BUCHAREST STOCK EXCHANGE

Consolidated financial statements prepared in accordance with International Financial Reporting Standards adopted by the European Union

31 DECEMBER 2011

CONTENTS

Consolidated profit or loss

for the year ended 31 December *(in thousand of Ron)*

	Note	2011	2010
Revenue from services		33,843	33,146
Other revenue		377	307
Operating revenue	7	**34,220**	**33,453**
Operating expenses	8	-29,666	-27,766
Operating profit		**4,554**	**5,687**
Finance income		10,686	8,841
Financial expense		-3,107	-1,327
Net income from interest related to assets covering the guarantee and clearing funds and the margin		1,103	1,404
Net financial income	9	**8,682**	**8,918**
Adjustment for receivable impairment	15	-26	111
Net provision (expense/income)	20	898	-1,763
Profit before tax		**14,108**	**12,953**
Income tax expense	10	-1,866	-2,425
Profit for the year		**12,242**	**10,528**
Attributable profit to:			
Non-controlling interests		1,200	2,034
Owners of the Parent-Company		11,042	8,494
Profit for the year		**12,242**	**10,528**
Earnings per share:			
Basic earnings per share	23	0.0014	0.0011
Diluted earnings per share	23	0.0014	0.0011

The consolidated financial statements have been approved by the Board of Governors on 11 December 2012 and have been signed by:

President,	CEO,	CFO,
Lucian Claudiu Anghel	Victor Cionga	Virgil Adrian Stroia

The explanatory notes to the financial consolidated statements on pages 7 to 64 are an integral part of these consolidated financial statements

Consolidated statement of comprehensive income

for the year ended 31 December *(in thousand of Ron)*

	Note	2011	2010
Profit for the year		12,242	10,528
Revaluation of available-for-sale financial assets	9	-19	58
Total comprehensive income for the year		12,223	10,586
Attribuable amounts:			
Non-controlling interests		1,200	2,034
Owners of the Parent-Company		11,023	8,552
Total comprehensive income for the year		**12,223**	**10,586**

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Consolidated statement of financial position

On 31 December *(in thousand of Ron)*

	Note	31 December 2011	31 December 2010
Assets			
Tangible assets	11	2,598	2,157
Intangible assets	12	495	1,152
Deferred tax receivables	13	396	157
Held-to-maturity financial assets covering the guarantee and clearing funds and the margin	14	2,563	2,296
Other held-to-maturity financial assets	14	1,984	9,446
Available-for-sale financial assets	14	1,033	1,036
Total non-current assets		**9,069**	**16,244**
Trade and other receivables	15	3,632	2,235
Prepayments	16	236	224
Held-to-maturity financial assets covering the guarantee and clearing funds and the margin	14	22,408	21,302
Otherf held-to-maturity financial assets	14	87,493	18,384
Cash and cash equivalents	17	26,692	85,089
Other assets		734	184
Total current assets		**141,195**	**127,418**
Total assets		**150,264**	**143,662**
Equity			
Share capital	22	76,742	76,742
Legal reserve	22	6,149	5,362
Reserves from remeasurement	22	1,637	1,637
Other reserves	22	-31	37
Fair value reserve	22	-365	-346
Retained earnings	22	18,214	13,341
Total equity attribuable to the owner of the Company		**102,346**	**96,773**
Non-controlling interests		13,767	16,958
Total equity		**116,113**	**113,731**
Debts			
Trade and other payables	18	8,425	4,024
Deferred income/revenue	19	886	750
Current income tax payables		299	586
Provisions	20	920	1,818
Guarantee and clearing funds and settlement operation margin	21	23,621	22,753
Total current payables		**34,151**	**29,931**
Total payables and equity		**150,264**	**143,662**

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Consolidated statement of changes in equity

for the year ended 31 December *(in thousand of Ron)*

	Share capital	Retained earnings	Reserve from revaluation of available-for-sale financial assets	Reserves from revaluation	Other reserves	Legal reserve	Total attributable to shareholders	Non-controlling interests	Total equity
Balance at 1. January 2010	76,742	13,321	-404	1,637	8	4,739	96,043	15,860	111,903
Total comprehensive income for the year									
Profit or loss	-	8,494	-	-	-	-	8,494	2,034	10,528
Other items of comprehensive income									
Reserve from available-for-sale financial assets	-	-	58	-	-	-	58	-	58
Total items of comprehensive income	-	-	58	-	-	-	58	-	58
Total comprehensive income for the year	-	8,494	58	-	-	-	8,552	2,034	10,586
Transactions with owners of the Company, recognised directly in equity									
Contributions by and distributions to owners of the Company									
Legal reserve increase	-	-623	-	-	-	623	-	-	-
Dividend paid to owners of Bucharest Stock Exhange	-	-7,851	-	-	-	-	-7,851	-	-7,851
Total contributions by and distributions to owners of the Company	-	-8,474	-	-	-	623	-7,851	-	-7,851
Change in interests in subsidiaries that do not result in a loss of control									
Dividend paid to minority shareholders	-	-	-	-	-	-	-	-645	-645
Acquisition of non-controlling interests	-	-	-	-	29	-	29	-291	-262
Total changes in interests in subsidiaries	-	-	-	-	29	-	29	-936	-907
Total transactions with owners	-	-8,474	-	-	29	623	-7,822	-936	-8,758
Balance at 31 December 2010	**76,742**	**13,341**	**-346**	**1,637**	**37**	**5,362**	**96,773**	**16,958**	**113,731**

The explanatory notes to the financial consolidated statements on pages 7 to 64 are an integral part of these consolidated financial statements

Consolidated statement of changes in equity

for the year ended 31 December *(in thousand of Ron)*

	Share capital	Retained earnings	Reserve from revaluation of available-for-sale financial assets	Reserves from revaluation	Other reserves	Legal reserve	Total attributable to shareholders	Non-controlling interests	Total equity
Balance at 1. January 2011	76,742	13,341	-346	1,637	37	5,362	96,773	16,958	113,731
Total comprehensive income for the year									
Profit or loss	-	11,042	-	-	-	-	11,042	1,200	12,242
Other items of comprehensive income									
Reserve from available-for-sale financial assets	-	-	-19	-	-	-	-19	-	-19
Total items of comprehensive income	-	-	-19	-	-	-	-19	-	-19
Total comprehensive income for the year	-	11,042	-19	-	-	-	11,023	1,200	12,223
Transactions with owners of the Company, recognised directly in equity									
Contributions by and distributions to owners of the Company									
Legal reserve increase	-	-786	-	-	-	787	-	-	-
Dividend paid to owners of Bucharest Stock Exhange	-	-5,383	-	-	-	-	-5,383	-	-5,383
Total contributions by and distributions to owners of the Company	-	-6,169	-	-	-	786	-5,383	-	-5,383
Change in interests in subsidiaries that do not result in a loss of control									
Dividend paid to minority shareholders	-	-	-	-	-	-	-	-3,677	-3,677
Acquisition of non-controlling interests	-	-	-	-	-68	-	-67	-714	-781
Total changes in interests in subsidiaries	-	-	-	-	-68	-	-67	-4,391	-4,458
Total transactions with owners	-	-6,169	-	-	-68	787	-5,451	-4,391	-9,841
Balance at 31 December 2011	**76,742**	**18,214**	**-365**	**1,637**	**-31**	**6,149**	**102,346**	**13,767**	**116,113**

The explanatory notes to the financial consolidated statements on pages 7 to 64 are an integral part of these consolidated financial statements

Consolidated statement of cash flows

for the year ended 31 December 2011 *(in thousand of Ron)*

	Note	2011	2010
Cash flows from operating activities			
Profit for the year		12,242	10,528
Adjustment for:			
Amortisation of intangible assets	11, 12	2,184	2,494
Interest income	9	-7,095	-7,966
Net income from interests related to assets covering the guarantee and clearing funds and the margin	9	-1,103	-1,405
Adjustment after receivable impairment	15	26	-111
Provision expense and estimations	20	-918	1,963
Income tax expense	10	1,866	2,425
Other adjustments		-20	-34
		7,182	**7,695**
Change in trade and other receivables		-1,995	520
Change in prepayments		-12	253
Change in trade and other payables		4,430	144
Change in deferred income/revenue		136	269
Change in the guarantee and clearing funds and the margin		788	1,091
Income tax paid		-2,388	-2,784
Net cash from operating activities		**8,141**	**7,839**
Cash flows from investing activities			
Interest received		6,904	7,232
Interests received coresponding to the guarantee and clearing funds and the margin		1,183	2,057
Acquisition of other long-term held-to-maturity financial assets	14	7,462	-7,941
Acquisition of held-to-maturity financial assets covering the guarantee and clearing funds and the margin	14	-267	-198
Net variation in short-term held-to-maturity financial assets		-68,918	-1,020
Net variation in short-term held-to-maturity financial assets covering the guarantee and clearing funds and the margin		-1,105	-6,294
Aquisition of tangible and intangible assets	11, 12	-1,968	-801
Revenue from asset sales			-
Dividends received		25	24
Acquisition of non-controlling interests		-783	-257
Net cash from / (used in) investing activities		**-57,467**	**-7,198**
Cash flows from financing activities			
Dividends paid		-5,394	-7,791
Dividends paid to non-controlling interests		-3,677	-635
Net cash used in financing activities		**-9,071**	**-8,426**
Net decrease in cash and cash equivalents		**-58,397**	**-7,785**
Cash and cash equivalents at 1 January	17	85,089	92,874
Cash and cash equivalents at 31 December	**17**	**26,692**	**85,089**

The explanatory notes to the financial consolidated statements on pages 7 to 64 are an integral part of these consolidated financial statements

for the year ended 31 December 2011 (in thousand of Ron)

1. Reporting entity

The Bucharest Stock Exchange was established as a public and independent institution on 21 June 1995, based on the Decision D20 of the Romanian National Securities Commission, under the Law No 52/1994 on securities and stock exchanges.

The Bucharest Stock Exchange operated according to Law No 52/1994 and Government Emergency Ordinance No 28/2002 on securities, financial investment services and regulated markets as self-financed non-profit institution of public interest until its transformation into a joint stock company.

On 15 July 2005, by the judgment no 12270/SC/2005 pronounced in case no 531497/SC/2005, the reorganisation request from the Bucharest Stock Exchange was admitted by transforming the latter into a joint stock company, without asset liquidation and without interrupting the activity of the former public institution. The assets of the Bucharest Stock Exchange became according to Article 285 paragraph 1 of Law No 297/2004 on capital market the assets of S.C. Bursa de Valori Bucuresti S.A. (hereinafter referred to "BVB" or "the Company"). When changing the legal form, the share capital of the new joint stock company consisted in the accumulated earnings of the public institution. This share capital was distributed in an equal and free manner between the securities companies (the existing financial investment service companies) which were operational at that time.

On 31 August 2005 (reference date), BVB, as absorbing company, merged by absorption with S.C. Bursa Electronica Rasdaq S.A., as absorbed company, the latter transferring the universal right on its own assets to the absorbing company.

The registered office of BVB is in Bucharest, at 34-36 Carol I Boulevard, floors 13-14, 2nd District, Romania. BVB has no subsidiaries in other cities.

BVB has as main field of activity the "Management of the financial markets". The shares of BVB have been listed on the Romanian spot regulated market managed by the Bucharest Stock Exchange under the symbol "BVB" starting on 8 June 2010.

The consolidated statements of the Company for the year ended 31 December 2011 comprise the financial information of the Company and its subsidiaries (together referred to as the "Group"). The following entities are subsidiaries of BVB:

Subsidiary	Field of activity	Percentage of ownership at 31 December 2011	Percentage of ownership at 31 December 2010
Depozitarul Central SA	Clearing / settlement operations for transactions with securities carried out on the Bucharest Stock Exchange and keeping the register of shareholders	69.0420%	67.3351%
Fondul de Compensare a Investitorilor SA	To pay compensation when a member fails to return the money or the financial instruments owed by or belonging to investors, which have been held on their behalf for the provision of financial investment or individual investment portofolio management services	62.3000%	60.9961%
Casa de Compensare Bucuresti SA	Registration, guarantee, clearing and settlement of derivative financial instrument transactions carried out on the Bucharest Stock Exchange	52.5080%	52.5080%
Institutul de Guvernanta Corporativa	Providing vocational training to the listed companies and the capital market participants, in corporate governance and sustainable development area	100%	100%

1. Reporting entity (continued)

The Corporate Governance Institute had on 31 December 2011 a total of net assets amounted to 37 thousand Ron (31 December 2010: 8 thousands Ron) and a profit for the year 2011 amounted to 29 thousand Ron (2010: profit of 38 thousand Ron). This entity was considered to be insignificant by the BVB management for inclusion in the Group's consolidated financial statements.

2. Basis of preparation

(a) Statement of compliance

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the European Union applicable on the annual reporting date for the Group, i.e. 31 December 2011.

The consolidated financial statements include the consolidated statement of financial position, the consolidated profit and loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the explanatory notes.

The consolidated financial statements have been approved by the BVB Board of Governors on 11 December 2012.

Differences between statutory financial statements and IFRS statements

The accounting records of the Company and its subsidiaries are kept in Ron, according to Romanian Accounting Regulations ("RCRs"). Their statutory accounts have been revised to reflect the differences between RCRs and IFRSs. The statutory accounts have been adjusted accordingly, where necessary, in order to make these financial statements consistent, in material respects, with IFRSs.

