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

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(all amounts in PLN thousands, unless otherwise stated)

Separate Statement of Financial Position

	Note	As at 31 December 2014	As at 31 December 2013
Non-current assets		**480,087**	**496,790**
Property, plant and equipment	5	101,291	112,279
Intangible assets	6	85,496	95,439
Investment in associates	8	36,959	11,652
Investment in subsidiaries	7	252,673	253,455
Available-for-sale financial assets	10	207	20,955
Prepayments	13	3,461	3,010
Current assets		**251,636**	**225,645**
Inventories		114	166
Corporate income tax receivable		8,378	10,496
Trade and other receivables	12	22,569	23,940
Available-for-sale financial assets	10	10,503	118
Financial sssets held for sale	11	2,037	-
Cash and cash equivalents	14	208,035	190,925
TOTAL ASSETS		**731,723**	**722,435**
Equity		**458,769**	**456,483**
Share capital	15.1	63,865	63,865
Other reserves	15.2	(243)	12
Retained earnings	15.3	395,147	392,606
Non-current liabilities		**258,601**	**249,904**
Employee benefits payable	18	5,357	4,313
Liabilities on bonds issue	16	244,078	243,617
Deferred tax liability	9	9,166	1,974
Current liabilities		**14,353**	**16,048**
Trade payables	16	3,673	3,184
Other liabilities	16	1,992	3,243
Accruals and deferred income	17	943	650
Employee benefits payable	18	7,745	8,970
TOTAL EQUITY AND LIABILITIES		**731,723**	**722,435**

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

(all amounts in PLN thousands, unless otherwise stated)

Separate Statement of Comprehensive Income

	Note	Twelve-month period ended 31 December	
		2014	2013
Revenues	20	189,996	194,351
Operating expenses	21	(130,644)	(125,255)
Other income	22	580	1,629
Other expenses	22	(920)	(1,598)
Operating profit		**59,012**	**69,127**
Financial income	23	21,165	49,773
Financial expenses	23	(17,888)	(11,874)
Profit before income tax		**62,289**	**107,026**
Income tax expense	24	(9,382)	(5,641)
Net profit for the period		**52,907**	**101,385**
Other comprehensive income:			
Income to be reclassified as gains or losses		25	2,955
Net change of fair value of available-for-sale financial assets	15.2	*(170)*	*(166)*
Effective portion of change of fair value of cash flow hedges	15.2	*195*	*3,121*
Income not to be reclassified as gains or losses		*(280)*	-
Actuarial gains/(losses) on provisions against employee benefits after the term of service	15.2	*(280)*	-
Total other comprehensive income after tax		**(255)**	**2,955**
Total comprehensive income		**52,652**	**104,340**
Basic/diluted earnings per share (in PLN)		**1.26**	**2.42**

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

(all amounts in PLN thousands, unless otherwise stated)

Separate Statement of Cash Flows

	Note	Twelve-month period ended 31 December	
		2014	2013
Cash flows from operating activities:		**83,511**	**88,418**
Cash generated from operation before tax		83,511	95,085
Net profit of the period		52,907	101,385
Adjustments:		30,604	(6,300)
Income tax	24	9,382	5,641
Depreciation of property, plant and equipment	5	13,229	12,018
Amortisation of intangible assets	6	10,906	9,909
Foreign exchange gains/(losses)		(44)	(482)
(Profit)/Loss on sale of property, plant and equipment and intangible assets	22	308	124
Impairment losses on available-for-sale financial assets		7,695	-
Financial (income)/expense of available-for-sale financial assets	23	(600)	(601)
Financial income from dividends	23	(14,819)	(43,255)
Income from interest on deposits	23	(5,499)	(5,211)
Interest income on loans granted		(9)	-
Interest and premium on bonds issued		9,967	11,657
Other		(95)	6,166
Change in current assets and liabilities:		184	(2,266)
(Increase)/Decrease of inventories		*52*	*87*
(Increase)/Decrease of trade and other receivables and prepayments		*921*	*(14)*
Increase/(Decrease) of trade and other payables		*(608)*	*(632)*
Increase/(Decrease) of employee benefits payable		*(181)*	*(1,707)*
Income tax expense		-	(6,667)

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

(all amounts in PLN thousands, unless otherwise stated)

Separate Statement of Cash Flows - continued

	Note	Twelve-month period ended 31 December	
		2014	2013
Cash flows from investing activities:		**(6,711)**	**(31,756)**
Purchase of property, plant and equipment		(2,250)	(4,113)
Purchase of intangible assets		(1,281)	(63,805)
Proceeds from sale of property, plant and equipment and intangible assets		19	134
Investment in subsidiaries		(8,950)	(2,958)
Investment in associates		(15,202)	-
Acquisition of available-for-sale financial assets		-	(10,105)
Loans granted		(1,080)	-
Repayment of loans granted		1,080	-
Interest received		6,124	5,836
Interest on loans granted		9	-
Dividends received	23	14,819	43,255
Cash flows from financing activities:		**(59,734)**	**(43,797)**
Dividend paid		(50,228)	(32,600)
Interest paid	23	(9,506)	(11,197)
Net (decrease)/increase in cash and cash equivalents		**17,065**	**12,866**
Effect of movements in exchange rates on cash held		*44*	*494*
Cash and cash equivalents - opening balance		**190,925**	**177,565**
Cash and cash equivalents - closing balance		**208,035**	**190,925**

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

(all amounts in PLN thousands, unless otherwise stated)

Separate Statement of Changes in Equity

	Share capital	Other reserves	Retained earnings	Total
As at 31 December 2013	**63,865**	**12**	**392,606**	**456,483**
Dividend	-	-	(50,366)	**(50,366)**
Transactions with owners recognised directly in equity	-	-	**(50,366)**	**(50,366)**
Net profit of the year ended 31 December 2014	-	-	52,907	**52,907**
Income to be reclassified as gains or losses	-	25	-	**25**
Net change of fair value of available-for-sale financial assets	-	*(170)*	-	***(170)***
Effective portion of change of fair value of cash flow hedges	-	*195*	-	**195**
Income not to be reclassified as gains or losses	-	(280)	-	**(280)**
Actuarial gains/(losses) on provisions against employee benefits after the term of service	-	*(280)*	-	***(280)***
Total comprehensive income for the financial year ended 31 December 2014	**-**	**(255)**	**52,907**	**52,652**
As at 31 December 2014	**63,865**	**(243)**	**395,147**	**458,769**
As at 31 December 2012	**63,865**	**(2,943)**	**323,959**	**384,881**
Dividend	-	-	(32,738)	**(32,738)**
Transactions with owners recognised directly in equity	-	-	**(32,738)**	**(32,738)**
Net profit of the year ended 31 December 2013	-	-	101,385	**101,385**
Income to be reclassified as gains or losses	-	2,955	-	**2,955**
Net change of fair value of available-for-sale financial assets	-	*(166)*	-	***(166)***
Effective portion of change of fair value of cash flow hedges	-	*3,121*	-	***3,121***
Total comprehensive income for the financial year ended 31 December 2013	**-**	**2,955**	**101,385**	**104,340**
As at 31 December 2013	**63,865**	**12**	**392,606**	**456,483**

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

1. General

1.1. Legal status and scope of operations of the entity

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 with the Commercial Court in Warsaw on 25 April 1991, KRS no. 0000082312, NIP no. 526-025-09-72, Regon no. 012021984. WSE has been listed on the WSE 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 Exchange 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 in co-operation with BondSpot S.A.).

