN 988.2 thousand and an increase/(decrease) in the revaluation reserve by PLN 41.8 thousand. Accordingly, an increase/(decrease) in interest rates by 0.50 percentage point (assuming no other changes) respectively would result in 2013 in a an increase/(decrease) in the net profit and cash flows by PLN 741.8 thousand and an increase/(decrease) in the revaluation reserve by PLN 91.0 thousand.

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

Based on a sensitivity analysis of WIBOR 6M, an increase/(decrease) in the market interest rate by 0.50 percentage point (assuming no other changes) would result in 2014 in an increase/(decrease) in the net profit and cash flows by PLN 1,225.0 thousand. Accordingly, an increase/(decrease) in interest rates by 0.50 percentage point (assuming no other changes) respectively would result in 2013 in an increase/(decrease) in the net profit and cash flows by PLN 1,225.0 thousand.

(all amounts in PLN thousands, unless otherwise stated)

The table below presents an analysis of financial assets and liabilities based on interest rate reset dates and maturity of the assets and liabilities, whichever is the earlier. The other financial assets, not represented in the table below, as well as financial liabilities (other than finance lease liabilities, bond issue liabilities and the PolPX Group's working capital loan) bear no interest.

	Maturity / interest rate reset date									
Financial assets and liabilities as at 31 December 2014	**Total**	**Up to 1 year**				**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**Over 5 years**
		Total	**Up to 1 month**	**1 to 3 months**	**3 month to 1 year**					
Short-term bonds (fixed interest rate, available for sale)	10,503	10,503	-	-	10,503	-	-	-	-	-
Bank deposits and current accounts	389,026	389,026	328,394	44,423	16,209	-	-	-	-	-
Total financial assets	**399,529**	**399,529**	**328,394**	**44,423**	**26,712**	-	-	-	-	-
Liabilities under bond issue - long-term	244,078	244,078	-	-	**244,078**	-	-	-	-	-
Total financial liabilities	**244,078**	**244,078**	-	-	**244,078**	-	-	-	-	-

	Maturity / interest rate reset date									
Financial assets and liabilities as at 31 December 2013	**Total**	**Up to 1 year**				**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**Over 5 years**
		Total	**Up to 1 month**	**1 to 3 months**	**3 month to 1 year**					
Long-term bonds (fixed interest rate, available for sale)	10,620	-	-	-	-	10,620	-	-	-	-
Short-term bonds (fixed interest rate, available for sale)	118	118	-	-	118	-	-	-	-	-
Other - financial contracts	3	3	3	-	-	-	-	-	-	-
Bank deposits and current accounts	311,490	311,490	227,904	45,082	38,504	-	-	-	-	-
Total financial assets	**322,231**	**311,611**	**227,907**	**45,082**	**38,622**	**10,620**	-	-	-	-
Liabilities under bond issue - long-term	243,617	243,617	-	-	**243,617**	-	-	-	-	-
Total financial liabilities	**243,617**	**243,617**	-	-	**243,617**	-	-	-	-	-

(all amounts in PLN thousands, unless otherwise stated)

3.2.2. Foreign exchange risk

The Group is exposed to moderate foreign exchange risk. However, because of the acquisition of the new trading system UTP, the WSE Management Board decided to secure cash flows related to the contract for the delivery of the system. The details are presented in Note 3.6.

Based on the results of an analysis of sensitivity as at 31 December 2014, a 10% change in the average exchange rate of PLN assuming no other changes would result in a change in the net profit for 2014:

- EUR (decrease/increase of the exchange rate by PLN 0.4262) – decrease/increase in the net profit by PLN 1,750 thousand;
- GBP (decrease/increase of the exchange rate by PLN 0.5465) – decrease/increase in the net profit by PLN 10 thousand;
- USD (decrease/increase of the exchange rate by PLN 0.3507) – decrease/increase in the net profit by PLN 34 thousand.

Based on the results of an analysis of sensitivity as at 31 December 2013, a 10% change in the average exchange rate of PLN assuming no other changes would result in a change in the net profit for 2013:

- EUR (decrease/increase of the exchange rate by PLN 0.4147) – decrease/increase in the net profit by PLN 1,420 thousand
- GBP (decrease/increase of the exchange rate by PLN 0.4983) – decrease/increase in the net profit by PLN 1,484 thousand.

The tables below summarise the Group's exposure to FX rates:

	As at 31 December 2014				
	PLN	**EUR***	**USD***	**GBP***	**Total carrying amount in PLN**
Available-for-sale Treasury bonds**	10,503	-	-	-	**10,503**
Cash and cash equivalents	374,585	14,455	-	2	**389,042**
Trade receivables (net)	31,586	4,815	6	-	**36,407**
Total financial assets	**416,674**	**19,270**	**6**	**2**	**435,952**
Trade payables	7,798	1,766	351	102	**10,017**
Liabilities on bonds issue	244,078	-	-	-	**244,078**
Finance lease liabilities	359	-	-	-	**359**
Dividends payable	175	-	-	-	**175**
Total financial liabilities	**252,410**	**1,766**	**351**	**102**	**254,629**
Net balance (assets-liabilities)	**164,264**	**17,504**	**(345)**	**(100)**	**181,323**

** Amounts converted to PLN at the rate as at the balance date.*
*** Including accrued interest.*

(all amounts in PLN thousands, unless otherwise stated)

	As at 31 December 2013				
	PLN	**EUR***	**USD***	**GBP***	**Total carrying amount in PLN**
Available-for-sale Treasury bonds**	10,738	-	-	-	**10,738**
Cash and cash equivalents	283,189	13,331	-	14,985	**311,505**
Trade receivables (net)	25,653	4,675	-	-	**30,328**
Total financial assets	**319,580**	**18,006**	**-**	**14,985**	**352,571**
Trade payables	8,789	3,801	-	148	**12,738**
Liabilities on bonds issue	243,617	-	-	-	**243,617**
Finance lease liabilities	804	-	-	-	**804**
Dividends payable	170	-	-	-	**170**
Total financial liabilities	**253,380**	**3,801**	**-**	**148**	**257,329**
Net balance (assets-liabilities)	**66,200**	**14,205**	**-**	**14,837**	**95,242**

** Amounts converted to PLN at the rate as at the balance date.*
*** Including accrued interest.*

3.2.3. Price risk

The Group is exposed to price risk of debt and equity securities due to investments held by the Group and presented in the financial statements as available-for-sale financial assets. The Group is not exposed to price risk caused by the volatility of prices of mass goods.

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

3.3. Credit risk

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

Credit risk connected with trade receivables is mitigated by the Management Board of the parent entity by performing on-going assessment of counterparties' credibility. In the opinion of the Management Board of the parent entity, there is no material concentration of credit risk of trade receivables within the Group. Resolutions of the Management Board of the parent entity, which are binding in the Group, set payment dates that differ depending on groups of counterparties. These payment dates amount to 21 days for most counterparties, however, for data vendors, they are most often 60 days.

The credibility of counterparties is verified in accordance with internal regulations of WSE and general laws concerning the capital market as applicable to issuers of securities and Exchange Members.

By decision of the Management Board of the parent entity, the portfolio of debt securities comprises only securities issued or guaranteed by the State Treasury (rating A2 according to Moody's). In this way, exposure to the risk of lost benefits or loss is mitigated.

In the case of banks and financial institutions (especially term deposits and bank accounts), only entities with a high rating and stable market position are acceptable (i.e., Moody's rating higher than Baa2). Credit risk of cash is managed by the Group by diversifying banks in which free cash is deposited.

(all amounts in PLN thousands, unless otherwise stated)

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

The table below summarises the Group's exposure to credit risk:

	As at	
	31 December 2014	**31 December 2013**
Trade receivables (net) and other receivables (included in financial assets)	36,407	30,328
Debt securities (available-for-sale Treasury bonds and bills)	10,503	10,738
Bank deposits and current accounts (included in cash and cash equivalents)	389,026	311,490
Total	**435,936**	**352,556**

3.4. Liquidity risk

Analysis of the Group's financial position and assets shows that the Group is not materially exposed to liquidity risk.

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 cash equivalents and debt securities of the Group amounted to PLN 389,042 thousand as at 31 December 2014 (PLN 311,505 thousand as at 31 December 2013), representing 37.97% of the total assets as at 31 December 2014 (33.36% as at 31 December 2013). Analysis of the structure of liabilities shows the following share of equity in the financing of the operations of the Group: equity accounted for 68.39% of total liabilities and equity as at 31 December 2014 (68.33% as at 31 December 2013).

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

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

	As at 31 December 2014						
	Up to 1 month	**1-3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**Over 5 years**	**Total**
Available-for-sale Treasury bonds and bills	-	-	-	10,625	-	-	**10,625**
Bank deposits and current accounts and cash in hand	328,420	52,374	8,248	-	-	-	**389,042**
Trade receivables (net)	33,114	3,293	-	-	-	-	**36,407**
Total assets	**361,534**	**55,667**	**8,248**	**10,625**	**-**	**-**	**436,074**
Trade payables	9,983	98	-	-	-	-	**10,081**
Liabilities on bonds issue	-	-	3,920	3,969	252,938	-	**260,827**
Finance lease liabilities	16	34	41	63	205	-	**359**
Dividends payable	175	-	-	-	-	-	**175**
Total liabilities	**10,174**	**132**	**3,961**	**4,032**	**253,143**	**-**	**271,442**
Liquidity surplus/gap	**351,360**	**55,535**	**4,287**	**6,593**	**(253,143)**	**-**	**164,632**

(all amounts in PLN thousands, unless otherwise stated)

	As at 31 December 2013						
	Up to 1 month	**1-3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**Over 5 years**	**Total**
Available-for-sale Treasury bonds and bills	-	-	-	625	10,625	-	**11,250**
Bank deposits and current accounts and cash in hand	227,919	45,082	29,795	8,709	-	-	**311,505**
Trade receivables (net)	26,901	3,427	-	-	-	-	**30,328**
Total assets	**254,820**	**48,509**	**29,795**	**9,334**	**10,625**	**-**	**353,083**
Trade payables	12,739	-	-	-	-	-	**12,739**
Liabilities on bonds issue	-	-	4,729	4,802	264,110	-	**273,641**
Finance lease liabilities	31	64	81	191	437	-	**804**
Dividends payable	170	-	-	-	-	-	**170**
Total liabilities	**12,940**	**64**	**4,810**	**4,993**	**264,547**	**-**	**287,354**
Liquidity surplus/gap	**241,880**	**48,445**	**24,985**	**4,341**	**(253,922)**	**-**	**65,729**

3.5. Capital management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide optimum returns to the shareholders and benefits to other stakeholders.

3.6. Hedge accounting

The Management Board of the parent entity has decided to hedge cash flows under the agreement for the delivery of a new trading system to WSE. As at 1 January 2012, the Company held the full amount in EUR against future payables for the acquisition of a new trading system. Considering that the cash in EUR is held against future payables, the Company has decided to recognise the cash held in the currency as a hedging instrument which hedges the cash flow risk of future payables arising from foreign exchange differences. Following the payment for UTP made in 2013, hedge accounting covers cash for the UTP-Derivatives module which offers additional functionalities for derivatives trading: the hedging instrument value is PLN 8,947 thousand.