The most important chages in the statutory financial statements made to align them with IFRSs are as follows:

- to group several items into more comprehensive categories;
- to adjust assets and payables in accordance with IAS 29 ("Financial Reporting in Hyperinflationary Economies") because the Romanian economy was a hyperinflationary economy until 31 December 2003;
- to adjust the fair value and impairment of financial instruments in accordance with IAS 39 ("Financial Instruments: Recognition and Measurement");
- to recognise the goodwill from acquisitions (IAS 27 "Consolidated and Separate Financial Statements", IFRS 3 "Business Combinations");
- to set up provisions for the deferred tax (IAS 12 "Income Taxes"); and
- to present information required under IFRSs.

2. Basis of preparation *(continued)*

(b) Bases of measurement

The financial statements have been prepared on the historical or amortised cost basis, except for the available-for-sale financial assets which are measured to the fair value.

Other financial assets and payables are presented at amortised cost.

The methods used to determine the fair value are given in Note 4.

(c) Functional and presentation currency

The items included in the financial statements of each entity of the Group are measured using the currency corresponding to the economic environment in which the entity operates ("functional currency"), i.e. leu. These consolidated financial statements are presented in Ron, which is the Group's functional and presentation currency. All amounts have been rounded to the nearest thousand.

(d) Use of estimates and judgements

The preparation of the consolidated financial statements in accordance with IFRSs adopted by the European Union requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, payables, income and expenses. Estimates and underlying judgements are based on historical data and other factors deemed to be relevant in these circumstances, and the result of these factors forms the basis of judgments used to determine the carrying amount of assets and liabilities for which there are no other measurement sources available. Actual results may differ from these estimates.

Estimates and underlying judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, if the revision is performed only for that period or in the current period, and in any future periods, if the revision affects both current and future periods.

The judgements made by the management in applying IFRSs that have a significant effect on the financial statements, as well as the estimates involving a significant risk resulting in a material adjustment during the next financial year are described in Note 3 (i).

3. Significant accounting policies

The most significant accounting methods and policies have been consistently applied by the entities in the Group over the financial years presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Business combinations

The Group adopted in advance the IFRS 3 *"Business Combinations"* (2008) and the IAS 27 *"Consolidated and Separate Financial Statements"* (2008) for all business combinations that occurred.

All business combinations occurred are accounted for using the acquisition method.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. Acquisition date is the date on which control is transferred to the buyer. Professional judgment is applied in determining the acquisition date and whether the control transfer took place between the parties.

3. Significant accounting policies *(continued)*

(a) Basis of consolidation *(continued)*

(i) Business combinations (continued)

The Group assesses the goodwill at fair value of the consideration transferred including the recognised value of the non-controlling interests in the acquiree minus the recognised net value (fair value) of the identifiable assets acquired and the payables assumed, all measured at the acquisition date.

The consideration transferred includes the fair value of the assets transferred, the payables incurred by the Group to the previous shareholders of the acquiree and the equity instruments issued by the Group The consideration transferred includes also the fair value of the contingent consideration.

Any contingent payable of the acquiree is assumed in a business combination only if such a payable represents a current liability resulting from a previous event and its value may be measured in a reliable manner.

The Group assesses non-controlling interests as part owned by minority shareholders in the acquiree's identifiable net assets.

The Group's transaction costs related to a business combinations, such as commissions for transaction brokerage, fees for legal services, fees for due diligence services and other fees for professional and consulting services are recognised in profit or loss when supported.

The Group applied the provisions of IAS 27 "*Consolidatedand Separate FinancialStatements”* (reviewedin January 2008). The reviewed IAS 27provides that the Group allocates the total comprehensive income to owners of the parent company and non-controlling interests even if this results in a deficit balance of the interests which they do not control.

The revised standard specifies that changes in the parent company's share in a subsidiary that does not result in loss of control must be accounted for as equity transactions. According to the revised standard, the acquisitions of non-controlling interests are accounted for as transactions with shareholders in their capacity as owners and therefore no goodwill is recognised as a result. The result of these transactions is recognized by the Group in "Other reserves".

(ii) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to harmonise with the policies adopted by the Group. List of Group's subsidiaries is given in Note 1.

(iii) Acquisitions from jointly controlled entities

If the acquisitions from jointly controlled entities, the assets and the payables acquired are recognised in the carrying amounts previously recognised in the consolidated financial statements of the shareholder that controls the Group. The components of the acquirees' equity are added to the corresponding components within the Group's equity except the acquirees' social capital that are recognised as part of the premium over par. Cash paid for the acquisition is recognised directly in equity.

for the year ended 31 December 2011 (in thousand of Ron)

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iv) Investments in associates (investments accounted for using the equity method)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds from 20 % to 50 % of the voting power of another entity. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates are accounted for using the equity method and are recognised initially at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share from income, expenditure and changes in equity of investments accounted for using the equity method, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the share, including any long-term investment, is reduced to zero, and the recognition of further losses is discontinued except to the extent the the Group has an obligation or has made payments on behalf of the investee.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, as well as any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment in associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

Transactions in foreign currencies are recorded in Ron using the official exchange rate on the transaction settlement date. Monetary assets and payables, denominated in foreign currencies on the date on which the consolidated statement of financial-accounting position are prepared, are translated in Ron at the exchange rate of that day. The gains or losses originating from their settlement and from the translation of monetary assets and payables denominated in foreign currency using the exchange rate at the end of the financial year are recognised in the year result. Non-monetary assets and payables in a foreign currency that are measured based on historical cost are translated in Ron using the exchange rate at the date of the the transaction. Non-menetary assets and payables denominated in foreign currencies that are measured at fair value are retranslated in Ron at the exchange rate at the date that the fair value was determined.

Foreign currency differences are recognised in profit or loss, except for the differences arising on the retranslation of the available-for-sale financial instruments included in the reserve resulting from the change in fair value of these financial instruments. The exchange rates of the main foreign curriencies are as follows:

Currency	Spot exchange rate 31 December 2011	Spot exchange rate 31 December 2010	Average exchange rate 2011	Average exchange rate 2010
EUR	4.3197	4.2848	4.2379	4.2099
USD	3.3393	3.2045	3.0486	3.1779

3. Significant accounting policies *(continued)*

(c) Accounting for the effects of hyperinflation

According to IAS 29 ("Financial Reporting in Hyperinflationary Economies"), the financial statements of any entity whose functional currency is the currency of a hyperinflationary economy should be presented in terms of current purchasing power of that currency on the date on which the consolidated statement of the financial position is prepared, i.e. the non-monetary items are retranslated by applying the general price index on the acquisition or contribution date.

According to IAS 29 an economy is considered hyperinflationary if, among other factors, the accumulated inflation index exceeds 100 % over a period of three years.

The steady decrease in the inflation rate and other factors related to the characteristics of the Romanian economic environment indicate that the economy whose functional currency was adopted by the Group ceased to be hyperinflationary affecting the financial periods starting from 1 January 2004. The provisions of IAS 29 were adopted in preparing the financial statments only for those holdings older than 1 January 2004. Amounts expressed in the current measuring unit used at 31 December 2003 are considered as basis for the reported accounting amounts included in these consolidated financial statements and are not measured values, replacement cost or any other measurement of the current value of assets or prices at which transactions would take place at that time.

(d) Financial assets and payables

Financial assets

The Group initially recognises receivables and deposits on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are initially recognised on the trade date, which is the date when the Group becomes a party of the contractual provisions of the instrument.

The Group derecognises a financial asset when their contractual rights over the cash flows from the asset expire, or their the rights to receive the contractual cash flows of the financial asset are transformed by a transaction by which all the risks and rewards of ownership of the financial asset are substantially transformed. Any interest in such transferred financial asset that is created or retained by the Group is recognised as a separate asset or payable.

Financial assets and payables are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the payable simultaneously.

The Group classifies financial assets held into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, receivables and available-for-sale financial assets.

(i) Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it classified as held for trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. On intial recognition, attibuable transaction costs are recognised in profit or loss as incurred. Financial assets designated at fair value through profit or loss are measured at fair value and changes therein are recognised into the profit or loss.

3. Significant accounting policies *(continued)*

(d) Financial assets and payables *(continued)*

(ii) Held-to-maturity financial assets

If the Group has the intent and ability to hold the debt securities to maturity, then such financial assets may be classified as held-to-maturity investments. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification before maturity of more than an insignificant amount of held-to-maturity investments and that does not occur near their maturity leads to the reclassification of all held-to-maturity investments as available-for-sale assets, and the Group will not be able to classify the investment instruments as held-to-maturity during the current year and the next two financial years.

During its activities, the Group performs also government securities repurchase operations. These involve placements with banks using government securities as collateral from banks. Repurchase securities have fixed maturities and are treated as bank deposits with the same rules for recognition, measurement and derecognition.

(iii) Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attribuable transaction costs. Subsequent to initial recognition, receivables are measured at initial value, less any impairment losses. Receivables comprise trade and other receivables.

Cash and cash equivalents comprise cash balances, call and term deposits with initial maturities of up to three months.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale and are not classified in any of the above categories of financial assets. The Group's investments in equity securities and in certain debt instruments are classified as available-for-sale financial assets.

Subsequent to the initial recognition, they are measured at fair value and changes therein, other than impairment losses (see Note 3 (i)) and foreign currency diferrences on available-for-sale equity securities are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in other comprehensive income is reclassified to profit or loss.

If the fair value cannot be reliably determined, the shares designated as available-for-sale financial assets are recorded at restated cost except the provision for impairment losses.

Financial payables

The Group recognises initially debt securities issued and subordinated liabilities on the date that they are originated. All other financial payables (including payables designated at fair value through profit or loss) are initially recognised on the trade date when the Group becomes a party to the contractual provisions of the instrument.

3. Significant accounting policies *(continued)*

(d) Financial assets and payables *(continued)*

The Group derecognised a financial payable when its contractual obligations are discharged, cancelled or expire.

Financial assets and payables are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the payable simultaneously.

The Group has the following non-derivative financial payables: financial payables, trade and other payables. Such financial payables are recognised initially at fair value plus any directly attribuable transaction costs. Subsequent to intial recognition, these financial payables are measured at armotised cost using the effective interest method.

(e) Financial assets and payables covering the guarantee and clearing funds and the margin

Financial assets and payables from the guarantee and clearing funds and the margin refer to the services provided by following subsidiaries: the Bucharest Clearing House, the Central Depository and the Investors Compensation Fund.

Guarantee fund and margin accounts managed by the Bucharest Clearing House

The Bucharest Clearing House ("CCB") acts as a central counterparty for all clearing members admitted in CCB system for registration, guarantee, clearing and settlement of derivative transactions concluded on the Bucharest Stock Exchange. Its role is to perform the registration, guarantee, clearing and settlement operations of the financial derivatives transactions concluded on the Bucharest Stock Exchange.

Since the date when the clearing and settlement reports are confirmed, CCB is interposed between clearing members, becoming the counterparty to transactions required to be performed by them on the post-trading platform. The CCB obligations as a central counterparty cease on the daily settlement.

If a clearing member cannot fulfill its obligations, CCB will take over that obligarions and fulfill them replacing the incapacitated part.

In order to provide resources necessary for the proper functioning of derivative financial instruments clearing and settlement mechanism, the participants in the clearing - settlement system (clearing members) set up financial guarantees and make available collaterals in margin accounts in order to guarantee the financial obligations arising from derivative financial instruments transactions developed in the derivative market. For the same purpose, CDC established the guarantee fund which consists of contributions in cash, securities and letter of bank guarantee for the benefit of CCB filed by each clearing member to cover the flows recorded after liquidation of amounts recorded at clearing members.

The CCB registers in the balance sheet or a payable equal to the financial guarantees and the guarantee fund set up by participants in the clearing and settlement system, along with the registration of the corresponding asset (cash, deposits, securities, etc.). As a result, the assets and payables resulted from the CCB activity are of similar sizes.

Net amounts derived from investments made by CCB on cash and cash equivalents recorded in the guarantee fund and margin accounts and deposited in the form of financial guarantees are financial resources available to CCB.

3. Significant accounting policies *(continued)*

(e) Financial assets and payables covering the guarantee and clearing funds and the margin *(continued)*

Financial resources from investments of the amounts deposited as collateral come to CCB. Financial resources from the investment of the guarantee fund - namely 90 % - are not distributed to the clearing members, but are capitalised and included in the total resources of the guarantee fund. The remaining 10 % of the financial resources from the investments of the guarantee fund come to CCB.

The contributions to the guarantee fund of a clearing member, and the not used financial guarantees are given back only after their removal from the Register of the Clearing Members based on the decision of the CCB Board of Governors to withdraw the clearing membership. The capitalised resources from the investment of the guarantee fund are not distributed to the clearing members.

Clearing fund managed by the Investors Compensation Fund

The Investors Compensation Fund ("FCI") is intended to compensate investors if the intermediaries that provide financial services to clients on capital markets or an investment management company are unable to honor their obligations to their clients. All intermediaries authorised to provide financial investment services and investment management companies managing individual investment portfolios must be members of the Fund.

