

**BURSA DE VALORI BUCURESTI S.A.**  
**(BUCHAREST STOCK EXCHANGE)**

**ANNUAL STANDALONE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDING**  
**31 DECEMBER 2013**

**Prepared in accordance with Order no. 13/2011 on the  
approval of Regulation no. 4/2011 regarding the Accounting  
Regulations in line with the EEC Fourth Directive applicable to  
licensed entities regulated and monitored by the National  
Securities Commission as amended**

**BURSA DE VALORI BUCUREȘTI SA**

**ANNUAL STANDALONE FINANCIAL STATEMENTS**

**31 DECEMBRIE 2013**

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County 40  
 Entity BURSA DE VALORI BUCURESTI SA  
 Address: Bucharest Municipality  
 district: 2, str. Carol I Bd. nr. 34-36  
 apart. build. entrance floor 13-14  
 Telephone 0213079500, fax 0213079519  
 Registration no. with Trade Office J40/12328/2005

Type of property 34  
 Main activity (NACE category)  
Financial Market Management  
 NACE category 6611  
 Sole Registration Code  
17777754

## Balance Sheet

	<u>Row</u>	<u>Note</u>	<u>31 December 2012</u> (RON)	<u>31 December 2013</u> (RON)
<b>A. NON-CURRENT ASSETS</b>				
<b>I. INTANGIBLE ASSETS</b>				
3. Concessions, patents, licenses, trade marks, similar assets and other intangible assets	3	1 A	77,476	70,245
<b>TOTAL</b>	6	1 A	77,476	70,245
<b>II. TANGIBLE ASSETS</b>				
1. Land and buildings	7	1 A	-	3,344,100
2. Technical installations and machines	8	1 A	380,145	808,041
3. Other facilities, equipment and furniture	9	1 A	<u>461,938</u>	<u>388,840</u>
<b>TOTAL</b>	11	1 A	842,083	4,540,981
<b>III. FINANCIAL ASSETS</b>				
1. Shares in affiliated undertakings	12	1 B	26,572,947	26,231,326
5. Equities and other financial instruments held as non-current assets	16	1 B	1,123,582	1,358,109
6. Other receivables	17	1 B	<u>1,435</u>	<u>29,315,934</u>
<b>TOTAL</b>	18		27,697,964	56,905,369
<b>NON-CURRENT ASSETS - TOTAL</b>	19		28,617,523	61,516,595
<b>B. CURRENT ASSETS</b>				
<b>II. ACCOUNTS RECEIVABLE</b>				
1. Trade receivables	24	5 a)	1,375,162	2,433,141
4. Other accounts payable	27	5 a)	<u>2,945,636</u>	<u>2,812,685</u>
<b>TOTAL</b>	29		4,320,798	5,245,826
<b>III. SHORT TERM INVESTMENTS</b>				
2. Other short-term investments	31	5 b)	<u>64,671,027</u>	<u>35,119,284</u>
<b>TOTAL</b>	32		64,671,027	35,119,284

Notes from 1 to 10 are an integral part of the financial statements. Items/lines with zero were eliminated from the presentation.

# BURSA DE VALORI BUCURESTI SA

## BALANCE SHEET

	<u>Row</u>	<u>Note</u>	<u>31 December 2012</u> (RON)	<u>31 December 2013</u> (RON)
IV. PETTY CASH AND BANK ACCOUNTS	33	5 c)	<u>311,993</u>	<u>2,331,872</u>
CURRENT ASSETS – TOTAL	34		69,303,818	42,696,982
C. PRE-PAID EXPENSES	35	5 a)	63,642	175,058
D. LIABILITIES: AMOUNTS TO BE PAID IN ONE YEAR				
3. Advances cashed in orders	38	5 d)	140,174	107,570
4. Trade payables – suppliers	39	5 d)	344,136	667,357
8. Other liabilities, including tax and social security payables	43	5 d)	<u>1,937,499</u>	<u>4,764,777</u>
TOTAL	44		2,421,809	5,539,704
E. NET CURRENT ASSETS / NET CURRENT LIABILITIES	45		66,253,466	36,670,241
F. TOTAL ASSETS LESS CURRENT LIABILITIES	46		94,870,989	98,186,836
H. PROVISIONS				
1. Provisions for pensions and similar liabilities	56		269,566	269,506
2. Other provisions	58		<u>-</u>	<u>100,000</u>
TOTAL	59	2	269,566	369,506
I. DEFERRED REVENUES	60		<u>692,185</u>	<u>662,095</u>
2. Deferred revenues	60.2	5 d)	692,185	662,095
J. CAPITAL AND RESERVES				
I. CAPITAL	61	7	<u>76,741,980</u>	<u>76,741,980</u>
- Subscribed paid-up share capital	62		76,741,980	76,741,980

Notes from 1 to 10 are an integral part of the financial statements. Items/lines with zero were eliminated from the presentation.

**BURSA DE VALORI BUCURESTI SA**

**BALANCE SHEET**

	<u>Row</u>	<u>Note</u>	<u>31 December 2012</u> (RON)	<u>31 December 2013</u> (RON)
II. SHARE PREMIUM	64		8	8
III. REVALUATION RESERVES				
Cr Balance	65		-	2,325,080
IV. RESERVES	67		<u>9,265,576</u>	<u>9,712,158</u>
1. Legal reserves	68	10 H	5,354,053	5,800,353
3. Reserves from assets received free of charge	70		2,413,197	2,413,197
5. Reserves representing surplus from revaluation reserves	72		57,109	57,109
6. Other reserves	73	10 H	1,441,217	1,441,499
VI. RESULT OF FINANCIAL YEAR				
Credit Balance	79	3	9,006,202	9,484,404
Debit Balance	80			
Profit distribution	81	3	<u>412,343</u>	<u>446,300</u>
SHAREHOLDERS' EQUITY- TOTAL	82		<u>94,601,423</u>	<u>97,817,330</u>

Authorised and signed on behalf of the Board of Directors on 18 March 2014 by:

DIRECTOR

Full Name Lucian Anghel

Signature\_\_\_\_\_

Unit Stamp

PREPARED BY,

Full Name Stroia Virgil Adrian

Title Chief Financial Officer

Signature\_\_\_\_\_

GENERAL MANAGER

Full Name Ludwik Sobolewski

Signature\_\_\_\_\_

Unit Stamp

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# BURSA DE VALORI BUCURESTI SA

## INCOME STATEMENT

### Income Statement

	<b>Row</b>	<b>Note</b>	<b>Financial year ending 31 December 2012 (RON)</b>	<b>Financial year ending 31 December 2013 (RON)</b>
1. Net turnover	1	4 b)	<u>17,398,953</u>	<u>24,287,070</u>
a) Revenues from current activities	2	4 b)	17,398,953	24,287,070
4. Other operating revenues	7		<u>54,072</u>	<u>125,303</u>
Operating revenues - Total	8		17,453,025	24,412,373
5. a) Materials and other external expenses	9		<u>280,016</u>	<u>295,968</u>
a) Raw material and consumable expenses	10		105,821	93,087
b) Other material expenses	11		48,517	46,721
c) Other external expenses (power and water supplies)	12		125,678	156,160
6. Personnel costs, including:	13	8	<u>6,804,141</u>	<u>9,119,776</u>
a) Wages and salaries	14	8	5,155,724	7,341,252
b) Social security contribution	15	8	1,648,417	1,778,524
7. a) Tangible and intangible assets value adjustment	16	1 A	<u>579,013</u>	<u>(338,117)</u>
a.1) Expenses	17		579,013	680,903
a.2) Revenues	18		-	(1,019,020)
b) Current assets value adjustment	19		<u>46,038</u>	<u>328,916</u>
b.1) Expenses	20		49,043	338,953
b.2) Revenues	21		(3,005)	(10,037)
8. Other operating expenses	22	4 c)	<u>6,247,634</u>	<u>6,773,568</u>
8.1 Third party services	23		5,252,481	5,555,858
8.2 Other taxes and similar liabilities	24		895,786	1,148,081

Notes from 1 to 10 are an integral part of the financial statements. Items/lines with zero were eliminated from the presentation.

**BURSA DE VALORI BUCURESTI SA**
**INCOME STATEMENT**

			Financial year Ending <b>31 December 2012</b> (RON)	Financial year ending <b>31 December 2013</b> (RON)
	<b>Row</b>	<b>Note</b>		
8.3 Expenses for indemnities, donations and sold assets	25		99,367	69,629
Provision adjustments	26		<u>(586,699)</u>	<u>99,940</u>
Expenses	27	2	264,294	369,506
Revenues	28	2	(850,993)	(269,566)
Operating expenses – total	29		13,370,143	16,280,051
<b>OPERATING RESULT</b>				
- Profit	30	4	4,082,882	8,132,322
10. Revenues from other investments and loans included in non-current assets	34		1,916,610	387,664
- out of which, revenues from affiliated undertakings	35		1,883,519	355,445
11. Interest earned	36		3,725,168	2,771,091
Other financial revenues	38		<u>2,324,863</u>	<u>2,394,556</u>
<b>FINANCIAL REVENUES – TOTAL</b>	39		7,966,641	5,553,311
12. Value adjustments related to financial assets and financial investments held as current assets	40		<u>(90,109)</u>	<u>123,937</u>
- Expenses	41		162,740	477,884
- Revenues	42		(252,849)	(353,947)
Other financial expenses	45		<u>2,009,246</u>	<u>2,530,681</u>
<b>FINANCIAL EXPENSES – TOTAL</b>	46		1,919,137	2,654,618
<b>FINANCIAL RESULT</b>				
- Profit	47		6,047,504	2,898,693

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**BURSA DE VALORI BUCURESTI SA**