4. Critical judgments and accounting estimates

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

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

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

4.2. Calculation of allowances for trade receivables

Detailed information on the method of calculation of allowances for trade receivables is presented in the Note 2.10.2, and detailed information on allowances made for trade receivables is presented in Note 12.

(all amounts in PLN thousands, unless otherwise stated)

4.3. Goodwill impairment test

The cash flow generating unit, to which goodwill has been allocated, is subject to annual impairment tests. They are conducted using the discounted cash flows method based on financial forecasts. Forecasts are based on a number of assumptions, of which some (among others those relating to observable market data such as macroeconomic conditions) are beyond control of the Group.

The assumptions of goodwill impairment tests are described in Note 6.

4.4. Provisions

The Group creates provisions when Group companies have a current legal or customarily expected obligation resulting from past events and it is likely that the performance of such obligation will require an outflow of resources containing economic benefits and the amount of such obligation can be reliably estimated. The Group creates provisions based on the best estimates of the Management Boards of Group companies in the amount of expenditures necessary to perform the current obligation as at the balance sheet date. If the effect of change of the value of money in time is significant, the amount of provisions corresponds to the present value of expenditures which are expected to be necessary to perform the obligation. Information on judgments and estimates of the Management Boards of Group companies is presented in Notes 15,16 and 17.

5. Property, plant and equipment

The tables below present changes of the net book value of property, plant and equipment by category.

Year ended 31 December 2014

	Land and buildings	Vehicles and machinery	Furniture, fittings and equipment	Property, plant and equipment under construction	Total
Net carrying value - opening balance	**87,248**	**25,574**	**5,675**	**5,546**	**124,042**
Additions	282	619	1,238	9,874	**12,013**
Reclassification	340	1,244	(145)	(1,568)	**(129)**
Disposals	-	(104)	(74)	-	**(178)**
Taken to assets held for sale	-	(95)	(194)	-	**(289)**
Depreciation charge	(3,199)	(10,445)	(2,053)	-	**(15,697)**
Net carrying value - closing balance	**84,671**	**16,793**	**4,447**	**13,852**	**119,762**
As at 31 December 2014:					
Gross carrying value	121,774	76,641	14,281	13,852	**226,547**
Depreciation charge	(37,103)	(59,848)	(9,834)	-	**(106,785)**
Net carrying value	**84,671**	**16,793**	**4,447**	**13,852**	**119,762**

(all amounts in PLN thousands, unless otherwise stated)

	Year ended 31 December 2013				
	Land and buildings	**Vehicles and machinery**	**Furniture, fittings and equipment**	**Property, plant and equipment under construction**	**Total**
Net carrying value - opening balance	**89,661**	**16,102**	**3,386**	**23,966**	**133,115**
Additions	-	737	3,770	9,474	**13,981**
Reclassification	464	18,427	264	(27,895)	**(8,740)**
Disposals	-	(219)	(383)	-	**(602)**
Depreciation charge	(2,877)	(9,473)	(1,362)	-	**(13,712)**
Net carrying value - closing balance	**87,248**	**25,574**	**5,675**	**5,546**	**124,042**
As at 31 December 2013:					
Gross carrying value	120,642	76,715	13,429	5,546	**216,332**
Depreciation charge	(33,394)	(51,141)	(7,754)	-	**(92,289)**
Net carrying value	**87,248**	**25,574**	**5,675**	**5,546**	**124,042**

6. Intangible assets

The tables below present changes of the net book value of intangible assets by category.

	Year ended 31 December 2014			
	Licences	**Copyrights**	**Goodwill**	**Total**
Net carrying value - opening balance	**95,818**	**963**	**172,374**	**269,155**
Additions	6,203	198	-	**6,401**
Taken to assets held for sale	(153)	-	-	**(153)**
Disposals	-	-	(1,311)	**(1,311)**
Amortisation charge	(12,510)	(562)	-	**(13,072)**
Net carrying value - closing balance	**89,357**	**599**	**171,063**	**261,019**
As at 31 December 2014:				
Gross carrying value	191,835	3,596	172,374	**367,805**
Accumulated amortisation	(102,478)	(2,997)	-	**(105,475)**
Taken to assets held for sale	-	-	-	**-**
Net carrying value	**89,357**	**599**	**171,063**	**261,019**

(all amounts in PLN thousands, unless otherwise stated)

	Year ended 31 December 2013			
	Licences	**Copyrights**	**Goodwill**	**Total**
Net carrying value - opening balance	**35,617**	**1,562**	**172,366**	**209,545**
Additions	71,664	32	8	**71,704**
Reklasyfikacja	-	-	-	-
Disposals	(84)	-	-	**(84)**
Amortisation charge	(11,379)	(631)	-	**(12,010)**
Net carrying value - closing balance	**95,817**	**963**	**172,374**	**269,155**
As at 31 December 2013:				
Gross carrying value	186,490	3,434	172,374	**362,298**
Impairment	-	-	-	-
Accumulated amortisation	(90,672)	(2,471)	-	**(93,143)**
Net carrying value	**95,818**	**963**	**172,374**	**269,155**

The UTP trading system licence recognized in the category of licenses was commissioned on 15 April 2013. The useful life of the UTP trading system was determined at 12 years (till 31 March 2025). The net value of the UTP trading system as at 31 December 2014 was PLN 79,530 thousand.

Goodwill at PLN 171,063 thousand as at 31 December 2014 included the following:

- goodwill from WSE's taking control of the Polish Power Exchange: PLN 147,792 thousand,
- goodwill from WSE's taking control of BondSpot S.A.: PLN 22,986 thousand,
- goodwill from WSEInfoEngine's acquisition of the Electricity Trading Platform (poee): PLN 1,589 thousand, less impairment losses of PLN 1,311 thousand,
- goodwill from WSE's taking control of WSE Services S.A.: PLN 8 thousand.

As at 31 December 2014, impairment of the goodwill from taking control of the **PolPX Group** was tested by estimating the use value based on the discounted cash flows (DCF) method according to the five-year financial plan for 2015-2019.

The calculation was based on the following key assumptions:

- weighted average cost of capital (WACC): 7.51% (based on: market data of 10Y bond yields; beta: comparable companies; risk premium: 7.0%);
- growth rate of cash flows after the projection period: 2% (based on the estimated long-term growth rate of Polish GDP).

Furthermore, the following other assumptions were used:

- CAGR of sales revenues in the period under review: 2.9%,
- CAGR of operating expenses the period under review: 7.1%.

Based on the analysis, the WSE Management Board identified no impairment of goodwill of the PolPX Group as at 31 December 2014.

As at 31 December 2013, impairment of the goodwill from taking control of the PolPX Group was tested by estimating the use value based on the discounted cash flows (DCF) method according to the five-year financial plan for 2014-2018. Based on the analysis, the WSE Management Board identified no impairment of goodwill of the PolPX Group as at 31 December 2013.

As at 31 December 2014, impairment of the goodwill from the acquisition of the controlling interest in **BondSpot S.A.** was tested by estimating the use value based on the discounted cash flows (DCF) method according to the five-year financial plan for 2015-2019.

The calculation was based on the following key assumptions:

- weighted average cost of capital (WACC): 7.51% (based on: market data of 10Y bond yields; beta: comparable companies; risk premium: 7.0%);
- growth rate of cash flows after the projection period: 2% (based on the estimated long-term growth rate of Polish GDP).

Furthermore, the following other assumptions were used:

- CAGR of sales revenues in the period under review: 16.3%
- CAGR of operating expenses the period under review: 2.2%.

The analysis included the following core cash flows resulting among others from the following categories of revenues and expenses:

- fees and commissions charged to members and participants of the Regulated OTC Market and the Alternative Trading System (fixed fees and transaction fees);
- fees charged to issuers of securities listed on the Regulated OTC Market and the Alternative Trading System;
- revenues from Treasury BondSpot Poland;
- revenues from information services;
- operating expenses (consumption of materials and energy, external service charges, fees and charges, salaries, social security and other benefits, other cost categories).

Based on the analysis, the WSE Management Board identified no impairment of goodwill of BondSpot S.A. as at 31 December 2014.

As at 31 December 2013, impairment of the goodwill from taking control of BondSpot S.A. was tested by estimating the use value based on the discounted cash flows (DCF) method according to the five-year financial plan for 2014-2018. Based on the analysis, the WSE Management Board identified no impairment of goodwill of BondSpot S.A. as at 31 December 2013.

In view of the intention of the WSE Management Board to concentrate commodity market assets in the PolPX Group and the considered potential sale of the subsidiary WSEInfoEngine S.A. (WSEIE) in whole or in part to a PolPX subsidiary in the first half of 2015, plans for the nature of WSEIE's further business changed, impacting the financial plans for 2015 – 2019. As a result, impairment losses of PLN 1,311 thousand were recognised following the impairment test of goodwill from the acquisition of an organised part of the enterprise of ELBIS Sp. z o.o. known as the Electricity Trade Platform (poee) by WSEIE. The impairment losses were recognised under other operating expenses in the statement of comprehensive income.

7. Investment in associates

The parent entity held investments in the following associates as at 31 December 2014: Krajowy Depozyt Papierów Wartościowych S.A., Centrum Giełdowe S.A. and Aquis Exchange Limited. The parent entity held investments in the following associates as at 31 December 2013: Krajowy Depozyt Papierów Wartościowych S.A. and Centrum Giełdowe S.A. The registered offices of KDPW S.A. and Centrum Giełdowe S.A. are located in Poland, the registered office of Aquis Exchange Limited is located in the United Kingdom.

On 19 August 2013, the WSE Management Board and Aquis Exchange Limited signed an agreement to take up new issue shares of Aquis Exchange Limited. Aquis Exchange was established in the UK in 2012 and offers a pan-European market in shares on a multilateral trading platform.

The price of the first subscription for 153,609 shares in August 2013, representing 18.51% of the share capital, was PLN 10,105 thousand (GBP 2 million). On 12 February 2014, WSE received the consent of the UK Financial

(all amounts in PLN thousands, unless otherwise stated)

Conduct Authority to increase its stake in Aquis Exchange Limited to between 30% and 50% of the total number of shares or votes.

On 18 February 2014, WSE received from Aquis Exchange Limited confirmation of allocation of 230,416 shares representing 17.72% of the share capital of Aquis Exchange Limited to WSE for a price of PLN 15,202 thousand (PLN 3 million).

Following the acquisition of the second tranche of shares of Aquis Exchange Limited, WSE holds 384,025 ordinary shares representing 36.23% of the total number of shares and giving 30.00% of economic and voting rights in Aquis Exchange Limited as an associate of the WSE Group. The stake measured under the equity method was PLN 18,657 thousand as at 31 December 2014.

Aquis Exchange Limited posted a loss of PLN 22,165 thousand for the period from 18 February 2014 to 31 December 2014. WSE's share of the loss of the associate Aquis Exchange Limited was PLN 6,650 thousand as at 31 December 2014.