The compensation fund consists of non-reimbursable contributions from its members (financial investment companies, asset management companies, banks). FCI does not distribute dividends.

FCI register in the balance or a payable equal to the compensation fund established by its members, along with the rregistration of the corresponding asset (cash deposited as a contribution by the Fund's members). As a result, the assets and payables resulted from the FCI activity are of similar sizes. Income from the investment of the Fund may be used to cover expenses related to the administration and the operation of FCI or to increase the resources of the Compensation Fund.

Guarantee fund and margin managed by the Central Depository

The Central Depository provides depository, registry, clearing and settlement of transactions in financial instruments (stocks, fixed income securities, bonds, funds, etc.) carried out on the Bucharest Stock Exchange.

The clearing participants are required to contribute to the setting up of a guarantee fund with the Central Depository. The interests related to the guarantee fund administration shall be quarterly distributed to the participants in the clearing and settlement and registry system in terms of their capitalisation in the guarantee fund contributions and of updating participants' contributions.

The contributions to the guarantee fund of any participant in the clearing and settlement and registry system shall be returned to that participant in case the quality of participant to the clearing and settlement and registry system of the Central Depository ceases, after the deduction of any of its payment obligations to the Central Depository.

The guarantee fund shall be dissolved in case of dissolution of the Central Depository and the constributions to the guarantee fund of the participants in the clearing and settlement and registry system shall be returned to them.

3. Significant accounting policies *(continued)*

(e) Financial assets and payables from guarantee funds and margins *(continued)*

The margins of the participants in the clearing and settlement and registry system are established by depositing the initial and the additional margins by each participant in the clearing, settlement and registry system. The interests related to the margin administration shall be quarterly distributed to the participants in the clearing and settlement and registry system in terms of their capitalisation in the initial margin and of updating participants' contributions.

The margin of any participant in the clearing and settlement and registry system shall be returned to that participant in case the quality of participant to the clearing and settlement and registry system of the Central Depository ceases, after the deduction of any of its payment obligations to the

Central Depository. The amounts related to margins of the participants in the clearing and settlement and registry system shall be returned to them in case of dissolution of the Central Depository.

The Central Depository recorded in the balance or a payable equal to guarantee fund and the margin set up by participants, along with the registration of the corresponding asset (cash deposited by participants).

The accounting treatment for specific transactions of the Bucharest Clearing House, the Investors Compensation Fund and the Central Depository is as follows:

- the current receivables and payables in relation to the participants in the Bucharest Clearing House, the Central Depository and Investors Compensation Fund represents amounts receivable or payable for settlement and margin calls and are recorded initially at fair value and subsequently recognised at amortised cost.
- collaterals, guarantee fund and investors compensation fund are amounts received from participants for setting up the margins and the financial guarantees or contributions to the guarantee fund and, respectively, the investors compensation fund and are initially recognised at fair value; subsequently such amounts are recognised at amortised cost.
- assets covering the collaterals, the guarantee fund and the compensation fund consist of cash at banks, deposits at banks or securities; they are divided into long-term assets and short-term assets by residual maturity on balance sheet date; they are recognised initially at fair value and subsequently at amortised cost using the effective interest rate method.

(f) Tangible assets

(i) Recognition and measurement

Tangible assets are stated at cost restated or remeasured except the accumulated amortisation and provision for impairment losses.

Remeasurements should be carried out with a sufficient regularity so that the carrying amount does not differ substantially from the one which would be determined using the fair value on the balance sheet date. If a tangible asset is remeasured, all other assets in the same category must be remeasured.

If the result of the remeasurement exceeded the net carrying amount, then it shall be recognised in equity. Such increase shall be recognised as income in the profit or loss to the extent that it compensates the decrease expense previously recognised in the profit or loss for the same asset. If the result of the remeasurement is less than the net carrying amount, then it is considered as an impairment loss. Such decrease shall be recognised in equity to the extent that an amount related to that asset is included in the reserve form remeasurement. A decrease recognised in equity reduces the amount accumulated in the Remeasurement reserves.

3. Significant accounting policies *(continued)*

(f) Tangible assets *(continued)*

(i) Recognition and measurement (continued)

Leases in terms of which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. The leased tangible assets are measured at an amount equal to the lower of its fair value and the updated value of the minimum lease payments at the beginning of the lease, except the accumulated amortisation and provision for impairment losses.

(ii) Subsequent costs

The Group recognises in the carrying amount of a tangible asset the cost of its replacement when such cost is incurred or the economic benefits included in that tangible asset are likely to be transferred to the Group and the cost of this tangible asset may be measured in a reliable manner. All other costs are recognised as expense in profit or loss since they are incurred.

The costs incurred to replace a component of tangible assets reflected separately, including inspections or overhauls, are capitalised. Other subsequent expense is capitalised to the extent that it enhances the future performance of those tangible assets. All other repair and maintenance costs are included in profit or loss since they are performed.

(iii) Amortisation of tangible assets

Amortisation is calculated using the straight-line method over the estimated useful life of each tangible asset. Leased assets are amortised over the lease period or over their lifetime, whichever of the two is shorter. Land is not subject to amortisation.

In remeasuring a tangible asset, the amortisation accumulated on the remeasurement date is restated proportionately to the change in gross value of the asset so that the carrying amount of the asset after remeasurement equals its remeasured amount.

The useful lives for the current and comparative years are as follows:

Buildings	40 years
Plant and equipment	5-12 years
Fixtures and fittings	5-10 years

Amortisation methods, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

3. Significant accounting policies *(continued)*

(g) Intangible assets

Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurements of goodwill t initial recognition, see Note 3(a)(i).

Acquisition of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with shareholders in their capacity as owners and therefore no goodwill is recognised as a result.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate a possible impairment.

Other intangible assets

Other intangible assets (including IT programmes) that are acquired by the Group and have finite useful lives are measured at cost or restated cost, less accumulated amortisation and accumulated impairment losses.

(i) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure for the goodwill impairement and on internally generated brands, is recognised in profit or loss as incurred.

(i) Intangible asset amortisation

Amortisation is calculated for the cost of the asset or any other amount that substitues that cost, less the residual value. Amortisation is recognised in profit or loss using the straight-line method over the estimated useful lives of intangible assets, other than goodwill, from the date they are available for use; this method reflects most accurately the expected consumption pattern of economic benefits embodied in the asset.

The estimated useful lives for the current and comparative years are as follows:

IT programmes	1-6 years
Developement costs	5-7 years

Amortisation methods, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

(h) Deferred expense and income

The costs incurred and the incomes achieved during the current period, but which concern the next periods, are included in deferred costs or income, as appropriate. Every month, the share of the deferred expense or income related to that month is included in expense or income.

3. Significant accounting policies *(continued)*

(i) Impairment

(i) Financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairement as a result of one or more events that occured after the initial recognition of the asset, and that loss event(s) had a negative impact on the extimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in payment status of borrowers or the disappearence of an active market for a security. In addition, for an inverstment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivebles and held-to-maturity investment securities measured at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. Those not individually significant and found not to be semnifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Receivables that are not individually significant are collectively assessed for impairement by grouping together receivables with similar risk characteristics.

In assessing collective impairement, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than the suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's initial effective interest rate. Losses are recognised in profit or loss and reflected in a receivables adjustment account. Interest on the impaired asset continues to be recognised through the discount amortisation. When an event occuring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investments are recognised by reclassifying in profit or loss the losses accumulated recognised in other comprehensive income and reflected in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from other comprehensive income to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in provisions for impairment losses attributable to time value of money are reflected as a component of interest income.

3. Significant accounting policies *(continued)*

(i) Impairment *(continued)*

(i) Financial assets (continued)

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have an indefinite useful lives or not yet available for use, the recoverable amount is estimated simultaneously each year.

The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value, less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of imparment testing, assets which cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independet of the cash inflows of other assets or group of assets ("cash-generating unit"). In order to test the goodwill imparment and subject to an operating segment celling, the cash-generating units to which goodwill has been allocated are monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of cash-generating units that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows. If there is any indication that a corporate asset is impaired, then the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit exceeds the estimated recoverable amount. Impairment losses are recognised in profit and loss. Impairment losses recognised in respect of cash-generating units are used first of all for reducing the carrying amount of any goodwill allocated to units, as the case may be, and then for reducing the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect to other assets, impairment losses recognised during prior periods are assessed at each reporting date to determine whether there is evidence that the loss has decreased or no longer exists. An impairment loss is reversed if there have been changes in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that whould have been determined, net of imparment or armotisation, if no impairment loss had been recognised.

3. Significant accounting policies *(continued)*

(i) Impairment *(continued)*

(ii) Non-financial assets (continued)

Any goodwill which is a part of the carrying amount of an investment in an associate is not recognised separately and therefore is not tested for impairment separately. In contrast, the total value of an investment in an associate is tested for impairment as a separate asset when there is objective evidence that the investment in that associate could be impaired.

(j) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits include salaries, compensations and social security contributions. Short-time employee benefits are recognised as expenses as the services are provided.

(ii) Defined contribution plans

The Group's entities make payments on behalf of their own employees to the Romanian state pension, health insurance and unemployment funds, during the performance of their usual activities. All Group's members and employees are also legally bound to contribute (through social contributions) to the Romanian state pension fund (a state defined contribution plan). All contributions are recognised in the income for the period they are incurred.

(iii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

According to the Romanian legislation, the Group's entities are required to pay a retirement benefit amounting to up two gross wages to each employee at his/her retirement. The Group has no further obligation towards its employees under Romanian law on pensions and does not participate in any other pension plan. Allowance for sickness pension is granted only if the retirement decision is final.

(iv) Other long-term employee benefits

The Group does not grant other long-term employee benefits than those stated above.

(v) Termination benefits

The termination benefits are recognised as an expense when the Group is demonstrably committed, without a realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

The termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated in a reliable manner. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Employees who are dismissed for reasons not depending on them will benefit from active measures against unemployment and compensations established on a case by case basis.

3. Significant accounting policies *(continued)*

(k) Provisions

A provision is recognised in consolidated statement of the financial position if, as a result of a past event, the Group has a present obligation that can be estimated realiably, and it is probable that an outflow of economic resourses will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market conditions and the risks specific to that payable. The discount amortisation is recognised as finance cost.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Further operating losses are not provided for.

(l) Revenue

(i) Revenue from services

Revenue from services rendered is recognised in profit or loss for the period during which such services are provided.

The main sources of revenue are:

- revenue from fees for transactions in shares and fixed income instruments – revenue is recognised as services are rendered;
- fees charged for admission to trading – revenue is recognised at the date of admission to trading;
- fees charged for maintaining to trading – revenue is recognised on a straight-line basis over the period to which it relates;
- sales of exchange information – revenue is recognised as services are rendered;
- revenue from charges for storage operations for issuers of financial instruments – revenue is recognised as services are rendered;
- revenue from registry operations for issuers of financial instruments – revenue is recognised as services are rendered;
- revenue from clearing and settlement operations of the financial instrument transactions – revenue is recognised as services are rendered.

(ii) Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of the commission made by the Group.

(iii) Rental income

Rental income is recognised in profit or loss on a straight-liniar basis over the term of the lease. Rental income from other sub-leased properties is recongnised as other income.

3. Significant accounting policies *(continued)*

(m) Finance income and finance costs

Finance income includes interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the remeasurement of assets and payables in other currencies, gains on the disposal of available-for-sale financial assets, on changes in fair value of financial assets recognised at fair value through profit or loss and gains on hedging instruments that are recognised in profit or loss on an accrual basis using the effective interest method.

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance costs comprise losses on disposal of available-for-sale financial assets, losses on the remeasurement of assets and payables in other currencies, changes in fair value of financial assets recognised at fair value through profit or loss and losses on hedging instruments that are recognised in profit or loss on an accrual basis using the effective interest method.

(n) Net income from interests related to assets covering the guarantee and clearing funds and the margin

During their specific activities, the Company's subsidiaries obtain net interest income from the investment of financial resources made available through the guarantee and clearing funds and margin accounts. These are reflected separately in profit or loss.

The accounting treatment for net interest income from the investment of these financial resources is detailed below:

- Income from the investment of the compensation fund's resources managed by the Investors Compensation Fund (FCI) may be used to cover the expenses related to the administration and functioning of FCI or for increasing the compensation fund's resources, which are not returned to the fund participants. Therefore, the Group recognises the interest income from the investment of the compensation fund's resources in profit or loss.
- Financial resources from the investment of amounts of margin accounts and the financial guarantees managed by the Bucharest Clearing House come to CCB. Therefore, the Group recognises interest income from the investment of amounts of margin accounts and the financial guarantees in profit or loss;
- Financial resources from the investment of the guarantee fund managed by the Bucharest Clearing House – namely 90 % – are not distributed to the clearing members, but are capitalised and included in the total resources of the guarantee fund which are not available to the Clearing House. Therefore, the Group recognises in profit or loss the interest expense and interest income from the investment of the guarantee fund's resources – for a purcentage of 90 % of the financial resources resulted from the investment of the guarantee fund;
- The financial resources resulted from the investment of the guarantee fund managed by the Bucharest Clearing House – equivalent to 10 % – come to the Clearing House. Therefore, the Group recognises interest income from the investment of guarantee fund – equivalent to 10 % of the financial resources resulting from the investment of the guarantee fund;

3. Significant accounting policies *(continued)*

(n) Net income from interests related to assets covering the guarantee and clearing funds and the margin*(continued)*

- Interests related to the guarantee fund managed by the Central Depository are distributed quarterly to the participants through their capitalisation in guarantee fund and margin. Also, the margin and the guarantee fund shall be distributed to participants after the membership ceasses or the Central Depository is diluted. They are capitalised and included in the total resources of the guarantee fund and are not available to the Central Depository. Therefore, the Group recognises in profit or loss the interest expense and interest income from the investment of this guarantee fund's resources.

