BUCHAREST STOCK EXCHANGE

SEPARATE FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ADOPTED BY THE EUROPEAN UNION

31 DECEMBER 2012

DISCLAIMER

This English language “Separate financial statements prepared in accordance with IFRS adopted by the EU”, as at December 31, 2012, is a convenience translation of the Romanian language version of the abovementioned financial statements. The Romanian version of the “Separate financial statements prepared in accordance with IFRS adopted by the EU”, as at December 31, 2012, is the official document.

BUCHAREST STOCK EXCHANGE S.A.

FINANCIAL STATEMENTS FOR THE YEAR ENDED AS AT 31 DECEMBER 2012

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SEPARATE PROFIT OR LOSS ACCOUNT

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2012 *(- thousand RON)*

	Note	31 December 2012	31 December 2011
Revenues from services		17,399	21,742
Other revenues		54	3
Operating revenues		17,453	21,745
Staff costs and benefits of the members of Board of Directors	7	(7,277)	(8,403)
Expenses with third-party services	7	(2,234)	(1,915)
Other operating expenses	7	(2,840)	(5,494)
Operating profit		5,102	5,933
Financial income	8	7,966	15,319
Financial expenses	8	(2,009)	(2,811)
Net financial income		5,957	12,508
Profit before tax		11,059	18,441
Corporate income tax expense	9	(1,415)	(1,561)
Profit for the year		9,644	16,880
Earnings per share:			
Result per share - base (RON)	20	1.26	2.20
Earnings per share - diluted (RON)	20	1.26	2.20

The separate financial statements were approved by the Board of Directors on 25 June 2013 and were signed by:

President,	Deputy General Manager,	Financial Manager,
Lucian Claudiu Anghel	Alin Barbu	Virgil Adrian Stroia

The explanatory notes to the financial statements on pages 7-63 are an integral part of these separate financial statements

	Note	**31 December 2012**	**31 December 2011**
Profit for the year		9,644	16,880
Revaluation of financial assets available for sale	13	76	(19)
Total comprehensive income for the year of the period		**9,720**	16,861

The separate financial statements were approved by the Board of Directors on 25 June 2013 and were signed by:

President,	Deputy General Manager,	Financial Manager,
Lucian Claudiu Anghel	Alin Barbu	Virgil Adrian Stroia

	Note	31 December 2012	31 December 2011
Assets			
Tangible assets	10	3,013	1,042
Intangible assets	11	77	21
Investments in associates	6	24,160	24,160
Deferred tax receivables	12	-	385
Available-for-sale financial assets	13	1,124	1,033
Total non-current assets		28,374	26,641
Trade and other receivables	14	1,944	2,237
Prepayments	15	64	90
Bank deposits	13	49,537	39,834
Held-to-maturity financial assets	13	13,489	32,238
Cash and cash equivalents	16	3,628	2,451
Other assets		705	705
Total current assets		69,367	77,555
Total assets		97,741	104,196
Equity			
Share capital	19	76,742	76,742
Legal reserve	19	5,354	4,942
Fair value reserve	19	(289)	(365)
Retained earnings	19	2,778	1,803
Profit for the year		9,644	16,880
Total equity		94,229	100,002
Payables			
Trade and other payables	17	2,691	3,243
Deferred income/revenue	18	692	738
Current corporate income tax payables		-	213
Deferred tax - passive	12	129	-
Total current payables		3,512	4,194
Total payables and equity		97,741	104,196

The separate financial statements were approved by the Board of Directors on 25 June 2013 and were signed by:

President,	Deputy General Manager,	Financial Manager,
Lucian Claudiu Anghel	Alin Barbu	Virgil Adrian Stroia

	Share capital	Retained earnings	Revaluation of available-for-sale financial assets	Legal reserve	Total equity
Balance as at 1 January 2011	76,742	7,717	(346)	4,411	88,524
Total comprehensive income for the year					
Profit or loss account	-	16,880	-	-	16,880
Other items of comprehensive income					
Reserve of available-for-sale financial assets	-	-	(19)	-	(19)
Total items of comprehensive income	-	-	(19)	-	(19)
Total comprehensive income for the year	-	16,880	(19)	-	16,861
Transactions with owners of the Company, recognised directly in equity					
Contributions by and distributions to owners of the Company					
Legal reserve increase	-	(531)	-	531	-
Dividend paid to owners	-	(5,383)	-	-	(5,383)
Total contributions by and distributions to owners of the Company	-	(5,914)	-	531	(5,383)
Total transactions with owners of the Company	-	(5,914)	-	531	(5,383)
Balance as at 31 December 2011	76,742	18,683	(365)	4,942	100,002

The explanatory notes to the financial statements on pages 7-63 are an integral part of these separate financial statements

	Share capital	Retained earnings	Revaluation reserve of available-for-sale financial assets	Legal reserve	Total equity
Balance as at 1 January 2012	76,742	18,683	(365)	4,942	100,002
Total comprehensive income for the year					
Profit or loss account	-	9,644	-	-	9,644
Other items of comprehensive income					
Reserve of available-for-sale financial assets	-	-	76	-	76
Reserve from revaluation of land - net impact	-	967	-	-	967
Other reserves	-	(24)	-	-	(24)
Total items of comprehensive income	-	943	76	-	1,019
Total comprehensive income for the year	-	10,587	76	-	10,663
Transactions with owners of the Company, recognised directly in equity					
Contributions by and distributions to owners of the Company					
Legal reserve increase	-	(412)	-	412	-
Dividend paid to owners	-	(16,436)	-	-	(16,436)
Total contributions by and distributions to owners of the Company	-	(16,848)	-	412	(16,436)
Total transactions with owners of the Company	-	(16,848)	-	412	(16,436)
Balance as at 31 December 2012	76,742	12,422	(289)	5,354	94,229

The explanatory notes to the financial statements on pages 7-63 are an integral part of these separate financial statements

SEPARATE STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2012 *(- thousand RON)*

	Note	31 December 2012	31 December 2011
Cash flows from operating activities			
Profit for the year		9,644	16,880
Adjustments to remove non-cash items:			
Depreciation of intangible assets	10.11	579	1,189
Interest income	8	(3,725)	(3,772)
Dividend income	8	(1,917)	(8,224)
Receivable impairment	14	47	(67)
Provisions - net	17	(587)	856
Corporate income tax expense	9	1,415	1,561
Revenue from provision reversal - land		(1,019)	-
Other adjustments		(37)	(20)
		4,400	8,403
Change in trade and other receivables	12	373	(1,821)
Change in prepayments	15	26	18
Change in trade and other payables	17	(284)	918
Change in deferred income/revenue	18	(46)	120
Changes to deferred tax	12	39	-
Corporate income tax paid	9	(1,466)	(1,466)
Net cash from operating activities		3,042	6,172
Cash flows from investing activities			
Interest received	8	2,578	3,055
Dividends received	8	1,917	8,224
Bank charges	13	(9,703)	-
Repurchases / (purchases) of other held-to-maturity financial assets	13	19,897	(69,261)
Acquisition of tangible and intangible assets	10.11	(489)	(830)
Receipts from the sale of non-current assets		53	(786)
Net cash from / (used in) investing activities		14,253	(59,598)
Cash flows from financing activities			
Dividends paid		(16,118)	(5,394)
Net cash used in financing activities		(16,118)	(5,394)
Net increase / (decrease) in cash and cash equivalents		1,177	(58,820)
Cash and cash equivalents 1 January	16	2,451	61,270
Cash and cash equivalents 31 December	16	3,628	2,451

The explanatory notes to the financial statements on pages 7-63 are an integral part of these separate financial statements

1. REPORTING ENTITY

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

Until it became a joint stock company, 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 a self-financed non-profit institution of public interest.