**INCOME STATEMENT**

			<b>Financial year Ending 31 December 2012 (RON)</b>	<b>Financial year ending 31 December 2013 (RON)</b>
	<b>Row</b>	<b>Note</b>		
14. CURRENT RESULT				
- Profit	49		10,130,386	11,031,015
Total revenues	55		<u>25,419,666</u>	<u>29,965,684</u>
Total expenses	56		<u>15,289,280</u>	<u>18,934,669</u>
PRE-TAX RESULT				
- Profit	57		10,130,386	11,031,015
18. Corporate income tax	59	10 D	1,124,184	1,546,611
20. NET RESULT				
of financial year				
- Profit	61		<u>9,006,202</u>	<u>9,484,404</u>

Authorised and signed on behalf of the Board of Directors on 18 March 2014 by:

DIRECTOR

Full name Lucian Anghel

Signature \_\_\_\_\_

PREPARED BY,

Full name Stroia Virgil Adrian

Title Chief Financial Officer

Signature \_\_\_\_\_

GENERAL MANAGER

Full Name Ludwik Sobolewski

Signature \_\_\_\_\_

Unit Stamp

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**BURSA DE VALORI BUCURESTI SA**

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

**Statement of Changes in Shareholders' Equity for financial year ending on 31 December 2013**

Item	INCREASES			DECREASES		Balance as at 31 December 2013
	Balance as at 1 January 2013	Total including:	By transfer	Total including:	By transfer	
Subscribed share capital	76,741,980	-	-	-	-	76,741,980
Share premium	8	-	-	-	-	8
Revaluation reserves	-	2,325,080	-	-	-	2,325,080
Reserves set up using the value of the shares acquired free of charge	2,413,197	-	-	-	-	2,413,197
Reserves from revaluation surplus	57,109	-	-	-	-	57,109
Legal reserves	5,354,053	446,300	446,300	-	-	5,800,353
Other reserves	1,441,217	282	282	-	-	1,441,499
Result carried forward representing profit/loss:						
Retained profit	-	9,006,202	9,006,202	9,006,202	-	-
Result of financial year:						
Profit	9,006,202	9,484,404	9,484,404	9,006,202	9,006,202	9,484,404
Profit distribution (-):						
Debit balance	<u>412,343</u>	<u>446,300</u>	<u>446,300</u>	<u>412,343</u>	<u>412,343</u>	<u>446,300</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<u>94,601,423</u>	<u>20,815,968</u>	<u>18,490,888</u>	<u>17,600,061</u>	<u>8,593,859</u>	<u>97,817,330</u>

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**BURSA DE VALORI BUCURESTI SA**

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

**Statement of Changes in Shareholders' Equity for financial year ending on 31 December 2012**

Item	INCREASES			DECREASES		Balance as at 31 December 2012
	Balance as at 1 January 2012	Total including:	By transfer	Total including:	By transfer	
Subscribed share capital	76,741,980	-	-	-	-	76,741,980
Share premium	8	-	-	-	-	8
Reserves set up using the value of the shares acquired free of charge	2,413,197	-	-	-	-	2,413,197
Reserves from revaluation surplus	57,109	-	-	-	-	57,109
Legal reserves	4,941,710	412,343	412,343	-	-	5,354,053
Other reserves	1,440,979	238	238	-	-	1,441,217
Result carried forward representing profit/loss:						
Retained profit	-	16,966,325	16,966,325	16,966,325	-	-
Result of financial year:						-
Profit	16,966,325	9,006,202	9,006,202	16,966,325	16,966,325	9,006,202
Profit distribution (-)						-
Debit balance	<u>530,300</u>	<u>412,343</u>	<u>412,343</u>	<u>530,300</u>	<u>530,300</u>	<u>412,343</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b><u>102,031,008</u></b>	<b><u>25,972,765</u></b>	<b><u>25,972,765</u></b>	<b><u>33,402,350</u></b>	<b><u>16,436,025</u></b>	<b><u>94,601,423</u></b>

DIRECTOR

Full name Lucian Anghel

Signature \_\_\_\_\_

Signature \_\_\_\_\_

GENERAL MANAGER

Full name Ludwik Sobolewski

PREPARED BY,

Full name Stroia Virgil Adrian

Title Chief Financial Officer

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**BURSA DE VALORI BUCURESTI SA**

**CASH FLOW STATEMENT**

<u>Name</u>	<u>Note</u>	<b>Financial year ending 31 December 2012 (RON)</b>	<b>Financial year ending 31 December 2013 (RON)</b>
<b>Operating activities:</b>			
Net profit before tax		<u>10,130,386</u>	<u>11,031,015</u>
<b>Adjustments for net result reconciliation with the net cash used in operating activities:</b>			
Depreciation	1 A	579,013	680,903
Expense/(Income) from discarding fixed assets		(308)	(20,368)
Expense/(Income) from provisions – net result	2	(586,699)	(919,080)
Adjustments for bad debts receivables – Expense/(Income)		46,038	328,916
Reclassification related to investments – Interest income		(3,725,168)	(2,771,091)
Reclassification related to investment – Collected dividends		(1,916,610)	(387,664)
Other adjustments – financial assets		(89,870)	90,263
Total adjustments		<u>(5,693,604)</u>	<u>(2,998,121)</u>
<b>Operating profit before changes in working capital</b>		4,436,782	8,032,894
<b>Changes in working capital</b>			
Increase/(decrease) in trade receivables and other receivables		464,600	(2,377,661)
Increase/(decrease) in trade payables and other receivables		<u>(198,903)</u>	<u>2,369,685</u>
<b>Changes in working capital</b>		265,697	(7,976)
Corporate income tax paid		<u>(1,466,155)</u>	<u>(620,002)</u>
<b>Net cash generated by business activities</b>		3,236,324	7,404,916
<b>Investment activities:</b>			
Payments for purchases of non-current assets	1A	(489,544)	(1,028,470)
Revenues from sales of non-current assets	1A	53,635	20,368
Payments for purchases of financial assets – bonds	1B	-	(29,331,343)
Cash proceeds/(payments) for short term financial investments (deposits and treasury certificates)		10,001,336	27,194,803
Received interest		2,577,460	3,783,392
Received dividends		<u>1,916,610</u>	<u>387,664</u>
<b>Net cash generated in investment business</b>		14,059,497	1,026,414
Dividends paid	3	<u>(16,117,400)</u>	<u>(8,768,392)</u>
<b>Net cash employed in financing business</b>		(16,117,400)	(8,768,392)
<b>Increase/(Decrease) of cash and cash equivalents</b>		1,178,421	(337,062)

Notes from 1 to 10 are an integral part of the financial statements. Items/lines with zero were eliminated from the presentation.

**BURSA DE VALORI BUCURESTI SA**

**CASH FLOW STATEMENT**

<u>Name</u>	<u>Note</u>	Financial year ending	Financial year ending
		<u>31 December 2012</u> (RON)	<u>31 December 2013</u> (RON)
Changes in cash and cash equivalents			
<b>Opening balance</b>		2,449,827	3,628,248
(Decrease)/Increase of cash and cash equivalents (deposits and treasury certificates, <3months)		<u>1,178,421</u>	<u>(337,062)</u>
<b>Closing balance</b>	5 c)	<u><u>3,628,248</u></u>	<u><u>3,291,186</u></u>

DIRECTOR

Full name Lucian Anghel

Signature \_\_\_\_\_

PREPARED BY,

Full name Stroia Virgil Adrian

Title Chief Financial Officer

Signature \_\_\_\_\_

GENERAL MANAGER

Full name Ludwik Sobolewski

Signature \_\_\_\_\_

Unit Stamp

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**BURSA DE VALORI BUCURESTI SA**

**NOTES TO THE STAND ALONE ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

**1. NON-CURRENT ASSETS**

**A Tangible and intangible assets**

Assets	Gross values				Impairment and value adjustments				Net book value as			
	Balance as		Balance as at		Depreciation/		Disposals		Balance as at		Net book value	
	at 1		31 December		Adjustment		or		31 December		as at 1 January	
	2013	Increases	Disposals	Transfers	2013	2013	during the year	Reversals	Transfers	2013	2013	2013
	1	2	3	4	5=1+2-3+4	6	7	8	9	10=5+6-8+9	11=1-6	12=5-10
Other intangible assets	3,950,709	321,636	70,407	-	4,201,938	3,873,233	328,868	70,408	-	4,131,693	77,476	70,245
<b>Total</b>												
<b>intangible assets</b>	3,950,709	321,636	70,407	-	4,201,938	3,873,233	328,868	70,408	-	4,131,693	77,476	70,245
Land	1,019,020	2,325,080	-	-	3,344,100	1,019,020	-	1,019,020	-	-	-	3,344,100
Property, plant and equipment	6,129,680	702,945	185,840	-	6,646,785	5,749,535	275,049	185,840	-	5,838,744	380,145	808,041
Other facilities, equipment and furniture	1,074,242	3,887	23,488	-	1,054,641	612,304	76,986	23,489	-	665,801	461,938	388,840

**BURSA DE VALORI BUCURESTI SA**

**NOTES TO THE STAND ALONE ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

**1 NON-CURRENT ASSETS (CONTINUED)**

					Gross values		Depreciation/ Adjustment recognised during the year	Impairment and value adjustments			Net book value as at 1 January 2013	Net book value as at 31 December 2013
	Balance as at 1 January 2012	Increases	Disposals	Transfers	Balance as at 31 December 2013	Balance as at 1 January 2013		Disposals or Reversals	Transfers	Balance as at 31 December 2013		
<b>Assets</b>												
<b>Total</b>												
<b>tangible assets</b>	8,222,941	3,031,912	209,328	-	11,045,526	7,380,859	352,035	1,228,349	-	6,504,545	842,083	4,540,981
Shares held with affiliated undertakings	26,572,947	520	-	-	26,573,467	-	342,141	-	-	342,141	26,572,947	26,231,326
Shares in other entities	1,467,528	-	29,744	-	1,437,754	343,946	89,645	353,946	-	79,645	1,123,582	1,358,109
Other receivables, including bonds	1,435	29,314,499	-	-	29,315,934	-	-	-	-	-	1,435	29,315,934
<b>Total</b>												
<b>financial assets</b>	<u>28,041,910</u>	<u>29,315,019</u>	<u>29,774</u>	<u>-</u>	<u>57,327,155</u>	<u>343,946</u>	<u>431,786</u>	<u>353,946</u>	<u>-</u>	<u>421,786</u>	<u>27,697,964</u>	<u>56,905,369</u>
<b>Non-current assets</b>												
<b>- Total</b>	<u>40,215,561</u>	<u>32,668,567</u>	<u>309,509</u>	<u>-</u>	<u>72,574,619</u>	<u>11,598,038</u>	<u>1,112,689</u>	<u>1,652,703</u>	<u>-</u>	<u>11,058,024</u>	<u>28,617,523</u>	<u>61,516,595</u>