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.

As at 31 December 2014, WSE controlled 6 subsidiaries and held a stake in 3 associates.

1.2. Approval of the financial statements

Warsaw Stock Exchange is a parent entity and also prepares consolidated financial statements of the WSE Group available at www.gpw.pl

The separate financial statements were authorised for issuance by WSE's Management Board on 20 February 2015.

2. Summary of significant accounting policies

2.1. Statement of compliance

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

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

The preparation of separate financial statements in accordance with the IFRS requires making certain critical accounting estimates. It also requires the Management Board 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 Company has prepared the separate financial statements in accordance with the same accounting policies as those described in the separate financial statements for the year ended 31 December 2013 other than for changes resulting from the amendments to the IFRS described below.

Amendments to existing standards adopted by the European Union which are effective for the Company'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.

According to the Company's assessment, the amendments to the standards have no material impact on the Separate Financial Statements.

The key accounting policies applied in the preparation of these separate 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 Company 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 separate 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; • 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;	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 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 Company'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 <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**
	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

(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**
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
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

(all amounts in PLN thousands, unless otherwise stated)

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**
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
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 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**
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

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**
11. Disclosure initiative (Amendments to IAS 1 *Presentation of Financial Statements*)	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.	None of the changes are expected to have a significant impact on the financial statements of the entity.	1 January 2016

(all amounts in PLN thousands, unless otherwise stated)

2.4. 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 – for other operations.

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.

2.5. 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 and is outlined in the Consolidated Financial Statements for the year ended 31 December 2014.

2.6. 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 Note 2.8).

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 estimated useful life periods are as follows:

Property, plant and equipment type	Useful life
Buildings[1]	10-40 years
Leasehold improvements	10 years
Vehicles	5 years
Computer hardware	3-5 years
Furniture, equipment and devices	5-10 years

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

Land is not subject to depreciation.

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 Company. 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.

Property, plant and equipment under construction or development is disclosed at the cost of purchase or production less of impartment losses, if any, and is not depreciated until complete.

2.7. Intangible assets

2.7.1. Goodwill

Goodwill from acquisition is the difference between the purchase price and the fair value of the acquired net assets and identifiable contingent liabilities. After initial recognition, goodwill is disclosed at cost of purchase net of accumulated impairment losses (principle in Note 2.8). 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.

2.7.2. Other intangible assets

Other intangible assets are disclosed at cost of purchase or production net of accumulated amortisation and impairment losses (principle in Note 2.8)

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 Company. 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.

2.8. Impairment of assets

At each balance sheet date, the Company 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 Company 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 in the statement of comprehensive income.

Impairment of goodwill is not subject to reversal.

2.9. Investment in subsidiaries and associates

The Company measures investment in subsidiaries and associates at purchase cost less impairment losses.

2.10. Financial assets

2.10.1. Classification and valuation of financial assets

WSE 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 WSE transfers substantially all the risks and benefits of ownership.

Derivative financial instruments and hedge accounting

The Company 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, the 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 the Company will use to evaluate the effectiveness of the hedging instrument. Both at establishment of a hedge and subsequently on a continuous basis, the 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 Company 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 Company 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 WSE does not exercise control or exert significant influence. They are disclosed as non-current assets unless the Exchange Management Board intends 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 WSE 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 is not active (also in respect of non-listed securities), the Exchange 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

WSE 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:

- classified by the entity upon initial recognition as measured at fair value and recognised in the profit or loss;
- classified by the entity as available-for-sale; and
- 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 Company must reclassify all held-to-maturity investments as available-for-sale investments and that the Company 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 Exchange 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 WSE 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

Non-current 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. 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.

2.15. 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.

2.16. Equity

The Exchange's equity comprises:

- share capital 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 WSE carries out its operations was a hyperinflationary economy, i.e., until 31 December 1996. The effect of recalculating the appropriate equity items using the inflation ratios was reflected in retained earnings and is presented in Note 15.

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 separate 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 WSE 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, 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 Exchange 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 18.

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

The incentive system for the Company's Management Board 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 Company'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 19.

The Company pays contributions to the Employee Pension Scheme, which employees join voluntarily based on an agreement. After payment of the contributions, WSE has no further obligations to make payments in respect to the payment to the 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 the Company has a current (legal or constructive) obligation resulting from past events and it is probable that settling the obligation will result in an outflow of resources embodying economic benefits and the amount of the liability 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 WSE Management Board's best estimates of the expenditure necessary to settle the current obligation at the balance sheet date. If the effect of changes in the time value of money is material, the provision corresponds to the present value of 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 Exchange 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 WSE's core activities are provided.

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

- Financial market revenue;
- Other revenue.

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 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.

- 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 introduction to trading as well as other fees are collected from issuers.

- Revenue from information services

  Revenue from information services consist of revenue earned on the sale of stock exchange information: real-time stock exchange data and statistical and historical data in the form of a statistical e-mail 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.

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.

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, i.e., the activity for which the Company was established, which are recurring and not incidental. These include without limitation the cost of maintenance of the IT infrastructure of the trading system which supports trade in financial instruments and related activities, 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 Company 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. Leases

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

2.26.1. WSE as lessee – operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. If it is not expected that the legal title of the leased land will be transferred to the lessee before the end of the lease term of land, 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.

2.26.2. WSE 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.

3. Financial risk management

3.1. Financial risk factors

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

3.2. Market risk

3.2.1. Cash flow and fair value interest risk

The Exchange is moderately exposed to interest rate risk. WSE 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, WSE'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 WSE'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.

WSE 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 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 thousand.

WSE 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 based on interest rate reset dates and maturity of the assets, whichever is the earlier. The other financial assets, not represented in the table below, as well as financial liabilities (other than bond issue liabilities) bear no interest.

	Maturity / interest rate reset date									
		Up to 1 year								
Financial assets and liabilities as at 31 December 2014	**Total**	**Total**	**Up to 1 month**	**1 to 3 months**	**3 month to 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**Over 5 years**
Short-term bonds (fixed interest rate, available for sale)	10,503	10,503	-	-	10,503	-	-	-	-	-
Bank deposits and current accounts	208,034	208,034	199,083	-	8,951	-	-	-	-	-
Total financial assets	**218,537**	**218,537**	**199,083**	-	**19,454**	-	-	-	-	-
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									
		Up to 1 year								
Financial assets and liabilities as at 31 December 2013	**Total**	**Total**	**Up to 1 month**	**1 to 3 months**	**3 month to 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**Over 5 years**
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	-	-	-	-	-
Bank deposits and current accounts	190,923	190,923	182,214	-	8,709	-	-	-	-	-
Total financial assets	**201,661**	**191,041**	**182,214**	-	**8,827**	**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

WSE 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 1,699 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 1,475 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 Exchange's exposure to FX rates:

	As at 31 December 2014				
	PLN	**EUR***	**USD***	**GBP***	**Total**
Available-for-sale Treasury bonds**	10,503	-	-	-	**10,503**
Cash and cash equivalents	194,770	13,263	-	2	**208,035**
Trade receivables	13,801	4,360	6	-	**18,167**
Total financial assets	**219,074**	**17,623**	**6**	**2**	**236,705**
Trade payables	2,584	636	351	102	**3,673**
Liabilities on bonds issue	244,078	-	-	-	**244,078**
Dividends payable	146	-	-	-	**146**
Total financial liabilities	**246,808**	**636**	**351**	**102**	**247,897**
Net balance (assets-liabilities)	**(27,734)**	**16,987**	**(345)**	**(100)**	**(11,192)**