On 15 July 2005 the Bucharest Stock Exchange, by closing no 12270/SC/2005 pronounced in case no. 531497/SC/2005, was reorganized by changing the legal form to a joint stock company, without liquidating the assets and without interrupting the activity of the former public institution. The property of the Bucharest Stock Exchange became under Article 285 paragraph 1 of Law no 297/2004 on capital market the property of S.C. Bursa de Valori Bucuresti S.A. (hereinafter referred to "BSE" or the "Company"). Upon the change of the legal form, the share capital of the new joint stock company was composed of cumulative earnings of the public institution. This share capital was distributed equally and free between securities companies (current financial investment service companies) which were active at that time.

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

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

The main activity of BSE is the "Management of the financial markets". Starting on 8 June 2010, the shares of BSE are listed on the regulated market in Romania at the Bucharest Stock Exchange under the symbol "BSE".

The financial statements of the company for the year ended 31 December 2012 comprise the company's financial information.

2. BASIS OF PREPARATION

(a) Statement of compliance

The separate financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs UE"). The Company has prepared separate financial statements in order to meet the requirements of Order no. 116 for the approval of Instruction no. 6/2011 regarding the application of International Financial Reporting Standards adopted by the European Union by authorized entities, regulated and supervised by the National Securities Commission. Separate financial statements include separate statement of financial position, separate profit or loss account, separate statement of comprehensive income, separate statement of changes in equity, separate statement of cash flows and explanatory notes. The separate financial statements were authorised for issue by the Board of Directors of BSE on 25 June 2013.

At the time these separate financial statements were approved, the Company did not prepare the consolidated financial statements in accordance with IFRS EU for the Company and its subsidiaries (the "Group"), pursuant to IAS 27.

The company used an interpretation presented in the agenda issued by the European Commission for Internal Market and Services for the meeting of the Accounting Regulatory Committee (document ARC/08/2007) on the relation between IAS regulations and the 4th and 7th Directive on the companies' law. According to the Commission Services department, if a company chooses or is required to prepare the annual financial statements in accordance with EU IFRS, it can prepare and submit them independently of the preparation and submission of the consolidated financial statements.

In the consolidated financial statements, branches - those companies in which the Group, directly or indirectly, holds more than half of the voting rights or which have the power to exercise control over operations - will be fully consolidated.

The users of these financial statements must read them together with the consolidated financial statements of the Group on and for the year ended at 31 December 2012, as soon as they become available, in order to get comprehensive information about the financial position, results of the operations and the cash flows of the Group as a whole.

2 BASIS OF PREPARATION (CONTINUED)

Differences between statutory financial statements and separate IFRS statements

The Company's accounting records are kept in Ron, according to Romanian Accounting Regulations ("RCRs"). Statutory accounts have been revised to reflect the differences between RCRs and IFRSs UE. Statutory accounts have been adjusted accordingly where necessary in order to make these separate financial statements consistent with IFRSs in terms of all their major issues.

The most significant changes made to the statutory financial statements in order to harmonize them with IFRSs are the following:

- grouping of several items into more comprehensive categories;
- adjustments of assets and liabilities in accordance with IAS 29 ("Financial Reporting in Hyperinflationary Economies") because the Romanian economy was a hyperinflationary economy until 31 December 2003;
- adjustments to fair value and impairment of financial instruments in accordance with IAS 39 ("Financial Instruments: Recognition and Measurement");
- adjustment of reserves from shares received free of charge;
- setting up of provisions for the deferred tax (IAS 12 "Income Taxes"); and
- presentation of required disclosures according to IFRSs UE.

(b) Bases of measurement

The separate financial statements have been prepared based on the historical or amortised cost basis, except for the available-for-sale financial assets which are measured at fair value.
Other financial assets and liabilities are presented at amortised cost.
The methods used to establish the fair value are presented in Note 4.

(c) Functional and presentation currency

Items included in the Company's separate financial statements are measured using the currency of the economic environment in which the entity operates ("functional currency"), i.e. leu (RON). These separate financial statements are presented in RON, which is the functional and presentation currency of BSE, all amounts being rounded up to the nearest thousand.

2 BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements

The preparation of the separate financial statements according to IFRS 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, liabilities, 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 in establishing 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 revised on an on-going 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 the future periods, if the revision affects both current and future periods.

Judgements made by management in applying IFRSs that have a significant effect on the financial statements, as well as the estimates that involve a significant risk resulting in a material adjustment within the next financial year are included in note 3 (i).

3. SIGNIFICANT ACCOUNTING POLICIES

The most significant accounting methods and policies have been consistently applied by BSE during the financial years presented in these separate financial statements.

a) Foreign currency

Transactions in foreign currencies are recorded in Ron using the official exchange rate on the transaction settlement date. Monetary assets and liabilities denominated in foreign currency on the date on which the statement of financial-accounting position was 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 liabilities 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 liabilities in a foreign currency that are measured based on historical are translated in Ron using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated in Ron using the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on translation are recognised in profit or loss account, except for the differences arising on the translation 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 currencies are as follows:

Currency	Spot exchange rate 31 December 2012	Spot exchange rate 31 December 2011	Average exchange rate 2012	Average exchange rate 2011
EUR	4.4287	4.3197	4.4560	4.2379
USD	3.3575	3.3393	3.4682	3.0486

b) Accounting of effects of hyperinflation

According IAS 29 ("Financial Reporting in Hyperinflationary Economies") financial statements of an 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 statements of financial position is prepared, i.e. non-monetary items are restated by applying the general price index on the date of acquisition or contribution.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

According to IAS 29 an economy is considered hyperinflationary if, among other factors, the cumulative inflation index exceeds 100 % over a period of three years.
The steady decrease in the rate of inflation and other factors related to the characteristics of the economic environment in Romania indicate that the economy whose functional currency was adopted by the Company ceased to be hyperinflationary affecting the financial periods starting from 1 January 2004. The Company adopted the provisions of IAS 29 ("Financial Reporting in Hyperinflationary Economies") in preparing financial statements for those holdings older than 1 January 2004. Amounts expressed in the measuring unit used at 31 December 2003 are treated as the basis for the reported accounting amounts included in these separate financial statements and are not measured values, replacement cost or any other measurement of the current value of the assets or prices at which transactions would take place at that time.

c) Financial assets and liabilities

Financial assets

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

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.
Financial assets and liabilities are offset and the net amount presented in the separate statement of financial position when, and only when, the Company 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 liability simultaneously.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

(ii) Held-to-maturity financial assets

If the Company 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 in the category of available-for-sale assets, and the Company will not be able to classify the investment instruments as held-to-maturity investment instruments during the current year and the next two financial years.