**1 NON-CURRENT ASSETS (CONTINUED)**

In 2013, Bursa de Valori Bucuresti S.A. ("BVB", the "Company") acquired intangible assets in the amount of RON 321,636 (2012: RON 419,181), and tangible assets amounting to RON 706,832 acquiring mainly equipment's (2012: RON 71,271), in compliance with the investment plan approved by General Shareholders' Meeting (GSM). After the finalization of the litigation regarding the land in Maresal Averescu Bd., as per the final and irrevocable ruling of the Court of Appeal in Bucharest as of 26 March 2013 acknowledging the Bucharest Stock Exchange ownership on the land, the adjustment in the land value for the litigation in amount of RON 1,019,020 was reversed. In addition, the land was revaluated on 30 June 2013 by an ANEVAR certified expert, thus leading to its gross value increase by RON 2,325,080. The BVB management believes that the fair value on 31 December 2013 does not differ significantly from the fair value determined on 30 June 2013 based on the appraisal report.

During 2013, RON 70,047 worth of intangible assets, and RON 209,328 worth of tangible assets were derecognised. Revenues from sales of fixed assets amounted to RON 20,368. As at 31 December 2013, the Company had in its records, under Other intangible assets, the ARENA software, fully amortized, with a gross value of RON 3,288,938.

**B Financial Assets**

<u>Name</u>	<u>Balance as at January 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance as at 31 December 2013</u>
Depozitarul Central SA	22,656,932	-	-	22,656,932
Casa de Compensare Bucuresti SA	3,651,494	-	-	3,651,494
Fondul de Compensare a Investitorilor SA	214,521	520	-	215,041
Fundatia Institutul de Guvernanta Corporativa a BVB	50,000	-	-	50,000
<b>Total assets in affiliated entities (within the group) (gross value)</b>	<b>26,572,947</b>	<b>520</b>	<b>-</b>	<b>26,573,467</b>
Impairment adjustments for interests in affiliated entities ( Note 1C)	-	(342,141)	-	342,141
<b>i) Total assets in affiliated entities affected by adjustments (net book value)</b>	<b>26,572,947</b>	<b>(341,621)</b>	<b>-</b>	<b>26,231,326</b>
Casa Româna de Compensatie Sibiu	209,250	-	-	209,250
Bursa BVC Chisinau	19,342	-	-	19,342
Interests in international entities – value before impairment adjustments	1,238,936	-	(29,774)	1,209,162

**1 NON-CURRENT ASSETS (CONTINUED)**

<u>Name</u>	<u>Balance as at 1 January 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance as at 31 December 2013</u>
<b>Total assets in unaffiliated entities (gross book value)</b>	<b>1,467,528</b>	<b>-</b>	<b>(29,774)</b>	<b>1,437,754</b>
Impairment adjustments for interests in international entities (-) (Note 1c)	<u>(343,946)</u>	<u>(89,645)</u>	<u>353,946</u>	<u>(79,645)</u>
<b>ii) Total assets in unaffiliated entities affected by adjustments (net book value)</b>	<b>1,123,582</b>	<b>(89,645)</b>	<b>324,172</b>	<b>1,358,109</b>
<b>iii) Long term bonds</b>	<b>-</b>	<b>29,307,297</b>	<b>-</b>	<b>29,307,297</b>
<b>iv) Other assets</b>	<b><u>1,435</u></b>	<b><u>7,202</u></b>	<b><u>-</u></b>	<b><u>8,637</u></b>
<b>Total</b>	<b><u>27,697,964</u></b>	<b><u>28,883,233</u></b>	<b><u>324,172</u></b>	<b><u>56,905,369</u></b>

The financial assets with affiliated undertakings mentioned at the beginning of 2013 amounting to RON 26,572,947 (entry value) increased by RON 520 due to the increased contribution to the share capital of Fondul de Compensare a Investitorilor SA.

Financial assets with unaffiliated entities mentioned at the beginning of 2013 amounting to RON 1,467,528 (entry value) decreased throughout the year by RON 29,744 due to the change in the share portfolio structure.

During 2013, consequent to the decrease in interest rates provided by commercial banks for deposits in RON and foreign currency, higher yield financial instruments were purchased.

Thus, the Company acquired Government securities in amount of RON 23,144,172 maturing in 2018 and with an annual yield of 4.50% and Government securities in USD in amount of USD 1,634,817 maturing in 2022 and with an annual yield of 4.55%, stated in the balance sheet under "Financial Assets" – "Other receivables".

The shares held by BVB in international undertakings amount to RON 1,209,162 as at 31 December 2013 (31 December 2012: RON 1,238,936) and represent investments held to generate financial revenues, without intervening in managing the entities in which shares are held. During 2013, the New York Stock Exchange was taken over by Intercontinental Exchange, leading to changes in the held shares structure.

Investments in shares in international undertakings and changes throughout the year are presented below:

## NON-CURRENT ASSETS (CONTINUED)

<b>Name</b>	<b>Book value as at 1 January</b>			<b>Book value as at 31 December</b>		<b>Fair value as at</b>
	<b>2013</b>	<b>Inflows</b>	<b>Outflows</b>	<b>2013</b>	<b>31 December 2013</b>	
New York Stock Exchange	234,117	-	234,117	-	-	-
London Stock Exchange	253,564	-	-	253,564		253,564
Australian Stock Exchange	54,186	-	-	54,186		51,205
Deutsche Borse	180,180	-	-	180,180		170,087
NASDAQ OMX Group	178,693	-	-	178,693		178,693
CME Group	71,128	-	-	71,128		63,849
Bolsas y Mercados Espanoles	216,252	-	-	216,252		174,908
Intercontinental Exchange	<u>50,816</u>	<u>234,117</u>	<u>29,774</u>	<u>255,159</u>		<u>237,212</u>
Total	<u>1,238,936</u>	<u>234,117</u>	<u>263,891</u>	<u>1,209,162</u>		<u>1,129,518</u>

**C Value adjustments of financial assets**

Financial assets are recognised in the Company's balance sheet at their respective entry value less any accrued impairment adjustments. During 2013, as the market value of specific BVB-owned interests in international entities increased compared to 31 December 2012, impairment adjustments were decreased for value losses from previous years with impact on the financial revenues and respectively increasing the adjustments consequent to the decrease of the market value of shares held. So, at 31 December 2013, the accrued value of adjustments for impairments amounted to RON 79,645 (31 December 2012: RON 343,946), while the fair value of BVB financial assets reached RON 1,129,518 (31 December 2012: RON 894,900).

Consequent to the assessment of the Casa de Compensare Bucuresti SA ( "CCB") situation, as part of the project regarding its transformation into a Central Counterparty, factors were identified with respect to the impairment of the value of the shares held by BVB on 31 December 2013 and the share value was adjusted by RON 342,141. The value of the adjustment represents 50% from the difference between the CCB net assets allocated to BVB and the gross value of investment registered in the BVB financial assets.

Changes in adjustments made for the impairment of financial assets during 2013, and 2012 respectively, are as follows:

	<b>2012</b>	<b>2013</b>
<b>Balance as at 1 January</b>	434,055	343,946
Increase of adjustment for impairment of financial assets	162,740	431,786
Reversal of adjustment for impairment of financial assets	<u>(252,849)</u>	<u>(353,946)</u>
<b>Balance as at 31 December</b>	<u>343,946</u>	<u>421,786</u>

**1 PROVISIONS FOR RISKS AND CHARGES**

In 2013, a provision was set up with respect to the 2013 personnel untaken holidays until 31 December 2013 in the amount of RON 269,506 and a provision for rewarding the Board of Governors for the financial year 2013 amounting to RON 100,000, following the proposal of the Board of Governors that will be subject to the approval of the General Shareholders Meeting.

<b>Name</b>	<b>Balance as at 1 January 2013</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance as at 31 December 2013</b>
Provisions for retirement benefits and other similar liabilities	5,272	-	5,272	-
Provision for personnel untaken holidays	269,566	269,506	269,566	269,506
Provisions for rewarding the Board of Governors	-	100,000	-	100,000
<b>Total</b>	<b><u>274,838</u></b>	<b><u>369,506</u></b>	<b><u>274,838</u></b>	<b><u>369,506</u></b>

**2 DISTRIBUTION OF PROFIT**

<b>Purpose</b>	<b><u>2012</u></b>	<b><u>2013</u></b>
<b>A. Distributed net profit, including:</b>	9,006,202	9,484,404
1. For registration of legal reserves	<u>412,343</u>	<u>446,300</u>
<b>B. Retained profit</b>	<b><u>8,593,859</u></b>	<b><u>9,038,104</u></b>

Out of the net profit realised during 1 January 2013 – 31 December 2013 by BVB amounting to RON 9,484,404, on 31 December 2013 RON 446,300 was assigned to set up legal reserves in accordance with art. 183 of Law 31/1990. The retained profit amounting to RON 9,038,104 will be distributed according to the destinations agreed by General Shareholders Meeting

BVB's Board of Governors submits for approval of the General Shareholders Meeting, called for April 2014, a proposal for the distribution of Company's net profit for 2013 in the amount of RON 9,038,104 accounting for 100% of the retained profit in the form of gross dividends, with the value of dividend per share amounting to RON 1.1777.

**3 DISTRIBUTION OF PROFIT (CONTINUED)**

The BVB Board of Governors submits to the approval of the General Shareholders Meeting set for April 2014 the proposal to reward the members of the BVB Board of Governors following to the financial year 2013 results, namely 2 monthly remunerations, in the following conditions: purchasing BVB shares in 3 months after the GSM date of approval and holding the purchased shares for at least 2 years from the purchase date.