The business model of Aquis is based on subscription fees charged for generated traffic rather than on the value of trade as on other trading platforms. The company launched its operation on 26 November 2013 and is still posting losses. While the company and its management succeeded in launching the operation, attracting the first members and quickly growing the trading turnover, the operation of Aquis and the success of its business model depend mainly on (1) increasing capital, planned by mid-2015, to ensure that it continues to meet the regulatory capital requirements, and eventually (2) attracting a sufficient number of members and subscription fees to reach break-even.

The tables below present changes of value of the Group's investments in associates in 2014 and 2013 as well as the value of such investments as at 31 December 2014 and as at 31 December 2013.

	Year ended 31 December	
	2014	**2013**
Opening balance	**158,540**	**151,213**
Increase / (decrease) of value in the period	25,307	-
Dividends	(431)	(4,250)
Share of profit (after tax)	3,745	12,494
Other additions / (decreases)	-	(240)
Share in other comprehensive income	943	(677)
Closing balance	**188,104**	**158,540**

	As at	
	31 December 2014	**31 December 2013**
KDPW Group	153,187	142,232
Centrum Giełdowe S.A.	16,260	16,308
Aquis Exchange Limited	18,657	0
Total	**188,104**	**158,540**

(all amounts in PLN thousands, unless otherwise stated)

Selected data of the associates as at 31 December 2014 and as at 31 December 2013 are as follows:

As at / Year ended 31 December 2014

	Assets	Equity	Liabilities	Revenue	Profit (loss) for the year	Interest held	The Group's share in associate's profit (loss)
KDPW Group*	2,772,240	459,279	2,312,961	139,881	30,035	33.33%	10,012
Centrum Giełdowe	78,734	65,592	13,142	16,145	1,545	24.79%	383
Aquis Exchange Ltd.	24,455	23,969	486	841	(22,165)	30.00%	(6,650)
							3,745

** Presented KDPW Group's consolidated results.*

As at / Year ended 31 December 2013

	Assets	Equity	Liabilities	Revenue	Profit (loss) for the year	Interest held	The Group's share in associate's profit (loss)
KDPW Group	1,735,259	426,677	1,308,582	137,920	36,078	33.33%	12,026
Centrum Giełdowe	80,643	65,784	14,859	15,965	1,890	24.79%	468
							12,494

8. Deferred tax

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

	Period	
	12 months ended 31 December 2014	12 months ended 31 December 2013
Deferred tax (assets)/liabilities - opening balance	**1,065**	**(3,155)**
(Recognition in)/Charged to the financial statement	8,577	3,528
(Recognition in)/Charged to other comprehensive income	(68)	693
Deferred tax (assets)/liabilities - closing balance	**9,574**	**1,066**

(all amounts in PLN thousands, unless otherwise stated)

Deferred tax assets (before netting) are as follows:

	As at	
	31 December 2014	**31 December 2013**
Unused holiday	(441)	(292)
Jubilee bonuses and retirement benefits	(991)	(1,004)
Annual and merit awards	(1,317)	(1,670)
Impairment on interests	(1,452)	(1,127)
Interest paid on bonds purchase	(27)	(27)
Impairment allowance for receivables	(97)	(379)
Advisory services	(44)	(14)
Other	(547)	(1,431)
Hedge accounting	(61)	(108)
Actuarial gains/(losses) on provisions against employee benefits after the term of service	(74)	-
Total deferred tax assets	**(5,051)**	**(6,052)**

Deferred tax liabilities (before netting) are as follows:

	As at	
	31 December 2014	**31 December 2013**
Financial income	307	325
Difference between accounting and tax value of property, plant and equipment and intangible assets	13,919	6,158
Other	330	525
Fair value of debt securities	69	109
Total deferred tax liabilities	**14,625**	**7,117**

Deferred income tax liabilities (after netting) amounted to PLN 9 574 thousand.

(all amounts in PLN thousands, unless otherwise stated)

9. Available-for-sale financial assets

The table below presents changes of available-for-sale financial assets in 2014 and 2013.

	Period	
	12 months ended 31 December 2014	**12 months ended 31 December 2013**
Opening balance	**21 073**	**11 301**
Additions (purchase of shares, Treasury bonds and bills and valuation of discount, premium and interests)	(25)	10 081
Taken from available-for-sale financial assets*	(10 105)	-
Change in fair value - recognised in total comprehensive income	(233)	(309)
- shares	*(23)*	*(103)*
- Treasury bonds and bills	*(210)*	*(206)*
Closing balance	**10 710**	**21 073**
Long-term	*207*	*20 955*
Short-term	*10 503*	*118*

** Aquis Exchange Limited taken to investment in associates*

The table below presents available-for-sale financial assets by category.

	As at	
	31 December 2014	**31 December 2013**
Debt financial assets	**10,503**	**10,738**
Treasury bonds	10,503	10,738
Equity financial assets	**207**	**10,335**
Listed on the active market	207	230
Total available-for-sale financial assets	**10,710**	**21,073**

The parent entity has in its financial assets portfolio 10Y Treasury bonds (issue no. DS1015) with a nominal value of PLN 10,000,000. The bonds bear interest at a fixed rate of 6.25% paid annually. The bonds mature on 24 October 2015. WSE classifies Treasury bonds as available-for-sale financial assets. The fair value of bonds at a balance sheet date is measured at the current purchase price of the instrument based on market quotations.

(all amounts in PLN thousands, unless otherwise stated)

The table below presents available-for-sale financial assets by short-term and long-term assets.

	As at	
	31 December 2014	**31 December 2013**
Udziały w innych jednostkach:	207	10,335
S.C. SIBEX - Sibiu Stock Exchange S.A.	207	230
Aquis Exchange Limited	-	*10,105*
Obligacje skarbowe o stałym oprocentowaniu	-	10,620
Długoterminowe aktywa finansowe	**207**	**20,955**
Obligacje o stałym oprocentowaniu	10,503	118
Krótkoterminowe aktywa finansowe	**10,503**	**118**
Razem długo- i krótkoterminowe aktywa finansowe	**10,710**	**21,073**

Long-term equity financial assets available-for-sale include the following:

	As at 31 December 2014			
	Value at cost	**Impairment**	**Revaluation**	**Carrying value**
Innex	3,820	(3,820)	-	-
S.C. SIBEX - Sibiu Stock Exchange S.A.	1,343	(1,011)	(125)	207
Total equity financial assets	**5,163**	**(4,831)**	**(125)**	**207**

	As at 31 December 2013			
	Value at cost	**Impairment**	**Revaluation**	**Carrying value**
Innex	3,820	(3,820)	-	-
S.C. SIBEX - Sibiu Stock Exchange S.A.	1,343	(1,011)	(103)	230
Aquis Exchange Limited	10,105	-	-	10,105
Total equity financial assets	**15,268**	**(4,831)**	**(103)**	**10,335**

WSE acquired a stake in the Ukrainian Stock Exchange Innex in July 2008. The intention of WSE was to transform Innex into a state-of-the-art platform of trading in Ukrainian securities and subsequently also derivatives. Impairment of the shares of Innex at PLN 3,820 thousand (equal to the total value of the investment) was written off in 2008 due to the following:

- deep economic crisis in Ukraine, which significantly affected the market outlook and prevented WSE from pursuing an active policy on the Ukrainian capital market; and
- significant decrease in the number of privatisations, which are Innex's main stream of revenue, which caused Innex's loss for 2008.

As the shares of Innex have no active market and it is not possible to reliably determine their fair value, they are recognised at cost less impairment losses.

The financial results of Innex for the previous periods do not meet the conditions of reversal of the impairment loss for the shares of Innex as at 31 December 2014.

(all amounts in PLN thousands, unless otherwise stated)

S.C. SIBEX – Sibiu Stock Exchange S.A. (SIBEX) with its registered office in Romania has been listed on S.C. SIBEX – Sibiu Stock Exchange S.A. (SIBEX) since 2010. The purchase price of SIBEX shares was PLN 1,343 thousand, while as at 31 December 2014 the fair value based on the share price was PLN 207 thousand. Due to the consolidated loss of the SIBEX Group for 2011, the separate loss of SIBEX for three quarters of 2012, and a more than double decline in the share price over the period 2010-2012, the WSE Management Board decided to recognise a goodwill impairment loss of the interest in SIBEX at PLN 1,011 thousand as at 31 December 2012.

The fair value of shares of exchange-listed companies is recognised at the trading price.

Excluding the investment in Innex, as at 31 December 2014, the valuation of all available-for-sale financial assets of WSE is based on input data classified as level 1 in the goodwill hierarchy.

	As at 31 December 2014					
	Carrying value	**Fair value**	**Level 1**	**Level 2**	**Level 3**	**Total (level 1-3)**
Treasury bonds	10,503	10,503	10,503	-	-	**10,503**
Equity financial assets	207	207	207	-	-	207
Sibex	*207*	*207*	*207*	-	-	***207***
Total	**10,710**	**10,710**	**10,710**	**-**	**-**	**10,710**

	As at 31 December 2013					
	Carrying value	**Fair value**	**Level 1**	**Level 2**	**Level 3**	**Total (level 1-3)**
Treasury bonds	10,738	10,738	10,738	-	-	**10,738**
Equity financial assets	230	230	230	-	-	**230**
Sibex	*230*	*230*	*230*	-	-	***230***
Total	**10,968**	**10,968**	**10,968**	**-**	**-**	**10,968**

10. Assets and liabilities held for sale

The Exchange Management Board is considering potential sale of WSE's subsidiary Instytut Rynku Kapitałowego – WSE Research S.A. (IRK) and expects the sale to take place in the first half of 2015. As a result, assets and liabilities of IRK as a cash generating unit were presented in the consolidated financial statements as held for sale (group for sale). The fair value less the cost of sale is PLN 537 thousand, which is less than the carrying value of the group for sale, therefore impairment losses were recognised at PLN 366 thousand and deducted from the carrying value of the non-current assets in the group for sale. The impairment losses were recognised in other operating expenses of the Group.

(all amounts in PLN thousands, unless otherwise stated)

The table below presents the assets and liabilities held for sale as at 31 December 2014:

	As at 31 December 2014 not impaired	***Impairment***	**As at 31 December 2014**
Property, plant and equipment	**289**	(239)	**50**
Intangible assets	**153**	(127)	**26**
Trade and other receivables	**171**	-	**171**
Cash	**565**	-	**565**
Total assets held for sale	**1,178**	**(366)**	**812**
Trade receivables	**64**	-	**64**
Finance lease liabilities	**69**	-	**69**
Employment benefits payable	**37**	-	**37**
Prepayments	**51**	-	**51**
Other liabilities	**54**	-	**54**
Total liabilities held for sale	**275**	-	**275**

The assets and liabilities held for sale were stated at fair value estimated by the WSE Management Board, i.e., according to level 3 of the goodwill hierarchy (input data for the calculation not based on observable market data).

11. Long-term prepayments

As at 31 December 2014, long-term prepayments amounted to PLN 3,618 thousand (as at 31 December 2013: PLN 3,729 thousand).

Long-term prepayments related mainly to the right to perpetual usufruct of land (PLN 2,755 thousand as at 31 December 2014, PLN 2,861 thousand as at 31 December 2013).

The current portion of prepayments in respect of the right to perpetual usufruct of land in the amount of PLN 106 thousand as at 31 December 2014 (PLN 106 thousand as at 31 December 2013) is included in short-term prepayments in Note 12.