During its activities, the Company performs also government securities repurchase operations. This involves 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 attributable 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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 nor classified in any of the above categories of financial assets. Company's investments in equity securities and in certain debt instruments are classified as available-for-sale financial assets.

Subsequent to initial recognition, they are measured at fair value and subsequent changes, other than impairment losses (see note 3 (f)) and exchange differences related to equity instruments available for sale are recognised in other comprehensive income and are presented within equity in the fair value reserve. When an investment is derecognised, the gain or loss accumulated in other comprehensive income is reclassified to profit or loss account.

If fair value cannot be reliably determined, equity investments designated as available-for-sale financial assets are carried at restated cost, less provision for impairment losses.

Financial liabilities

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

The Company derecognised o financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company 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 liability simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company has the following non-derivative financial liabilities: financial liabilities, trade and other liabilities. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured are amortised cost using the effective interest method.

d) Investments in associates

Associates refer to companies or other entities (including special purpose entities) in which the Company, directly or indirectly owns more than half of the voting rights or has the power to determine the financial and operating policies in order to obtain benefits.

The existence and effect of potential voting rights that are currently exercisable or convertible are taken into account to determine whether the Company controls another entity or not.

Associates are entities over which the Company has significant influence (directly or indirectly), but which it does not control, generally holding between 20 and 50 per cent of the voting rights. These separate financial statements contain information about Bursa de Valori Bucuresti SA as an individual entity and it does not contain consolidated financial statements as group parent.

Measuring investments in subsidiaries and associates

The Company uses the cost method to account for its investments in subsidiaries and associates in the separate financial statements. Transaction costs regarding the purchase of a subsidiary, associate or joint venture are recognised as expenses. Dividends or investments in subsidiaries, associates or joint ventures are recognised in the profit and loss account of the year when the Company's right to receive payment is established and there is probability that dividends will be collected.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in subsidiaries, associates and joint ventures are periodically tested for impairment. Any loss in value is recognised in profit or loss of the year when it occurs as a result of one or more events ("Events of impairment") that occur after the initial recognition of the investment. A significant or prolonged decline of the fair value of the investment under the accounting value indicates a loss of value. Losses are always recognised through a provision account in order to cancel (to record as expense) the investment carrying amount to the current fair value. The loss of value - measured as the difference between the acquisition cost and the current fair value, less the impairment loss for that asset previously recognised in the profit and loss account - is displayed in the income statement of the year. If, in a subsequent period, the value loss decreases and the decrease can be attributed objectively to an event occurring after the impairment loss was recognised, the previously recognised loss is reversed by adjusting the provision account through the profit or loss account of the year.

Concession of subsidiaries and associates

When the Group ceases to have control over any interest in the entity, it is remeasured to the fair value at the date the control was lost, with the change of the carrying amount recognised in profit or loss. The fair value is the initial carrying amount set for the purpose of subsequent registration in the accounts of the interest as an associate, joint venture or financial asset.

e) Tangible and intangible assets

Tangible assets

(i) Recognition and measurement

Tangible assets are stated at cost restated or revalued, less accumulated depreciation and provision for impairment losses.

Leases whereby the Company assumes substantially all of the risks and rewards of ownership are classified as financial leases. The leased tangible assets are measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the beginning of the lease, less accumulated depreciation and provision for impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Subsequent costs

The Company recognises in the carrying amount of a tangible asset the cost of its replacement when such cost is incurred and the economic benefits included in that tangible asset are likely to be transferred to the Company and the cost of this tangible asset may be measured reliably. All other costs are recognised as expenses in profit or loss account as incurred.

The costs incurred to replace a component of tangible assets reflected separately, including inspections or overhauls, are capitalised. Other subsequent expenditure is capitalized 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 account as incurred.

(iii) Tangible asset depreciation

Depreciation is calculated using the straight-line method over the estimated useful lives of each tangible asset. Leased assets are amortised over the shorter of the lease term and their useful lives. Land is not amortised.

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

Buildings	40 years
Plant and equipment	5-12 years
Fixtures and fittings	1-10 years

Depreciation methods, useful lives and residual values are reviewed at the end of each financial year and adjusted accordingly.

Intangible assets

(i) Recognition and measurement

Intangible assets (including software) purchased and with determined useful lives are measured at their cost or revalued cost, less accumulated depreciation and accumulated impairment losses.

(ii) Subsequent expenditure

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) Intangible asset depreciation

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

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

Software	1-6 years
Development costs	5-7 years

Depreciation methods, useful lives and residual values are reviewed at the end of each financial year and adjusted accordingly.

f) Deferred expenses and incomes

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 expenses or incomes related to that month is included in expenses or incomes.

g) Impairment

(i) Financial assets

A financial asset not classified at fair value through profit or loss account 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 impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event(e) had a negative impact on the estimated 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 Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in payment status or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company considers evidence of impairment for receivables 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 found not to be significantly 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 impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Company 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 original effective interest rate. Losses are recognised in profit or loss account and reflected in a receivables adjustment account. Interest on the impaired asset continues to be recognised through the discount depreciation. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss account.

Impairment losses on available-for-sale investments are recognised by reclassifying the losses accumulated recognised in other comprehensive income and reflected in the fair value reserve in equity to profit or loss account. The cumulative loss that is reclassified from other comprehensive income to profit or loss account is the difference between the acquisition cost, net of any principal repayment and depreciation, and the current fair value, less any impairment loss recognised previously in profit or loss account. Changes in provisions for impairment losses attributable to time value of money are reflected as a component of interest income.
If, in a subsequent period, the fair value 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 account, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss account. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Non-financial assets

The carrying amounts of the Company'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 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 impairment 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 independent of the cash inflows of other assets or group of assets ("cash-generating unit").

h) 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 Company makes payments on behalf of its employees to the Romanian state pension, health insurance and unemployment funds, during the performance of its usual activities. All members and employees of the Company 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) Other long-term employee benefits

The company may grant but it is not obliged to grant, post-pensioning benefits without creating a legal or constructive obligation. That is why the Company did not recognise any debt in these financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Provisions

A provision is recognised in the statement of financial position if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that a future outflow of economic resources 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 the liability. The unwinding of the discount is recognised as financial cost.

A provision for restructuring is recognised when the Company 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.

j) Revenue

(i) Revenue from services

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

The main sources of income are:

- income 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;
- information exchange sales - revenue is recognised as services are rendered;

(ii) Commissions

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

k) Financial income and financial costs

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Dividend income is recognised in profit or loss account 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.