The proposal to remunerate the members of the Board was included in the financial statements as at 31 December 2013 as a provision amounting to RON 100,000.

In accordance with Decision no. 2 of General Shareholders Meeting dated 25 April 2013, BVB announced the distribution in 2013 to the shareholders registered in Shareholders Registry as at 15 May 2013 of the 2012 retained profit in the amount of RON 8,593,859 in the form of dividends. The value of a dividend was of gross RON 1,1198 /share. Until 31 December 2013 the company paid RON 8,768,392 as dividends (including not distributed dividends from previous years).

**4 ANALYSIS OF OPERATING RESULT**

a) The operating result includes:

<b>Indicators</b>	<b>Year</b>	<b>Year</b>
	<b><u>2012</u></b>	<b><u>2013</u></b>
1 Net turnover, including:	17,398,953	24,287,070
Revenues from current activities	17,398,953	24,287,070
2 Other operating revenues	54,072	125,303
3 Materials expenses	154,338	139,808
4 Power and water supplies costs	125,678	156,160
5 Personnel costs (Note 8)	6,804,141	9,119,776
6 Value adjustment of tangible and intangible assets (Note 1A)	579,013	(338,117)
7 Value adjustment of current assets	46,038	328,916
8 Other operating costs	6,247,634	6,773,568
9 Provision adjustments	<u>(586,699)</u>	<u>99,940</u>
10 OPERATING RESULT – profit	<u>4,082,882</u>	<u>8,132,322</u>

## NOTES TO THE STAND ALONE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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**4 ANALYSIS OF OPERATING RESULT (CONTINUED)**

In 2013, BVB registered a net turnover of RON 24,287,070, up with 40% compared to 2012 (RON 17,398,953). The net turnover is obtained from the revenues derived from fees charged to transactions with shares, fixed-income instruments and structured products, fees for admission and maintenance to the trading system, sales of stock exchange information and others. The dividends collected by the Company in 2013 (RON 387,664) were not included in turnover but treated as financial revenues.

b) The net turnover includes:

<u>Name</u>	<u>2012</u>	<u>2013</u>
Trading fees revenues	14,171,963	21,230,030
Participant fees revenues	127,212	88,008
Revenues from issuers' admission and maintenance fees	1,349,759	1,317,497
Revenues from the sale of stock exchange information	1,317,020	1,263,099
Revenues from IT services	430,448	387,335
Other revenues	<u>2,551</u>	<u>1,101</u>
Total net turnover	<u>17,398,953</u>	<u>24,287,070</u>

c) Other operating expenses amounting to RON 6,773,568 in 2013 (2012: RON 6,247,634) include the following:

<u>Name</u>	<u>2012</u>	<u>2013</u>
Rent and lease expenses	676,664	746,147
Expenses for maintenance and repair works	379,751	379,179
Marketing and promotion expenses	453,317	967,318
Expenses for the remuneration of the Board of Governors and Special Commissions members (Note 8)	1,059,556	568,089
Taxes and charges expenses	895,786	1,148,081
Sponsorship expenses	44,025	64,500
Other third party services expenses	1,446,530	1,205,067
Commissions and fees expenses	786,566	976,104
Expenses from ceased assets	53,327	-
Postal charges and telecommunication costs	166,578	152,889
Travel costs	187,257	403,315
Other expenses	<u>98,277</u>	<u>162,879</u>
Total	<u>6,247,634</u>	<u>6,773,568</u>

The 2013 operating result is a RON 8,132,322 profit (2012: RON 4,082,882 – profit).

**5 ACCOUNTS RECEIVABLE AND PAYABLE****a) Receivables***Statement of receivables as at 31 December 2013:*

<b><u>Receivables and prepaid expenses</u></b>	<b>Balance as at 31 December 2013</b>		<b>Due in</b>
	<b><u>Gross Value</u></b>	<b><u>Under 1 year</u></b>	
Trade receivables i)	2,894,460	2,894,460	-
Other receivables ii)	2,812,685	2,812,685	-
Impairment adjustments	<u>(461,319)</u>	<u>(461,319)</u>	-
Total receivables	5,245,826	5,245,826	-
Prepaid expenses iii)	<u>175,058</u>	<u>175,058</u>	-
Total	<u>5,420,884</u>	<u>5,420,884</u>	-

*Statement of receivables as at 31 December 2012:*

<b><u>Receivables and prepaid expenses</u></b>	<b>Balance as at 31 December 2013</b>		<b>Due in</b>
	<b><u>Gross Value</u></b>	<b><u>Under 1 year</u></b>	
Trade receivables i)	1,515,982	1,515,982	-
Other receivables ii)	2,945,636	2,945,636	-
Impairment adjustments	<u>(140,820)</u>	<u>(140,820)</u>	-
Total receivables	4,320,798	4,320,798	-
Prepaid expenses iii)	<u>63,642</u>	<u>63,642</u>	-
Total	<u>4,384,440</u>	<u>4,384,440</u>	-

As at 31 December 2013, Bursa de Valori Bucuresti SA reported receivables and prepaid expenses of RON 5,420,884, up 23.64% compared to the previous year (31 December 2012: RON 4,384,440).

**5 ACCOUNTS RECEIVABLE AND PAYABLE (CONTINUED)****i) Trade receivables**

As at 31 December 2013, the weight of trade receivables in total receivables reached 44.88% with a net value of RON 2,433,141, and mostly include receivables related to the services provided by BVB.

Trade receivables are mainly debts payable by financial investment services companies to which invoices were issued for the services provided in December 2013, and receivables for services invoiced to both listed issuers and other customers: trading maintenance fees, additional terminal fees, on-line information sale fees, index license fees, data dissemination fee and other.

With respect to its doubtful debts, on 31 December 2013, BVB adjusted the value thereof by RON 461,319 (31 December 2012: RON 140,820). The adjustment increase is due to amounts unpaid by Harinvest SA.

**ii) Other receivables**

Other receivables amounting to RON 2,812,685 in 2013 (31 December 2012: RON 2,945,636) accounted for 51.89% of total receivables and prepaid expenses and include the following:

<b><u>Name</u></b>	<b><u>Balance as at 31 December 2013</u></b>	<b><u>Balance as at 31 December 2013</u></b>
VAT Receivable	574,631	3,546
Fees due to FSA	501,162	1,765,789
Other debtors	36,503	328,570
Accrued bank interest	1,671,666	610,113
Corporate income tax –to receive	129,054	-
Other receivables	<u>32,620</u>	<u>104,668</u>
Total	<u>2,945,636</u>	<u>2,812,685</u>

- i. *Fees due to FSA* – receivables related to the provision of Regulation no. 7/2006 as republished regarding the FSA fee charged to financial investment services companies for purchase transactions via Bursa de Valori Bucuresti:

**5 ACCOUNTS RECEIVABLE AND PAYABLE (CONTINUED)***iii) Pre-paid expenses*

The company's pre-paid expenses amounting to RON 175,058 as at 31 December 2013 (31 December 2012: RON 63,642) mostly include payments for insurance of equipment, equipment maintenance, directors' third party liability insurance policies, being expensed on a monthly basis.

**b) Short-term financial investments**

Short-term financial investments in 2013 included deposits in both RON and foreign currency, government bonds and treasury certificates (31 December 2013: RON 35,119,284) that generated bank interest income in the financial year ended at 31 December 2013 in the amount of RON 2,771,091.

Short-term financial investments as at 31 December 2013 and 31 December 2012 respectively are as follows:

<u>Name</u>	<u>31 December 2012</u>	<u>31 December 2013</u>
Short-term bank deposit	50,988,532	35,119,284
Treasury certificates and short-term bonds	<u>13,682,495</u>	<u>-</u>
Total short term financial investments	<u>64,671,027</u>	<u>35,119,284</u>

**c) Petty cash and bank accounts**

Amounts available in bank accounts as at 31 December 2013 were RON 2,331,872 (31 December 2012: RON 311,993).

For cash flows purposes, the Company's cash and cash equivalents (deposits and treasury certificates with maturities under 3 months) as at 31 December 2013 amounted to RON 959,314 (31 December 2012: RON 3,316,255).

In 2013, bank deposits, treasury certificates, government bonds with maturities under 3 months were treated as cash equivalents given their high liquidity, the possibility of easily converting them into known amounts of cash and the negligible risk of having their value altered.

## 5 ACCOUNTS RECEIVABLE AND PAYABLE (CONTINUED)

## d) Payables

*Statement of payables as at 31 December 2013:*

<b><u>Payables and deferred income</u></b>	<b><u>Balance as at 31 December 2013</u></b>	<b><u>Less than 1 year</u></b>	<b><u>1-5 years</u></b>	<b><u>Due in More than 5 years</u></b>
Trade payables i)	667,357	667,357	-	-
Other debt, including tax payables and other social security payables ii)	4,872,347	4,872,347	-	-
Total payables	5,536,966	5,536,966	-	-
Deferred income iii)	<u>662,095</u>	<u>662,095</u>	<u>-</u>	<u>-</u>
Total	<u>6,201,799</u>	<u>6,201,799</u>	<u>-</u>	<u>-</u>

*Statement of payables as at 31 December 2012:*

<b><u>Payables and deferred income</u></b>	<b><u>Balance as at 31 December 2012</u></b>	<b><u>Less than 1 year</u></b>	<b><u>1-5 years</u></b>	<b><u>Due in More than 5 years</u></b>
Trade payables i)	344,136	344,136	-	-
Other debt, including tax payables and other social security payables ii)	2,077,673	2,077,673	-	-
Total payables	2,421,809	2,421,809	-	-
Deferred revenues iii)	<u>692,185</u>	<u>692,185</u>	<u>-</u>	<u>-</u>
Total	<u>3,113,994</u>	<u>3,113,994</u>	<u>-</u>	<u>-</u>

BVB payables and deferred income as at 31 December 2013 in amount of RON 6,201,799, up by 99.16% from the previous year (31 December 2012: RON 3,113,994), include trade payables, other debt including tax payable in less than one year and deferred revenues representing amounts not due as at 31 December 2013, as follows:

**5 ACCOUNTS RECEIVABLE AND PAYABLE (CONTINUED)***i) Trade payables*

Trade payables amounting to RON 667,357 (31 December 2012: RON 344,136) are mostly amounts owed to suppliers and other payables less than 30 days old, paid at the beginning of 2014.