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

(all amounts in PLN thousands, unless otherwise stated)

12. Trade and other receivables

Trade and other receivables include the following:

	As at	
	31 December 2014	**31 December 2013**
Gross trade receivables	*37,964*	*32,807*
Impairment allowances for receivables	*(1,557)*	*(2,479)*
Net trade receivables	36,407	30,328
Total financial assets	**36,407**	**30,328**
Short-term prepayments	3,957	3,656
Other receivables and advance payments	1,683	172
Receivables from statutory settlements	547	636
Total non-financial assets	**6,187**	**4,464**
Total trade and other receivables	**42,594**	**34,792**

12.1. Trade receivables

Trade receivables by credit quality are as follows:

	As at	
	31 December 2014	**31 December 2013**
Total gross trade receivables	**37,964**	**32,807**
Current receivables (no impairment)	**34,314**	**27,760**
Overdue trade receivables	**3,650**	**5,047**
Receivables overdue at reporting date without impairment	2,093	2,568
1 to 30 days	*1,067*	*1,115*
31 to 60 days	*419*	*228*
61 to 90 days	*239*	*519*
Over 90 days	*368*	*706*
Impaired receivables	1,557	2,479

Trade receivables which are neither overdue nor impaired include mainly receivables from Exchange Members (banks and brokerage houses) and receivables from issuers of securities as well as receivables for other services.

(all amounts in PLN thousands, unless otherwise stated)

The table below presents trade receivables which are neither overdue nor impaired by type of debtor:

	As at	
	31 December 2014	**31 December 2013**
Exchange Members	30,424	22,484
Issuers*	636	829
Other*	3,254	4,447
Total	**34,314**	**27,760**

** receivables from debtors who are at the same time Exchange Members and Issuers or Exchange Members and Data Vendors are presented under receivables from Exchange Members*

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

The table below presents receivables from Exchange Members by Moody's ratings:

	As at	
	31 December 2014	**31 December 2013**
Aa	192	174
A	3,576	7,105
Baa	6,029	5,181
Ba	5,257	810
B	15	19
No rating	15,355	9,195
Total	**30,424**	**22,484**

Receivables from issuers include fees due from companies listed on WSE.

Trade receivables from other debtors include mainly fees for information services.

As at 31 December 2014, gross trade receivables at PLN 3,650 thousand (31 December 2013 – PLN 5,047 thousand) were overdue. Of this amount, overdue receivables from debtors in bankruptcy as at 31 December 2014 were at PLN 991 thousand and other past due receivables were PLN 2,659 thousand (31 December 2013 – PLN 611 thousand and PLN 4,436 thousand, respectively).

As at 31 December 2014, trade receivables which were overdue and impaired amounted to PLN 1,557 thousand (PLN 2,479 thousand as at 31 December 2013).

(all amounts in PLN thousands, unless otherwise stated)

The table below presents the impairment loss on receivables in 2013-2014.

	Period	
	12 months ended 31 December 2014	12 months ended 31 December 2013
Opening balance	**2,479**	**1,166**
Initial impairment allowances	1,017	1,402
Receivables written off during the period as uncollectible	(1,348)	-
Reversal of impairment allowance	(591)	(89)
Closing balance	**1,557**	**2,479**

The creation and reversal of impairment allowance for receivables was recognised as other expenses or other income, respectively. The amounts that are charged to the impairment allowance account are written off if the payment is overdue (more than 365 days) or the cash is not expected to be collected, i.e., it is highly probable that the debtor will declare bankruptcy, will be subject to financial restructuring or when the debtor has significant financial difficulties.

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

Gross trade receivables by geographical concentration:

	As at	
	31 December 2014	31 December 2013
Domestic receivables	29,701	22,824
Foreign receivables	8,263	9,983
Total	**37,964**	**32,807**

In the opinion of the Management Board of the parent entity, due to the trade receivables due date, the book value of those receivables is equal to their fair value.

(all amounts in PLN thousands, unless otherwise stated)

13. Cash and cash equivalents

Cash and cash equivalents include the following:

	As at		
	31 December 2014	**31 December 2013** *restated*	**31 December 2012** *restated*
Cash	16	15	21
Current accounts	90,029	4,031	2,070
Other bank deposits	298,997	307,459	255,303
Total cash and cash equivalents	**389,042**	**311,505**	**257,394**

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 realisation period, the carrying amount is close to the fair value. The average maturity of the deposits of the parent entity was 12 days in 2014 (7 days in 2013).

14. Equity

Equity of the shareholders of the parent entity includes the following:

	As at	
	31 December 2014	**31 December 2013**
Share capital	63,865	63,865
Other reserves	1,930	1,278
Retained earnings	633,555	571,842
Total equity attributable to the shareholders of the parent entity	**699,350**	**636,985**

14.1. Share capital

The share capital of the parent entity includes the following:

	As at	
	31 December 2014	**31 December 2013**
Share capital: approved, allocated and paid - 41,972,000 ordinary shares	41,972	41,972
Revaluation of share capital using the inflation rate	21,893	21,893
Total share capital	**63,865**	**63,865**

The share capital from before the year 1996 with a nominal value of PLN 6,000 thousand was restated by applying the general price index under IAS 29 (compound inflation for the period from April 1991 to December 1996 at 464.9%).

As at 31 December 2014, the share capital of WSE stood at PLN 41,972 thousand and was divided into 41,972,000 shares with a nominal value of PLN 1 per share including 14,807,470 series A shares (35.28% of all shares) and 27,164,530 series B shares (64.72% of all shares). The Company's shares were fully paid up.

(all amounts in PLN thousands, unless otherwise stated)

Series A shares are preferred registered shares which may be exchanged into bearer shares and become series B ordinary shares on exchange. Series A shares are preferred as to the voting rights. Each series A share gives 2 votes. In 2013, 42,000 series A preferred registered shares were converted into series B ordinary bearer shares.

Series B shares are bearer shares. Each series B share gives 1 vote. Series B shares confer 27,164,530 votes at the General Meeting (47.84% of all votes). Series B shares are in public trading.

As at 31 December 2014, the State Treasury held 14,688,470 series A preferred registered shares, which represented 35,00% of all shares and conferred 29,376,940 votes, i.e., 51.74% of all votes at the General Meeting. The remaining series A shares (119,000; 0.28% of all shares) were mainly held by brokers and banks, which jointly conferred 238,000 votes (0.42% of all votes at the General Meeting).

The shareholders and the percentage stakes held in the parent entity as at 31 December 2014 and as at 31 December 2013:

	As at 31 December 2014			As at 31 December 2013		
	Nominal value of shares	% held		Nominal value of shares	% held	
		share capital	votes		share capital	votes
Registered shares	**14,807**	**35.28%**	**52.16%**	**14,807**	**35.28%**	**52.16%**
State Treasury	14,688	35.00%	51.74%	14,688	35.00%	51.74%
Banks	56	0.13%	0.20%	56	0.13%	0.20%
Brokerage houses	49	0.12%	0.17%	49	0.12%	0.17%
Others	14	0.03%	0.05%	14	0.03%	0.05%
Bearer shares	**27,165**	**64.72%**	**47.84%**	**27,165**	**64.72%**	**47.84%**
Total	**41,972**	**100.00%**	**100.00%**	**41,972**	**100.00%**	**100.00%**

14.2. Other reserves

Other reserves include the following:

	As at 31 December 2013	Change due to valuation and disposal	As at 31 December 2014
Revaluation reserve - available-for-sale financial assets	**1,737**	**773**	**2,509**
Parent entity	**470**	**(170)**	**300**
Revaluation	579	(210)	369
Deferred tax	(109)	40	(69)
Associate	**1,267**	**943**	**2,209**
Revaluation reserve - hedge accounting	**(458)**	**195**	**(263)**
Parent entity	**(458)**	**195**	**(263)**
Revaluation	(566)	242	(324)
Deferred tax	108	(47)	61
Revaluation reserve - actuarial gains/losses	-	**(316)**	**(316)**
Parent entity	-	**(316)**	**(316)**
Revaluation	-	(390)	(390)
Deferred tax	-	74	74
Total revaluation reserve	**1,278**	**652**	**1,930**

(all amounts in PLN thousands, unless otherwise stated)

14.3. Retained earnings

The tables below present changes of retained earnings in 2013-2014.

	Reserve capital	Other reserves	Retained earnings	Profit for the period	Total
As at 31 December 2012	**26,261**	**243,274**	**115,976**	**106,136**	**491,647**
Distribution of the profit for the year ended 31 December 2012	1,340	32,220	72,576	(106,136)	-
Dividend	-	-	(32,738)	-	(32,738)
Other changes	-	-	(240)	-	(240)
Acquisition of non-controlling interests	(137)	-	-	-	(137)
Profit for the year ended 31 December 2013 attributable to the shareholders of the parent entity	-	-	-	113,310	113,310
As at 31 December 2013	**27,464**	**275,494**	**155,574**	**113,310**	**571,842**

	Reserve capital	Other reserves	Retained earnings	Profit for the period	Total
As at 31 December 2013	**27,464**	**275,494**	**155,574**	**113,310**	**571,842**
Distribution of the profit for the year ended 31 December 2013	34,584	51,019	27,707	(113,310)	-
Dividend	-	-	(50,366)	-	(50,366)
Profit for the year ended 31 December 2014 attributable to the shareholders of the parent entity	-	-	-	112,079	112,079
As at 31 December 2014	**62,048**	**326,513**	**132,915**	**112,079**	**633,555**

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

As required by the Articles of Association of the parent entity, reserve capital is earmarked for covering losses that may arise in the operations of the parent entity and for supplementing the share capital or for payment of dividends. Reserve capital should not be lower than one-third of the share capital. Transfers from distributed profit to reserve capital may not be lower than 10% of the profit. Transfers may be discontinued when reserve capital equals one-third of the share capital. One-third of reserve capital may only be used to cover losses reported in financial statements.

Reserves are maintained in the parent entity to ensure the ability of financing investments and other expenses connected with the operations of the parent entity. Reserves can be used towards share capital or payment of dividends.

(all amounts in PLN thousands, unless otherwise stated)

15. Trade payables and other liabilities

Trade payables and other liabilities include the following:

	As at		
	31 December 2014	**31 December 2013** *restated*	**31 December 2012** *restated*
Trade payables	9,789	12,565	4,223
Payables to associates	228	173	61
Total trade payables	**10,017**	**12,738**	**4,284**
Dividend payable	175	170	159
Long-term liabilities on bonds issue	244,078	243,617	243,205
Total financial liabilities	**254,270**	**256,525**	**247,648**
Payables from other statutory settlements*	35,933	12,740	7,721
Other liabilities	98	1,471	94
Total other liabilities	**36,031**	**14,211**	**7,815**
Total trade payables and other liabilities	**290,301**	**270,736**	**255,463**

** Payables from other statutory settlements include PolPX Group's VAT payable at PLN 32,972 thousand as 31 December 2014 and PLN 9,400 thousand as as at 31 December 2013.*

According to the Management Board of the parent entity, due to the short due dates of trade payables, the book value of trade payables is close to their fair value.