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

l) Lease payments

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

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

m) Corporate income tax

Corporate income tax for the year comprises current tax and deferred tax. Corporate 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 to the statement of financial position date and to any adjustment to the payment obligations related to corporate income tax of previous periods.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax is determined in respect of temporary differences arising between the tax base for calculating the tax on assets and liabilities and their carrying value 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 liabilities arising from Transactions that are not business combinations and that affects 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 realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted by legislation applicable at the date of 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 tax recoverable. Deferred tax receivable is reduced to the extent that the related tax benefit is unlikely to be achieved. 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 2012 was of 16% (31 December 2011: 16%).

n) Earnings per share

The Company presents earnings per share ("CPA") of the basis for its ordinary shares. The basic CPA is calculated by dividing profit or loss account attributable to ordinary shareholders of the Company by a weighted average number of ordinary shares outstanding during that period. Diluted earnings per share is determined by adjusting the profit or loss account 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 CPA because there is no potential ordinary shares, all issued shares having equal rights to dividends.

o) Legal reserve

In accordance with the legislation in Romania, companies must distribute an amount equal to at least 5% of profit before tax, in legal reserves, until it reaches 20% of the share capital. When this stage is 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 corporate income tax.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p) Dividends

Dividends are treated as a distribution of profit for the period in 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 is different of the profit from these separate financial statements prepared in accordance with IFRSs, due to differences between IFRSs and the Romanian accounting law.

q) New accounting regulations

New or revised standards and interpretations which are mandatory for the Company's accounting periods beginning with 1 January 2012, but which presently are not relevant to the Company

Disclosures - Transfers of financial assets - Amendments to IFRS 7 (issued in October 2010 and effective for the annual periods beginning on or after July 1, 2011, inclusive; applicable to EU IFRS from 1 January 2012). It is estimated that the amendment has no impact on the Company's financial statements.

Hyperinflation and Removal of fixed data for entities adopting IFRS for the first time - Amendments to IFRS 1 (issued in December 2010 and effective for the annual periods beginning on or after July 1, 2011, inclusive; applicable to EU IFRS beginning with 1 January 2013). It is estimated that the amendment has no impact on the Company's financial statements.

Recovery of basic assets - Amendments to IAS 12 (issued in December 2010 and effective for the annual periods beginning on or after January 1, 2012, inclusive; ***applicable to EU IFRS from 1 January 2013).*** It is estimated that the amendment has no impact on the Company's financial statements.

IFRS 10, Consolidated financial statements (issued in May 2011 and effective for the annual periods beginning on or after 1 January 2013, inclusive; applicable to EU IFRS from 1 January 2014) It is estimated that the amendment has no impact on the Company's financial statements.

IFRS 11, Joint commitments, (issued in May 2011 and effective for the annual periods beginning on or after January 1, 2013, inclusive; applicable to EU IFRS from 1 January 2014) replaces IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities-Non-Monetary Contributions by Venturers". It is estimated that the amendment has no impact on the Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IFRS 12, Presentation of interest in other entities, (issued in May 2011 and effective for the annual periods beginning on or after January 1, 2013, inclusive; applicable to EU IFRS from 1 January 2014) The Company analyses the effect of applying this change.

IFRS 13, Fair value measurement, (issued in May 2011 and effective for the annual periods beginning on or after January 1, 2013, inclusive; applicable to EU IFRS from 1 January 2013) The Company analyses the effect of applying this change.

IAS 27, Separate Financial Statements, (revised in May 2011 and effective for the annual periods beginning on or after January 1, 2013, inclusive; applicable to EU IFRS from 1 January 2014), was modified and its purpose now is to prescribe the accounting and presentation dispositions for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. Recommendations referring to control and consolidated financial statements have been replaced by IFRS 10, Consolidated Financial Statements. The company is currently analysing the effect of applying this change.

IFRS 28, Investments in associates and joint ventures, (revised in May 2011 and effective for the annual periods beginning on or after January 1, 2013, inclusive; applicable to EU IFRS from 1 January 2014). The amendment to IAS 28 resulted from the IASB project referring to joint ventures. When discussing that project, the Council decided to include joint ventures accounting based on the equity method in IAS 28, as this method is applicable both to joint ventures and associates. With this exception, the other recommendations remain unchanged. The company analyses the effect of applying this change.

Amendments to IAS 1, Presentation of Financial Statements (issued in June 2011, effective for the annual periods beginning on or after July 1, 2012, inclusive; applicable to EU IFRS from 1 January 2013), changes in the presentation of items included in other items of the comprehensive income. The amendments require entities to separate the items presented in other items of comprehensive income into two groups, depending on whether or not they can be reclassified to profit or loss in the future. The title suggested used by IAS 1 has been changed from “profit or loss account in other items of comprehensive income”. The company analyses the effect of applying this change.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IAS 19 amended, Employee Benefits (issued in June 2011, effective for the annual periods beginning on or after January 1, 2013, inclusive; applicable to EU IFRS from 1 January 2013), brings significant changes in recognition and assessment of pension benefit expenses and in the benefits upon ending the activity, as well as in the information to be provided for all employee benefits. The standard requires recognition of all changes in the net obligation (receivable) on the benefits determined when they occur, as follows: (i) the service cost and net interest in profit or loss; and (ii) revaluations in other comprehensive income items. The company analyses the effect of applying this change.

IFRIC 20, Stripping costs in the production phase of a surface mine, (issued in October 2011 and effective for the annual periods beginning on or after January 1, 2013, inclusive; applicable to EU IFRS from 1 January 2013). Interpretation specifies that benefits from the stripping activity are accounted in accordance with the principles of IAS 2, Inventories, insofar as they are made in the form of stock products. To the extent in which the benefits represent the improved access to the ore, the entity must recognise those costs as “stripping activity asset” within fixed assets, subject to certain criteria. It is estimated that the amendment has no impact on the Company’s financial statements.

Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32 (issued in December 2011 and effective for the annual periods beginning on or after January 1, 2014, inclusive; applicable to EU IFRS from 1 January 2014). The amendment added recommendations on implementing IAS 32 in order to correct the inconsistencies identified in applying some of the offsetting criteria. This includes clarifying the meaning of the expression “currently has a legally enforceable right to set-off” and the fact that some gross offsetting systems may be considered equivalent to net offsetting. It is estimated that the amendment has no impact on the Company’s financial statements.

Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7 (issued in December 2011 and effective for the annual periods beginning on or after 1 January 2013, including applicable to the EU IFRS from 1 January 2013). The amendment stipulates the provision of information which will allow users of financial statements within an entity to assess the effect or the potential effect of the offsetting commitments, including the offsetting rights. It is estimated that the amendment has no impact on the Company’s financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New or revised standards and interpretations not yet adopted by the European Union

IFRS 9, Financial instruments: Classification and Measurement. IFRS 9, issued in November 2009, replaces those parts of IAS 39 relating to the classification and measurement of financial assets. IFRS 9 was further amended in October 2010 in order to comply with the classification and measurement of financial liabilities in December 2011 and (i) to replace the date of entry into force with the annual periods beginning on or after 1 January 2015, inclusive, and (ii) to add transitional information to be provided. The main features of this standard are the following:

– The financial assets are classified into two measurement categories: those subsequently measured at fair value and those subsequently measured at amortized cost. Decision will be made upon initial recognition. The classification depends on the entity's business model used in managing its financial instruments and on the contractual cash flow characteristics of the instrument.
– An instrument is subsequently measured at amortized cost only if it is a debt instrument and if (i) the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and (ii) the asset's contractual cash flows represent only loan and interest payments (i.e., have only “basic loan features”). All the other debt instruments will be measured at fair value through profit or loss.