*ii) Other debt*

Other debt payable within less than 1 year, in amount of RON 4,872,347 (31 December 2012: RON 2,077,673) are detailed below:

<b><u>Name</u></b>	<b><u>Balance as at 31 December 2012</u></b>	<b><u>Balance as at 31 December 2013</u></b>
Payables related to management and staff	-	1,004,280
Payables related to employees, state budget and social security budget	367,504	273,289
Dividends not collected by shareholders	690,786	584,230
Dividend tax	118,210	49,949
Corporate income tax	-	797,555
Incoming advance payments	140,174	107,570
Other accounts payable – mainly, payment of FSA fee payable by financial investment services companies	758,254	2,053,686
Other payables	<u>2,745</u>	<u>1,788</u>
Total	<u>2,077,673</u>	<u>4,872,347</u>

- iii) Deferred revenues as at 31 December 2013, in amount of RON 662,095 (31 December 2012: RON 692,185) include amounts not due related to fees payable by listed issuers for maintenance to the trading system.

## **6 ACCOUNTING POLICIES, PRINCIPLES AND METHODS**

### **A Overview**

The annual financial statements were prepared in accordance with Regulation no. 4/2011 regarding the Accounting Rules in line with the EEC Fourth Directive applicable to licensed entities regulated and monitored by the National Securities Commission („CNVM”), approved under Order of CNVM President no. 13/2011 („Order 13/2011”) and the accounting policies described in the notes to the stand alone financial statements and other items of legislation such as:

- Accounting Law no. 82/1991 as republished;
- Instruction no. 1/2013 on amendment of Instruction no. 2/2007 regarding the preparation and filing of annual financial statements by licensed entities regulated and monitored by the National Securities Commission, approved under Order no. 7/2012;
- Order of Ministry of Public Finance no. 907/2005 on the approval of categories of legal entities applying accounting regulations in line with the International Financial Reporting Standards, respectively accounting rules compliant with the applicable EU directives, published in Official Journal no. 597/2005;
- Order of Ministry of Public Finance no. 2861/2009 for the approval of methodology concerning the management and conduct of stock-taking of such elements as assets, liabilities, and shareholders’ equity.

Other legal regulations specific to the Company’s business include:

- Law no. 297/2004 on capital market;
- Law no. 31/1990 on companies, republished, as later amended and supplemented;

These financial statements include the standalone financial statements of Bursa de Valori Bucuresti S.A.

The Company’s annual financial statements are prepared based on the trial balance resulting after the enforcement of the specifications included in the Accounting Rules applicable to licensed entities monitored and regulated by CNVM.

The company is regulated by the Financial Supervisory Authority (FSA), successor to CNVM.

**6 ACCOUNTING POLICIES, PRINCIPLES AND METHODS (CONTINUED)**

**B Principles underlying the preparation of the standalone financial statements**

The annual financial statements were prepared based on historical costs, in agreement with the provisions of Order 31/2011.

These financial statements are prepared subject to the accounting principles, on an accrual basis. Therefore, the effects of both transactions and other events are recognised at the specific time of their occurrence and are disclosed and reported in the standalone financial statements of the relevant periods.

The accounting principles that underlie the preparation of these financial statements are as follows:

- **Going concern principle** – starts from the assumption that the Company will continue to operate in the foreseeable future, without being prevented from operating or significantly reducing business operations.
- **Consistency of methods principle** – The same rules, methods and norms should be applied regarding the measurement, recognition and presentation in the accounting records of transactions, in order to ensure the comparability over time of financial information.
- **Prudence principle** – All value adjustments due to asset impairment, as well as all foreseeable liabilities and potential losses arising during the financial year ended or during a previous year are taken into account.
- **Cut-off principle** – All revenues and expenses related to the financial year are considered, irrespective of the date when the amounts are cashed in or of the payment date.
- **Principle of individual assessment of assets and liabilities** – The value of each asset or liability is established individually.
- **Intangibility principle** – The opening balance sheet for each financial year must match the closing balance sheet of the previous financial year.
- **The offsetting principle** – The values of assets are not set off against the values of liabilities, respectively revenues against expenses, except for the compensation between assets and liabilities allowed by the CNVM Order CNVM 13/2011; and
- **Economic substance over legal form principle** – Information provided in the financial statements reflects the economic reality related to events and transactions, not only their legal form;

**6 ACCOUNTING POLICIES, PRINCIPLES AND METHODS (CONTINUED)**

- **Materiality principle** – Each item that has a significant value is presented separately within the financial statements.

**C Accounting policies**

**a) Use of estimates**

Preparation of the financial statements in accordance with Order 13/2011 requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the respective period. Although these estimates are based on the best information available as at the date of the financial statements, actual results may differ from these estimates.

**b) Going concern**

The accompanying financial statements have been prepared based on the going concern principle, which assumes that the Company will continue to operate in the foreseeable future. In order to assess the reasonability of this assumption, the management reviews the forecasts of the future cash inflows.

Based on these reviews, the management believes that the Company will be able to continue to operate as a going concern in the foreseeable future and, therefore, this principle should be applied in the preparation of these financial statements.

**c) Presentation currency**

Accounting is kept in Romanian and in the national currency. Items included in these financial statements are denominated in Romanian lei.

**d) Translation into foreign currency**

Foreign currency transactions of the Company are translated into the measurement currency using the exchange rates communicated by the National Bank of Romania ('BNR') as at the dates of the transactions. At each month end, foreign currency balances are translated into RON using the exchange rates communicated by NBR for the last banking day of the month. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, within the financial result.

**6 ACCOUNTING POLICIES, PRINCIPLES AND METHODS (CONTINUED)**

The respective balances of both foreign currency assets and liabilities are converted into RON subject to the exchange rate announced by BNR prevailing at the end of the applicable reporting period as follows:

- 2013: 3.2551 RON/USD and 4.4847 RON/EUR.
- 2012: 3.3575 RON/USD and 4.4287 RON/EUR;

**e) Tangible assets**

*Recognition and original assessment*

Asset recognition must observe the requirements of the general framework applicable for the preparation and disclosure of financial statements, if:

- the generation of further economic benefits using such asset is feasible;
- the cost of the asset is higher than the applicable statutory regulations;
- such asset is used during more than 1 year and for the purpose of providing services.

Tangible assets are originally recognised at purchase cost, i.e. their purchase price or value determined under a specific agreement for the transfer of the title thereof. Assets are recognized at the purchase cost or fair value for other entries than purchases, as applicable.

Land, under “Tangible Assets”, was revalued based on an appraisal report dated 30 June 2013 issued by an ANEVAR certified expert. The increase in book value resulting from this revaluation was credited into the revaluation reserve. The BVB management believes that the fair value as at 31 December 2013 does not differ significantly from the fair value determined on 30 June 2013 based on the appraisal report.

Assets are recognised according to individual categories and particular accounting item.

*Valuation at reporting date*

Tangible assets are recognised in balance sheet at purchase cost less accrued depreciation and value adjustments.

Tangible assets are depreciated according to the straight line method based on estimated useful life periods, starting from the month of their being commissioned, so that cost will diminish until the expiry of the applicable useful life, as follows:

- plants and machinery 3-20 years; and
- other facilities, equipment and furniture 2-15 years.

**6 ACCOUNTING POLICIES, PRINCIPLES AND METHODS (CONTINUED)**

Quotas and useful lives of tangible assets were determined at the level of 2013 in accordance with the classification and normal useful lives of the fixed assets approved under the Government Decision no. 2139/2004. Land is not subjected to depreciation as it is treated as having an indefinite lifetime.

*Further expenditures*

The expenditure with repairs or maintenance of tangible assets is recognised as incurred while the significant improvements which increase the value or useful life of the assets, or which increase their revenue generating capacity are capitalised.

*Sale/disposal of tangible assets*

Items of tangible assets that are retired or otherwise disposed of are eliminated from the balance sheet along with the corresponding accumulated depreciation. Any gain or loss resulting as a difference between the revenue generated by the disposal and value not depreciated, including expenses caused by such operation, is included in the Income Statement, within "Other operating revenues" or "Other operating expenses", as appropriate.

**f) Intangible assets**

Intangible assets include software and software licenses.

*Original valuation*

Intangible assets are originally recognised at purchase cost, i.e. purchase cost or value determined under a specific agreement for the transfer of the title thereof.

*Depreciation*

Depreciation is disclosed in the Income Statement based on the straight line method during the estimated period of the useful life of the relevant intangible asset. Intangible assets are depreciated starting from the date when asset is ready to be used. Useful life for software and software licenses ranges between 1 and 5 years.

*Valuation at reporting date*

At the reporting time intangible assets are recognised at cost less depreciation and accrued value adjustments.

**6 ACCOUNTING POLICIES, PRINCIPLES AND METHODS (CONTINUED)**

*Subsequent expenditure*

Expenditure enabling intangible assets to generate future economic benefits beyond the originally forecast performance is added to the original cost thereof. Such expenses are capitalised as intangible assets if not integral part of intangible assets.

**g) Impairment of tangible and intangible assets**

At each year-end, the items of property, plant and equipment and other non-current assets are reconciled with the results of the annual count. For this purpose, the net carrying value is compared with the value established on stock-count, referred to as the annual count value. If this value is lower than the carrying value, the differences are accounted for as additional depreciation and amortisation for assets where depreciation is irreversible, or as an adjustment for depreciation, where depreciation is reversible. The annual count value is determined based on the asset's utility, condition and market price.