(o) Lease payments

Payments made under operating leases are recognised in profit or loss over the term of the lease. Lease incentives received related to the operating leases are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportionated between the finance expense and the reduction of the outstanding payable. The finance expense is allocated to each period during the lease term so as to produce a costant periodic rate of interest on the remaining lease payable. Contingent lease payments are recognised by reviewing the minimum lease payments for the remaining lease period when the lease adjustment is confirmed.

(p) Income tax

Income tax for the year comprises current tax and deferred tax. Income tax is recognised in the income of the year, unless it is related to the business combination or to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the income for the period or receivable for loss for the period, determined using tax rates applied on the date of consolidated statement of financial position and to any adjustment to the payment obligations related to income tax of previous periods.

Deferred tax is determined in respect of temporary differences arising between the tax base for calculating the tax on assets and payables and their carrying amount used for reporting in the financial statements. Deferred tax is not recognised for the following temporary differences: initial recognition of goodwill, the initial recognition of assets and payables from transactions that are not business combinations and that affect neither the accounting nor tax income and differences arising from investments in subsidiaries, provided that they are not returned in foreseeable future. Deferred tax is calculated based on the expected modality of realisation or settlement of the carrying amount of assets and payables, using tax rates enacted by legislation applicable at the date of consolidated statement of financial position.

Deferred tax receivable is recognised only to the extent that it is likely to be future taxable profits after offsetting tax losses of previous years and after offsetting tax recoverable. Deferred tax receivable is reduced to the extent that the related tax benefit is unlikely to be achieved.

3. Significant accounting policies *(continued)*

(p) Income tax *(continued)*

Additional taxes arising from the distribution of dividends are recognised at the same time as the liability to pay the dividend.

Tax rate used to calculate current and deferred tax at 31 December 2011 was of 16% (31 December 2010: 16%).

(r) Earnings per share

The Group presents basic earnings per share ("EPS") for its ordinary shares. The basic EPS are calculated by dividing profit or loss attributable to ordinary shareholders of the parent-company by a weighted average number of ordinary shares outstanding during that period. Diluted earnings per share are determined by adjusting the profit or loss attributable to ordinary shareholders and by adjusting a weighted average number of ordinary shares outstanding to the effects of all potential ordinary shares, including preferred shares. Until now it was not necessary to calculate the diluted EPS because there is no potential ordinary share, all issued shares having equal rights to dividends.

(s) Legal reserve

In accordance with the legislation in Romania, companies must distribute an amount equal to at least 5 % of pre-tax profit, in legal reserves, until it reaches 20 % of the share capital. When this stage has been reached, the Company can make additional allocations of net profit only. Legal reserve is deductible within the limit of 5 % applied to the accounting profit before establishing the income tax.

(t) Segment reporting

An operating segment is a distinct component of the Group that involves in activities following which it could obtain revenues and inccur expenses, including revenues and expenses relating to transactions with any of the other components of the Group and is subject to risks and rewards different from those of other segments. The primary format for segment reporting of the Group is the activity segmentation.

(u) Dividends

Dividends are considered as a profit distribution for the period during which they are declared and approved by the General Assembly of Shareholders. Only profit available for distribution is the annual profit recorded in the statutory accounts, which differs from the profit included in these consolidated financial statements prepared in accordance with IFRSs, due to differences between IFRSs and the Romanian accounting law.

3. Significant accounting policies *(continued)*

(v) New standards and interpretations not yet adopted by the Group

A number of new standards, amendments to standards and interpretations are not yet effective for annual period ending 31 December 2011 and have nor been applied in preparing these consolidated financial statements: None of these is expected to have a significant effect on the consolidated financial statments except for:

1. *IFRS 9 Financial Instruments (which becomes mandatory for the financial years beginning on or after 1 January 2013)*

   This standard replaces IAS 39 guide "Financial Instruments: Recognition and Measurement" relating to the classification and measurement of financial assets. This standard eliminates categories of loans and receivables, held-to-maturity investments and held-for-sale assets. Classification of financial assets has been reduced to two measurement methods: amortised cost and fair value. A financial asset can be measured at amortised cost only if the following two conditions are met: assets are held in the Company's business model whose objective is performance-based contract management and cash flow on dates specified under contract terms to represent principal and interest only. Subsequent gains or losses from changes in value of assets measured at fair value are recognised in profit or loss except for investments in equity securities that are not held for trading, for which the standard allows on initial recognition the measurement at fair value with subsequent changes in value recognised in comprehensive income. The choice will be made instrument by instrument and no reclassification shall be allowed and no amount recognised in other comprehensive income shall be reclassified at a later date. Those paragraphs of IAS 39 regarding the measurement of fair value and the accounting for derivatives embedded in contracts where the host is not a financial asset, as well as the provisions of IFRIC 9 "Reassessment of embedded derivatives " are also included. It is expected that the application for the first time of this standard will have a significant impact on the financial statements since its retrospective application shall be required. This standard has not yet been adopted by the European Union.

2. *Amendments to IFRS 7, "“Presentation - Transfers of Financial Assets"” (which becomes mandatory on or after 1 July 2011 and is to be applied later. Its retroactive application is permitted)*

   Amendments require disclosures that enable users of financial statements: to understand the relationship between transferred financial assets that are not derecognised in their entirety and the associated liabilities, and to evaluate the nature and risks associated with the entity's continuing involvement in the derecognition of financial assets. The amendments define "continuing involvement" in order to implement the publication requirements. When applied, it is expected that the amendments to IFRS 7 will increase awareness about certain derecognised or partially derecognised financial assets. This amendment has been adopted by the European Union.

3. *IFRS 12 Disclosure of Interests in Other Entities - (which becomes mandatory for annual financial statements covering the periods beginning on or after 1 January 2013; this standard may be adopted before this date).*

IFRS 12 establishes disclosure requirements for subsidiaries, jointly controlled entities, associates and "structural entities". IFRS 12 replaces the requirements previously included in IAS 27, IAS 31 and IAS 28 standards *Investments in Associates*. IFRS 12 includes all the previous requirements included in IAS 27 on the consolidated financial statements, as well as the disclosures included in IAS 31 and IAS 28 *Investments in Associates*.

3. Significant accounting policies *(continued)*

(v) New standards and interpretations not yet adopted by the Group *(continued)*

These disclosures are related to the entity's investments in subsidiaries, joint ventures, associates and structural entities.

Requirements of FRS 12 are much more detailed than the requirements of IAS 27, which apply only to entities required to report the circumstances in which: (1) a subsidiary was consolidated and the parent-company owns less than the majority of voting rights; and (2) an investee was not consolidated, and the investor owns more than the majority of voting rights. This change in disclosure requirements reflect the degree of judgment required to determine whether an entity is controlled, and thus enhanced. IFRS 12 extends disclosure requirements for subsidiaries with non-controlling interests (NCI), shared control arrangements and associates that are individually significant.

4. *IFRS 13 Fair Value Measurement (which becomes mandatory for the year beginning on or after 1 January 2013)*

   IFRS 13 establishes a single framework for all fair value measurements when fair value is required or permitted under the IFRSs. IFRS 13 describes how to measure fair value under IFRSs when it is required or permitted under IFRSs. This standard does not introduce additional measurement requirements for assets and payables at fair value, but does not eliminate exceptions to measurement at fair value existing within the current standard.

   The standard contains an extended framework that provides additional information to the existing requirements, providing information that enables users of financial statements to evaluate methods used for fair value measurements and evaluate the effect on the profit or loss or other comprehensive income on recurrent measurements at fair value using significant unobservable factors.

5. *Amendments to IAS 1 Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income* (which becomes mandatory for the years beginning on or after 1 July 2012).

   The standard requires an entity to disclose other items of comprehensive income that may be reclassified to profit or loss in the future separately from those that will not be reclassified in profit or loss. If these items of comprehensive income are presented before related tax effects, then the aggregate amount of tax must be divided between these sections. The impact of initial application of these amendments will depend on the specific items of comprehensive income from the date of initial application. The Company is currently assessing the potential effects of the amendments to IAS 1 on the financial statements.

6. *IAS 28 (2011) Investments in Associates and Joint Venture (amendments which become mandatory for the annual financial statements covering the periods beginning on or after 1 January 2013).*

   - *Associates and joint ventures held-for-sale*. IFRS 5 "Non-current Assets Held-for-Sale and Discontinued Operations" applies to an investment or a part of an investment in an associate or a joint venture that meets the criteria for classification as held-for-sale. For any remaining part of the investment that has not been classified as held-for-sale, the equity method is applied to the sale of the part held-for-sale.

   After its transfer, any remaining interest is accounted for using the equity method if it continues to be an investment of associate or joint venture type.

3. Significant accounting policies *(continued)*

(v) New standards and interpretations not yet adopted by the Group *(continued)*

- *Changes in investments held in associates and joint ventures*. Previously, IAS 28 (2008) and IAS 31 stated that the selling of a significant influence or jointly controlled joint venture generates the revaluation of any part remaining in all cases, even if that significant influence was succeeded by the jointly control. IAS 28 (2011) now requires that in such scenarios, the remaining interest in investment will not be reviewed.

4. Determination of fair values

A number of Group's accounting policies and disclosures require the determnation of fair value, for both financial and non-financial assets and payables. Fair values have been determined for measurements and/or disclosures purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is diclosed in the note specific to that asset or payable.

(a) Tangible assets

The fair value of tangible assets recognised as a result of business combinations is based on the market value. The market value of real estate is the estimated value of a property that could be exchanged on the measurement date within the transactions made under objective conditions, after a proper marketing action, between two awared interested parties. The fair value of other tangible assets (plant, equipment, fixtures and fittings, etc.) is based on the market and cost approaches using the quoted market prises for similar items when available and replacement cost when appropriate.

(b) Intangible assets

The fair value of licenses obtained in a business combination is based on the updated value of estimated royalty payments that have been avoided as a result of owning licenses.

The fair value of goodwill is determined in accordance with IFRS 3. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(c) Investments in equity and debt securities

The fair value of held-to-maturity and available-for-sale equity and debt securities at fair value through profit or loss is determined by reference to their quoted closing bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only**.4.**

4. Determination of fair values *(continued)*

(d) Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date, i.e. 31 December 2011. This fair value is determined for disclosure purposes or when such assets are acquired in a business combination. For financial instruments such as short-term receivables and payables, the management believes that the carrying amount is a reasonable approximation of fair value and therefore is not necessary to present a fair value separately.

(e) Fair value hierarchy

The Group measures the fair value of financial instruments using one of the following hierarchy methods:

- Level 1: quoted prices in active markets for identical instruments
- Level 2: measurement techniques based on observable market inputs. This category includes instruments measured using: quoted prices in active markets for identical assets and liabilities; market quotations for similar instruments in markets that are considered less active; or other measurement techniques where all significant inputs are directly or indirectly observable in market inputs.
- Level 3: measurements techniques that are not based on observable market inputs. This category includes all instruments whose measurement method is not based on observable inputs and the unobservable inputs have a significant influence on the instrument measurement. This category includes instruments that are measured based on market quotations for similar instruments where unobservable adjustments or assumptions are required to reflect differences between the instruments.

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4. Determination of fair values *(continued)*

(e) Fair value hierarchy *(continued)*

Fair values of financial assets and financial payables together with the carrying amounts included in the statement of financial position are as follows:

	31 December 2011		**31 December 2010**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Assets carried at fair value				
Available-for-sale financial assets	1,033	1,033	1,036	1,036
Assets carried at amortised cost				
Held-to-maturity financial assets covering the guarantee and clearing funds and the margin, with a maturity longer than a year	2,563	2,563	2,296	2,361
Other held-to-maturity financial assets with a maturity longer than one year	1,984	1,984	9,446	9,513
Trade and other receivables	3,632	3,632	2,235	2,235
Prepayments	236	236	224	224
Other held-to-maturity financial assets with a maturity less than one year	87,493	87,199	18,384	18,386
Held-to-maturity financial assets covering the guarantee and clearing funds and the margin, with a maturity less than one year	22,408	22,453	21,302	21,285
Cash and cash equivalents	26,692	26,692	85,089	85,089
	145,008	**144,759**	**138,975**	**139,092**
Liabilities carried at amortised cost				
Guarantee and clearing funds and margin	23,621	23,621	22,753	22,753
Trade and other payables	8,425	8,425	4,024	4,024
Deferred income/revenue	886	886	750	750
Current income tax payables	299	299	586	586
Total	**33,231**	**33,231**	**28,113**	**28,113**

All available-for-sale financial instruments representing shares quoted on different markets, amounting to 804 thousand Ron (31 December 2010: 827 thousand Ron) are classified at Level 1: quoted prices in active markets.