– All Equity instruments will be subsequently measured at fair value. Equity instruments held for trading will be measured at fair value through profit or loss. For all the other Equity instruments, an irrevocable election can be done upon initial recognition, consisting of recognition of gains and losses realized and unrealized at fair value, through other comprehensive income items and not through profit or loss. There will be no reversal of fair value gains and losses in profit or loss. This choice will be done separately, for each instrument. Dividends will be presented in profit or loss, as long as they represent the yield of the investment.

– Most IAS 39 provisions on the classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The main change was that the entity will have to present the effects of changes in credit risk of financial liabilities designated at fair value through profit or loss in other items of comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards - Government loans. The amendments, which treat state loans with a discounted interest rate, grant the entities adopting IFRS for the first time an exemption from the full retrospective application of IFRS, when they account these loans in transition. The same exemption will be applied both to the entities adopting IFRS for the first time and to those already applying these standards.

Amendments to International Financial Reporting Standards (issued in May 2012 and applicable from 1 January 2013). The amendments consist of changes made to the five standards.

Transitional provisions, amendments to IFRS 10, IFRS 11 and IFRS 12 (issued on 28 June 2012 and applicable from 1 January 2013).

Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Companies (issued on 31 October 2012 and applicable from 1 January 2014).

4. FAIR VALUE MEASUREMENT

A number of Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. 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 disclosed in the note specific to that asset or liability.

(a) 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 account is determined by reference to their quoted closing price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

(b) 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 2012. 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 liabilities, 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 Company measures the fair value of financial instruments using one of the following hierarchy methods:

- Level 1: Quoted prices in active markets for identical assets and liabilities.

- Level 2: Measurement techniques based on observable market data. 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.

4. FAIR VALUE MEASUREMENT (CONTINUED)

- Level 3: Measurements techniques that are not based on observable market data. This category includes all instruments whose valuation method is not based on observable and unobservable inputs and 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.

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

	31 December 2012		**31 December 2011**	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Assets carried at fair value				
Available-for-sale financial assets	1,124	1,124	1,033	1,033
Assets carried at amortised cost				
Trade and other receivables	1,944	1,944	2,237	2,237
Bank deposits	49,537	49,537	39,834	39,834
Other held-to-maturity financial assets with maturity less than one year	13,489	13,489	32,238	32,238
Cash and cash equivalents	3,628	3,628	2,451	2,451
	68,598	68,598	76,760	76,760
Liabilities carried at amortised cost				
Financial payables	1,796	1,796	1,868	1,868
Total	1,796	1,796	1,868	1,868

All available-for-sale financial instruments representing shares quoted on different markets, amounting to 1,124 thousand RON (31 December 2011: 1.033 thousand RON) are classified at Level 1: quoted prices in active markets.

5. FINANCIAL RISK MANAGEMENT

The Company 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 Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital
The Board of Directors of BSE has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors of BSE is assisted in this endeavour by special committees which have an advisory role.
The activity of special of BSE activity is governed by the following principles:

a) principle of delegation of powers from Exchange Council, as steering committee;
b) principle of decision-making autonomy;
c) principle of objectivity;
d) principle of investor protection;
e) principle of promoting stock market development;
f) principle of active role.

(a) Risk management framework

The Board of Directors is also responsible for examining and approving the strategic, operational and financial plan of BSE, as well as the corporate structure of the Company. Company's risk management policies are defined to ensure the identification and analysis of risks facing the Company, 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 Company's activities. The Company, 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 Company'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.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

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

(i) Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer and of the country where it operates. The majority of the company’s customers are doing business in Romania. The Company's customer base is comprised of issuers of securities, financial investment service companies and other financial institutions participating in Bucharest Stock Exchange. The Company establishes a provision for receivable impairment that represents its estimate of insured losses in respect of trade and other liabilities and investments. The main component of this adjustment is the specific loss component related to doubtful customers for whom the receivable recovery process has begun. The second is the collective loss component corresponding to losses that have been incurred but not yet identified, calculated on the basis of the maturity of receivables, after the application of the contamination principle, using historical loss rates.

(ii) Financial investments

The Company limits its exposure to credit risk by investing only in liquid instruments issued by counterparties who have a satisfactory credit quality. The Company's management constantly monitors the credit quality and, given that the Company 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 to banks in which the Company has cash and deposits at the end of financial reporting periods:

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

	31 December 2012	31 December 2011	Rating agency
BRD - Groupe Societe Generale S.A.	BBB+	BBB+	Fitch Ratings
Banca Transilvania S.A.	BB-	BB-	Fitch Ratings
ING Bank NV, Bucharest branch	A+	A+	Fitch Ratings
RBS BANK (ROMANIA) S.A.	A	A-1	Standard & Poor's
PIRAEUS BANK ROMANIA S.A.	CCC+	B	Fitch Ratings
RAIFFEISEN BANK S.A.	Ba1	Baa3	Moody's
Banca Comerciala Romana S.A.	BBB+	BBB+	Fitch Ratings
Bancpost S.A.	CCC+	BB+	Fitch Ratings
MARFIN BANK (ROMANIA) S.A.	Caa1	Ba2	Moody's
Credit Europe Bank (Romania) S.A.	BB	BB	Fitch Ratings
ALPHA BANK ROMANIA S.A.	CCC+	B	Fitch Ratings
VOLKSBANK ROMANIA S.A.	Baa3	P-2	Moody's
UniCredit Tiriac Bank S.A.	BBB+	BBB+	Fitch Ratings
Credit Agricole Bank Romania S.A.	A2	B3	Moody's

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:

Name	31 December 2012	31 December 2011
Available-for-sale financial assets	1,124	1,033
Trade and other receivables	1,944	2,237
Prepayments	64	90
Bank deposits	49,537	39,834
Other held-to-maturity financial assets less than one year	13,489	32,238
Cash and cash equivalents	3,628	2,451
Other assets	705	705
Total	70,491	78,588

The Company monitors exposure to credit risk by analysing the maturity of the liabilities that it owns, as reflected in the table below:

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

Name	Trade and other receivables		Held-to-maturity financial assets		Cash and cash equivalents		Available-for-sale financial assets		Bank deposits	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Individually impaired										
Significant risk	141	95	-	-	-	-	-	-	-	-
Gross amount	141	95	-	-	-	-	-	-	-	-
Adjustment for impairment	141	95	-	-	-	-	-	-	-	-
Net amount	-	-	-	-	-	-	-	-	-	-
Outstanding, individually non-impaired										
Outstanding less than 90 days	-	-	-	-	-	-	-	-	-	-
Outstanding between 90 and 180 days	-	-	-	-	-	-	-	-	-	-
Outstanding between 180 and 360 days	-	-	-	-	-	-	-	-	-	-
Gross amount	-	-			-	-	-	-	-	-
Adjustment for impairment	-	-	-	-	-	-	-	-	-	-
Net amount	-	-	-	-	-	-	-	-	-	-
Current, non-impaired										
Without a significant risk	1,944	2,237	13,489	32,238	3,628	2,451	1,124	1,033	49,537	39,834
Gross amount	1,944	2,237	13,489	32,238	3,628	2,451	1,124	1,033	49,537	39,834
Adjustment for impairment	-	-	-	-	-	-	-	-	-	-
Net amount	1,944	2,237	13,489	32,238	3,628	2,451	1,124	1,033	49,537	39,834
Total gross amount	2,085	2,332	13,489	32,238	3,628	2,451	1,124	1,033	49,537	39,834
Total net amount	1,944	2,237	13,489	32,238	3,628	2,451	1,124	1,033	49,537	39,834

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses and risking damage to the Company's reputation.
The Company does not have loans, cash only needing to cover its current operating expenses. Given that a significant percentage of the Company's assets consist of investments with high liquidity, the liquidity risk faced by the Company is low.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31 December 2012	**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							
Financial payables	1,796	1,796	1,796	-	-	-	-
Total	1,796	1,796	1,796	-	-	-	-

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							
Financial payables	1,868	1,868	1,868	-	-	-	-
Total	1,868	1,868	1,868	-	-	-	-

It is not anticipated that the cash flows included in the maturity analysis to occur significantly earlier or at significantly different values.
The Company maintains sufficient liquid assets (residual maturity less than 3 months) to cover all outstanding liabilities.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 Company'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 Company's exposure to currency risk is presented below, based on notional amounts in equivalent in Ron:

31 December 2012	EUR	USD	RON	Total
Financial assets				
Trade and other receivables	344	-	1,600	1,944
Securities (government securities, bank deposits, cash and cash equivalents)*	12,715	10,116	43,823	66,654
Other assets	-	-	705	705
Total financial assets	13,059	10,116	46,128	69,303
Financial liabilities				
Financial payables	118	-	1,678	1,796
Total financial liabilities	118	-	1,678	1,796
Net financial assets/(liabilities)	12,941	10,116	44,450	67,507

* It contains balance sheet positions: Other held-to-maturity financial assets, bank deposits, Cash and cash equivalents.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

31 December 2011	EUR	USD	RON	Total
Financial assets				
Trade and other receivables	137	-	2,100	2,237
Securities (government securities, bank deposits, cash and cash equivalents)*	11,082	9,722	53,719	74,523
Other assets	-	-	705	705
Total financial assets	11,219	9,722	56,526	77,465
Financial liabilities				
Financial payables	194	-	1,674	1,868
Total financial liabilities	194	-	1,674	1,868
Net financial assets/(liabilities)	11,025	9,722	54,850	75,597

* It contains balance sheet positions: Other held-to-maturity financial assets, bank deposits, Cash and cash equivalents.

Sensitivity analysis

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

	31 December 2012	31 December 2011
RON depreciation by 10 % against EUR	1,294	1,103
RON depreciation by 10 % against USD	1,012	972
Total	2,306	2,075

An appreciation of the RON on December 31 against other currencies would have the same effect, but opposite, on the amounts shown above, assuming that all other variables remain constant.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Exposure to interest rate risk

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

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated to Company's processes, personnel, 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 organizational behaviour. Operational risks arise from all Company's operations. The main responsibility of the Company's management is to develop and implement operational risk-related controls. Responsibility is based on the development of the Company's general standards of operational risk management in the following areas:

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

(f) Capital management

The Board's policy is to maintain a strong capital base so as to maintain the investor, creditor and market confidence and to support future development of the business. The Board of Directors monitors the return on capital, defined as net income resulting from operations divided by total equity.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Company's net debt to adjusted equity ratio at the reporting date was as follows:

	2012	2011
Total liabilities	3,512	4,194
Cash and cash equivalents	3,628	2,451
Net debt	(116)	1,743
Total equity	94,229	100,002
Gearing ratio	0%	2%

(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 investor's confidence, led to a joint effort of governments and central banks to adopt special measures to counter the vicious circle of rising 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 Company's borrowers may also be affected by the liquidity crisis that might affect their ability to meet their current liabilities. The deterioration of creditors' operating conditions affects 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 Company's management has reflected revised estimates of future cash flows in its impairment policy.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Company's management is unable to estimate reliably the effects on the Company's financial statements resulting from financial market liquidity deterioration, depreciation of financial assets influenced by illiquid market conditions and high volatility of national currency and financial markets. The Company's management believes that it takes all necessary measures to support the Company's business growth in current market conditions by:

- developing the liquidity management strategies and establishing specific measures of liquidity management in crisis situations;
- making forecasts of current liquidity;
- daily monitoring the cash flows and estimating their effects on Company's borrowers, due to limited access to finance and possibility to support business growth in Romania;
- carefully examining the conditions and clauses included in the existing and future clearing and settlement commitments.

(h) Tax risk

Since 1 January 2007, following the accession of Romania to European Union, the Company had to undergo EU regulations and therefore it prepared to implement the changes brought by European legislation. The Company has implemented these changes, but how to implement them remains open to fiscal audit for 5 years.

Interpretation of texts and practical implementation of new tax regulation procedures applicable and harmonized with European legislation may vary from entity to entity and there is a risk that in some cases the tax authorities to adopt a different position from that of the Company.

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 Company continues to be subject to tax audits as the issue of new tax regulations.

6. ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

In the year 2012, the Company's participation to the group entities has remained unchanged.

	1 January 2012	Increases	31 December 2012
SC Depozitarul Central S.A.	20,244	-	20,244
SC Casa de Compensare Bucuresti S.A.	3,651	-	3,651
SC Fondul de Compensare a Investitorilor S.A.	215	-	215
BSE Corporate Governance Institute Foundation	50	-	50
Total	24,160	-	24,160

The Company acquired control of the Central Depository on 11 May 2006, by subscription of capital increase and the contribution in kind to the capital of the subsidiary.

The Company acquired control of the Bucharest Clearing House in the year ended on 31 December 2007, by subscription of capital increase and the contribution in kind to the capital of the subsidiary.

The Company acquired control of the Investors Compensation Fund in the year ended 31 December 2006, by subscribing to the share capital of the subsidiary.