**h) Financial assets**

Financial assets include shares held in related parties, loans granted to related parties, participating interests, loans to undertakings with which the Company is linked by virtue of participating interests, as well as other investments (long term bonds).

Financial assets are recognised in the balance sheet at historical cost less possible value impairment adjustments

**i) Trade receivables**

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

**6 ACCOUNTING POLICIES, PRINCIPLES AND METHODS (CONTINUED)**

**j) Short-term financial investments**

These include short-term deposits at banks and other short-term investments (bonds, shares and other investments held for sale). Short-term investments admitted to trading on a regulated market are valued and assessed at the balance sheet date at the bid value on the last day of trading, and those not marketed at historical cost less any possible adjustments for loss in value.

**k) Cash and cash equivalents**

Cash and cash equivalents are recognised at cost in balance sheet.

For cash flows statement purposes, cash and cash equivalents include:

- cash accounts
- cash in hand

cash equivalents are highly liquid short-term investments, easily convertible into known amounts of cash and subject to a negligible risk of having their value altered, respectively bank deposits with maturities less than 3 months.

**l) Provisions for risks and charges**

Provisions for dismantling, restructuring, litigation, and other provisions for risks and charges are recognised when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. No provisions are recognised for future operating losses.

**6 ACCOUNTING POLICIES, PRINCIPLES AND METHODS (CONTINUED)**

**m) Distributable dividends**

Dividends related to ordinary shares are recognised in shareholders' equity when declared.

Any dividends declared prior to the balance sheet date are recognised as liabilities at the said date. Any dividends proposed or declared after the balance sheet date are not disclosed as liabilities, but stated in the notes to the financial statements.

**n) Trade payables**

Trade payables are recorded at the value of the amounts payable for the goods or services received.

**o) Employee benefits**

*Pensions and other post-retirement benefits*

The Company, in the normal course of business, makes payments to the Romanian State on behalf of its employees, at statutory rates. All employees of the Company are members of the Romanian State pension plan. These costs are recognised in the Income Statement together with the related salary costs.

The Company does not operate any other pension scheme or post-retirement benefit plan and, consequently, has no obligation with respect to pensions.

**p) Taxation**

*Current corporate income tax*

The Company records current corporate income tax based upon taxable corporate income from the Romanian financial statements, in accordance with relevant Romanian legislation.

**q) Recognition of revenues**

Revenues are recognised as per individual types of revenues, which are recognised in accordance with the principles of accrual accounting.

**6 ACCOUNTING POLICIES, PRINCIPLES AND METHODS (CONTINUED)**

*Revenues from current activities*

Revenues from current activities include revenues derived from fees charged for transactions involving shares and fixed income instruments and structured products, charges for the admission and maintenance to the trading system, sales of stock exchange information and others.

These revenues are recognised according to the cut-off principle, considering the period when services were provided by the Company.

Any discounts granted are disclosed in the income statement as part of operating revenues.

*Dividend income*

Dividends are recognised as revenues when the legal right to receive payment is established, i.e. at the date of approval thereof.

*Interest income*

Interest income is recognised periodically and proportionally as the respective revenue is generated on an accrual accounting basis.

**r) Operating expenses**

Expenses are recognised according to individual types of expenses, based on their respective nature or purposes.

Operating expenses are recognised in the period to which they refer.

*Financial expenses*

Financial expenses are recognised in the period to which they refer.

**7 PARTICIPATING INTERESTS AND FUNDING SOURCES**

The value of the Company's share capital as at 31 December 2013 is the same as seen at the beginning of the year, i.e. RON 76,741,980, with 7,674,198 shares having a par value of RON 10/share.

The prospectus prepared by BVB for the admission of its own shares on the regulated market administered by BVB was approved under CNVM's Decision no. 632/18.05.2010. On 8 June 2010 the first transactions involving BVB shares were executed. The closing price on the last trading session of 2013 was RON32.5/share.

The shareholding structure and shares held as at 31 December 2013 are as follows:

No.	Shareholding structure	Number of shares	% in share capital
1	<b>Legal entities including:</b>	<u>6,271,748</u>	<u>81,7251</u>
	- Romania	5,278,580	68,7834
	- International	993,168	12,9417
2	<b>Individuals including:</b>	<u>1,402,450</u>	<u>18,2749</u>
	- Romania	1,336,366	17,4138
	- International	66,084	0,8611
	<b>Total</b>	<u>7,674,198</u>	<u>100</u>

Under article 129, par. 1 of the Capital Market Law 297/2004, no shareholder of a market operator may hold, directly or indirectly, more than 5% of the total voting rights. Also, according to the Company's Articles of Incorporation, any subscription, acquisition and holding of Company's shares must comply with the requirement that no shareholder holds, directly or indirectly, more than 5% of the total existing voting rights. Consequently, as at 31 December 2013, BVB – market operator had no significant shareholders and did not hold shares on its own behalf.

**8 INFORMATION ON THE COMPANY'S EMPLOYEES, DIRECTORS AND MANAGERS**

	<b>Headcount</b>	<b>Headcount</b>	<b>Change</b>
	<b><u>31 December 2012</u></b>	<b><u>31 December 2013</u></b>	<b><u>2013-2012</u></b>
Total personnel including	57	40	(17)
Higher Education graduates	54	39	(15)
High School graduates	3	1	(2)

The Company's headcount as at 31 December 2013 changed as compared to the similar period of the previous year, i.e. decreasing due to the termination of individual employment agreements as a result of exits and retirements, so headcount decreased with 17 employees compared to 31 December 2012. Out of the total 40 employees as at 31 December 2013, 1 employee had his individual employment agreement suspended in accordance with the existing legal regulations.

The Company's management was covered by the Board of Governors validated by FSA on 1 February 2013 and consists of the following members:

- Mr Anghel Lucian Claudiu      president
- Mr Lupsan Pompei              vice-president
- Mr Paul Dan-Viorel            vice-president
- Mr Pana Robert                secretary general
- Mr Valerian Ionescu          member
- Mr Matjaz Schroll             member
- Mrs Narcisa Oprea            member
- Mr Stere Constantin Farmache member
- Mr Octavian Molnar          member

Executive management included:

- Dl. Ludwik Sobolewski      General Manager – as of 21 August 2013
- Dl. Victor Cionga            General Manager – between 7 September 2012 – 31 May 2013
- Dl. Alin Barbu                Deputy General Manager – taking over the tasks of the General Manager during 1 June 2013 – 20 August 2013
- D-na Anca Dumitru        Deputy General Manager
- Dl. Virgil Stroia             Chief Financial Officer
- Dl. Calin Macedon          Manager
- D-na Ileana Botez          Manager

**8 INFORMATION ON COMPANY'S EMPLOYEES, DIRECTORS AND MANAGERS  
(CONTINUED)**

During the reporting period the following expenses were incurred:

	<b><u>2012</u></b>	<b><u>2013</u></b>
Salary costs, including:	5,155,724	7,341,252
Meal ticket costs	110,898	95,381
Management costs	1,253,882	1,980,662
Social security costs	1,648,417	1,778,524
Costs for the remuneration of the Board of Governors members and Special Commissions members (Note 4c)	1,059,556	568,089
	<b><u>31 December 2012</u></b>	<b><u>31 December 2013</u></b>
Liabilities at the end of the year	-	1,004,280

The Company is not bound under any agreement on behalf of its directors and has not granted any advances or loans to its managers or directors.

Also, the Company has not incurred any future obligations such as guarantees on behalf of its directors.

BVB makes monthly payments at pension funds, health funds, unemployment funds for its employees at the current statutory rates.

In 2013 or 2012, the Company did not incur on behalf of its employees any expenses for optional pension schemes or with respect to premiums for any voluntary health insurance, instead the Company only paid contributions to the national pension plan / health system, as required by the applicable legislation.

**9 ANALYSIS OF MAIN ECONOMIC-FINANCIAL RATIOS****1. Liquidity ratios****a) Current ratio**

	<b><u>31 December 2012</u></b>	<b><u>31 December 2013</u></b>
$\frac{\text{Current assets}}{\text{Current liabilities}} =$	28.62	7.71

**b) Quick ratio**

	<b><u>31 December 2012</u></b>	<b><u>31 December 2013</u></b>
$\frac{\text{Current assets} - \text{Inventories}}{\text{Current liabilities}} =$	28.62	7.71

The current ratio reflects the capacity of Company's current equity items of being on a short term basis converted into liquid assets in order to meet the current payables.

The quick ratio reflects the company's capability of instantly meeting its liabilities given its existing available cash funds.

**2. Risk ratios** –not determined as no loans were taken**3. Activity ratios** (management indicators)**a) Average receivable turnover**

	<b><u>Financial year ending 31 December 2012 (days)</u></b>	<b><u>Financial year ending 31 December 2013 (days)</u></b>
$\frac{\text{Average Receivables Balance}}{\text{Turnover}} \times 365 =$	30.11	27.65

**9 ANALYSIS OF MAIN ECONOMIC-FINANCIAL RATIOS (CONTINUED)**

The average receivable turnover determines a company's effectiveness in collecting its receivables and expresses the number of turnovers required by a company's accounts receivables to pay their debts to such company.

## b) Average payable turnover

	Financial year ending <b><u>31 December 2012</u></b> (days)	Financial year ending <b><u>31 December 2013</u></b> (days)
$\frac{\text{Average Payables Balance}}{\text{Turnover}} \times 365 =$	10.61	7.60

The average payable turnover identifies the number of credit days obtained by a company from its accounts payable.

## c) Non-current assets turnover

	Financial year ending <b><u>31 December 2012</u></b>	Financial year ending <b><u>31 December 2013</u></b>
$\frac{\text{Turnover}}{\text{Non-current assets}} =$	0.61	0.39

## d) Total assets turnover

	Financial year ending <b><u>31 December 2012</u></b>	Financial year ending <b><u>31 December 2013</u></b>
$\frac{\text{Turnover}}{\text{Total assets}} =$	0.18	0.23

**9 ANALYSIS OF MAIN ECONOMIC-FINANCIAL RATIOS (CONTINUED)**

The non-current assets and total assets turnovers identify the capacity thereof of generating the company's turnover.