** The amounts converted do PLN at the rate as at balance sheet date.*
*** Includes interests.*

(all amounts in PLN thousands, unless otherwise stated)

	As at 31 December 2013				
	PLN	EUR*	USD*	GBP*	Total
Available-for-sale Treasury bonds**	10,738	-	-	-	**10,738**
Cash and cash equivalents	164,357	11,583	-	14,985	**190,925**
Trade receivables	17,030	4,191	-	-	**21,221**
Total financial assets	**192,125**	**15,774**	**-**	**14,985**	**222,884**
Trade payables	2,009	1,027	-	148	**3,184**
Liabilities on bonds issue	243,617	-	-	-	**243,617**
Dividends payable	138	-	-	-	**138**
Total financial liabilities	**245,764**	**1,027**	**-**	**148**	**246,939**
Net balance (assets-liabilities)	**(53,639)**	**14,747**	**-**	**14,837**	**(24,055)**

** The amounts converted do PLN at the rate as at balance sheet date.*
*** Includes interests.*

3.2.3. Price risk

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

Debt securities purchased by WSE 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 WSE counterparty's default of payments 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 WSE Management Board by performing assessment of counterparties' credibility.

Resolutions of the WSE Management Board which are binding in the Company 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 WSE Management Board, the portfolio of debt securities comprises only securities issued or guaranteed by the State Treasury (rating A2 according to Moody's). In this way, exposure to the risk of potential loss is mitigated.

In the case of banks and financial institutions (for term deposits, bank accounts and buy-sell-back transactions), only entities with a high rating and stable market position are acceptable (i.e., Moody's rating higher than Baa2). As at 31 December 2014, the Company held bank deposits and current accounts only with banks rated higher than Baa2 by Moody's.

(all amounts in PLN thousands, unless otherwise stated)

The maximum exposure of the Exchange to credit risk is reflected in the carrying value of trade receivables, loans granted, bank deposits held and the value of the portfolio of purchased debt securities. The concentration of risks of deliveries of goods and services is limited by the large number of suppliers. Credit risk of cash and bank deposits is considered by the Company to be low.

The table below presents WSE's exposure to credit risk:

	As at	
	31 December 2014	**31 December 2013**
Trade receivables and other receivables (included in financial assets)	18,167	21,220
Debt securities (available-for-sale Treasury bonds and bills)	10,503	10,738
Bank deposits and current accounts (included in cash and cash equivalents)	208,035	190,923
Total	**236,705**	**222,881**

3.4. Liquidity risk

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

An analysis of the structure of WSE's assets shows a considerable share of liquid assets and, thus, a very good position of WSE in terms of liquidity. Cash and cash equivalents and debt securities of WSE amounted to PLN 218,537 thousand as at 31 December 2014 (PLN 201,661 thousand as at 31 December 2013), representing 29.58% of the total assets as at 31 December 2014 (27.89% as at 31 December 2013).

An analysis of the structure of liabilities shows the following share of equity in the financing of the operations of WSE: equity accounted for 62.63% of total liabilities and equity as at 31 December 2014 (62.85% as at 31 December 2013).

The WSE Management Board monitors, on an on-going basis, forecasts of WSE liquidity on the basis of contractual cash flows, based on the current interest rates.

A 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	199,084	8,951	-	-	-	-	**208,035**
Trade receivables	14,874	3,293	-	-	-	-	**18,167**
Total assets	**213,958**	**12,244**	**-**	**10,625**	**-**	**-**	**236,827**
Trade payables	3,575	98	-	-	-	-	**3,673**
Liabilities on bonds issue	-	-	3,920	3,969	252,938	-	**260,827**
Dividends payable	146	-	-	-	-	-	**146**
Total liabilities	**3,721**	**98**	**3,920**	**3,969**	**252,938**	**-**	**264,646**
Liquidity surplus/gap	**210,237**	**12,146**	**(3,920)**	**6,656**	**(252,938)**	**-**	**(27,819)**

(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	182,216	-	-	8,709	-	-	**190,925**
Trade receivables	17,794	3,427	-	-	-	-	**21,220**
Total assets	**200,010**	**3,427**	**-**	**9,334**	**10,625**	**-**	**223,396**
Trade payables	3,184	-	-	-	-	-	**3,184**
Liabilities on bonds issue	-	-	4,729	4,802	264,110	-	**273,641**
Dividends payable	138	-	-	-	-	-	**138**
Total liabilities	**3,322**	**-**	**4,729**	**4,802**	**264,110**	**-**	**276,963**
Liquidity surplus/gap	**196,688**	**3,427**	**(4,729)**	**4,532**	**(253,485)**	**-**	**(53,567)**

3.5. Capital management

WSE considers equity as its capital. The equity maintained is compliant with the Commercial Companies Code and the Act on Trading in Financial Instruments.

WSE's objective when managing capital is to safeguard WSE's ability to continue as a going concern in order to provide returns to the shareholders and benefits to other stakeholders. WSE maintains sufficient liquidity to pay its liabilities in a timely manner. The risk of delays in timely payment of liabilities is minimal.

WSE's capital management policy also impacts the annually reviewed assumptions of WSE's policy of using liquid financial resources. These form the basis of the rules of conduct in this regard in a given financial year defined by the WSE Management Board.

The basic criteria for selecting financial instruments and their structure are the security of investments and, secondly, their profitability due to the fact that WSE is an institution of a public trust. WSE invests its free cash in highly liquid short-term instruments (bank deposits, repo transactions in Treasury bills, Treasury bills and bonds) and long-term instruments (Treasury bonds). The cash invested in short-term instruments is maintained at a level which ensures payment of the amounts due resulting from WSE's current operations, payment of the dividend and investment expenditures. The results of cash management are reported to the WSE Management Board on an on-going basis.

3.6. Hedge accounting

The WSE Management Board 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 the 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: 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 WSE Management Board are believed to be reasonable in the given situation.

(all amounts in PLN thousands, unless otherwise stated)

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

The Company determines the estimated economic useful life and depreciation and amortisation rates for property, plant and equipment and intangible assets. These estimates are based on the anticipated periods for using the individual groups of property, plant and equipment and intangible assets. The adopted economic useful life may undergo considerable changes as a result of new technological solutions appearing on the market, plans of the WSE Management Board 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 Note 2.10.2., and detailed information on allowances made for trade receivables is presented in Note 12.

4.3. Provisions

WSE creates provisions when the Company has 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. WSE creates provisions based on the best estimates of the Management Board of the Company 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 Board of the Company is presented in Notes 17 and 18.