On 5 December 2011, the Management Board of the parent entity adopted a resolution concerning an issue of series A and B bearer bonds. The goal of the issue was to finance WSE's projects including institutional consolidation of the exchange commodity market and expansion of the list of products available to investors on the market, as well as technology projects on the financial markets and the commodity market. The cash raised in the bond issue was used to acquire shares of the Polish Power Exchange.

The issue of series A bonds with a nominal value of PLN 170,000,000 addressed only to qualified investors took place on 23 December 2011.

Series B bonds with a nominal value of PLN 75,000,000 were offered in a public offering on 10 February 2012. Series B bonds were issued on 15 February 2012.

Series A and B bonds have been introduced to trading on Catalyst, a public market in municipal and corporate bonds under the WSE brand. The nominal value was PLN 100 per bond. The WSE bonds are unsecured floating bonds. Interest is fixed within an interest period based on WIBOR 6M plus a margin of 117 basis points.

The maturity of series A and B bonds is 2 January 2017.

(all amounts in PLN thousands, unless otherwise stated)

16. Accruals and deferred income

	As at	
	31 December 2014	**31 December 2013**
Commodity market	**4,018**	**3,463**
Trading	2,441	-
Clearing	1,577	-
Other income	**336**	**46**
Deferred income	**4,354**	**3,509**
Audit	220	266
Promotion	20	91
Advisory	433	26
Other services	90	436
Accruals	**762**	**819**
Total accruals and deferred income	**5,115**	**4,328**

17. Employee benefits payable

The table below presents employee benefits payable by short-term and long-term liabilities.

	As at	
	31 December 2014	**31 December 2013**
Long-term	**5,562**	**4,456**
Retirement benefits and jubilee awards	4,678	4,051
Other	884	405
Short-term	**9,911**	**11,511**
Retirement benefits and jubilee awards	929	1,229
Other	8,982	10,282
Total	**15,473**	**15,967**

17.1 Liabilities under retirement benefits and jubilee awards

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

(all amounts in PLN thousands, unless otherwise stated)

The table below presents liabilities in respect of retirement benefits and jubilee awards recognised in the separate statement of financial position.

	As at	
	31 December 2014	**31 December 2013**
Retirement benefits	2,753	2,118
Jubilee awards	2,854	3,162
Total	**5,607**	**5,280**
Long-term	*4,678*	*4,051*
Short-term	*929*	*1,229*

The table below presents the cost of retirement benefits and jubilee awards recognised in operating expenses.

	Period of 12 months ended 31 December	
	2014	**2013**
Retirement benefits	300	510
Jubilee awards	788	603
Total	**1,087**	**1,113**

The table below presents the cost of retirement benefits recognised in other comprehensive income.

	Period of 12 months ended 31 December	
	2014	**2013**
Retirement benefits and jubilee awards	390	-
Total	**390**	**-**

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

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

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

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

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.

(all amounts in PLN thousands, unless otherwise stated)

Change of liabilities under retirement benefits and jubilee awards:

	Retirement benefits	Jubilee awards	2014	Retirement benefits	Jubilee awards	2013
As at 1 January	**2,118**	**3,162**	**5,280**	**2,279**	**2,997**	**5,277**
Current cost of employment	209	416	**625**	199	427	**626**
Interest cost	90	126	**216**	82	108	**190**
Actuarial gains/(losses) recognised in other comprehensive income:	390	245	**635**	(245)	37	**(208)**
- due to changes of financial assumptions	546	189	**735**	(96)	(44)	**(140)**
- do to changes of demographic assumptions	(2)	-	**(2)**	3	1	**4**
- due to changes of other assumptions	(154)	56	**(98)**	(152)	80	**(72)**
Total recognised in comprehensive income	**690**	**788**	**1,477**	**36**	**572**	**609**
Benefits paid	(55)	(1,096)	**(1,150)**	(197)	(408)	**(605)**
As at 31 December	**2,753**	**2,854**	**5,607**	**2,118**	**3,162**	**5,280**

The main actuarial assumptions at dates ending the reporting periods:

	2014	2013
Discount rate	2,3% - 2,6%	4,0%
Expected average annual increase of the base of calculation of provisions for retirement benefits and jubilee awards	2,31% - 3,5%	3,5%
Inflation (p.a.)	2,5%	2,5%
Weighted average employee mobility rate	4% - 10,17%	3,9%

Sensitivity analysis

As at 31 December 2014, a sensitivity analysis was carried out to determine how the results of actuarial valuation are affected by changes in the discount rate assumed for measurement and how the levels of employee benefit liabilities are affected by the planned changes in the benefit measurement base.

Sensitivity analysis for a discount rate +/-0.5 p.p.:

	Carrying value of provisions	Carrying value of provisions at discount rate change by -0.5 p.p.	Carrying value of provisions at discount rate change by +0.5 p.p.
Retirement benefits	2,753	2,955	2,572
Jubilee awards	2,854	2,915	2,796
Total	**5,607**	**5,870**	**5,368**
Change of carrying value	**-**	**263**	**(240)**

(all amounts in PLN thousands, unless otherwise stated)

Sensitivity analysis: +/- 0.5 p.p. change of the base of retirement benefits and jubilee awards:

	Carrying value of provisions	Carrying value of provisions at change in the base of benefit by -0.5%	Carrying value of provisions at change in the base of benefit by +0.5%
Retirement benefits	2,753	2,573	2,953
Jubilee awards	2,854	2,794	2,916
Total	**5,607**	**5,367**	**5,869**
Change of carrying value		**(240)**	**262**

17.2 Liabilities under other employee benefits

The table below presents changes to short-term and long-term employee benefits payable in 2013 and 2014.

	As at 1 January 2014	Set up	Used	Released	As at 31 December 2014
Short-term liabilities					
Annual and discretionary awards	7,762	6,143	(7,368)	(388)	**6,149**
Benefits after the term of service	165	-	(165)	-	**-**
Holiday leave not used	2,344	873	(806)	-	**2,411**
Overtime	-	2	-	-	**2**
Car allowance	10	12	(10)	-	**12**
Reorganisation severance pay	-	408	-	-	**408**
Total short-term other employee benefits payable	**10,282**	**7,438**	**(8,349)**	**(388)**	**8,982**
Long-term liabilities					
Annual and discretionary bonuses	405	750	-	(405)	**750**
Reorganisation severance pay	-	133	-	-	**133**
Total long-term other employee benefits payable	**405**	**884**	**-**	**(405)**	**884**
Total short-term and long-term other employee benefits payable	**10,687**	**8,321**	**(8,349)**	**(793)**	**9,866**

(all amounts in PLN thousands, unless otherwise stated)

	As at 1 January 2013	Set up	Used	Released	As at 31 December 2013
Short-term liabilities					
Annual and discretionary awards	9,114	7,762	(9,114)	-	**7,762**
Benefits after the term of service	-	165	-	-	**165**
Holiday leave not used	2,363	806	(825)	-	**2,344**
Overtime	12	-	(12)	-	-
Car allowance	8	10	(8)	-	**10**
Total short-term other employee benefits payable	**11,498**	**8,743**	**(9,959)**	**-**	**10,282**
Long-term liabilities					
Annual and discretionary bonuses	78	378	(29)	(22)	**405**
Total long-term other employee benefits payable	**78**	**378**	**(29)**	**(22)**	**405**
Total short-term and long-term other employee benefits payable	**11,576**	**9,121**	**(9,988)**	**(22)**	**10,687**

18. Incentive programme

2014 Incentive Programme for Management Board Members

In 2014, in accordance to the appointment of the new Exchange Management Board, the existing 2013 Rules of the Incentive Programme for the Management Board Members of the Company were revoked and replaced by the new Rules of the Incentive Programme approved by the Supervisory Board. Under the new programme, the Supervisory Board may award a discretionary bonus to Management Board Members on the basis of its appraisal of individual performance and the Company's targets. The maximum amount of the annual discretionary bonus is capped at 80% of the monthly basic remuneration times 12. Payments up to the maximum bonus amount are made as follows: 30% of the discretionary bonus is paid on a one-off basis; 30% of the discretionary bonus is paid in phantom shares; 40% of the discretionary bonus is put in the Bonus Bank and settled in equal parts in the next three years upon fulfilment of specific conditions.

(all amounts in PLN thousands, unless otherwise stated)

Share-based payments

The table below presents the details of incentive programme payments based on phantom shares.

Variable remuneration Phantom Shares for the year:	2014
Transaction type under IFRS 2	Cash-settled share-based payments
Appraisal period start date	Date of appointment to the Management Board
Programme announcement date	December 2014
Programme start date under IFRS 2 definition	30 days after Ordinary General Meeting Supervisory Board after the end of financial year
Number of instruments granted	Determined on the programme grant date under IFRS 2 definition
Maturity date	1 year after the programme grant date.
Vesting date	30 days after Ordinary General Meeting
Conditions for vesting rights	Employment with the Company in 2014, meeting Company targets and individual performance targets.
Programme settlement	On the settlement date, the participant will receive cash in the amount equal to the number of phantom shares held by the participant times the median closing price of Company shares from 1 January to 31 March of the year of payment.
Programme valuation	Fair value of the programme is measured at each balance-sheet date on the terms of programme valuation at settlement.

The Exchange Supervisory Board did not decide on the amount of the discretionary bonus for the Management Board Members for 2014 as at the date of publication of the financial statements. The Company had no information necessary to determine the quantity of awarded phantom shares as at the date of publication of the financial statements. Provisions against phantom shares for the Management Board Members were set up at PLN 307 thousand as at 31 December 2014, reflecting the fair value of phantom shares estimated by the Company. The provision was accrued in accordance with the incentive program for members of the Board as described above.

(all amounts in PLN thousands, unless otherwise stated)

19. Provisions for other liabilities and charges

The tables below present the structure of provisions for other liabilities and charges and changes in the provisions in 2014 and 2013.

	As at	
	31 December 2014	31 December 2013
Short-term	1,346	2,139
Total provisions for other liabilities and charges	**1,346**	**2,139**

	Provisions for litigations and disputes	Other provisions	Total
As at 1 January 2013	**1,351**	**-**	**1,351**
- provisions set up	485	303	**788**
As at 31 December 2013	**1,836**	**303**	**2,139**
	-	-	-
As at 1 January 2014	**1,836**	**303**	**2,139**
- provisions set up	105	133	**238**
- provisions released	(223)	(19)	**(242)**
- provisions used	(524)	(265)	**(789)**
As at 31 December 2014	**1,194**	**152**	**1,346**

Provisions in the amount of PLN 1,994 thousand are for disputes arising out of employment claims. According to the Management Board of the parent entity, supported by a legal opinion, assertion of such claims will not cause significant losses in excess of the amount of provisions created as at 31 December 2014.

20. Finance lease liabilities

The following table presents finance lease liabilities.

	As at	
	31 December 2014	31 December 2013
Long-term	205	439
Short-term	154	365
Total finance lease liabilities	**359**	**804**

(all amounts in PLN thousands, unless otherwise stated)

The minimum future lease payments, future cost of finance lease and present value of finance lease liabilities as at 31 December 2014 and as at 31 December 2013 were as follows:

	As at	
	31 December 2014	**31 December 2013**
Gross finance lease liabilities (minimum lease payments)	**470**	**848**
Up to 1 year	220	390
1 to 5 years	250	458
Future financial cost under finance lease	**40**	**44**
Present value of finance lease liabilities	**329**	**249**
Up to 1 year	165	55
1 to 5 years	164	194

21. Sales revenue

The table below presents sales revenue by business segment.