**4. Profitability ratios**

## a) Profit margin

	<b>Financial year ending <u>31 December 2012</u></b>	<b>Financial year ending <u>31 December 2013</u></b>
$\frac{\text{Net profit}}{\text{Turnover}} =$	51.76%	39.05%

The profit margin identifies the overall efficiency of a company and its ability of generating profit.

## b) Return On Equity (ROE))

	<b>Financial year ending <u>31 December 2012</u></b>	<b>Financial year ending <u>31 December 2013</u></b>
$\frac{\text{Net Result}}{\text{Equity}} =$	9.52%	9.70%

The return on equity identifies the efficiency of the use of shareholders' equity.

## c) Return On Assets (ROA)

	<b>Financial year ending <u>31 December 2012</u></b>	<b>Financial year ending <u>31 December 2013</u></b>
$\frac{\text{Net Result}}{\text{Total assets}} =$	9.19%	9.09%

**9 ANALYSIS OF MAIN ECONOMIC-FINANCIAL RATIOS (CONTINUED)**

The return on assets identifies the effectiveness in using a company's assets in its operating activities, i.e. the return of the whole capital invested in such company.

## d) Return on capital employed

	<b>Financial year ending <u>31 December 2012</u></b>	<b>Financial year ending <u>31 December 2013</u></b>
$\frac{\text{Gross result}}{\text{Capital employed}} =$	10.71%	11.28%

The return on capital employed identifies the profit derived by a company from its money invested therein.

## e) Total working capital(FR)

	<b>Financial year ending <u>31 December 2012</u></b>	<b>Financial year ending <u>31 December 2013</u></b>
(Shareholders' equity + long-term loans) - - Non-current assets =	65,983,900	36,300,735

## f) Necessary amount to cover working capital needs

	<b>Financial year ending <u>31 December 2012</u></b>	<b>Financial year ending <u>31 December 2013</u></b>
(Inventories + Receivables) - - Current payables =	1,898,989	(293,878)

**9 ANALYSIS OF MAIN ECONOMIC-FINANCIAL RATIOS (CONTINUED)**

## g) Net Treasury

	<b>Financial year ending <u>31 December 2012</u></b>	<b>Financial year ending <u>31 December 2013</u></b>
Working Capital -	64,084,911	36,594,613
- Necessary amount to cover working capital needs=		

Net treasury identifies the quality of a company's financial balance both on long and short term.

## h) Dividend yield

	<b>Financial year ending <u>31 December 2012</u></b>	<b>Financial year ending <u>31 December 2013</u></b>
Dividend per share / Price per share =	6.1%	to be computed on registration date

## i) Dividend distribution rate

	<b>Financial year ending <u>31 December 2012</u></b>	<b>Financial year ending <u>31 December 2013</u></b>
Dividends per share / Profit per share =	95%	95%

**5. Market Indicators**

## a) Profit or loss / share

	<b>Financial year ending <u>31 December 2012</u></b>	<b>Financial year ending <u>31 December 2013</u></b>
<u>Net Result</u> =	1.17	1.24
Number of shares		

**9 ANALYSIS OF MAIN ECONOMIC-FINANCIAL RATIOS (CONTINUED)**

Profit or loss / share indicator identifies the internal return of a share in terms of the profit derived by such share during a given financial year.

**b) Market capitalization**

	<b>Financial year ending <u>31 December 2012</u></b>	<b>Financial year ending <u>31 December 2013</u></b>
Market price x Number of shares =	153,483,960	249,411,435

**c) Book value of shareholders' equity / share**

	<b>Financial year ending <u>31 December 2012</u></b>	<b>Financial year ending <u>31 December 2013</u></b>
<u>Shareholders' equity</u> = Number of shares	12.33 RON / share	12.75 RON /share

Book value of shareholders' equity / share identifies the net asset value per share, i.e. the amount that would be paid to a shareholder further to a sale of a company's assets and meeting company's debts to its account payables.

**10 OTHER INFORMATION****A Company's Overview**

On 21 June 1995, Bursa de Valori Bucuresti was established under Decision D20 as a public, autonomous institution, based on Law no. 52/1994.

Until the Company's conversion into a joint stock company, Bursa de Valori Bucuresti operated under Law no. 52/1994 and Government Emergency Ordinance no. 28/2002 respectively as a public not-for-profit self-funded institution.

**10 OTHER INFORMATION (CONTINUED)**

On 15 July 2005, further to ruling no. 12270/SC/2005 delivered in case no. 531497/SC/2005, Bursa de Valori Bucuresti's petition for reorganisation was admitted by changing its legal organization into a joint stock company, without patrimonial liquidation or discontinuation of business by the former public institution. The assets of Bursa de Valori Bucuresti became, under art. 285 par. 1 of Law no. 297/2004, the assets of S.C. Bursa de Valori Bucuresti S.A ("BVB").

On 31 August 2005 (reference date), S.C. Bursa de Valori Bucuresti S.A. absorbed S.C. Bursa Electronica Rasdaq S.A., with the latter conveying universal title over its own estate to the absorbing Company.

On 18 May 2010, CNVM Decision no. 632 was issued to approve the prospectus prepared by BVB for admission of its own shares on the regulated market administered CNVM.

8 June 2010 is the first day when the BVB shares are traded with BVB acting as issuer admitted on its own trading platform under the market symbol "BVB".

The registered address of S.C. Bursa de Valori Bucuresti S.A. is located in Bucharest, 34-36 B-dul Carol I, floors 13-14, district 2, Romania. S.C. Bursa de Valori Bucuresti S.A. has no branches.

The Company's business as of 1 January 2008 is NACE code 6611 – "Administration of financial markets."

**B Information on institution's relations with branches, affiliated entities or other companies where strategic interests are held**

As at 31 December 2013 BVB holds interests in the share capital of other companies as follows:

- Interests in the share capital of S.C. Depozitarul Central S.A., Bucharest, 34-36 B-dul Carol I, district 2, in amount of RON 22,656,932, i.e. 69.04%; as at 31 December 2013 the entity's shareholders' equity value was RON 29,175,387 and the accounting profit was RON 15,298, as per the preliminary unaudited financial statements;

Interests in the share capital of SC Casa de Compensare Bucuresti SA ("CCB"), 34-36 B-dul Carol I, 12<sup>th</sup> floor, district 2, Bucharest, in amount of RON 3,651,494 (i.e. 52.5080% of CCB's share capital); as at 31 December 2012 the entity's shareholders' equity value was RON 5,650,971 and lei and it incurred an accounting loss of RON 489,334, as per the preliminary unaudited financial statements;

**10 OTHER INFORMATION (CONTINUED)**

- Contribution to the initial capital of Fundatia Institutului de Guvernanta Corporativa al BVB, having registered address in 34-36 B-dul Carol I, 12<sup>th</sup> floor, district 2, Bucharest, in amount of RON 50,000 RON (100.00%); as at 31 December 2013 the entity's shareholders' equity value was RON 31,363 and it registered an accounting loss of RON 9,621, as per the preliminary unaudited financial statements;
- Interest in the share capital of SC Fondul de Compensare a Investitorilor SA, Bucharest, 34-36 B-dul Carol I, district 2, Bucharest, in amount of RON 215,040 (62.31%); as at 31 December 2013 the entity's shareholders' equity was RON 18,828,705 and it posted an accounting profit of RON 41,669, as per the preliminary unaudited financial statements;
- Interest in the share capital of SC Casa Romana de Compensatie Sibiu SA in amount of RON 209,250 (1.94%);
- Interest in the share capital of SC Bursa BVC Chisinau in amount of RON 19,341 (0.025%).

*Transactions with affiliated entities*

	<u>Year 2012</u>	<u>Year 2013</u>
<b>Operating revenues</b>	<u>320,396</u>	<u>320,313</u>
- Casa de Compensare Bucuresti	103	12
- Depozitarul Central	320,000	320,000
- Fondul de Compensare al Investitorilor	293	301
<b>BVB revenues from incoming dividends</b>	<u>1,883,520</u>	<u>355,445</u>
- Depozitarul Central	1,883,520	355,445
<b>Purchases of goods and services</b>	<u>451,659</u>	<u>216,481</u>
- Depozitarul Central	35,625	64,362
- Casa de Compensare Bucuresti	416,034	85,824
- Fundatia Institutul de Guvernanta Corporativa al BVB	-	66,295
<b>Liabilities as at 31 December</b>	<u>9,973</u>	<u>2,618</u>
-Depozitarul Central	1,115	376
-Casa de Compensare Bucuresti	8,858	2,242
<b>Receivables as at 31 December</b>	<u>15</u>	<u>328,569</u>
including:		
-Casa de Compensare Bucuresti	15	288,764
- Depozitarul Central	-	39,805

**10 OTHER INFORMATION (CONTINUED)**

The operating revenues derived from the entities in which BVB is a shareholder are generated by IT services related to the administration and maintenance for the business equipment, by dividends distributed by S.C. Depozitarul Central S.A. and by revenues from part of the transactions with Derivative Financial Instruments (DFI) for SC Casa de Compensare București SA. The expenses incurred for the Company's affiliated undertakings included clearing services, settlement services and securing of DFI transactions, risk management related to derivative market transactions, services provided by S.C. Casa de Compensare București SA, services provided by Depozitarul Central SA to distribute dividends to BVB shareholders and services provided by Fundatia Institutul de Guvernanta Corporativa of BVB to improve corporate governance among listed issuers and to prepare future issuers.

**C Method used to present assets and liabilities, as well as revenues and expenses originally disclosed in a foreign currency**

The Company discloses its equity items, revenues and expenses as at 31 December 2013 in accordance with the Accounting Regulations harmonised with the Fourth EEC Directive as follows:

- monetary assets expressed in foreign currency were disclosed using the closing exchange rate of the relevant reporting period (see note 6 d);
- non-monetary items were disclosed at historical cost, and items expressed in foreign currency were disclosed using the exchange rate prevailing at the date of the given transaction.