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	**87,212**	**24,060**	**916**	**91**	**112,279**
Additions	-	-	-	2,250	**2,250**
Reclassification	170	1,247	22	(1,440)	**0**
Disposals	-	(6)	(4)	-	**(10)**
Depreciation charge	(2,995)	(9,932)	(302)	-	**(13,229)**
Net carrying value - closing balance	**84,388**	**15,369**	**632**	**902**	**101,291**
As at 31 December 2014:					
Gross carrying value	121,095	72,598	4,906	902	**199,501**
Accumulated depreciation	(36,707)	(57,229)	(4,275)	-	**(98,211)**
Net carrying value	**84,388**	**15,369**	**632**	**902**	**101,291**

(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	**89,623**	**14,461**	**1,054**	**23,872**	**129,010**
Additions	-	-	-	4,113	**4,113**
Reclassification	464	18,427	264	(27,893)	**(8,738)**
Disposals	-	(82)	(6)	-	**(88)**
Depreciation charge	(2,875)	(8,745)	(397)	-	**(12,018)**
Net carrying value - closing balance	**87,212**	**24,060**	**916**	**91**	**112,279**
As at 31 December 2013:					
Gross carrying value	120,588	72,925	5,026	91	**198,630**
Accumulated depreciation	(33,376)	(48,865)	(4,110)	-	**(86,351)**
Net carrying value	**87,212**	**24,060**	**916**	**91**	**112,279**

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	**94,477**	**961**	**-**	**95,439**
Additions	1,083	198	-	**1,281**
Reclassification	(318)	-	-	**(318)**
Amortisation charge	(10,344)	(562)	-	**(10,906)**
Net carrying value - closing balance	**84,899**	**597**	**-**	**85,496**
As at 31 December 2014:				
Gross carrying value	166,841	3,594	7,946	**178,380**
Impairment	-	-	(7,946)	(7,946)
Accumulated amortisation	(81,941)	(2,997)	-	**(84,938)**
Net carrying value	**84,899**	**597**	**-**	**85,496**

(all amounts in PLN thousands, unless otherwise stated)

	Year ended 31 December 2013			
	Licences	**Copyrights**	**Goodwill**	**Total**
Net carrying value - opening balance	**33,834**	**1,549**	**-**	**35,383**
Additions	69,932	32	-	**69,964**
Amortisation charge	(9,289)	(620)	-	**(9,909)**
Net carrying value - closing balance	**94,477**	**961**	**-**	**95,439**
As at 31 December 2013:				
Gross carrying value	166,496	3,396	7,946	**177,839**
Impairment	-	-	(7,946)	**(7,946)**
Accumulated amortisation	(72,019)	(2,435)	-	**(74,454)**
Net carrying value	**94,477**	**961**	**-**	**95,439**

The UTP trading system licence presented under licences 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.

7. Investment in subsidiaries

WSE held investments in the following subsidiaries as at 31 December 2014: Towarowa Giełda Energii S.A. ("Polish Power Exchange", "PolPX"), BondSpot S.A., WSEInfoEngine S.A. ("WSE IE"), Instytut Rynku Kapitałowego – WSE Research S.A. ("IRK"), WSE Services S.A. and Instytut Analiz i Ratingu S.A. The stake in WSE IE and IRK as at 31 December 2014 was reclassified to assets held for sale, see Note 11.

WSE held investments in the following subsidiaries as at 31 December 2013: Towarowa Giełda Energii, BondSpot S.A., WSEInfoEngine S.A., Instytut Rynku Kapitałowego – WSE Research S.A. and WSE Services S.A.

(all amounts in PLN thousands, unless otherwise stated)

The tables below present WSE's investment in subsidiaries as at 31 December 2014 and 31 December 2013.

As at 31 December 2014

	Value at cost	Revaluation	Impairment	Carrying value	Number of shares	% stake in equity	% votes	Net profit/loss for 2014
Towarowa Giełda Energii S.A.	214,582	-	-	214,582	14,500,000	100.00	100.00	66,224
BondSpot S.A.	32,683	-	-	32,683	9,295,679	92.96	92.96	3,283
WSE Services S.A.	1,309	-	-	1,309	26,180	100.00	100.00	(299)
Instytut Analiz i Raitingu S.A.	4,100	-	-	4,100	4,100	100.00	100.00	(528)
Total	**252,673**	-	-	**252,673**				**68,680**

As at 31 December 2013

	Value at cost	Revaluation	Impairment	Carrying value	Number of shares	% stake in equity	% votes	Net profit/loss for 2013
Towarowa Giełda Energii S.A.	214,582	-	-	214,582	14,500,000	100.00	100.00	41,848
BondSpot S.A.	32,683	-	-	32,683	9,295,679	92.96	92.96	3,315
WSE Services S.A.	109	-	-	109	2,000	100.00	100.00	(15)
WSEInfoEngine S.A.	5,445	-	-	5,445	5,445	100.00	100.00	(2,118)
Instytut Rynku Kapitałowego - - WSE Research S.A.	1,637	-	(1,000)	637	3,274	100.00	100.00	(157)
Total	**254,455**	-	**(1,000)**	**253,455**				**42,873**

Instytut Analiz i Ratingu S.A. (IAiR) was established by a notary deed of 20 June 2014. The share capital of the company includes 4,100,000 registered ordinary shares with a nominal value of PLN 1 per share. WSE's stake in the share capital and total vote of IAiR was 100% as at 31 December 2014. IAiR was established to close the gap in the domestic rating offer for small and medium-sized enterprises, which should enhance the credibility and transparency of the non-Treasury debt market.

WSEInfoEngine S.A. provides services to energy market participants. The Company operates the OTC commodity trading platform InfoEngine OTC and provides energy services to energy market participants. The share capital of WSEInfoEngine was increased by PLN 600 thousand on 9 January 2014. The share capital of the company was increased by another PLN 2,250 thousand on 20 June 2014. The share capital of WSEInfoEngine S.A. stood at PLN 8,295 thousand as at 31 December 2014. WSE's stake in the share capital and total vote of WSEInfoEngine was 100% as at 31 December 2014.

The WSE Management Board has an intention to concentrate commodity market assets in the PolPX Group and to sell all/part of the shares of the subsidiary WSEInfoEngine S.A. (WSEIE) to a PolPX subsidiary is being considered . As a result, the stake in WSE IE was moved from investment in subsidiaries to assets held for sale (Note 11). The stake in WSE IE is expected to be sold in the first half of 2015.

IRK S.A. provides IR/PR support services to companies listed on WSE and owns an online multimedia platform which supports communication among capital market participants (WSE Media). The share capital of the company was increased by PLN 800 thousand on 2 June 2014. The share capital of IRK S.A. stood at PLN 2,437 thousand as at 31 December 2014. WSE's stake in the share capital and total vote of IRK was 100% as at 31 December 2014.

The Exchange Management Board consider sales of WSE's subsidiary Instytut Rynku Kapitałowego – WSE Research S.A. (IRK) and the sale is expected in the first half of 2015. As a result, the stake in IRK was moved from investment in subsidiaries to assets held for sale (Note 11).

WSE Services S.A. (formerly WSE Commodities S.A.) will provide back-office services (including financial and IT services) to WSE Group companies. The share capital of the company was increased by PLN 200 thousand on 18 April 2014. The share capital of the company was increased by another PLN 1,000 thousand on 30 June 2014. The share capital of WSE Services stood at PLN 1,300 thousand as at 31 December 2014. WSE's stake in the share capital and total vote of WSE Services was 100% as at 31 December 2014.

8. Investment in associates

WSE 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. WSE 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 Company took up 153,609 new issue shares of Aquis Exchange Limited representing 18.51% of the share capital. Aquis Exchange was established in the UK in 2012 and offers a pan-European market in shares on a multilateral trading platform.

On 12 February 2014, WSE received the consent of the UK Financial 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 acquired another 230,416 shares representing 17.72% of the share capital of Aquis Exchange Limited.

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. The stake measured under the equity method was PLN 17,720 thousand as at 31 December 2014.

Aquis Exchange Limited posted a loss of PLN 22,165 thousand for the period from 18 February 2014 (date of gaining significant influence) 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.

(all amounts in PLN thousands, unless otherwise stated)

The tables below present WSE's investment in associates as at 31 December 2014 and 31 December 2013.