7. OPERATING EXPENSES

The operating expenses comprise the following:

7.1 Staff costs and benefits of the Board of directors include:

	2012	2011
Personnel costs	5,156	5,487
Benefits of the members of the Board of directors	1,060	527
Other liabilities regarding personnel (accruals)	23	246
Other expenses /(revenues) from provisions of the Board members	(610)	610
Contributions and taxes related to personnel and benefits	1,648	1,533
Total	7,277	8,403

The number of Company's employees was:

	2012		2011	
	At the end of the year	Annual average	At the end of the year	Annual average
Bucharest Stock Exchange	57	56	60	56

7.2 Services provided by third parties include:

	2012	2011
Services provided by Bucharest Clearing House SA	416	609
Recruitment Services and Business Consultancy	618	16
Financial, IT and internal Audit Services	134	258
Commissions fees (legal, contributions, etc.)	651	562
Services provided by third parties	415	470
Total	2,234	1,915

7 OPERATING EXPENSES (CONTINUED)

7.3 Other operating expenses:

	2012	2011
Rent and office utilities	802	966
Tangible asset depreciation *(Note 10)*	360	4
Intangible asset depreciation *(Note 11)*	219	1,185
Provision reversal – land *(Note 10)*	(1,019)	-
Costs related to CNVM and other taxes	894	1,199
Consumables	119	177
IT Maintenance, service and repairs	390	549
Assuring professional equipment, etc.	74	82
Protocol	113	185
Marketing and Advertising		353
Transport and trips	215	291
Telecommunications and mail services	167	169
Impairment / (reversal) of customer receivables	44	(67)
Bank charges	20	29
Other expenses	102	372
Total	2,840	5,494

8. FINANCIAL INCOME AND FINANCIAL COSTS

Financial income and expenses recognised in profit or loss account include:

	2012	2011
Interest income for held-to-maturity financial assets and bank deposits *i)*	3,725	3,773
Dividend income	1,917	8,225
(Net loss) / net gain from exchange rate differences	315	510
Net financial income recognised in profit or loss account	5,957	12,508

Financial income and expenses recognised in other comprehensive income:

	2012	2011
Change in fair value of available-for-sale financial assets	76	(19)
Total	76	(19)

i) Interest income from financial assets held to maturity and deposits with banks include accrued interest on investments made in state securities and deposits.

9. CORPORATE INCOME TAX EXPENSE

Reconciliation of profit before tax to corporate income tax expense in profit or loss account

	2012	2011
Accounting profit before tax	11,059	18,441
Non-taxable and similar income	3,401	8,980
Non-deductible and similar expenses	574	2,080
Impact of EU IFRS adjustments	(931)	365
Profit before tax	7.301	11.906
Corporate income tax (16%)	1,168	1,905
Sponsorship deducted from corporate income tax	(44)	(65)
Current tax expense	1,124	1,840
Deferred tax expense	291	(279)
Total corporate income tax expense	1,415	1,561

10. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings i)	Plant and equipment	IT and office equipment and furniture ii)	Assets in progress	Total
Cost					
Balance as at 1 January 2012	2,171	6,104	1,062	476	9,813
Purchases	-	59	12	-	71
Transfers	-	281	195	(476)	-
Outflows	-	315	194	-	509
Balance as at 31 December 2012	2,171	6,129	1,075	-	9,375
Depreciation					
Balance as at 1 January 2012	2,171	5,784	816	-	8,771
Depreciation during the year	-	162	57	-	219
Transfers	-	70	(70)	-	-
Outflows	2,171	266	191	-	2,628
Balance as at 31 December 2012	-	5,750	612	-	6,362
Net carrying amounts					
Balance as at 1 January 2012	-	320	246	476	1,042
Balance as at 31 December 2012	2,171	379	463	-	3,013

10 PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

i) For the land owned by BSE, the Company made an adjustment for impairment in 2011 (2,170 thousand RON at 31 December 2011), amounting to 100 % of the land value, because of a related dispute. Following the ending of the proceedings (see Note 23, Subsequent events) the BSE was recognised the ownership right on the land. As a consequence, the impairment adjustment was reversed. Depreciation adjustment value is 0 thousand RON at 31 December 2012 (31 December 2011: 2,170 thousand RON).

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

11. INTANGIBLE ASSETS

	Licenses, software i)	Total
Cost		
Balance as at 1 January 2012	3,550	3,550
Purchases	419	419
Outflows	18	18
Balance as at 31 December 2012	3,951	3,951
Depreciation		
Balance as at 1 January 2012	3,529	3,529
Depreciation during the year	360	360
Outflows	15	15
Balance as at 31 December 2012	3,874	3,874
Net carrying amount		
Balance as at 1 January 2012	21	21
Balance as at 31 December 2012	77	77

i) Software and license costs include mainly the value of trading systems used by the company for the specific activities they carry out.

12. DEFERRED TAX RECEIVABLES AND LIABILITIES

Deferred tax receivables and liabilities are attributable to the following items:

	31 December 2012	31 December 2011
Held-to-maturity financial assets	55	69
Tangible assets	(184)	24
Adjustment of shares received free of charge	-	292
Total receivables (debt)	(129)	385

Variation of temporary differences during the year:

	Held-to-maturity financial assets	Tangible assets	Trade receivables and other receivables	Available-for-sale financial assets	Investments in associates	Total
Balance as at 1 January 2011	12	24	-	66	-	102
Recognised in profit or loss account	(12)	-	-	-	291	279
Recognised in other items of comprehensive income	-	-	-	4	-	4
Balance as at 31 December 2011	-	24	-	70	291	385
Balance as at 1 January 2012	-	24	-	70	291	385
Recognised in profit or loss account	-	-	-	-	(291)	(291)
Recognised in other items of comprehensive income	-	(208)	-	(15)	-	(223)
Balance as at 31 December 2012	-	(184)	-	55	-	(129)

13. FINANCIAL INSTRUMENTS

The Company's financial instruments are:

	31 December 2012	31 December 2011
Available-for-sale financial assets *i)*	1,124	1,033
Total non-current assets	1,124	1,033
Bank deposits with maturity between 3 months and one year *ii)*	49,537	39,834
Held-to-maturity financial assets *iii)*	13,489	32,238
Total current assets	63,026	72,072

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

ii) Bank deposits with maturity between 3 months and one year include:

	31 December 2012	31 December 2011
Bank deposits with maturity between 3 months and one year	49,537	39,834
Total	49,537	39,834

Term deposits with Romanian banks are made in RON with original maturities between 3 months and 1 year at interest rates between 3.1% and 7.10% depending on period, for deposits in RON, between 3.10% and 4.25% for deposits in EUR and between 2.5% and 3.45% for deposits in USD.

ii) Held-to-maturity financial assets include:

	31 December 2012	31 December 2011
Government securities less than one year	13,489	32,238
Total	13,489	32,238

13. FINANCIAL INSTRUMENTS *(CONTINUED)*

Government securities are treasury bills and bonds issued by the Romanian government in RON, with residual maturity up to 1 year, purchased at yields between 5,8% and 6,00%.
Purchases and redemptions of government securities for all the above financial assets are presented below:

	Government securities less than one year
1 January 2012	32,238
Purchases	-
Redemptions	(18,749)
31 December 2012	13,489