	Year ended 31 December	
	2014	**2013**
Financial market	**199,962**	**205,254**
Trading	137,795	147,899
Listing	23,960	22,289
Information services	38,207	35,066
Commodity market	**114,453**	**75,995**
Trading	60,121	39,906
Register of certificates of origin	22,473	15,605
Clearing	31,859	20,484
Other revenue	**3,146**	**2,513**
Total sales revenue	**317,561**	**283,762**

Revenue by geographic distribution was as follows:

	Year ended 31 December 2014	**Share (%)**	**Year ended 31 December 2013**	**Share (%)**
Revenue from foreign customers	66,270	21%	58,978	21%
Revenue from local customers	251,291	79%	224,784	79%
Total	**317,561**	**100%**	**283,762**	**100%**

(all amounts in PLN thousands, unless otherwise stated)

22. Operating expenses

The table below presents operating expenses by category.

	Year ended 31 December	
	2014	**2013**
Depreciation and amortisation	28,769	25,723
Salaries	56,590	51,915
Other employee costs	12,953	12,121
Rent and other maintenance fees	10,272	10,572
Fees and charges	22,387	20,770
External service charges	41,967	36,242
Other operating expenses	8,662	8,881
Total operating expenses	**181,600**	**166,224**

22.1. Salaries and other employee costs

The tables below present salaries and other employee costs by category.

	Year ended 31 December	
	2014	**2013**
Wages and salaries	53,401	49,816
Other benefits after the term of service	1,554	776
Termination benefits	539	915
Employee cost concerning jubilee bonus	1,096	408
Total employee costs	**56,590**	**51,915**

	Year ended 31 December	
	2014	**2013**
Social security costs	7,411	6,435
Retirement benefit costs - defined benefit plans	(63)	(14)
Retirement benefit costs - defined contribution plans	1,383	1,638
Other current service benefits (including medical services, lunch subsidies, Social Benefit Fund)	4,222	4,062
Total other employee costs	**12,953**	**12,121**

The parent entity offers its employees defined benefit plans. The plans comprise old age and disability pension benefits and are based on the employee's length of service and remuneration rate (Note 17).

The parent entity also offers its employees defined contribution plans (Employee Pension Plan). A defined contribution plan is financed with contributions paid by WSE and by an employee to a pension fund operating independently of the financial structure of WSE.

(all amounts in PLN thousands, unless otherwise stated)

The remuneration system for members of the Exchange Management Board is based on a long-term incentive system. It consists of a fixed part (base pay) and a variable part (incentive system, i.e., bonus) as well as additional benefits whose scope is defined by the Exchange Supervisory Board. The bonus depends on annual appraisal by the Exchange Supervisory Board. The maximum bonus amount for the year is capped (Note 18).

Warsaw Stock Exchange offers the employees an incentive program consisting of a fixed part (base pay) and a variable part (annual bonus) as well as a discretionary bonus. The variable part of the incentive system – the annual bonus – is based on the employee's individual appraisal and tied to the results of WSE (until 2012, the Exchange's net profit; in 2013, the Exchange's operating profit). The discretionary bonus is awarded under the remuneration rules by the WSE Management Board on request of a superior in an amount not higher than the maximum set discretionary bonus (fixed as a % of the amount of remuneration paid).

22.2. External service charges

The table below presents external services by category.

	Year ended 31 December	
	2014	**2013**
Maintenance of property, plant and equipment and intangible assets	12,612	11,894
Security	1,137	1,091
Data transmission lines	5,828	5,851
Phone and mobile phone services	666	745
Software modification	657	1,160
Information services	540	532
Promotion	6,636	3,760
Market liquidity support	779	1,010
Advisory and audit services	5,640	3,335
TBSP maintenance services	1,139	834
Legal and translation services	1,420	2,040
Transportation services	200	357
Lease fees	335	348
Cleaning services	466	408
Training	604	486
Mail fees	124	74
Bank fees	132	135
KDPW fees	31	37
Other	3,021	2,146
Total external service charges	**41,967**	**36,242**

(all amounts in PLN thousands, unless otherwise stated)

22.3. Other operating expenses

The table below presents other operating expenses by category.

	Year ended 31 December	
	2014	**2013**
Consumption of materials and energy	3,627	4,679
Membership fees	485	471
Property insurance	360	293
Impairment of perpetual usufruct	106	111
Business trips	1,453	1,277
Conferences	273	252
Other *	2,358	1,798
Total other operating expenses	**8,662**	**8,881**

** in 2014 item " Other" inlude impairment on IRK and WSE IE amounted to PLN 1,677 thousand.*

23. Other income and expenses

23.1. Other income

Other income includes the following:

	12 month period ended 31 December	
	2014	**2013**
Damages received	108	1,022
Income from sale of property, plant and equipment	36	-
Reversal of impairment allowance for receivables	15	-
Other	1,098	2,203
Total other income	**1,256**	**3,225**

23.2. Other expenses

Other expenses include the following:

	12 month period ended 31 December	
	2014	**2013**
Donations	115	112
Loss on sale of property, plant and equipment	-	112
Impairment allowance for receivables	420	1,342
Other	1,326	560
Total other expenses	**1,861**	**2,126**

(all amounts in PLN thousands, unless otherwise stated)

In 2014, donations were made by the parent entity to:

- Polish Institute of Directors (grant for statutory purposes) – PLN 60.0 thousand;
- Great Orchestra of Christmas Charity Foundation (grant for charity initiatives) – PLN 15.6 thousand;
- Lesław Paga Foundation (awards for the winner of the 12th edition of the Online School Exchange Game) – PLN 12.0 thousand;
- Other donations (statutory purposes, assistance for children's holidays) – PLN 26.5 thousand.

In 2013, donations were made by the parent entity to:

- Anna Dymna Mimo Wszystko Foundation (Dolina Słońca Therapy and Rehabilitation Centre) – PLN 36.0 thousand;
- KDPW CCP S.A. (support for the WIBID and WIBOR Council) – PLN 20.0 thousand;
- Lesław Paga Foundation (awards for the winner of the 11th edition of the Online School Exchange Game) – PLN 15.0 thousand;
- Other donations (statutory purposes, rehab and treatment, assistance for children) – PLN 5.1 thousand.

24. Financial income and expenses

24.1. Financial income

Financial income includes the following:

	Year ended 31 December	
	2014	**2013**
Interest received from bank deposits and current accounts	9,200	8,683
Interest on financial assets	625	625
- available for sale	*625*	*625*
Income from sale of available-for-sale financial assets	(25)	(24)
Other	561	1,633
Total financial income	**10,360**	**10,917**

24.2. Financial expenses

Financial expenses include the following:

	Year ended 31 December	
	2014	**2013**
Interest on bond issue	9,967	11,658
Paid	*9,506*	*11,197*
Cost of bond issue	461	461
Other, including:	390	557
Finance lease	*31*	53
Surplus of negative fx differences over positive fx differences	*4*	-
Other	*355*	*504*
Total financial expenses	**10,356**	**12,215**

25. Income tax

The table below presents income tax by current and deferred tax.

(all amounts in PLN thousands, unless otherwise stated)

	Year ended 31 December	
	2014	2013
Current income tax	18,242	12,762
Deferred tax	8,577	3,527
Total income tax	**26,819**	**16,289**

As required by the Polish tax regulations, the tax rate applicable in 2014 and 2013 is 19%.

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

	Year ended 31 December	
	2014	2013
Profit before income tax	**139,105**	**129,832**
Income tax rate	19%	19%
Income tax at the statutory tax rate	**26,430**	**24,668**
Tax effect:		
Non-tax-deductible expenses	302	303
Non-taxable income	-	272
Additional taxable income	12	6
Income tax refund for previous years under the new technology relief	-	(7,020)
Tax losses of subsidiaries not recognised in deferred tax	807	435
Non-taxable share of profit of associates	(712)	(2,374)
Other adjustments	(20)	(2)
Total income tax	**26,819**	**16,289**

26. Contracted investments

Contracted investments in intangible assets were PLN 13,192 thousand as at 31 December 2014 including mainly the UTP-Derivatives system in WSE, the billing system in BondSpot S.A., the implementation of the AX 2012 financial and accounting system including the new consolidation and budgeting modules in WSE Services S.A. and the new X-Tream Trading system in PolPX (PLN 10,500 thousand as at 31 December 2013 including the UTP-Derivatives system in WSE).

(all amounts in PLN thousands, unless otherwise stated)

27. Related party transactions

Related parties of the Group include its associates (KDPW S.A. Group, Centrum Giełdowe S.A.) and the State Treasury as the parent entity (holding 35.00% of the share capital and 51.74% of the total number of voting rights as at 31 December 2014), entities controlled and jointly controlled by the State Treasury and entities over which the State Treasury has significant influence. Furthermore, related parties include the key management personnel of the Group.

27.1. Information about transactions with companies which are related parties of the State Treasury

In these consolidated financial statements, the Management Board of the parent entity has disclosed transactions with entities with a stake held by the State Treasury identified on the basis of a list of companies with a stake held by the State Treasury as at 30 September 2014 published by the Ministry of the State Treasury.

Related parties identified by the Management Board of WSE include mainly companies listed on WSE (issuers of securities), Exchange Members and Polish Power Exchange Members. The Group charges fees to related parties listed on WSE including fees for admission to exchange trading, fees for introduction to exchange trading and fees for listing of financial instruments. Fees charged to related parties which are Exchange Members include fees for enabling the conclusion of transactions on the exchange market, fees for access to WSE's IT systems and fees for trading in financial instruments.

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

Individually material transactions with entities in which the State Treasury held a stake in 2014 included revenue from transactions, expenses and balances as at 31 December 2014 with the following companies in which the State Treasury held a stake:

	As at 31 December 2014		**Year ended 31 December 2014**	
	Receivables	**Liabilities**	**Sales revenue**	**Operating expenses**
Bank Gospodarki Żywnościowej S.A.	122	-	1,643	-
Enea S.A.	448	-	7,204	-
Energa S.A.	839	-	7,129	-
PGE Polska Grupa Energetyczna S.A.	2,255	-	15,714	-
Polskie Górnictwo Naftowe i Gazownictwo S.A.	888	-	7,038	-
Powszechna Kasa Oszczędności Bank Polski S.A.	1,160	5	12,919	52
TAURON Polska Energia S.A.	1,737	-	11,518	-
Other	23	14	1,264	742
Total	**7,472**	**19**	**64,429**	**794**

The individual and joint impact of other transactions with entities in which the State Treasury held a stake in 2014 was not material.