As at 31 December 2014

	Value at cost	Revaluation	Impairment	Carrying value	Number of shares	% stake in equity	% votes	Net profit/loss for 2014
KDPW S.A.	7,000	-	-	7,000	7,000	33.33	33.33	31,233
Centrum Giełdowe S.A.	4,652	-	-	4,652	46,506	24.79	24.79	1,545
Aquis Exchange Limited	25,307	-	-	25,307	384,025	36.23	30.00	(22,165)
Total	**36,959**	**-**	**-**	**36,959**				**10,613**

As at 31 December 2013

	Value at cost	Revaluation	Impairment	Carrying value	Number of shares	% stake in equity	% votes	Net profit/loss for 2013
KDPW S.A.	7,000	-	-	7,000	7,000	33.33	33.33	36,078
Centrum Giełdowe S.A.	4,652	-	-	4,652	46,506	24.79	24.79	1,890
Total	**11,652**	**-**	**-**	**11,652**				**37,968**

(all amounts in PLN thousands, unless otherwise stated)

9. Deferred tax

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

	Twelve-month period ended 31 December	
	2014	**2013**
Deferred tax assets (net) - opening balance	**1,974**	**(2,570)**
(Charged to) / Recognition in the financial statement	7,252	3,851
(Charged to) / Recognition in other comprehensive income	(60)	693
Deferred tax assets (net) - closing balance	**9,166**	**1,974**

Deferred tax assets (before netting) are as follows:

	As at	
	31 December 2014	**31 December 2013**
Unused holiday	(299)	(292)
Jubilee bonuses and retirement benefits	(956)	(973)
Annual and merit awards	(1,063)	(1,225)
Impairment on interests	(2,594)	(1,127)
Interest paid on bonds purchase	(27)	(27)
Impairment allowance for receivables	(96)	(379)
Advisory services	(35)	-
Other	(250)	(1,000)
Hedge accounting	(62)	(108)
Actuarial valuation of provisions against employee benefits after the term of service	(66)	-
Total deferred tax assets	**(5,448)**	**(5,131)**

Deferred tax liabilities (before netting) are as follows:

	As at	
	31 December 2014	**31 December 2013**
Financial income	296	313
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	**14,614**	**7,105**

(all amounts in PLN thousands, unless otherwise stated)

10. Available-for-sale financial assets

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

	Twelve-month period ended 31 December	
	2014	**2013**
Opening balance	**21,073**	**11,301**
Additions (purchase of Treasury bonds and bills and valuation of discount, premium and interests)	(25)	10,081
Reclassification from portfolio of available-for-sale financial assets*	(10,105)	-
Change in fair value - recognised in total comprehensive income	(233)	(308)
- 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
Not listed on the active market	-	10,105
Total available-for-sale financial assets	**10,710**	**21,073**

WSE 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
Interest:	207	10,335
S.C. SIBEX - Sibiu Stock Exchange S.A.	*207*	*230*
Aquis Exchange Limited	-	*10,105*
Fixed-rate Treasury bonds	-	10,620
Long-term financial assets	**207**	**20,955**
Fixed-rate Treasury bonds	10,503	*118*
Short-term financial assets	**10,503**	**118**
Total long-term and short-term financial assets	**10,710**	**21,073**

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

	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 shares of Innex are not listed on any market and, consequently, it is not possible to sell them in the short term. The financial results of Innex for 2014 do not meet the conditions of reversal of the impairment loss for the shares of Innex as at 31 December 2014.

S.C. SIBEX – Sibiu Stock Exchange S.A. (SIBEX) 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.

(all amounts in PLN thousands, unless otherwise stated)

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	2,244	2,244	207	-	2,037	2,244
Sibex	*207*	*207*	*207*	-	-	***207***
WSE IE	*1,500*	*1,500*	-	-	*1,500*	***1,500***
IRK	*537*	*537*	-	-	*537*	**537**
Total	**12,747**	**12,747**	**10,710**	**-**	**2,037**	**12,747**

	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**

11. Assets held for sale

Assets held for sale as at 31 December 2014 were as follows:

	As at 31 December 2014							
	Value at cost	**Revaluation**	**Impairment**	**Carrying value**	**Number of shares**	**% stake in equity**	**% votes**	**Net profit/loss for 2014**
WSEInfoEngine S.A.	8,295	-	(6,795)	1,500	8,295	100.00	100.00	(2,990)
Instytut Rynku Kapitałowego - WSE Research S.A.	2,437	-	(1,900)	537	4,874	100.00	100.00	(429)
Razem	**10,732**	**-**	**(8,695)**	**2,037**				**(3,419)**

The WSE Management Board has an intention to concentrate commodity market assets in the PolPX Group and to sell all/part of the shares of the subsidiary WSEInfoEngine S.A. (WSEIE) to a PolPX subsidiary is being considered . The Exchange Management Board expects that the stake will be sold in the first half of 2015 at the carrying value of net assets at ca. PLN 1.5 million, which in the opinion of the Company equals the fair value of the stake less the cost of sale. As a result, impairment losses of PLN 6,795 thousand were recognised in WSE's financial statements. The impairment losses were recognised under financial expenses of the Company.

The impairment losses were due to negative financial results in 2013-2014 and lack of prospects of profits that would justify the carrying value of the stake.

(all amounts in PLN thousands, unless otherwise stated)

The Exchange Management Board consider sales of WSE's subsidiary Instytut Rynku Kapitałowego – WSE Research S.A. (IRK) and the sale is expected in the first half of 2015. The carrying value of WSE's stake in IRK was PLN 2,437 thousand at cost as at 31 December 2014, which is more than the estimated fair value less the cost of sale of the stake at PLN 537 thousand.

As a result, impairment losses of PLN 900 thousand were recognised in WSE's financial statements for the year 2014, and impairment losses of PLN 1 000 thousand were recognised in WSE's financial statements for the year 2012. The impairment losses were recognised under financial expenses of the Company.

The impairment losses were due to negative financial results in a long period and lack of prospects of profits that would justify the carrying value of the stake.

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

12. Trade and other receivables

Trade and other receivables include the following:

	As at	
	31 December 2014	**31 December 2013**
Gross trade receivables	*19,678*	*23,668*
Impairment allowances for receivables	*(1,511)*	*(2,448)*
Net trade receivables	18,167	21,220
Total financial assets	**18,167**	**21,220**
Short-term prepayments	2,846	2,591
Other receivables and advance payments	1,556	129
Total non-financial assets	**4,402**	**2,720**
Total trade and other receivables	**22,569**	**23,940**

12.1. Trade receivables

Trade receivables by credit quality are as follows:

	As at	
	31 December 2014	**31 December 2013**
Total gross trade receivables	**19,678**	**23,668**
Current receivables (no impairment)	**16,499**	**19,047**
Overdue trade receivables	**3,179**	**4,621**
Receivables overdue at reporting date without impairment	1,668	2,173
1 to 30 days	*768*	*844*
31 to 60 days	*324*	*168*
61 to 90 days	*208*	*455*
Over 90 days	*368*	*706*
Impaired receivables	1,511	2,448

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	12,620	14,352
Issuers*	591	822
Other*	3,288	3,873
Total	**16,499**	**19,047**

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 WSE 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 grudnia 2014 r.	**31 December 2013**
Aa	109	151
A	3,358	4,943
Baa	5,231	4,733
Ba	854	790
B	15	19
No rating	3,053	3,716
Total	**12,620**	**14,352**

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

Other trade receivables include mainly fees for information services and other sales. Other trade receivables as at 31 December 2014 comprised receivables from ca. 104 clients, out of which ca. 29% were foreign clients (as at 31 December 2013: ca. 126 clients, foreign clients – ca. 34%).