5. Financial risk management

The Group has exposure to the following risks arising from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk, including interest risk and currency risk
- Tax risk
- Operational risk

This note presents information about the Group's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Group's management of capital.

(a) Risk management framework

The BVB Board of Governors has overall responsibility for the establishement and oversight of the Group's risk management framework. The BVB Board of Governors is assisted in this endeavor by special committees which have an advisory role.

The activity of the BVB special committees is governed by the following principles:

a) principle of objectivity;
b) principle of investors' protection;
c) principle of promoting the stock market development;
d) principle of active role.

The Board of Governors is also responsible for examining and approving the strategic, operational and financial plan of BVB, as well as the corporate structure of the Group.

The Group's risk management policies are defined to ensure the identification and analysis of risks facing the Group, setting appropriate limits and controls, and monitoring of risks and compliance with the limits established. Risk management systems and policies are reviewed regularly to reflect the changes in market conditions and in Group's activities. The Group, through its training and management standards and procedures, aims to develop an orderly and constructive control environment in which all employees understand their roles and obligations.

Internal audit of the Group's entities oversees how the management monitors compliance with management risk policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the entities.

(b) Credit risk

Credit risk is the risk of a possible financial loss the Group can bear if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

(i) Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteritics of each customer and of the country where it operates. Most of the Group's clients operates in Romania

5. Financial risk management *(continued)*

(b) Credit risk *(continued)*

(i) Trade and other receivables (continued)

The Group's customer base is comprised of issuers of securities, companies of investment services and other financial institutions participating in the Bucharest Stock Exchange.

The Group has as clients for registry activity of shareholders all the companies that have been listed on the Rasdaq Electronic Stock Exchange. Currently, although some of these companies are in a process of legal reorganisation or in default, however there is a legal requirement for registry services to be invoiced to delisting. For these customers the receivables are completely impaired.

The Group establishes a provision for recevable impairment that represents their estimates of losses from trade and other liabilities and investments. The main component of this adjustment is the specific loss component related to doubtful customers for whom the recevable recovery process has begun. The second is the collective loss component corresponding to losses incurred but not yet identified, calculated on the basis of the age of receivables, after the application of the contamination principle, using historical loss rates.

(ii) Financial investments

The Group limits its exposure to credit risk by investing only in liquid instruments issued by counterparties who have a satisfactory credit quality. The Group's management constantly monitors the credit quality and, given that the Group has invested only in instruments with high credit quality, its management does not expect the counterparties to fail to meet their contractual obligations. The table below shows the ratings given by rating agencies of banks in which the Group has cash and deposits at the end of financial reporting periods:

	31 December 2011	**31 December 2010**	**1 January 2010**	**Rating agency**
BRD - Groupe Societe Generale S.A.	BBB+	BBB	BBB	Fitch Ratings
Banca Transilvania S.A.	BB-	BB-	BB-	Fitch Ratings
ING Bank NV, Bucharest branch	A+	A+	A+	Fitch Ratings
RBS BANK (ROMANIA) S.A.	A-1	A-1	A-1	Standard & Poors
PIRAEUS BANK ROMANIA S.A.	B	B	B	Fitch Ratings
RAIFFEISEN BANK S.A.	Baa3	Baa3	Baa3	Moody's
Banca Comerciala Romana S.A.	BBB+	BBB	BBB	Fitch Ratings
Bancpost S.A.	BB+	BB+	BB+	Fitch Ratings
MARFIN BANK (ROMANIA) S.A.	Ba2	Baa3	Baa3	Moody's
Credit Europe Bank (Romania) S.A.	BB	BB	BB	Fitch Ratings
ALPHA BANK ROMANIA S.A.	B	B	B	Fitch Ratings
VOLKSBANK ROMANIA S.A.	P-2	P-2	P-2	Moody's
UniCredit Tiriac Bank S.A.	BBB+	BBB	BBB	Fitch Ratings
Citibank Europe Plc, Bucharest Branch	A-1	A-1	BBB-	Standard & Poors

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5. Financial risk management *(continued)*

(b) Credit risk *(continued)*

Exposure to credit risk

The maximum exposure to credit risk is equal to the exposure in the balance sheet at the reporting date and it was as follows:

	31 December 2011	31 December 2010
Other held-to-maturity financial assets with a maturity longer than one year	1,984	9,446
Held-to-maturity financial assets covering the guarantee and clearing funds and the margin	2,563	2,296
Available-for-sale financial assets	1,033	1,036
Trade and other receivables	3,632	2,235
Prepayments	236	224
Other held-to-maturity financial assets with a maturity less than one year	87,493	18,384
Held-to-maturity financial assets covering the guarantee and clearing funds and the margin	22,408	21,302
Cash and cash equivalents	26,692	85,089
Other assets	734	185
Total	**146,775**	**140,197**

The Group monitors credit risk exposure by analyzing the age of liabilities it owns, as reflected in the table below:

for the year ended 31 December 2011 (in thousand of Ron)

5. Financial risk management *(continued)*

(b) Credit risk *(continued)*

	Trade and other receivables		Held-to-maturity financial assets		Cash and cash equivalents		Available-for-sale financial assets	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Individually impaired								
Significant risk	1,050	931	-	-	-	-	-	-
Gross amount	1,050	931	-	-	-	-	-	-
Adjustment for impairment	1,050	931	-	-	-	-	-	-
Net amount	-	-	-	-	-	-	-	-
Outstanding, individually non-impaired								
Outstanding less than 90 days	743	651	-	-	-	-	-	-
Oustanding from 90 to 180 days	184	157	-	-	-	-	-	-
Oustanding from 180 to 360 days	146	251	-	-	-	-	-	-
Gross amount	1,073	1,059	-	-	-	-	-	-
Adjustment for impairment	68	162	-	-	-	-	-	-
Net amount	**1,005**	**897**	-	-	-	-	-	-
Current, non-impaired								
Without a significant risk	2,627	1,338	114,448	51,428	26,692	85,089	1,033	1,036
Gross amount	**2,627**	**1,338**	**114,448**	**51,428**	**26,692**	**85,089**	**1,033**	**1,036**
Adjustment for impairment	-	-	-	-	-	-	-	-
Net amount	**2,627**	**1,338**	**114,448**	**51,428**	**26,692**	**85,089**	**1,033**	**1,036**
Total gross amount	**4,750**	**3,328**	**114,448**	**51,428**	**26,692**	**85,089**	**1,033**	**1,036**
Total net amount	**3,632**	**2,235**	**114,448**	**51,428**	**26,692**	**85,089**	**1,033**	**1,036**

5. Financial risk management *(continued)*

(b) Credit risk *(continued)*

The Group is exposed to credit risk through the activity carried out by its subsidiaries such as the Bucharest Clearing House, the Investors Compensation Fund and the Central Depository.

Bucharest Clearing House

The Bucharest Clearing House ("CCB") acts as a central counterparty for all clearing members admitted in the system. The CCB role is to perform the registration, guarantee, clearing and settlement operations of the financial derivative transactions concluded on the derivative market at the Bucharest Stock Exchange.

Since the date when the clearing and settlement reports are confirmed, CCB is interposed between clearing members, becoming the counterparty to transactions required to be performed by them on the post-trading platform. The CCB obligations as a central counterparty cease on the daily settlement.

The clearing members participate together with their contributions to the guarantee fund in case the guarantee fund's resources corresponding to one or more clearing members are not covering.

The guarantee fund may be used if the collateral and other financial guarantees deposited by the clearing members in a default situation are not sufficient to cover the debts arising after the liquidation of the open positions of those members.

The order of execution of the guarantee fund is as follows:

a) individual contribution (initial, annual and special) of the clearing member that is in default situation;
b) other reserve funds available to CCB;
c) financial resources from the CCB receivable liquidation related to the guarantee fund;
d) financial resources from the investment of the guarantee fund;
e) contributions of other clearing members (initial, annual and special);
f) short-term loans contracted by the CCB if the guarantee fund's resources are not sufficient.

If the guarantee fund's resources available are not sufficient to fully cover the CCB actual obligations, the Board of Governors may decide on the contracting of short-term loans. The expenses resulting from the contracted loans of CCB shall be assigned to the clearing member that established the use of the guarantee fund's resources.

On 31 December 2011 the fair value of derivative settlement agreements for which CCB acts as central counterparty, being both creditor and debtor party in relation to the clearing members, was of 1,623 thousand Ron (31 December 2010: 463 thousand Ron).

Since its establishment until now, CCB has not recorded any event likely to generate the use of guarantee fund.

5. Financial risk management *(continued)*

(b) Credit risk *(continued)*

Investors Compensation Fund

The Investors Compensation Fund is intended to pay compensations to investors when a member fails to return the money and/or the financial instruments owed by or belonging to investors, which have been held on their behalf for the provision of financial investment or individual investment portofolio management services.

The investors compansation is made in the limit established according to the C.N.V.M. regulations.

To ensure financial resources necessary to pay compensation and to operate the Fund, its members are required to pay to the Fund an initial contribution and an annual contribution.

If the Fund's resources are insufficient to meet obligations to pay compensations, each member shall pay a special contribution equal to twice the maximum annual contribution corresponding to that financial year. If not in this case the Fund's resources are not sufficient to fully cover its actual obligations, the Fund may borrow short-term to cover exclusively the obligations arising from the payment of compensations.

Since its establishment until now, the Fund has not recorded any event likely to generate the payment of compensations.

Central Depository

The Central Depository provides clearing and settlement of transactions in financial instruments (stocks, fixed income securities, bonds, funds, etc.) carried out on the Bucharest Stock Exchange on the spot regulated market. The clearing participants are required to contribute to the setting up of a guarantee fund with the Central Depository.

In order to limit exposure to the risk of default of obligations arising from transactions concluded in trading systems and recorded in the Central Depository system, a trading limit is established for each participant.

If it is found that, on the settlement date, the participant in the clearing and settlement and registry system does not have sufficient funds in the settlement account to cover the payment obligation, it may require a loan either from the compensation participant with whom the latter has concluded a settlement agreement or from any other credit institution under a contractual relationship or require to the market operator making special sale transactions to cover his/her position.

If the participant does not obtain the necessary resources necessary for settlement, the Central Depository shall use the following financial resources in this order:

a) margin of that participant in the clearing and settlement and registry system;

b) guarantee fund correponding to the participant in the clearing and settlement and registry system;

c) guarantee fund established by other participants in the clearing and settlement and registry system;

d) margins posted by the other participants in the clearing and settlement and registry system.

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5. Financial risk management *(continued)*

If the application of the above mentioned measures results in transactions whose settlement cannot be performed successfully, they shall be excluded from the settlement based on the net value of the current day.

(b) Credit risk *(continued)*

Central Depository (continued)

On 31 December 2011, the value of transations, having as trading date the end of the year 2011 and paid during 2012, was of 76,201 thousand Ron (31 December 2010: transactions amounted to 122,556 thousand Ron at the end of 2010 and were paid in 2011).

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial payables that are settled by delivering cash or another financial asset. The Group's approach to maniging liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its payables when due, under both normal and stressed conditions, without incurring unacceptable losses and risking damage to the Group's reputation.

The Group has no committed any loans and needs liquid assets only to cover the current operating expenses and deductions made witihn the clearing and settlement systems the Group operate. Given that a significant percentage of the Group's assets consist of investments with high liquidity, the liquidity risk faced by the Group is low.

The contractual maturities of financial payables, including estimated interest payments and excluding the impact of compensation agreements are as follows:

31 December 2011	**Carrying amount**	**Contractual cash flows**	**Less than 6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities							
Guarantee and clearing funds and margin	23,621	23,621	23,621	-	-	-	-
Trade and other payables	8,425	8,425	8,425	-	-	-	-
Total	**32,046**	**32,046**	**32,046**	**-**	**-**	**-**	**-**

31 December 2010	**Carrying amount**	**Contractual cash flows**	**Less than 6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities							
Guarantee and clearing funds and margin	22,753	22,753	22,753	-	-	-	-
Trade and other payables	4,024	4,024	4,024	-	-	-	-
Total	**26,777**	**26,777**	**26,777**	**-**	**-**	**-**	

5. Financial risk management *(continued)*

(c) Liquidity risk *(continued)*

The cash flows included in the maturity analysis are not expected to occur significantly earlier or at significantly different values.

The Group keeps sufficient liquid assets (residual maturity less than 3 months) to cover all outstanding payables.

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable payments, while optimising the return.