(all amounts in PLN thousands, unless otherwise stated)

Individually material transactions with entities in which the State Treasury held a stake in 2013 included revenue from transactions, expenses and balances as at 31 December 2013 with the following companies in which the State Treasury held a stake:

	As at 31 December 2013		Year ended 31 December 2013	
	Receivables	**Liabilities**	**Sales revenue**	**Operating expenses**
Bank Gospodarki Żywnościowej S.A.	28	-	438	-
Enea S.A.	466	-	4,214	-
Energa S.A.	417	-	4,685	-
PGE Polska Grupa Energetyczna S.A.	2,062	-	15,801	-
Polskie Górnictwo Naftowe i Gazownictwo S.A.	65	-	666	-
Powszechna Kasa Oszczędności Bank Polski S.A.	1,037	3	12,522	40
TAURON Polska Energia S.A.	458	-	9,670	-
Other	113	11	1,550	759
Total	**4,654**	**36**	**49,877**	**901**

The individual and joint impact of other transactions with entities in which the State Treasury held a stake in 2013 was not material.

In accordance with the Polish law, Group companies are subject to tax obligations. Hence, the Group pays tax to the State Treasury, which is its related party. The rules and regulations applicable to Group companies in this regard are the same as those applicable to other entities which are not related parties.

In accordance with the Decree of the Minister of Finance of 16 March 2010 concerning fees paid to the Polish Financial Supervision Authority ("PFSA") by supervised entities which pursue activities on the capital market, the parent entity incurs costs of fees paid to the State Treasury in the amount set by the Polish Financial Supervision Authority. The Group contributes monthly prepayments for fees due to PFSA for supervision over the capital market. PFSA makes final yearly settlements of the fees by 10 February of the following year. Fees prepaid amounted to PLN 22,699 thousand in 2014 (PLN 17,449 thousand in 2013). Receivables as at 31 December 2014 in respect of the difference between the amount of prepaid fees and the annual fees set by PFSA stood at PLN 659 thousand while payables as at 31 December 2013 stood at PLN 782 thousand. Consequently, the Group's operating expenses in 2014 included PLN 22,040 thousand (PLN 18,231 thousand in 2013) of fees due to PFSA for supervision over the capital market.

(all amounts in PLN thousands, unless otherwise stated)

27.2. Transactions with associates

The tables below present the transactions with the associates of WSE in 2014 and 2013.

	As at 31 December 2014		Year ended 31 December 2014	
	Receivables	**Liabilities**	**Sales revenue**	**Operating expenses**
KDPW Group	2	-	33	30
Centrum Giełdowe S.A.	-	24	-	1,596
Total	**2**	**24**	**33**	**1,626**

	As at 31 December 2013		Year ended 31 December 2013	
	Receivables	**Liabilities**	**Sales revenue**	**Operating expenses**
KDPW Group	57	2	69	42
Centrum Giełdowe S.A.	-	45	-	2,198
Total	**57**	**47**	**69**	**2,240**

Pursuant to a resolution of the Ordinary General Meeting of Centrum Giełdowe S.A. dated 3 April 2014 concerning the distribution of profit for 2013, PLN 1,737 thousand was allocated for dividend. The share of WSE in the dividend was PLN 431 thousand. The dividend was paid on 30 April 2014.

Pursuant to a resolution of the Ordinary General Meeting of KDPW dated 29 July 2014, KDPW paid no dividend from the profit of 2013.

As owner and lessee of office space in the Centrum Giełdowe building, WSE pays rent and operating expenses for joint property to the building manager, Centrum Giełdowe S.A.

In 2014, WSE also concluded transactions with the Książęca 4 Street Housing Cooperative of which it is a member. The expenses amounted to PLN 3,049 thousand in 2014 and PLN 3,016 thousand in 2013. Moreover, when the Housing Cooperative generates a surplus during a year, the Company receives refunds. The refunds amounted to PLN 324 thousand in 2014 and PLN 205 thousand in 2013.

(all amounts in PLN thousands, unless otherwise stated)

28. Information on remuneration and benefits of the key management personnel

The management personnel of the Group is the Management Board of the parent entity. Remuneration and benefits paid or due to the key management personnel on the Management Board of WSE are as follows:

	Year ended 31 December	
	2014	**2013**
Remuneration	4,157	4,463
Bonus - long-term liability	410	368
Other benefits	695	847
Benefits after the term of service	1,554	942
Payment in shares	307	-
Total remuneration and benefits of the key management personnel	**7,123**	**6,620**

The figures above do not include remuneration of the key management personnel of the subsidiaries.

29. 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 office space and server room rental agreements subject to a termination notice of a three months, six months, twelve months and more than twelve months.

The Polish Power Exchange is a party to the lease contract of office space for a specific period ending on 31 December 2018, for which the rent to be paid in 2015 amounts to PLN 1,100 thousand.

BondSpot S.A. is a party to the lease contract of office space for a fixed period (5 years), which the rent to be paid in 2015 will amount to PLN 694 thousand.

Instytut Rynku Kapitałowego – WSE Research S.A. leases office space owned by WSE.

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

	Future minimum lease payments under irrevocable operating lease			
	Up to 1 year	**1-5 years**	**Over 5 years**	**Total**
As at 31 December 2014	6,219	8,312	8,703	**23,234**
As at 31 December 2013	6,059	14,047	8,821	**28,927**

(all amounts in PLN thousands, unless otherwise stated)

	As at 31 December 2014			
	Up to 1 year	**1-5 years**	**Over 5 years**	**Total**
WSE	3,855	3,759	8,703	**16,317**
PolPX Group	1,529	3,408	-	**4,937**
BondSpot S.A.	714	932	-	**1,646**
WSE Services S.A.	2	-	-	**2**
IRK	8	-	-	**8**
WSEInfoengine S.A.	106	213	-	**319**
IAiR	5	-	-	**5**
Total	**6,219**	**8,312**	**8,703**	**23,234**

	As at 31 December 2013			
	Up to 1 year	**1-5 years**	**Over 5 years**	**Total**
WSE	3,914	7,038	8,821	**19,773**
PolPX Group	1,100	4,937	-	**6,037**
BondSpot S.A.	694	1,599	-	**2,293**
IRK	33	-	-	**33**
WSEInfoengine S.A.	318	473	-	**791**
Total	**6,059**	**14,047**	**8,821**	**28,927**

The amounts above include VAT. All operating lease payments are denominated in PLN. WSE's annual fees for perpetual usufruct of land are PLN 118 thousand. The costs of operating leases (space rentals) are presented in Note 22.

30. Derivative financial instruments

As at 31 December 2014, BondSpot S.A. was in possession of a EUR currency forward contract for the amount of EUR 50,000. The contract was purchased on 3 December 2014 and has a maturity date of 9 January 2015. The exchange rate equals 4.1560 PLN/EUR, which amounts to PLN 207.8 thousand. As at 31 December 2014, income from the transaction amounts to PLN 5.4 thousand.

31. Dividends

Pursuant to Resolution No. 7 of the Ordinary General Meeting dated 25 July 2014, PLN 50,366 thousand of the 2013 profit was allocated to dividend by the parent entity. The dividend was paid on 26 August 2014. The dividend was PLN 1.20 per share.

Pursuant to Resolution No. 4 of the Ordinary General Meeting dated 21 June 2013, PLN 32,738 thousand of the 2012 profit was allocated to dividend by the parent entity. The dividend was paid on 26 June 2013. The dividend was PLN 0.78 per share.

32. Earnings per share

The table below presents the calculation of earnings per share.

	Year ended 31 December	
	2014	**2013**
Net profit for the period attributable to the shareholders of the parent entity	112,079	113,310
Weighted average number of ordinary shares (in thousands)	41,972	41,972
Basic and diluted earnings per share (in PLN)	**2.67**	**2.70**

33. Segment reporting

According to IFRS 8 *Operating Segments*, these consolidated financial statements disclose information on segments based on components of the entity which are monitored by managers to make operating decisions. Operating segments are components of the entity for which discrete financial information is available and whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess the Group's performance.

For management purposes, the Group is divided into segments based on the type of services provided.
Two main reporting segments are used as follows:

1) *Financial Market* segment, which covers the activity of the Group including organising trade in financial instruments on the exchange as well as related activities. The Group also engages in capital market education, promotion and information activities and organises an alternative trading system.

The Financial Market includes three sub-segments:

- Trading (mainly trading fees which depend on turnover on the exchange, fees for access to exchange systems, fees for maintenance of the broker application);
- Listing (annual securities listing fees and one-off fees for admission or introduction of securities to trading on the exchange);
- Information services (mainly revenue from information services for data vendors, historical data).

2) *Commodity Market* segment, which covers the activity of the Group including organising trade in commodities as well as related activities. The Group provides clearing and settlement on the commodity market through the company WCCH and offers exchange trade in commodities (electricity, gas) and operates the Register of Certificates of Origin of electricity through the company PolPX. The WSE Group also earns revenues from the activity of a trade operator on the electricity market.

The Commodity Market includes the following sub-segments:

- Trading (mainly revenue on the Energy Market from spot and forward transactions in electricity, revenue from spot and forward transactions in natural gas, revenue on the Property Right Market from transactions in property rights in certificates of origin in electricity);
- Operation of the Register of Certificates of Origin of electricity (revenue from issuance of property rights in certificates of origin of electricity and from cancellation of certificates of origin);
- CO_2 Allowances Market (trade in property rights in certificates of origin of electricity);
- Clearing (revenue from other fees paid by market participants (members)).

3) The segment *Other* includes activities of the Group in education and professional training of human resources for the financial market, PR services and capital market research programmes.

The segment provides the following:

- Specialised training and profiled programmes (revenues from fees for rights including licences and certificates);
- Capital Market Academy (revenues from organisation of courses, seminars, workshops, e-learning and video-learning modules);
- IR/PR services (including organisation of General Meetings, interpretation, online broadcasts and video productions through the online multimedia platform WSE Media).

The accounting policies for the operating segments are the same as the accounting policies of the WSE Group other than as described below.

Segment data for management purposes are consolidated on a pre forma basis. The Management Board monitors separately the operating results of the segments to make decisions about resources to be allocated and assess the results of their allocation and performance. Each segment is assessed up to the level of net profit or loss.

Transaction prices of transactions between the operating segments are set at arm’s length, as for transactions with non-related parties.

Exclusions include consolidation exclusions.

The Group’s business segments focus their activities on the territory of Poland.

(all amounts in PLN thousands, unless otherwise stated)

The tables below present a reconciliation of the data analysed by the Management Board of the parent entity with the data shown in these financial statements.