As at 31 December 2014, gross trade receivables at PLN 3,179 thousand (31 December 2013 – PLN 4,621 thousand) were overdue. Of this amount, overdue receivables from debtors in bankruptcy were at PLN 991 thousand (31 December 2013 – PLN 611 thousand) and other past due receivables were PLN 2,188 thousand (31 December 2013 – PLN 4,011 thousand).

As at 31 December 2014, trade receivables which were overdue and impaired amounted to PLN 1,511 thousand (PLN 2,448 thousand as at 31 December 2013). The balance includes PLN 991 thousand of receivables from bankrupt debtors and PLN 520 thousand of other overdue receivables (as at 31 December 2013: PLN 661 thousand of receivables from bankrupt debtors and PLN 1,836 thousand of other overdue receivables).

(all amounts in PLN thousands, unless otherwise stated)

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

	Twelve-month period ended 31 December	
	2014	**2013**
Opening balance	**2,448**	**1,123**
Initial impairment allowances	987	1,385
Receivables written off during the period as uncollectible	(1,348)	-
Reversal of impairment allowance	(576)	(60)
Closing balance	**1,511**	**2,448**

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.

WSE 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	12,885	14,879
Foreign receivables	6,793	8,789
Total	**19,678**	**23,668**

In the opinion of the WSE Management Board, due to the trade receivables due date (60 days), the fair value of those receivables is close to their book value.

13. Long-term prepayments

As at 31 December 2014, long-term prepayments amounted to PLN 3,461 thousand (as at 31 December 2013: PLN 3,010 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 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 Note 12.

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

(all amounts in PLN thousands, unless otherwise stated)

14. Cash and cash equivalents

Cash and cash equivalents include the following:

	As at	
	31 December 2014	31 December 2013
Cash	1	2
Current accounts	27,439	1,087
Bank deposits	180,595	189,836
Total cash and cash equivalents	**208,035**	**190,925**

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 fair value is equal to the carrying amount. The average maturity of such deposits was 12 days in 2014 (7 days in 2013).

15. Equity

Equity of WSE includes the following:

	As at	
	31 December 2014	31 December 2013
Share capital	63,865	63,865
Other reserves	(243)	12
Retained earnings	395,147	392,606
Total equity	**458,769**	**456,483**

15.1. Share capital

The share capital of WSE includes the following:

	As at	
	31 December 2014	31 December 2013
Share capital	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 the parent entity 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 Company as at 31 December 2014 and 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%**

15.2. Other reserves

Other reserves include the following:

	As at 31 December 2013	**Changes due to revaluation and sale**	**As at 31 December 2014**
Capital arising from available-for-sale financial assets:	**470**	**(170)**	**300**
Revaluation	579	(210)	369
Deferred tax	(109)	40	(69)
Capital arising from hedge accounting:	**(458)**	**195**	**(263)**
Revaluation	(566)	242	(324)
Deferred tax	108	(47)	61
Capital arising from actuarial gains/losses:	**-**	**(280)**	**(280)**
Revaluation	-	(346)	(346)
Deferred tax	-	66	66
Total revaluation reserve	**12**	**(255)**	**(243)**

(all amounts in PLN thousands, unless otherwise stated)

15.3. 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 2013	**37,020**	**275,494**	**(21,293)**	**101,385**	**392,606**
Distribution of the profit for the year ended 31 December 2013	-	51,019	50,366	(101,385)	-
Dividend	-	-	(50,366)	-	(50,366)
Profit for the twelve-month period ended 31 December 2014	-	-	-	52,907	52,907
As at 31 December 2014	**37,020**	**326,513**	**(21,293)**	**52,907**	**395,147**

	Reserve capital	Other reserves	Retained earnings	Profit for the period	Total
As at 31 December 2012 r.	**37,020**	**243,274**	**(21,893)**	**65,558**	**323,959**
Distribution of the profit for the year ended 31 December 2012	-	32,220	33,338	(65,558)	-
Dividend	-	-	(32,738)	-	(32,738)
Profit for the year ended 31 December 2013	-	-	-	101,385	101,385
As at 31 December 2013	**37,020**	**275,494**	**(21,293)**	**101,385**	**392,606**

As required by the Commercial Companies Code, which is binding upon the Company, the amounts to be divided between the shareholders may not exceed the net profit reported for the last financial year plus retained earnings, less 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.

The net profit, which is the basis of the dividend payment for 2013, was calculated according to International Financial Reporting Standards ("IFRS") as adopted by the European Union.

As required by the Articles of Association of WSE, reserve capital is earmarked for covering losses that may arise in the operations of the Company and for supplementing the share capital or for payment of dividends. 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 Company to ensure the ability of financing investments and other expenses connected with the operations of the Company. Reserves can be used towards share capital or payment of dividends.

(all amounts in PLN thousands, unless otherwise stated)

16. Trade payables and other liabilities

Trade payables and other liabilities include the following:

	As at	
	31 December 2014	31 December 2013
Trade payables	3,523	3,010
Payables to subsidiaries and associates	150	174
Dividends payable	146	138
Long-term liabilities on bonds issue	244,078	243,617
Total financial liabilities	**247,897**	**246,939**
Payables from other statutory settlements	1,764	2,953
Other liabilities	82	153
Total other liabilities	**1,846**	**3,106**
Total trade payables and other liabilities	**249,743**	**250,045**

According to the WSE Management Board, due to the short due dates of trade payables, the fair value of trade payables equals their book value.

On 5 December 2011, the WSE Management Board 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. The 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.

17. Accruals and deferred income

	As at	
	31 December 2014	31 December 2013
Other income	**279**	**12**
Deferred income	**279**	**12**
Audit	110	141
Promotion	20	91
Advisory	415	-
Other services	120	407
Accruals	**664**	**638**
Total accruals and deferred income	**943**	**650**

Accruals and deferred include mainly deferred income from annual fees, as well as accrued expenses.

(all amounts in PLN thousands, unless otherwise stated)

18. 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	**5,357**	**4,313**
Retirement benefits and jubilee awards	4,473	3,908
Other	884	405
Short-term	**7,745**	**8,970**
Retirement benefits and jubilee awards	905	1,213
Other	6,840	7,757
Total	**13,102**	**13,283**

18.1 Liabilities under retirement benefits and jubilee awards

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

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	2,524	1,959
Jubilee awards	2,854	3,162
Total	**5,378**	**5,121**
Long-term	*4,473*	*3,908*
Short-term	*905*	*1,213*

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

	Twelve-month period ended 31 December	
	2014	**2013**
Retirement benefits	273	510
Jubilee awards	788	572
Total	**1,061**	**1,082**

(all amounts in PLN thousands, unless otherwise stated)

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

	Twelve-month period ended 31 December	
	2014	**2013**
Retirement benefits and jubilee awards	346	-
Total	**346**	**-**

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. All calculations were prepared by an actuary.

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.