Exposure to currency risk

The Group's exposure to currency risk is presented below, based on notional amounts in RON equivalent (thousands):

31 December 2011	**CZK**	**EUR**	**GBP**	**USD**	**RON**	**Total**
Financial assets						
Available-for-sale financial assets	-	804	-	-	229	1,033
Trade and other receivables	-	137	-	-	3,495	3,632
Securities (government securities, bank deposits, cash and cash equivalents)*	3	13,645	7	10,591	116,894	141,140
Other assets	-	-	-	-	734	734
Total financial assets	**3**	**14,586**	**7**	**10,591**	**121,352**	**146,539**
Financial liabilities						
Trade and other payables	-	194	-	-	8,231	8,425
Guarantee and clearing funds and margin	-	-	-	-	23,621	23,621
Total financial payables	**-**	**194**	**-**	**-**	**31,852**	**32,046**
Net financial assets	**3**	**14,392**	**7**	**10,591**	**89,500**	**114,493**

* It contains balance sheet positions: Other held-to-maturity financial assets (assets), Held-to-maturity financial assets covering the guarantee and clearing funds and the margin (assets), Other Held-to-maturity financial assets (current assets), Held-to-maturity financial assets covering the guarantee and clearing funds and the margin (current assets), Cash and cash equivalents

for the year ended 31 December 2011 (in thousand of Ron)

5. Financial risk management *(continued)*

(d) Market risk *(continued)*

31 December 2010	**CZK**	**EUR**	**GBP**	**USD**	**RON**	**Total**
Financial assets						
Available-for-sale financial assets	-	827	-	-	209	**1,036**
Trade and other receivables	-	-	-	-	2,235	**2,235**
Securities (government securities, bank deposits, cash and cash equivalents)*	10	12,822	6	10,088	113,590	**136,516**
Other assets	-	-	-	-	185	**185**
Total financial assets	**10**	**13,649**	**6**	**10,088**	**116,219**	**139,972**
Financial liabilities						
Trade and other payables	-	-	-	-	4,024	**4,024**
Guarantee and clearing funds and margin	-	-	-	-	22,753	**22,753**
Total financial payables	**-**	**-**	**-**	**-**	**26,777**	**26,777**
Net financial assets/(payables)	**10**	**13,858**	**6**	**10,088**	**89,233**	**113,195**

* It contains balance sheet positions: Other held-to-maturity financial assets (assets), Held-to-maturity financial assets covering the guarantee and clearing funds and the margin (assets), Other Held-to-maturity financial assets (current assets), Held-to-maturity financial assets covering the guarantee and clearing funds and the margin (current assets), Cash and cash equivalents

for the year ended 31 December 2011 (in thousand of Ron)

5. Financial risk management *(continued)*

(d) Market risk *(continued)*

Sensitivity analysis

A depreciation of leu on 31 December as indicated below against EUR, GBP, USD and CZK would have caused an increase in the Group's income, with the values listed below. This analysis assumes that all other variables, especially interest rates, remain constant.

	31 December 2011	31 December 2010
Leu depreciation by 10 % against EUR	1,439	1,365
Leu depreciation by 10 % against USD	1,059	1,009
Total	**2,498**	**2,374**

An appreciation of the Romanian leu on December 31 against other currencies would have had an opposite effect on the amounts shown above, assuming that all other variables remain constant.

Exposure to interest rate risk

The Group does not have financial instruments with variable interest rates. Held-to-maturity financial instruments are not affected by the variation in interest rate. Therefore, a change in interest rates at the reporting date would not affect profit or loss nor equity.

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated to Group's processes, staff, technology and infrastructure, and from external factors other than credit, market and liquidity risk, such as the loss arising from legal and regulatory requirements and generally accepted standards concerning organisational behavior. Operational risks come from all the Group's operations and arise in all entities. The main responsibility of the management of each institution is to develop and implement operational risk-related controls. Such responsibility is complemented by the development of the Group's general standards of operational risk management in the following areas:

- Segregation of duties requirements
- Reconciliation requirements and monitoring of transactions
- Alignment with regulatory requirements
- Documentation of controls and procedures
- Requirements for periodic review of operational risk faced by the Group and the adequacy of controls and procedures to prevent the risks identified
- Reporting requirements for operational losses and proposals to remedy the causes that generated them
- Development of business continuity plans
- Vocational development and training
- Development of ethical standards
- Prevention of risk of litigation, including insurance where applicable
- Risk mitigation, including efficient use of insurances where appropriate.

5. Financial risk management *(continued)*

for the year ended 31 December 2011 (in thousand of Ron)

(f) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to support future development of the bussiness. The Board of Governors monitors the return on equity, defined by the Group as net income resulting from operating activities divided by total equity, less non-controlling interests.

The Group's debts-equity ratio at the end of the reporting date was as follows:

	2011	**2010**
Total payables	34,151	29,931
Cash and cash equivalents	26,692	85,089
Net debt	**7,459**	**-55,158**
Total equity	**116,113**	**113,731**

(g) Economic environment risk

Last year, the European financial sector faced a public debt crisis, triggered by major fiscal imbalances and high public debts in several European countries. Current fears, such as deterioration of financial conditions that could contribute in a later stage to further reduce investors' confidence, led to a joint effort of governments and central banks to adopt special measures to counter the vicious circle of increasing risk aversion and to ensure normal functioning of the market.

Identification and assessment of the influence of market liquidity shortages, analysis of compliance with loan agreements and other contractual obligations, evaluation of significant uncertainties, including uncertainties related to the ability of an entity to continue to operate for a reasonable period of time, all bringing their own challenges.

Their effects on the financial market in Romania were decreases in prices and liquidity in the capital markets and increases in long-term interest rates due to international liquidity conditions.

The Group's borrowers may also be influenced by the liquidity crisis that might affect their ability to meet their current payables. The deterioration of operating conditions for creditors affect also the management of the cash flow forecasts and the assessment of the impairment of financial and non-financial assets. To the extent that information is available, the Group's management has included revised estimates of future cash flows in its impairment policy.

5. Financial risk management *(continued)*

(g) Economic environment risk *(continued)*

The Group's management cannot estimate in a reliable manner the effects on the Group's financial statements resulting from the financial market liquidity deterioration, the depreciation of financial assets influenced by non-liquid market conditions and by a high volatility of national currency and financial markets. The Group's management believes that it takes all necessary measures to support the Group's business growth under the current market conditions through:

- development of the liquidity management strategies and the establishment specific measures of liquidity management under crisis situations;
- forecasts of current liquidity;
- daily monitoring of the cash flows and the estimation of their effects on Group's borrowers, due to a limited access to financing and a limited possibility to support business growth in Romania;
- careful examination of conditions and clauses included in the clearing and settlement commitments, at present and in the near future.

(h) Tax risk

Since 1 January 2007, following the accession of Romania to European Union, the Group had to observe the EU regulations and therefore it prepared itself for changes brought by European law enforcement. The Group has implemented these changes, but how to implement them shall be subject to fiscal audits for 5 years.

The text interpretation and the practical implementation of new tax regulation procedures applicable and harmonised with European legislation may vary from entity to entity and there is a risk that the tax authorities adopt in some cases a different position from that of the Group.

In addition, the Romanian Government has a number of agencies authorised to conduct audits (controls) for companies operating in Romania. These controls are similar to tax audits in other countries and may cover not only tax issues but also other legal and regulatory issues of interest to these agencies. It is possible that the Group continues to be subject to tax audits as new tax regulations are issued.

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6. Acquisition of subsidiaries and non-controlling interests

During 2011 and 2010, the Group's participation in the Central Depozitory and the Investors Compensation Fund increased due to the acquisition of shares issued by them. The Group had already control on both entities since 2006.

The effect of changes in the BVB shareholding in the Central Depository and the Investors Compensation Fund is detailed below:

	Central Depository	**Investors Compensation Fund**
Investment on 1 January 2010	24,489	754
Effect of the increase in parent-company's investment	218	73
Share of the comprehensive income	2,606	216
Perent-company's investment on 31 December 2010	**27,313**	**1,043**
Investment on 1, January 2011	27,313	1,043
Effect of the increase in parent-company's investment	704	10
Share of the comprehensive income	-6,062	509
Parent-company's investment on 31 December 2011	**21,955**	**1,562**

The Group took over the control on the Central Depository on 11 May 2006, by means of cash subscriptions to the share capital increase and in kind contributions to the subsidiary's share capital. As a result of this transaction by which BVB has won 51 % of the net assets of the subsidiary, the Group recorded in profit or loss a gain of 692 thousand Ron, represented by the difference between the fair value of the consideration transferred amounting to 7,222 thousand Ron and a percentage of fair value of net assets acquired amounting to 7,914 thousand Ron. Such gain is included under the reported income of these financial statements.

During the years 2010 and 2011 BVB acquired additional shares from the Central Depository thus holding 69.0421 % of the subsidiary's net assets.

The Central Depository increased its share capital during 2011 through the incorporation of some reserves into its share capital. The free-of-charge shares received by BVB have not been recognised under IFRS.

The Group took over the control on the Bucharest Clearing House during the year ended on 31 December 2007, by by means of cash subscriptions to the share capital increase and in kind contributions to the subsidiary's share capital. As a result of this transaction by which BVB has won 52.5 % of the net assets of the subsidiary, the Group recognised a goodwill amounting to 135 thousand Ron, irepresented by the difference between the fair value of the consideration transferred amounting to 3,580 thousand Ron and a percentage of fair value of net assets acquired amounting to 3,445 thousand Ron. Until the preparation date of these financial statements, the goodwill was fully impaired.

The Group took over the control on the Investors Compensation Fund during the year ended 31 December 2006, by subscribing cash to the subsidiary's share capital increase. As a result of this transaction by which BVB has won 56.9 % of the net assets of the subsidiary, the Group recognised

6. Acquisition of subsidiaries and non-controlling interests (continued)

a goodwill amounting to 27 thousand Ron, represented by the difference between the fair value of the consideration transferred amounting to 196 thousand Ron and a percentage of fair value of net assets acquired amounting to 169 thousand Ron. The goodwill is included under the intangible assets of these financial statements (see Note 13).

During 2011 BVB acquired additional shares from the Investors' Compensation Fund thus holding 61.4935 % of the subsidiary's net assets.

7. Segment reporting

The segment information is reported by the Group's activities. Transactions between business segments are conducted under normal market conditions.

Segment assets and payables include both items directly attributable to these segments and items that may be allocated using a reasonable basis.

The Group consists of the following main business segments:

- Capital markets - trading (securities and financial instruments transactions on regulated markets);
- Post-trading services (services provided after a transaction is completed and the bank account is debited and the securities are transferred to the portfolio);
- Registry services (storage and updating of the registry of stakeholders for the listed companies).

The companies in the Group have been organised by segments as follows: BVB is the segment of "capital markets – trading", the Investors Compensation Fund and the Bucharest Clearing House enroll in segment "post-trading services" while the activities carried out by the Central Depository enrolls both in segment of "post-trading services" and in segment of "registry services".

For the services rendered within the business segments described above the income is obtained mainly from fees charged to the capital market participants.

for the year ended 31 December 2011 (in thousand of Ron)

7. Segment reporting *(continued)*

The Group's revenues, expenses and gross income for the financial year 2011 are shown below by the segments described:

2011	**Trading services**	**Post-trading services**	**Registry services**	**Other operations**	**Group**
Income from external clients	21,422	5,693	6,584	521	34,220
Income from transactions in other segments (eliminated on consolidation)	320	360	8	3,878	
Operating expenses	-13,886	-6,902	-7,229	-1,649	- 29,666
-out of which tangible and intagible asset impairment expense	- 1,189	-630	-352	-13	-2,184
Operating profit	**7,536**	**- 1,209**	**- 645**	**-1,128**	**4,554**
Financial income	7,119	3,567	-	-	10,686
Financial expense	- 2,811	- 296	-	-	- 3,107
Net income from interests related to assets covering the guarantee and clearing funds and the margin	-	63	-	1,040	1,103
Net financial income	**4,308**	**3,334**	**-**	**1,040**	**8,682**
Adjustment after receivable impairment	67	-	- 93	-	- 26
Provision expense/(income)	- 615	1,513	-	-	898
Pre-tax profit	**11,296**	**3,638**	**- 738**	**- 88**	**14,108**
Income tax	-1,561	- 136	- 165	- 4	- 1,866
Net profit	**9,735**	**3,502**	**- 903**	**- 92**	**12,242**

for the year ended 31 December 2011 (in thousand of Ron)

7. Segment reporting *(continued)*

The Group's revenues, expenses and gross income for the financial year 2010 are shown below by the segments described:

2010	**Trading services**	**Post-trading services**	**Registry services**	**Other operations**	**Group**
Income from external clients	13,056	3,773	16,467	157	33,453
Income from transactions in other segments (eliminated on consolidation)	412	-	-	1,438	-
Operating expenses	-11,855	-2,949	-10,665	-2,398	-27,766
- out of which tangible and intagible asset impairment expense	-665	-1,502	-327	-	-2,494
Operating profit	**1,201**	**824**	**5,802**	**-2,241**	**5,687**
Financial income	7,018	1,890	-	34	8,841
Financial expense	-943	-384	-	-	-1,327
Net income from interests related to assets covering the guarantee and clearing funds and the margin	-	285	-	1,120	1,404
Net financial income	**6,075**	**1,791**	**-**	**1,154**	**8,918**
Adjustment after receivable impairment	220	-	-109	-	111
Provision expense	-	-1,764	-	-	-1,763
Pre-tax profit	**7,496**	**851**	**5,693**	**-1,087**	**12,953**
Income tax	811	267	1,347	-	2,425
Net profit	**6,685**	**584**	**4,346**	**-1,087**	**10,528**

for the year ended 31 December 2011 (in thousand of Ron)

7. Segment reporting *(continued)*

The Group's assets and payables and capital expense are presented below by the segments described:

31 December 2011	**Trading services**	**Post-trading services**	**Registry services**	**Other operations**	**Group**
Assets	80,036	46,684	23,478	66	**150,264**
Debt	4,193	23,546	6,267	144	**34,151**
Capital expenditure	830	497	661		**1,988**
31 December 2010					
Assets	67,407	34,713	40,999	543	143,662
Debt	2,096	19,373	8,322	140	29,931
Capital expenditure	360	88	353		801

8. Operating expenses

The operating expenses comprise the following:

	2011	**2010**
Staff costs *i)*	14,492	13,540
Rent and office utilities	2,508	2,875
Services provided by third parties *ii)*	3,018	1,966
Tangible asset amortisation *(Note 12)*	764	895
Intangible asset amortisation *(Note 13)*	1,420	1,599
Compensations for administrators	1,507	1,496
Costs related to local and other taxes	1,910	1,549
Consumables	295	270
Repairs and maintenance	654	531
Insurances	213	224
Protocol	291	352
Marketing and Advertising	464	560
Transport and trips	577	447
Telecommunications and mail services	450	680
Bank charges	162	143
Other expenses	941	740
Total	**29,666**	**27.766**

for the year ended 31 December 2011 (in thousand of Ron)

8. Operating expenses *(continued)*

i) The staff costs comprise the following:

	2011	2010
Salaries	11,226	10,065
Salary contributions	3,246	3,057
Employee participation in profits and other salary expenses	20	418
Total salary costs	**14,492**	**13,540**

Number of the Group's employees was as fllows:

	2011		2010	
	At the end of the year	**Annual average**	**At the end of the year**	**Annual average**
Bucharest Stock Exchange	60	56	60	62
Central Depository	69	70	71	73
Investors Compensation Fund	5	3	3	3
Bucharest Clearing House	6	4	8	8
Total number of employees	**140**	**133**	**142**	**146**

ii) Expenditure on services provided by third parties include mainly audit fees, IT maintenance services, legal support, other commissions and fees.