**D Corporate Income Tax Information**

The financial year 2013 ended with a pre-tax profit in the amount of RON 11,031,015, with a corporate income tax of RON 1,546,611 to be paid within statutory terms.

The 2012 accrual result and result for tax purposes were reconciled against their 2011 respective values as follows:

<b><u>Indicators</u></b>	<b><u>31 December 2012</u></b>	<b><u>31 December 2013</u></b>
Accounting profit disclosed in financial statements in accordance with applicable regulations	10,130,386	11,031,015
Non-taxable revenues	1,883,519	355,445
Other non-taxable revenues	1,106,847	1,749,567
Expenses non-deductible under applicable laws (less corporate income tax expense and tax depreciation)	573,642	1,589,737
Deductible statutory reserve	412,343	446,300
<b>Taxable corporate income</b>	<b><u>7,301,318</u></b>	<b><u>8,319,874</u></b>
Corporate income tax (at the 16% tax rate)	1,168,210	1,611,111
Sponsorship deducted from corporate income tax	(44,026)	(64,500)
Payable corporate income tax for the year	1,124,184	1,546,611

**OTHER INFORMATION (CONTINUED)**

Non-taxable revenues are mostly represented by the dividends collected from SC Depozitarul Central S.A.

Other deductible amounts are the previous years' non-deductible provisions reversed to revenues during the current year.

Non-deductible expenses include provision expenses (for doubtful debts, 2013 untaken personal leaves, emoluments of the Board of Governors members), subscription fees payable to international bodies to which BVB is affiliated (amount in excess of the limits imposed by the existing fiscal legislation), adjustment of the Company's financial assets in international entities, sponsorships, and other expenses that do not meet the existing legal deductibility requirements.

**E Turnover**

The Company's 2013 net turnover in amount of RON 24,287,070 was generated from services related to the current business activities of Bursa de Valori Bucuresti SA, after deducting any taxes related directly to turnover, as required under the Accounting Rules in line with the EEC Fourth Directive. Details on the nature of such revenues are provided in note 4, Analysis Of Operating Result.

**F Auditors' fees**

During the financial year 2013, expenses were incurred for fees payable to auditors in amount of RON 145,036 (2012: RON 145,264) for internal audit services, statutory audit, other audit services, as follows:

- financial statements audit: RON 79,002
- internal audit: RON 36,478
- audit of security and functionality of Arena software: RON 29,556

During the financial year 2013, RON 203,716 was paid for auditors' fees.

**10 OTHER INFORMATION (CONTINUED)****G Incoming and outgoing pledges – not applicable****H Company's reserves as at 31 December 2013**

The breakdown of the Company's reserves of RON 9,712,158:

- Legal reserves in the amount of RON 5,800,353 are set up as required by the applicable laws, i.e. 5% applied to the Company's book profit to the level of 1/5 of Company's subscribed and paid-up share capital.

The statutory reserve breakdown is as follows:

<b><u>Legal reserve</u></b>	<b><u>31 December 2013</u></b>
From the Company's 2005 profit	341,412
From of the legal reserve of Bursa Electronica Rasdaq– upon the 2005 merger	14,600
From the Company's 2006 profit	905,780
From the Company's 2007 profit	1,736,218
From the Company's 2008 profit	610,000
From the Company's 2009 profit	479,000
From the Company's 2010 profit	324,400
From the Company's 2011 profit	530,300
From the Company's 2012 profit	412,343
From the Company's 2013 profit	<u>446,300</u>
<b>Total legal reserve</b>	<b><u>5,800,353</u></b>

As required by the applicable laws, the statutory reserve cannot be distributed.

- Reserves representing surplus from revaluation reserves in amount of RON 57,109, following takeover of revaluation reserves, upon retirement of revaluated assets;
- Reserves set up using the value of the shares acquired free of charge from Depozitarul Central in 2011 in amount of RON 2,413,197; and
- Other reserves, set up as required by the applicable laws, in amount of RON 1,441,499, on 31 December 2013, being structured as follows:

**10 OTHER INFORMATION (CONTINUED)**

<b><u>Other reserves</u></b>	<b><u>31 December 2013</u></b>
1. Reserve representing the equivalent value of the land purchased by BVB acting as public institution (by July 2005)	1,019,020
2. Reserve representing the Company's interest in specific companies in BVB's capacity as public institution:	
-Institutul de Guvernanta Corporativa	225,437
3. Reserve representing the balance of net profit derived remaining balance after increases of the Company's share capital	10,360
4. Reserve resulting from the difference between the value of securities received based on contribution in kind to Depozitarul Central's share capital and non-depreciated value of tangible assets	186,161
5. Other reserves	<u>521</u>
Total other reserves	<u>1,441,499</u>

Reserves dealt with in 1), 2), and 4 cannot be distributed.

**I LITIGATION**

As at 31 December 2013, Bursa de Valori Bucuresti had pending litigation cases as follows:

- Litigation cases in which BVB seeks initiation of insolvency procedure for overdue accounts receivable defaulting on their payables for BVB services. The gross value of BVB's receivables from such clients was entirely provisioned.
- Litigation cases in which BVB seeks recovery of its overdue receivables (undergoing the enforcement procedure).
- Other litigation cases in which BVB acts as plaintiff/defendant related to such demands as: cancellation of specific transactions; challenge of procedure involving the lifting of suspension of specific issuers' shares from trading, annulment of specific procedures, obligation to litigate with professionals.

In the case no. 5940.1/3/2003 of Bucharest Court of Appeal – First Criminal Division, with BVB being involved as party suing for civil injury, the court gave a final and irrevocable ruling in favour of the Company on 26 March 2013. The Court of Appeal ruled on the status of the land owned by BVB on Maresal Averescu Bd., land purchased in 2000 and acknowledged BVB's ownership right.

Litigation cases involving labour disputes with 2 employees were finalized.

**10 OTHER INFORMATION (CONTINUED)**

- In case no. 60770/3/2011 – the court denied the claim of the plaintiff (BVB employee) as groundless.
- In the case no. 51271/3/2011, upon the court hearing of 14 January 2013, the court was informed of the claimant's decision to withdraw the counts in the complaint against the dismissal decision no. 502/30.05.2011 of Bursa de Valori Bucuresti SA, seeking a ruling having the appellee restate the claimant to her former position and claiming payment of material compensations consisting in salary rights. Moreover, the court dismissed as groundless the claim seeking moral damages from the appellee. The decision of the court was final and irrevocable.

**J Taxation**

The Romanian taxation system is undergoing a process of consolidation and harmonisation with the European Union legislation. However, there are still different interpretations of the fiscal legislation. In various circumstances, the tax authorities may have different approaches to certain issues, and assess additional tax liabilities, together with late payment interest and penalties (currently, penalties determined by the duration of delay, plus 0.04% per day of delay). In Romania, tax periods remain open for tax inspection for five years. The Company's management considers that the tax liabilities included in these financial statements are fairly stated

**K Transfer pricing**

Romanian tax legislation includes the arm's length principle according to which transactions between related parties should be carried out at market value. Local taxpayers engaged in related party transactions have to prepare and make available upon the written request of the Romanian Tax Authorities their transfer pricing documentation. Failure to present the transfer pricing documentation, or presenting an incomplete documentation, may lead to non-compliance penalties; additionally, notwithstanding the contents of the transfer pricing documentation, the tax authorities may interpret the facts and transactions differently from management and impose additional tax liabilities resulting from transfer price adjustments. The Company's management believes the Company is not exposed to any losses in the case of any tax inspection focusing on transfer prices. Nevertheless, the impact of any different interpretations on the part of the tax authorities cannot be reliably assessed. This risk can be significant for the Company's financial position and/or business.

10 OTHER INFORMATION (CONTINUED)

L Risk Management

***Business environment risk***

The process of value adjustment according to risks, which has occurred on the international financial markets during the recent year, has severely affected their performance, in Romania as well, which leads to raising uncertainty in terms of future economic developments.

The effects of the international economic downturn have impacted the Romanian financial market as well, particularly in the form of:

- Contraction of the capital market
- Increase in risk premiums on loans
- Delays in the payment of loans contracted by the population
- Increase in RON-denominated interest rates due to the worldwide shortage of liquidity
- Depreciation of the national currency
- Decrease of real estate asset prices
- Negative trend for macroeconomic indicators (inflation, budget deficit, current account deficit, diminished direct foreign investments, higher unemployment rate etc.)

The Company's Management cannot anticipate all the effects of the credit crunch on the Romanian financial sector, and on these financial statements.

The Company's Management believes that it has taken the required measures to ensure sustainability and development of the Company in the current market circumstances.

***Liquidity risk***

The Group's policy on liquidity is to maintain sufficient liquid resources to meet its obligations as they fall due.

The liquidity risk may occur if the Company cannot honour its current obligations due to a lack of liquidities. Given that a significant part of the Company's assets consists of highly liquid investments, the liquidity risk undertaken by the Company is low.

The Company follows the developments in liquidities to be able to pay its liabilities as they fall due. The assets and liabilities are analysed by reference to the period remaining until the contractual due date (Note 5, Assets and liabilities).

**10 OTHER INFORMATION (CONTINUED)**

***Credit risk***

The credit risk is an accounting loss to be recognised if the contractual parties were to default on their obligations.

The Company is exposed to the credit risk that arises from the potential default on payment obligations by its contractual partners. However, the management does not anticipate significant losses.

***Market risk***

The market risk is the risk of having the fluctuation in market prices, such as the foreign exchange rate, the interest rate and the price of equity instruments, affect the Company's revenues or the value of the financial instruments held.

The objective of market management risk is to manage and control exposure to market risk within acceptable parameters, while also optimising the return on investment.

The Company is exposed to market risk through its foreign currency liquidities and investments in banks and purchased government securities. However, based on the analysis of net financial assets and the sensitivity analysis of Euro and USD exchange rates, the management does not anticipate significant losses.

**SUBSEQUENT EVENTS**

There were no subsequent event to the balance sheet date that, that by not being included, might affect the users' capacity to make assessment or to take proper decisions.

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