Change of liabilities under retirement benefits and jubilee awards:

	Retirement benefits	Jubilee awards	2014	Retirement benefits	Jubilee awards	2013
As at 1 January	**1,959**	**3,162**	**5,121**	**2,138**	**2,997**	**5,135**
Current cost of employment	195	416	**611**	187	427	**614**
Interest cost	78	126	**205**	77	108	**185**
Actuarial gains/(losses) recognised in other comprehensive income:	346	245	**591**	(246)	37	**(209)**
- due to changes of financial assumptions	513	189	**702**	(97)	(44)	**(141)**
- do to changes of demographic assumptions	-	-	-	3	1	**4**
- due to changes of other assumptions	(167)	56	**(111)**	(152)	80	**(72)**
Total recognised in comprehensive income	**620**	**788**	**1,407**	**18**	**572**	**590**
Benefits paid	(55)	(1,096)	**(1,150)**	(197)	(408)	**(604)**
As at 31 December	**2,524**	**2,854**	**5,378**	**1,959**	**3,162**	**5,121**

(all amounts in PLN thousands, unless otherwise stated)

The main actuarial assumptions at dates ending the reporting periods:

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

Sensitivity analysis

A sensitivity analysis was carried out as at 31 December 2014 to measure the sensitivity of the results of the actuarial valuation to changes of valuation assumptions including the discount rate and the expected change of the base of retirement benefits and jubilee awards.

Sensitivity analysis: +/- 0.5 p.p. change of the discount rate:

	Carrying value of provisions	Carrying value of provisions at discount rate of 1.8%	Carrying value of provisions at discount rate of 2.8%
Retirement benefits	2,524	2,713	2,354
Jubilee awards	2,854	2,915	2,796
Total	**5,378**	**5,629**	**5,150**
Change of carrying value		**250**	**(229)**

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 3% change in the base of benefits	Carrying value of provisions at 4% change in the base of benefits
Retirement benefits	2,524	2,351	2,715
Jubilee awards	2,854	2,794	2,916
Total	**5,378**	**5,145**	**5,631**
Change of carrying value		**(233)**	**253**

(all amounts in PLN thousands, unless otherwise stated)

18.2 Liabilities under other employee benefits

The table below presents changes to current and non-current liabilities in respect of other employee benefits 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	6,043	4,837	(6,037)	-	**4,843**
Benefits after the term of service	165	-	(165)	-	**-**
Holiday leave not used	1,538	37	-	-	**1,575**
Overtime	-	2	-	-	**2**
Car allowance	10	12	(10)	-	**12**
Reorganisation severance pay	-	408	-	-	**408**
Total short-term other employee benefits payable	**7,757**	**5,296**	**(6,212)**	**-**	**6,840**
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	**8,162**	**6,179**	**(6,212)**	**(405)**	**7,724**

	As at 1 January 2013	Set up	Used	Released	As at 31 December 2013
Short-term liabilities					
Annual and discretionary awards	7,912	6,043	(7,912)	-	**6,043**
Benefits after the term of service	-	165	-	-	**165**
Holiday leave not used	1,843	-	(305)	-	**1,538**
Overtime	12	-	(12)	-	**-**
Car allowance	8	10	(8)	-	**10**
Other provisions	-	-	-	-	**-**
Total short-term other employee benefits payable	**9,776**	**6,218**	**(8,237)**	**-**	**7,757**
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	**9,854**	**6,596**	**(8,266)**	**(22)**	**8,162**

(all amounts in PLN thousands, unless otherwise stated)

19. Incentive programme

2014 Incentive Programme for Management Board Members

In 2014, following the appointment of the new 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.

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 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 provisions were created according to the Rules of the Incentive Programme for the Management Board Members described above.

(all amounts in PLN thousands, unless otherwise stated)

20. Sales revenue

The table below presents sales revenue by business segment.

	Twelve-month period ended 31 December	
	2014	**2013**
Financial market	**187,973**	**192,907**
Trading	126,472	135,985
Listing	23,297	21,848
Information services	38,204	35,075
Commodity market	**-**	**131**
Trading	-	131
Other revenue	**2,023**	**1,313**
Total sales revenue	**189,996**	**194,351**

Revenue by geographic distribution was as follows:

	Twelve-month period ended 31 December 2014	Share (%)	Twelve-month period ended 31 December 2013	Share (%)
Revenue from foreign customers	55,237	29%	52,147	27%
Revenue from local customers	134,760	71%	142,204	73%
Total	**189,996**	**100%**	**194,351**	**100%**

21. Operating expenses

The table below presents operating expenses by category.

	Twelve-month period ended 31 December	
	2014	**2013**
Depreciation and amortisation	24,135	21,927
Salaries	33,863	32,002
Other employee costs	9,312	9,143
Rent and other maintenance fees	8,327	8,670
Fees and charges	20,516	19,095
incl. fees paid to PFSA	*21,054*	*18,249*
External service charges	30,292	28,829
Other operating expenses	4,200	5,589
Total operating expenses	**130,644**	**125,255**

(all amounts in PLN thousands, unless otherwise stated)

21.1. Salaries and other employee costs

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

	Twelve-month period ended 31 December	
	2014	**2013**
Wages and salaries	30,674	29,904
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	**33,863**	**32,002**

	Twelve-month period ended 31 December	
	2014	**2013**
Social security costs	4,359	3,791
Retirement benefit costs - defined benefit plans	(89)	(14)
Retirement benefit costs - defined contribution plans	1,383	1,638
Other current service benefits (including medical services, lunch subsidies, Social Benefit Fund)	3,659	3,728
Total other employee costs	**9,312**	**9,143**

The Exchange 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 18).

The Exchange offers its employees defined contribution plans (Employee Pension Scheme). 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.

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 19).

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; from 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).

(all amounts in PLN thousands, unless otherwise stated)

21.2. External service charges

The table below presents external service charges by category.

	Twelve-month period ended 31 December	
	2014	2013
Fixed assets maintenance	10,563	10,670
Security	993	996
Data transmission lines	4,908	5,120
Phone and mobile phone services	433	543
Software modification	608	722
Information services	962	659
Promotion, education and market development	4,904	3,834
Market liquidity support	836	1,010
Advisory and audit services	3,583	2,025
Legal and translation services	497	1,132
Transportation services	82	301
Lease fees	335	347
Cleaning services	372	368
Training	294	213
Mail fees	46	34
Bank fees	44	52
KDPW fees	31	37
Other	802	764
Total external service charges	**30,292**	**28,829**

21.3. Other operating expenses

The table below presents other operating expenses by category.

	Twelve-month period ended 31 December	
	2014	2013
Consumption of materials and energy	2,302	3,707
Membership fees	294	405
Property insurance	247	163
Impairment of perpetual usufruct	106	111
Business trips	853	688
Conferences	172	175
Other	226	340
Total other operating expenses	**4,200**	**5,589**

(all amounts in PLN thousands, unless otherwise stated)

22. Other income and expenses

22.1. Other income

Other income includes the following:

	Twelve-month period ended 31 December	
	2014	**2013**
Damages received	106	1,016
Other	474	613
Total other income	**580**	**1,629**

22. 2. Other expenses

Other expenses include the following:

	Twelve-month period ended 31 December	
	2014	**2013**
Donations	114	76
Loss on sale of property, plant and equipment	308	124
Impairment allowance for receivables	416	1,325
Other	83	73
Total other expenses	**920**	**1,598**

In 2014, donations were made 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 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.