9. Net financial income

Financial income and expenses recognised in profit or loss include:

	2011	2010
Interest income for held-to-maturity financial assets *i)*	7,095	7,966
(Net loss) / net gain from exchange rate differences	459	-351
Net income from interests related to assets covering the guarantee and clearing funds and the margin *ii)*	1,103	1,405
Dividend income	25	-
Net financial income recognised in profit or loss	**8,682**	**8,918**

Financial income and expenses recognised in other items of comprehensive income:

	2011	2009
Change in fair value of available-for-sale financial assets	-19	58
	-19	**58**

for the year ended 31 December 2011 (in thousand of Ron)

9. Net financial income *(continued)*

i) Interest income from held-to-maturity financial assets includes interest payable on deposits and investments in government securities.

ii) Net income from interests related to assets covering the guarantee and clearing funds and the margin include:

	2011	**2010**
Interest income	1,444	2,000
Interest expense	-341	-596
Net income from interests related to assets covering the guarantee and clearing funds and the margin	**1,103**	**1,404**

The Group recorded an interest expense related to assets covering the guarantee and clearing funds and the margin (in case of funds managed by the Central Depository and the Bucharest Clearing House – see the accounting policy 3 (e) – the interest expense equal to the corresponding income to reflect that such interest is distributed to participants at the margin and the guarantee fund or is capitalsed to the related fund, no longer available to the Group.

10. Income tax expense

Reconciliation between the pre-tax profit and the income tax expense in profit or loss

	2011	**2010**
Gross accounting pre-tax profit	22,308	12,953
Non-taxable and assimilated income (-)	8,680	2,959
Non-deductible and assimilated expenses (+)	2,204	5,160
Pre-tax profit	15,832	15,154
Income tax (16 %)	**1,866**	**2,425**
- current tax	2,101	2,409
- deferred tax	-235	16

The Bucharest Clearing House recorded at the end of 2011 a tax loss of 706 thousand Ron. However, the management does not estimate its recovery over the next 7 years.

for the year ended 31 December 2011 (in thousand of Ron)

11. Tangible assets

	Land and buildings *i)*	Plant and equipment	IT and office equipment and furniture *ii)*	Assets in progress	Total
Cost					
Balance at 1. January 2011	2,193	1,022	11,204	69	14,488
Reclassifications	-	-602	602	-	-
Acquisitions	325	0	1,005	551	1,881
Disposals	11	22	1,000	-	1,033
Balance at 31 December 2011	**2,507**	**398**	**11,811**	**620**	**15,336**
Depreciation and impairment					
Balance at 1. January 2011	1,311	580	10,441	-	12,332
Reclassifications	-	-270	270	-	-
Amortisation during the year	877	29	514	-	1,420
Disposals	5	22	987	-	1,014
Balance at 31 December 2011	**2,183**	**317**	**10,238**	**-**	**12,738**
Net carrying amount					
Balance at 1 January 2011	**882**	**442**	**763**	**69**	**2,157**
Balance at 31 December 2011	**324**	**81**	**1,573**	**620**	**2,598**

i) For the land owned by BVB, the Group made an impairment adjustment equal to 100 % of the land value because of a dispute relating to that land. The impairment adjustment amounts to 1,303 thousand Ron and did not change during 2010 and 2011.

ii) The IT, office equipment and furniture-related costs include mainly the value of servers and specialised equipment used in specific activities of trading, settlement, etc.

for the year ended 31 December 2011 (in thousand of Ron)

12. Intangible assets

	Goodwill *i)*	Licenses, software *ii)*	Assets in progress	Total
Cost				
Balance at 1 January 2011	162	11502	-	11,664
Acquisitions	-	107	-	107
Disposals	-	0	-	6
Balance at 31 December 2011	**162**	**11,609**	**-**	**11,771**
Depreciation and impairment				
Balance at 1 January 2011	135	10,377	-	10,512
Amortisation during the year	-	764	-	764
Disposals	-	0	-	
Balance at 31 December 2011	**135**	**11,141**	**-**	**11,276**
Net carrying amount				
Balance at 1 January 2010	**27**	**2,535**	**94**	**2,656**
Balance at 31 December 2010	**27**	**1,125**	**-**	**1,152**
Balance at 1 January 2011	**27**	**1,125**	**-**	**1,152**
Balance at 31 December 2011	**27**	**468**	**-**	**495**

i) On 31 December 2011, the oustanding goodwill, amounting to 27,000 thousand RON resulted in 2006 from the acquisition of 57 % of the Investors Compensation Fund. The Investors Compensation Fund recorded profit between 2008 – 2011. The Group considers that goodwill resulting from the subscription for shares of the Investors Compensation Fund did not suffered any impairment.

The goodwill resulting from the capital contribution to the Bucharest Clearing House ("CCB") in 2007, amounting to 135,000 thousand Ron has been fully impared before 1 January 2009, in the context of losses recorded by CCB, which led to an increase in the net assets compared to the time of goodwill.

for the year ended 31 December 2011 (in thousand of Ron)

12. Intangible assets *(continued)*

The software and license-related costs include mainly the value of trading, clearing and settlement and registry systems used by the Group's companies during their specific activities.

13. Deferred tax receivables

Deferred tax receivables are attributable to following:

	31 December 2011	31 December 2010
Held-to-maturity financial assets	69	44
Tangible assets	24	24
Trade and other receivables	11	23
Available-for-sale financial assets	-	66
Adjustment to free-of-charge shares received	292	-
Total	**396**	**157**

Variation in temporary differences during the year:

	Held-to-maturity financial assets	Tangible assets	Trade and other receivables	Available-for-sale financial assets	Investments in associates	Total
Balance at 1. January 2011	44	24	23	66	-	157
Recognised in profit or loss	-44	0	-12	-	292	236
Recognised in other items of comprehensive income	-	-	-	3	-	4
Balance at 31 December 2011	**-**	**24**	**11**	**69**	**292**	**396**

for the year ended 31 December 2011 (in thousand of Ron)

14. Financial instruments

The Group's financial instruments are the following:

	31 December 2011	31 December 2010
Government securities with residual maturity longer than one year *i)*	1,984	9,446
Financial assets with residual maturity longer than one year to cover the guarantee and clearing funds and the margin *ii)*	2,563	2,296
Available-for-sale financial assets *iii)*	1,033	1,036
Total non-current assets	**5,580**	**12,778**
Held-to-maturity financial assets *iv)*	87,493	18,384
Held-to-maturity financial assets covering the guarantee and clearing funds and the margin *v)*	22,408	21,302
Total current assets	**109,901**	**39,686**

i) These financial assets classified as held-to-maturity are bonds issued by the Romanian goverment in Ron, acquired at yields from 6.5 % to 11.25 % (2010: maturities in 2012 with yields from 7,08 % to 9,65 %). At 31 December 2011, there were also outstanding bonds issued by the Romanian government in euros with maturity in 2013 and a yield of 4.80 %.

ii) These financial assets classified as held-to-maturity are bonds issued by the Romanian goverment in Ron, with the maturity beetween 2012 and 2013 acquired at yields from 7.04 % to 9.41 % (2010: maturities from 2011 to 2013 with yields from 7.05 % to 9.54 %).

iii) The available-for-sale financial assets are shares at foreign stock exchanges listed on international markets and shares hold in the Sibiu Clearing House and Chisinau Stock Exchange. Listed shares are measured at closing price on the stock exchanges listed on the last trading day before the balance sheet date.

iv) Held-to-maturity financial assets:

	31 December 2011	31 December 2010
Government securities with a maturity less than one year	44,974	11,013
Bank deposits with maturity from 3 months to one year	42,519	7,371
Total	**87,493**	**18,384**

Government securities are Treasury bills and bonds issued by the Romanian government in Ron, with a residual maturity of maximum 1 year, acquired at yields from 6.25 % to 7.00 % (2010: yields from 6.60 % to 9.40 %).

for the year ended 31 December 2011 (in thousand of Ron)

14. Financial instruments *(continued)*

Term deposits in Ron with banks in Romania have initial maturities between 3 months and 1 year at interest rates from 5.0 % to 8.00 % (2010: 6.80 % and 7.10 %) and over-night deposits placed with yield ranging from 2.35 % to 3.50 %.

The term deposits in foreign currencies with banks have initial maturities ranging from 3 months and 1 year at interest rates ranging from 3.30 % to 4.1 % for deposits in euros and from 2.2 % to 2.56 % for deposits in USD.

v) Held-to-maturity financial assets, with a maturity less than one year, covering the guarantee and clearing funds and the margin include:

	31 December 2011	**31 December 2010**
Government securities with maturity less than one year to cover the guarantee and clearing funds and the margin	16,630	14,856
Term deposits to cover the guarantee and clearing funds and the margin	5,778	6,446
Total	**22,408**	**21,302**

Government securities are Treasury bills in Ron, issued by the Romanian government, with a residual maturity of maximum 1 year, acquired at yields from 5.87 % to 7.10 % (2010: yields from 5.70 % to 7.05 %).

Term deposits in Ron with banks in Romania have initial maturities ranging from 3 months and 1 year at interest rates from 5 % to 7.50 % (2010: 5.0% - 7.50%).

Acquisitions and redemptions of government securities for all above mentioned financial assets are presented below:

	Government securities with a maturity over one year	**Government securities with maturity over one year to cover the guarantee and clearing funds and the margin**	**Government securities with a maturity less than one year**	**Government securities with maturity less than one year to cover the guarantee and clearing funds and the margin**
1. January 2011	**9,446**	**2,296**	**11,013**	**14,856**
Acquisitions	1,096	7	46,021	12,432
Redemptions	8,558	-	12,060	10,658
31. December 2011	**1,984**	**2,303**	**44,974**	**16,630**

for the year ended 31 December 2011 (in thousand of Ron)

14. Financial instruments *(continued)*

Variation in available-for-sale financial instruments is shown below:

	Available-for-sale financial assets
1. January 2011	1,036
Acquisitions	19
Increase/decrease in value after remeasurement	-22
Sales	-
31. December 2011	**1,033**

15. Trade and other receivables

The Group's trade and other receivables comprise the following:

	31 December 2011	**31 December 2010**
Trade receivables – gross value*i)*	3,705	2,968
Adjustment for trade receivables impairment *ii)*	-1,118	-1,093
Debit balance of trading - CNVM tax	740	298
Undue VAT	175	43
Other receivables	130	19
Total	**3,632**	**2,235**

i) Trade receivables are mostly receivables from investment service companies whose services provided during the last month of the financial year have been invoiced, and receivables for services invoiced to issuers listed and to other clients: maintenance fee for trading system, use fee for additional terminal, online sale of information, charges for providing license indices, fee for data dissemination and others.

for the year ended 31 December 2011 (in thousand of Ron)

15. Trade and other receivables *(continued)*

Adjustment to receivable impairment is divided as follows:

	31 December 2011	**31 December 2010**
Adjustment for receivable impairment - individual component	1,050	931
Adjustment for receivable impairment - collective component	68	162
Total	**1,118**	**1,093**

Adjustment variation for the receivables impairment during the year was as follows:

	2011	**2010**
Adjustment for impairment – individual component		
Balance at 1 January	931	847
Impairment losses	214	84
Impairment returns	-95	-
Balance at 31 December	**1,050**	**931**
Adjustment for impairment– collective component		
Balance at 1 January	162	357
Impairment losses	-	-
Impairment returns	-94	-195
Balance at 31 December	**68**	**162**
Total	**1,118**	**1,093**