Information on operating segments in 2014:

	Year ended 31 December 2014				
	Financial Market[1)]	**Commodity Market[2)]**	**Other[3)]**	**Exclusions and adjustments**	**Total WSE Group[4)]**
Sales revenues (external transactions)	**202,239**	**115,765**	**1,628**	**(2,071)**	**317,561**
Financial market	**200,204**	**-**	**-**	**(242)**	**199,962**
Trading	137,795	-	-	-	137,795
Equities and equity-related instruments	105,295	-	-	-	105,295
Derivative instruments	14,821	-	-	-	14,821
Other fees paid by market participants	5,795	-	-	-	5,795
Debt instruments	11,621	-	-	-	11,621
Other cash instruments	263	-	-	-	263
Listing	23,960	-	-	-	23,960
Listing fees	19,049	-	-	-	19,049
Introduction and admission fees, other fees	4,911	-	-	-	4,911
Information services	38,449	-	-	(242)	38,207
Real-time information	36,129	-	-	(138)	35,991
Historical and statistical information and indices	2,320	-	-	(104)	2,216
Commodity market	**-**	**114,801**	**-**	**(348)**	**114,453**
Trading	-	60,469	-	(348)	60,121
Electricity	-	14,455	-	-	14,455
Spot	-	*2,386*	-	-	*2,386*
Forward	-	*12,069*	-	-	*12,069*
Gas	-	7,385	-	-	7,385
Spot	-	*659*	-	-	*659*
Forward	-	*6,726*	-	-	*6,726*
Property rights in certificates of origin	-	31,003	-	-	31,003
Other fees paid by market participants	-	7,626	-	(348)	7,278
Register of certificates of origin	-	22,473	-	-	22,473
Clearing	-	31,859	-	-	31,859
Other revenue	**2,035**	**964**	**1,628**	**(1,481)**	**3,146**
Operating expenses	(139,434)	(39,934)	(2,626)	394	(181,600)
incl. depreciation and amortisation	*(24,689)*	*(3,983)*	*(97)*	-	*(28,769)*
Profit on sales	**62,805**	**75,830**	**(998)**	**(1,677)**	**135,961**

(all amounts in PLN thousands, unless otherwise stated)

Information on operating segments in 2014 - continued:

Year ended 31 December 2014	Financial Market[1)]	Commodity Market[2)]	Other[3)]	Exclusions and adjustments	Total WSE Group[4)]
Profit/(Loss) on other operations	(233)	(689)	(1)	318	(605)
Operating profit	**62,572**	**75,142**	**(999)**	**(1,360)**	**135,356**
Profit/(Loss) on financial operations	3,812	3,274	42	(7,125)	4
including interest income	*5,868*	*3,283*	*49*	-	*9,200*
including interest expenses	*9,967*	-	-	-	*9,967*
Share of profit of associates	-	-	-	3,745	3,745
Profit before income tax	**66,384**	**78,416**	**(957)**	**(4,740)**	**139,105**
Income tax	(10,194)	(15,482)	-	(1,143)	(26,819)
Net profit	**56,190**	**62,934**	**(957)**	**(5,883)**	**112,286**

1) Includes WSE and BondSpot.
2) Includes PolPX Group, WSE IE and WSE Services.
3) Includes IRK and IAiR
4) According to the presentation in the Consolidated Statement of Comprehensive Income.

	Financial Market[1)]	Commodity Market[2)]	Other[3)]	Exclusions and adjustments	Total[4)]
As at 31 December 2014: *(not audited)*					
Total assets	750,101	204,889	4,840	64,329	1,024,159
Total liabilities	275,487	47,753	365	88	323,693
Net assets (assets - liabilities)	**474,614**	**157,136**	**4,475**	**64,241**	**700,466**

1) Includes WSE and BondSpot.
2) Includes PolPX Group, WSE IE and WSE Services.
3) Includes IRK and IAiR
4) According to the presentation in the Consolidated Statement of Financial Position.

(all amounts in PLN thousands, unless otherwise stated)

Information on operating segments in 2013:

	Year ended 31 December 2013				
	Financial Market[1)]	**Commodity Market[2)]**	**Other[3)]**	**Exclusions and adjustments**	**Total WSE Group[4)]**
Sales revenues (external transactions)	**206,760**	**76,830**	**1,226**	**(1,054)**	**283,762**
Financial market	**205,447**	**-**	**-**	**(193)**	**205,254**
Trading	147,900	-	-	-	147,900
Equities and equity-related instruments	108,424	-	-	-	108,424
Derivative instruments	21,207	-	-	-	21,207
Other fees paid by market participants	5,743	-	-	-	5,743
Debt instruments	12,339	-	-	-	12,339
Other cash instruments	186	-	-	-	186
Listing	22,289	-	-	-	22,289
Listing fees	17,184	-	-	-	17,184
Introduction and admission fees, other fees	5,105	-	-	-	5,105
Information services	35,259	-	-	(193)	35,066
Real-time information	33,327	-	-	(169)	33,158
Historical and statistical information and indices	1,932	-	-	(24)	1,908
Commodity market	**-**	**75,995**	**-**	**-**	**75,995**
Trading	-	39,906	-	-	39,906
Electricity	-	13,607	-	-	13,607
Spot	-	*2,545*	-	-	*2,545*
Forward	-	*11,062*	-	-	*11,062*
Gas	-	99	-	-	99
Spot	-	*25*	-	-	*25*
Forward	-	*74*	-	-	*74*
Property rights in certificates of origin	-	19,053	-	-	19,053
Other fees paid by market participants	-	7,147	-	-	7,147
Register of certificates of origin	-	15,605	-	-	15,605
Clearing	-	20,484	-	-	20,484
Other revenue	**1,313**	**835**	**1,226**	**(861)**	**2,513**
Operating expenses	(133,976)	(31,921)	(1,382)	1,054	(166,224)
incl. depreciation and amortisation	*(22,446)*	*(3,215)*	*(62)*	-	*(25,723)*
Profit on sales	**72,784**	**44,909**	**(156)**	**-**	**117,537**

(all amounts in PLN thousands, unless otherwise stated)

Information on operating segments in 2013 - continued:

Year ended 31 December 2013	Financial Market[1)]	Commodity Market[2)]	Other[3)]	Exclusions and adjustments	Total WSE Group[4)]
Profit/(Loss) on other operations	186	868	(3)	48	1,099
Operating profit	**72,970**	**45,777**	**(159)**	**48**	**118,636**
Profit/(Loss) on financial operations	38,269	3,688	2	(43,256)	(1,297)
including interest income	*6,378*	*2,925*	*5*	-	*9,308*
including interest expenses	*(11,658)*	-	-	-	*(11,658)*
Share of profit of associates	-	-	-	12,494	12,494
Profit before income tax	**111,239**	**49,465**	**(157)**	**(30,714)**	**129,833**
Income tax	(6,425)	(9,864)	-	-	(16,289)
Net profit	**104,815**	**39,601**	**(157)**	**(30,714)**	**113,544**

1) Includes WSE and BondSpot. Q1 2013 data of poee WSE Energy Market are excluded and shown under Commodity Market. Trade on poee WSE Energy Market was discontinued and commodity trade was concentrated on PolPX as of 31 March 2013.

2) Includes PolPX Group, WSE IE, WSE Services and Q1 2013 data of poee WSE Energy Market.

3) Includes IRK.

4) According to the presentation in the Consolidated Statement of Comprehensive Income.

	Financial Market[1)]	Commodity Market[2)]	Other[3)]	Exclusions and adjustments	Total[4)]
As at 31 December 2013:					
Total assets	741,183	129,230	770	62,619	933,802
Total liabilities	269,128	27,453	238	(1,122)	295,697
Net assets (assets - liabilities)	**472,055**	**101,777**	**532**	**63,741**	**638,105**

1) Includes WSE and BondSpot. Q1 2013 data of poee WSE Energy Market are excluded and shown under Commodity Market. Trade on poee WSE Energy Market was discontinued and commodity trade was concentrated on PolPX as of 31 March 2013.

2) Includes PolPX Group, WSE IE, WSE Services and Q1 2013 data of poee WSE Energy Market.

3) Includes IRK.

4) According to the presentation in the Consolidated Statement of Financial Position.

(all amounts in PLN thousands, unless otherwise stated)

34. WCCH Clearing Guarantee System

The clearing guarantee system operated by WCCH includes:

- **Transaction deposits** which cover cash settlement,
- **Margins** which cover positions in forward instruments,
- **Guarantee funds** which guarantee the clearing of transactions concluded on forward markets in the event of a shortage of transaction deposits and margins posted by a member,
- **Margin monitoring system** which compares the amount of liabilities of a WCCH clearing member under exchange transactions and margins with the amount of posted transaction deposits and margins.

Amounts posted as transaction deposits and margins and contributions to the clearing funds as at 31.12.2014:

	as at 31.12.2014	
	cash on IRGIT bank accounts	**cash on WCCH members's bank accounts**
transaction deposits	454,359	541,106
margins	259,961	323,397
guarantee funds	124,778	41,363

Benefits from the management of the resources of the guarantee system are added to contributions of members to individual elements of the clearing guarantee system. Such benefits are debited with management fees in amounts set by the WCCH Management Board.

Transaction deposits secure cash settlements for the delivery of exchange commodities. Transaction deposits include delivery deposits which secure transactions on forward markets and transaction limits which secure transactions on the spot market. Cash designated as transaction deposits is maintained in transaction deposit sub-accounts assigned to WCCH members in the WCCH Payment Bank or, in specific cases, in WCCH members' accounts. Similar to margins, cash in transaction deposit sub-accounts is the property of WCCH members. WCCH allows members to view the balances and statements of dedicated transaction deposit sub-accounts and to withdraw cash upon WCCH verification and authorisation.

Margins are part of the system which secures the clearing of transactions on the forward market, as are guarantee funds. Cash in margin sub-accounts is the property of WCCH members and is maintained in margin sub-accounts assigned to WCCH members in the WCCH Payment Bank or, in specific cases, in WCCH members' accounts. WCCH allows members to view all balances and operations in sub-accounts. The current margin update model supports automatic crediting and debiting of margin sub-accounts of individual WCCH members against their clearing accounts maintained in BPCI depending on the margin requirement.

Guarantee funds – WCCH creates guarantee funds which secure the execution of transactions on the energy market according to Article 68d of the Act on Trading in Financial Instruments of 29 July 2005. Two guarantee funds are currently in operation: the fund for the forward market in electricity RTEE and the fund for the forward market in gas RTG. Liabilities of WCCH clearing members under the guarantee funds are updated on the first business day of each month according to the amount of margins at the last day of the previous month taking into account a multiplier set for each month in a resolution of the Management Board. Payments are made after three days from an update. Payments are made from and to separate bank accounts maintained for WCCH for the forward market in electricity RTEE and the forward market in gas RTG. In specific cases, cash may be maintained in WCCH members' bank accounts. Fund resources are managed by an Investment Committee which has 4 members according to the Exchange Clearing House Rules. Resources of the guarantee funds are deposited as term deposits with banks whose rating is at least BBB (Fitch), provided that no more than 30% of fund resources may be deposited in one bank.

Cash from clearing guarantee system WCCH are not assets of the Group and have not been presented in the Group's cash. In order to ensure comparability, the above-mentioned cash in the part concerning the guarantee funds were also excluded from the presented statement of financial position as at 31 December 2013, as described in note 2.28.

35. Events after the balance sheet date

In February 2015, WSE signed two conditional agreements to buy 73,530 shares of the subsidiary BondSpot for PLN 307 thousand, representing 0.74% of the share capital of the company. Both transactions are conditional on the approval of the Polish Financial Supervision Authority for WSE to buy the shares.

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

Paweł Tamborski – President of the Management Board ……………………………………………..

Dariusz Kułakowski – Vice-President of the Management Board ……………………………………………..

Karol Półtorak – Vice-President of the Management Board ……………………………………………..

Mirosław Szczepański – Vice-President of the Management Board…………………………………………...

Grzegorz Zawada – Vice-President of the Management Board ……………………………………………...

Signature of the person responsible for keeping books of account:

Sylwia Sawicka – Chief Accountant ……………………………………………..

Warsaw, 20 February 2015