(all amounts in PLN thousands, unless otherwise stated)

23. Financial income and expenses

23.1. Financial income

Financial income includes the following:

	Twelve-month period ended 31 December	
	2014	**2013**
Interest received from bank deposits and current accounts	5,499	5,211
Interest on financial assets	625	625
- available for sale	*625*	*625*
Income from sale of available-for-sale financial assets	(25)	(24)
Dividends	14,819	43,255
Other	247	706
Total financial income	**21,165**	**49,773**

In 2014, WSE received dividends in the total amount of PLN 14,819 thousand from the following companies:

- BondSpot S.A. – dividend of PLN 2,789 thousand paid on 16 May 2014,
- Centrum Giełdowe S.A. – dividend of PLN 430 thousand paid on 30 April 2014,
- Towarowa Giełda Energii S.A. – dividend of PLN 11,600 thousand paid on 16 May 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.

In 2013, WSE received dividends from the 2012 profit at PLN 43,255 thousand from the following companies:

- BondSpot S.A. – dividend of PLN 5,086 thousand paid on 12 June 2013,
- Centrum Giełdowe S.A. – dividend of PLN 528 thousand paid on 30 April 2013,
- Towarowa Giełda Energii S.A. – dividend of PLN 33,919 thousand paid on 31 May 2013,
- Krajowy Depozyt Papierów Wartościowych S.A. – dividend of PLN 3,722 thousand paid on 5 November 2013.

23.2. Financial expenses

Financial expenses include the following:

	Twelve-month period ended 31 December	
	2014	**2013**
Interest on bond issue	9,967	11,657
Paid	*9,506*	*11,197*
Cost of bond issue	461	461
Other, including:	7,921	217
*Other **	*7,921*	*217*
Total financial expenses	**17,888**	**11,874**

** in 2014 item "other" includes impairment on WSEIE and IRK amounted to PLN 7,695 thousand*

(all amounts in PLN thousands, unless otherwise stated)

24. Income tax

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

	Twelve-month period ended 31 December	
	2014	2013
Current income tax	2,130	1,791
Deferred tax	7,252	3,851
Total income tax	**9,382**	**5,641**

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:

	Twelve-month period ended 31 December	
	2014	2013
Profit before income tax	**62,289**	**107,026**
Income tax rate	19%	19%
Income tax at the statutory tax rate	**11,835**	**20,335**
Tax effect:		
Permanent differences	363	544
Technology tax relief	-	(7,020)
Non-taxable income from dividends from subsidiaries and associates	(2,816)	(8,218)
Total income tax	**9,382**	**5,641**

25. Contingent liabilities and investment commitments

WSE had no contingent liabilities or investment commitments other than under hedge accounting as at 31 December 2014 and as at 31 December 2013.

Contracted future investment commitments amounted to ca. PLN 8.9 million as at 31 December 2014 and related to the investment in the UTP-Derivatives system.

26. Related party transactions

Related parties of WSE include its subsidiaries (BondSpot S.A., WSEInfoEngine S.A., Instytut Rynku Kapitałowego – WSE Research S.A., the Polish Power Exchange Group, WSE Services S.A. and as of June 2014 also Instytut Analiz i Ratingu S.A.) and associates (KDPW Group, Centrum Giełdowe S.A. and Aquis Exchange Limited). Related parties of WSE include also 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 WSE.

All the transactions with entities with a stake held by the State Treasury are concluded in the normal course of business and are carried out on an arm’s length basis.

(all amounts in PLN thousands, unless otherwise stated)

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

In these financial statements, the WSE Management Board 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 WSE Management Board include companies listed on WSE (issuers of securities) and Exchange Members. The Company charges fees to related parties listed on WSE including 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, operating 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		Twelve-month period ended 31 December 2014	
	Receivables	**Liabilities**	**Sales revenue**	**Operating expenses**
Bank Gospodarki Żywnościowej S.A.	102	-	1,359	-
Energa S.A.	-	-	82	-
Polska Agencja Prasowa S.A.	2	9	358	708
Polski Holding Nieruchomości S.A.	-	-	108	-
Polski Koncern Naftowy Orlen S.A.	-	-	107	-
Powszechna Kasa Oszczędności Bank Polski S.A.	1,123	5	12,482	52
Other	13	5	789	32
Total	**1,240**	**19**	**15,285**	**792**

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, operating 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		**Twelve-month period ended 31 December 2013**	
	Receivables	**Liabilities**	**Sales revenue**	**Operating expenses**
Bank Gospodarki Żywnościowej S.A.	-	-	70	-
Energa S.A.	114	-	114	-
Polska Agencja Prasowa S.A.	5	7	119	713
Polski Holding Nieruchomości S.A.	7	-	167	-
Polski Koncern Naftowy Orlen S.A.	19	-	122	-
Powszechna Kasa Oszczędności Bank Polski S.A.	1,000	3	12,000	40
Other	66	4	991	41
Total	**1,211**	**14**	**13,583**	**794**

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, WSE is subject to tax obligations. Hence, WSE pays tax to the State Treasury, which is its related party. The rules and regulations applicable to WSE 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, WSE incurs costs of fees paid to the State Treasury in the amount set by the Polish Financial Supervision Authority. The Company 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 21,713 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 Company's operating expenses in 2014 included PLN 21,054 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)

26.2. Transactions with subsidiaries

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

	As at 31 December 2014		Year ended 31 December 2014	
	Receivables	**Liabilities**	**Sales revenue**	**Operating expenses**
Polish Power Exchange Group	92	29	422	34
BondSpot S.A.	22	12	44	232
WSEInfoEngine S.A.	8	39	31	378
Instytut Rynku Kapitałowego - WSE Research S.A.	20	64	195	457
WSE Services S.A.	-	12	-	53
Instytut Analiz i Raitingu S.A.	40	-	105	-
Total	**182**	**156**	**797**	**1,154**

	As at 31 December 2013		Year ended 31 December 2013	
	Receivables	**Liabilities**	**Sales revenue**	**Operating expenses**
Polish Power Exchange Group	48	-	75	20
BondSpot S.A.	16	17	34	160
WSEInfoEngine S.A.	12	39	99	226
Instytut Rynku Kapitałowego - WSE Research S.A.	13	71	132	306
Total	**89**	**127**	**340**	**712**

Receivables from subsidiaries were not written off as uncollectible from subsidiaries or provided for in the year ended 31 December 2014 and 2013.

26.3. Transactions with associates

The tables below present the transactions of WSE with associates in the twelve months ended 31 December 2014 and 2013.

	As at 31 December 2014		Twelve-month period 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**

(all amounts in PLN thousands, unless otherwise stated)

	As at 31 December 2013		Twelve-month period 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**

Receivables from associates were not written off as uncollectible from associates or provided for in 2014 and 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.

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

Remuneration and benefits paid or due to the key management personnel on the WSE Management Board are as follows:

	Twelve-month period 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**

28. Future minimum lease payments

Lease fees paid under operating lease are charged to expenses over the lease period using the straight-line method. WSE is a party to 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 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	3,855	3,759	8,703	**16,317**
As at 31 December 2013	3,914	7,038	8,821	**19,773**

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 21.

29. Derivative financial instruments

WSE had no derivative instruments as at 31 December 2014 and as at 31 December 2013.

30. Dividends

Pursuant to Resolution No. 7 of the Ordinary General Meeting dated 25 July 2014, PLN 50,366 thousand of the 2012 profit was allocated to dividend. 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. The dividend was paid on 26 June 2013. The dividend was PLN 0.78 per share.

31. Earnings per share

The table below presents the calculation of earnings per share.

	Twelve-month period ended 31 December	
	2014	**2013**
Net profit for the period	52,907	101,385
Weighted average number of ordinary shares (in thousands)	41,972	41,972
Basic and diluted earnings per share (in PLN)	**1.26**	**2.42**

32. 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 separate 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