16. Prepayments

Prepayments amounting to 236 thousand Ron (31 December 2010: 224 thousand Ron) mainly represent the acquisition cost of government securities, prepaid rent, equipment and IT equipment maintenance-related insurance premiums, liability insurance premiums for managers and various subscriptions.

for the year ended 31 December 2011 (in thousand of Ron)

17. Cash and cash equivalents

The Group's cash and cash equivalents comprise the following:

	31 December 2011	31 December 2010
Deposits with banks with initial maturity less than 3 months	18,845	79,484
Current acounts with banks	7,820	5,560
Cash desk	27	45
Total	**26,692**	**85,089**

18. Trade and other payables

The Group's trade and other payables comprise the following:

	31 December 2011	31 December 2010
Trade payables *i)*	1,462	875
Credit balance of trading - CNVM tax	875	680
Salary contributions due	528	154
Taxes due	189	53
VAT payable	-	148
Dividends payable	3,488	515
Prepayments received from customers	284	148
Guarantees received	27	27
Employee participation in profits	303	635
Payables to employees -untaken holidays	552	200
Other payables	717	589
Total	**8,425**	**4,024**

i) Trade payables are mainly obligations towards internal suppliers, some of them older than 30 days, paid at the beginning of 2012.

for the year ended 31 December 2011 (in thousand of Ron)

19. Deferred income/revenue

Deferred income/revenue include:

	31 December 2011	31 December 2010
Income from registry activities *(Note 3 (l))*	148	129
Income from maintening the stock exchange quote *(Note 3 (f))*	738	621
Total	**886**	**750**

20. Provisions

Provisions include:

	31 December 2011	31 December 2010
Provisions for disputes	305	1.818
Provisions for the Board of Governors' restructuring	610	-
Provisions for retirement-related liabilities	5	-
Total	**920**	**1.818**

Variations in provisions during the financial years 2011 and 2010 are as follows:

	2011	2010
Provisions at 1 January	1,818	54
Provisioning during the year	615	1,818
Reruns of provisions during the year	-1,513	-54
Provisions at 31 December	**920**	**1,818**

for the year ended 31 December 2011 (in thousand of Ron)

20. Provisions *(continued)*

Provision for dispute – Pitesti Court

The provision was established for a lawsuit where the Court ordered to the Central Depository, jointly with the defendants, to pay the sum of 1,818 thousand Ron, representing the damages for all civil parties in the case. A number of 22 defendants have been convicted in this case, of which only 5 were employees of the Central Depository. Total damage caused by the 5 former employees of the Company is of 304 thousand Ron. The Central Depository appealed against the criminal sentence, which prevents the Company to pay the above mentioned sums until the final settlement of the dispute (appeal and a possible recourse if a judgment adverse for the Company is delivered at the appeal stage). The Central Depository is a civilly responsible party only for at most its 5 former employees, not all of the 22 defendants. The rest of 17 defendants are not employees or former employees of the Company.

Since the dissolution of the judgment and remit the matter decided by the Court of Appeals and the legal proceedings shall not preclude a present obligation arising from past events, the debt cannot be measured with sufficient reliability on the preparation date of these financial statements in terms of resources that include economic benefits to settle these debts in excess of those estimated on 28 May 2010 by the Judicial Accounting Expertise Report indicating the amount of 305 thousand Ron as damage caused by the five former employees of the Central Depository.

Also, considering that the defendant Company may be civilly liable at most for its former employees, the Company decided to release the difference up to the level established by the Court last year, amounting to 1,818 thousand Ron, considering that any potential additional current obligation meets the criteria for classification in the category ‘Contingent payables’.

Through Decision No 138/15.11.2012 the Court allowed the appeal filed by the Central Depository ("CD") and abolished in part the decision appealed regarding CD, namely the Court reject the joint obligation for CD to pay civil damages and legal costs to all defendants and maintained this joint obligation only to the 5 former employees.

21. Guarantee and clearing funds and margin

Guarantee and clearing funds and margin comprise:

	31 December 2011	31 December 2010
Guarantee fund for transactions in derivatives	1,505	1,239
Margin for transactions in derivatives	2,928	3,867
Guarantee fund for transactions in securities	4,087	4,072
Margin for transactions in securities	1,237	1,200
Investors compensation fund	13,864	12,375
Total	**23,621**	**22,753**

for the year ended 31 December 2011 (in thousand of Ron)

22. Equity and reserves

(a) Share capital

On 31 December 2010 and 2011 BVB had the same share capital amounted to 76,741,980 Ron divided into 7,674,198 shares with a nominal value of 10 Ron/share, dematerialised, with the same voting rights, classified into the following categories:

	31 December 2011	**31 December 2010**
Ordinary shares (number)	7,674,198	7,674,198
Total	**7,674,198**	**7,674,198**

Shareholding structure on 31 December 2011	**Number of shares**	**% in share capital**
Legal entities, of which:	6,632,470	86.42558
- Romanian	5,547,686	72.29011
- foreign	1,084,784	14.13547
Individuals, of which:	1,041,728	13.57442
- Romanian	1,028,292	13.39934
- foreign	13,436	0.17508
Total	7,674,198	100

In accordance with the provisions of article 129 paragraph 1 of Law 297/2004 on the capital market, any shareholder of a market operator shall not be able to hold, directly or indirectly, more than 5 % of the total voting rights. Also, according to the BVB Bylaw, subscribing, acquiring and holding the Company's shares shall be allowed provided that no shareholder owns directly or indirectly more than 5 % of total voting rights. Accordingly, on 31 December 2011, no shareholder of BVB was a significant shareholder. Also, BVB did not hold shares on its behalf.

Through Decision No 632/18.05.2010 issued by CNVM the prospectus regarding the admission to trading on the regulated market operated by BVB of its own shares was approved. The first transactions in shares issued by BVB took place on 8 june 2010. The closing price in the last trading session of 2011 was of 28.90 Ron/share.

(b) Dividends

The BVB Board of Governors submitted to the General Meeting of Shareholders' approval a proposal for the Company's statutory net profit distribution in 2011, amounting to 16.436 thousand Ron, equivalent to 100 % as gross dividends.

22. Equity and reserves *(continued)*

(b) Dividends (continued)

The General Meeting of Shareholders approved in the meeting of 26 April 2012 distribution for 2011 statutory net profit of the company amounting to 16,436 thousand Ron, equivalent to 100 % as gross dividends.

Of profits of 2010 and 2007, the Central Depository has distributed dividends amounting to 11,877 thousand Ron during 2011.

(c) Legal reserve

According to legal requirements, the Group constitutes legal reserves in the amount of 5% of the profits registered according to RCR up to a level of 20 % of the share capital. Legal reserves are not distributable to shareholders.

Legal reserves may be used to cover losses on operating activities.

(d) Other reserves

The other reserves include amounts paid to minority shareholders other than the carrying value of net assets taken in case of acquisition of non-controlling interest and other non-distributable reserves created before the BVB transformation from a public entity into a stock company.

(e) Reserves from revaluation

The reserves resulting from the remeasurement of intangible assets of the Central Depository's subsidiary.

(f) Fair value reserve

This reserve includes the cumulative net change in fair values of available-for-sale financial assets from their classification into this category until the date they have been derecognised or impaired.

(g) Retained earnings

Thre Group's reported earnings are the parent-company's reported earnings and the subsidiaries's earnings attributable to the parent-company's shareholders.

23. Earnings per share

The calculation of basic earnings per share on 31 December 2011 is based on the profit attributable to parent company's ordinary shareholders amounting to 11,042 thousand Ron (2010: 8,494 thousand Ron) and a weighted average number of ordinary shares outstanding of 7,674,198 (2010: 7.674.198).

for the year ended 31 December 2011 (in thousand of Ron)

24. Transactions with associates

Management key staff

31. December 2011

Members of Board of Governors:

• Mr. Stere Constantin Farmache	President
• Mr. Mircea Botta	Vice-President
• Mr. Ciprian Zah	Vice-President
• Mr. Siminel Andrei	Secretary General
• Mr. Daniel Țepeș	member until 25 March 2011
• Mr. Grzegorz Konieczny	interim member starting on 25 March 2011 and member elected and approved by CNVM on 10 May 2011 until 7 December 2011
• Mr. Cosmin Gheorghiu	member
• Mr. Lucian Isac	member
• Mr. Ionel URona	member
• Mr. Octavian Molnar	member

Executive management team included the following members:

• Mr. Valentin Marcel Ionescu	CEO – leader until 17 November 2011
• Mr. Alin Barbu	Deputy CEO – the second leader and having the same power and resposibilities as the CEO starting on 18 November 2011
• Mrs. Anca Dumitru	Deputy CEO
• Mr. Marcel Tănăsescu	Economic Manager until 27 July 2011
• Mr. Virgil Stroia	Financial manager starting on 15 September 2011
• Mr. Călin Macedon	Manager
• Mrs. Ileana Botez	Manager

31 December 2010

Members of Board of Governors – until 19 February 2010:

• Mr. Stere Constantin FARMACHE	President
• Mr. Sergiu Ovidiu POP	Vice-President
• Mr. Dan Viorel PAUL	Vice-President
• Mr. Mircea BOTTA	Secretary General
• Mrs. Dana Mirela IONESCU	member
• Mr. Liviu GIUGIUMICA	member
• Mr. Rares NILAS	member
• Mr. Octavian MOLNAR	member
• Mr. Adrian MANAILA	member

Members of Board of Governors – starting on 20 February 2010:

- Mr. Stere Constantin FARMACHE President

for the year ended 31 December 2011 (in thousand of Ron)

24. Transactions with associates *(continued)*

• Mr. Mircea BOTTA	Vice-President
• Mr. Ciprian ZAH	Vice-President
• Mr. Siminel ANDREI	Secretary General
• Mr. Daniel TEPES	member
• Mr. Cosmin GHEORGHE	member
• Mr. Lucian ISAC	member
• Mr. Ionel URONA	member
• Mr. Octavian MOLNAR	member

Executive management team:

• Mrs. Anca DUMITRU	CEO – until 26 September 2010
• Mr. Valentin Marcel IONESCU	CEO – starting on 27 September 2010
• Mr. Alin BARBU	Deputy CEO
• Mr. Marcel TANASESCU	Economic Manager
• Mr. Calin MACEDON	Manager
• Mrs. Ileana BOTEZ	Manager

During 2011 the salaries paid to BVB key management staff amounted to 1,607 thousand Ron (2010: 1,200 thousand Ron). In 2011 the costs related to compensations for members of the Board of Governors and members of the Special Committees amounted to 526 thousand Ron (for the year ended 31 December 2010: 583 thousand Ron).

The Group has not granted loans, prepayments or guarantees to members of Board of Governors and to BVB CEOs.

25. Commitments and contingent payables

(a) Court actions

The Group is subject to a number of court actions arising during the ordinary performance of its activities. The Group's management believes that in addition to the amounts already recorded in these consolidated financial statements as provisions or adjustments for asset impairment and described in the notes to these consolidated financial statements and other court actions shall not have significant negative effects on the Group's economic performance and financial position.

(c) Operating leases

The Group has the following commitments arising from leases:

	2011	**2010**
Lease obligations due less than a year starting on 31 December	1,138	1,754
Lease obligations due over a year starting on 31 December	412	2,486
Total	**1,550**	**6,250**

25. Commitments and contingent payables (continued)

These commitments may be canceled with a notice of 3 months. The leases for entities' premises are concluded for periods of up to 3 years, so there is no rent-related commitments with maturities longer than five years.

(d) Off-balance sheet commitments

The Group is exposed to credit risk through the activity carried out by its subsidiaries such as the Central Depository, the Bucharest Clearing House and the Investors Compensation Fund.

On 31 December 2011 the fair value of derivative settlement agreements for which CCB acts as central counterparty, being both creditor and debtor party in relation to the clearing members, was of 1,623 thousand Ron (31 December 2010: 463 thousand Ron).

On 31 December 2011, the value of transations in securities, having as trading date the end of the year 2011 and paid during 2012, was of 76,201 thousand Ron (31 December 2010: 122,556 thousand Ron).

Up to the present, the Investors Compensation Fund has not recorded any event likely to generate the payment of compensations.

26. Events subsequent to the balance sheet date

BOD Change

On 9 January 2012 the BVB General Assembly of Shareholders decided the revocation of the Board of Governors elected in February 2010 and the election of a new Board of Governors approved by CNVM on 31 January 2012 comprising the following members:

Lucian Claudiu Anghel - President;

Pompei Lupsan- Vice-President;

Dan Paul – Vice-President;

Robert Pana – Secretary;

Stere Farmache – member;

Octavian Molnar- member;

Narcisa Oprea- member;

Valerian Ionescu- member;

Matjaz Schroll - member

The obligations based on which the provision was constituted for restructuring of the BVB Board of Governors were paid.

CEO Nomination

Also, since 7 September, following the nomination by the Board of the Stock Exchange and the CNVM approval, Mr. Victor Cionga become the CEO of BVB.

Legislation changes

EU Regulation No 648/2012 on OTC derivatives, central counterparties and trade repositories (EMIR) requires these institutions, and so the Bucharest Clearing House, to hold an initial capital of at least 7,5 million EUR , latest on 28 July 2014.