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

	Available-for-sale financial assets
1 January 2011	1,036
Purchases	19
Value increase after revaluation	(22)
Sales	-
31 December 2011	1,033
1 January 2012	1,033
Purchases	-
Value (decrease)/increase after revaluation	91
Sales	-
31 December 2012	1,124

14. TRADE AND OTHER RECEIVABLES

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

	31 December 2012	31 December 2011
Trade receivables – gross value *i)*	1,521	1,591
Adjustment after trade receivable impairment *ii)*	(141)	(97)
Debit balance of trading - CNVM tax	501	741
Other receivables	63	2
Total	1,944	2,237

i) Trade receivables are mostly receivables from investment services companies whose services provided in the last month of the financial year were invoiced, and receivables for services invoiced to issuers listed on the stock and 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 other.

ii) Adjustment for receivable impairment is divided as follows:

	31 December 2012	31 December 2011
Adjustment after receivable impairment – individual component	141	97
Adjustment after receivable impairment – general component	-	-
Total	141	97

14. TRADE AND OTHER RECEIVABLES *(CONTINUED)*

Adjustment variations after the receivables impairment during the year was as follows:

	2012	2011
Adjustment for Impairment – Individual component		
Balance as at 1 January	97	164
Impairment losses	47	63
Impairment reversal	(3)	(130)
Balance as at 31 December	141	97
Adjustment after impairment - general component		
Balance as at 1 January	-	-
Impairment losses	-	-
Impairment reversal	-	-
Balance as at 31 December	-	-
Total		

15. ACCRUED EXPENSES

Prepayments amounting to 64 thousand RON (31 December 2011: 90 thousand RON) are primarily prepaid rent, insurance premiums for equipment, IT equipment maintenance, insurance premiums for liability insurance for administrators and various subscriptions.

16. CASH AND CASH EQUIVALENTS

The cash and cash equivalents comprise the following:

	31 December 2012	31 December 2011
Deposits with banks with original maturity less than 3 months	3,316	1,896
Current accounts with banks	300	550
Cash in hand	12	4
Total	3,628	2,450

17. COMMERCIAL LIABILITIES AND OTHER LIABILITIES

The Company's trade and other liabilities comprise the following:

	31 December 2012	31 December 2011
Trade liabilities *i)*	344	668
Credit balance of trading - CNVM tax	678	874
Salary contributions due	266	228
Taxes due	118	59
Dividends payable	691	231
Prepayments received from customers	140	137
Estimates for leave days not taken and Board debts (provision) *ii)*	269	857
Other liabilities	185	189
Total	2,691	3,243

i) Trade payables are mainly obligations to internal suppliers, some of them with a maturity less than 30 days, paid in early 2013.

ii) The estimates in for leave days not taken and Board debts include amounts estimated in 2012 for provisions related to leaves not taken, and in 2011 estimated amounts related to leaves not taken and compensations for restructuring the Board of Directors

17 COMMERCIAL LIABILITIES AND OTHER LIABILITIES (CONTINUED)

Provision variations during the year 2011 and 2012 are as follows:

	2012	2011
Provisions at 1 January	857	-
Provisioning during the year	263	857
Reversal of provisions during the year	(851)	-
Provisions at 31 December	269	857

18. DEFERRED INCOME

Deferred income/revenue include:

	31 December 2012	31 December 2011
Income from maintaining in the stock exchange	692	738
Total	692	738

19. CAPITAL AND RESERVES

a) Share capital

On 31 December 2011 and 2012, BSE had the same share capital amounting to 76,741,980 RON divided into 7,674,198 shares with a nominal value of 10 RON /share, dematerialized, with the same voting rights, divided into the following categories:

	31 December 2012	31 December 2011
Ordinary shares (number)	7,674,198	7,674,198
Preferred stock	-	-
Total	7,674,198	7,674,198

19. CAPITAL AND RESERVES (CONTINUED)

Shareholding structure at 31 December 2012	Share number	% in share capital
Legal entities, of which:	6,409,454	83,5195
- Romanian	5,469,437	71,2705
- foreign	940,017	12,2491
Individuals, of which:	1,264,744	16,4805
- Romanian	1,249,209	16,2780
- foreign	15,535	0,2024
Total	7,674,198	100

In accordance with the provisions of article 129 paragraph 1 of the Law 297/2004 on the capital market, any shareholder of a market operator will not be able to hold, directly or indirectly, more than 5% of the total voting rights. Also, according to the BSE Bylaw subscription, acquiring and holding the Company's shares will be subject to the condition that no shareholder should own directly or indirectly more than 5% of total voting rights. Accordingly, on 31 December 2012, no shareholder of BSE was not significant shareholder. BSE also does not hold shares in their own name.

By the Decision No 632/18.05.2010 issued by CNVM the prospectus drawn up with a view to admission to trading on the regulated market operated by BSE of its own shares was approved. On 8 June 2010 the first transactions in shares issued by BSE took place. The closing price for the last trading session of 2012 was of 20 RON /share.

b) Dividends

Board of Directors of BSE submitted to the General Meeting of Shareholders a distribution proposal for 2012 statutory net profit of the company amounting to 8,593,859 RON equivalent to 100 % as gross dividends. The General Meeting of Shareholders Approved in the meeting of 25/04/2013 the distribution for 2012 statutory net profit of the company amounting to 8,593,859 RON equivalent to 100 % as gross dividends.
In accordance with Decision no 2 of the General Assembly of Shareholders of 26 April 2012, BSE announced the distribution to the shareholders registered in the Shareholder Register on the reference date 13 April 2012, of the retained profit corresponding to 16,436,024 RON, in the form of dividends.

19. CAPITAL AND RESERVES (CONTINUED)

The dividend was of 2.1417 RON gross per share. In 2012 dividends were paid in the amount of 16,436 thousand Ron.

c) *Legal reserve*

According to legal requirements, the Company constitutes legal reserves in the amount of 5% of the profits registered according to RCR up to a level of 20% of share capital. Legal reserves are not distributable to shareholders.
Legal reserves may be used to cover losses on operating activities.

d) *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 were derecognised or impaired.

Movements in other reserves are as follows:

Reserve of available-for-sale financial assets	**2012**
Balance as at 1 January	(365)
Reserve of available-for-sale financial assets set up during the year	90
Reserve of available-for-sale financial assets - impact deferred tax	(14)
Balance as at 31 December	(289)

e) *Retained earnings*

The Company's earnings are the Company's earnings on 31 December 2012.

20. EARNINGS PER SHARE

The calculation of basic earnings per share at 31 December 2012 is based on profit attributable to Company's shareholders in the amount of 8,625 thousand RON (2011: 16,880 thousand RON) and the weighted average number of ordinary shares outstanding of 7,674,198 (2011: 7,674,198).

21. TRANSACTIONS WITH ASSOCIATES

Management key personnel
31 December 2012

The Company was managed by the Board of Directors validated by CNVM from 1 February 2012 and is made up 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
- D-na Narcisa Oprea — member
- Mr. Stere Constantin Farmache — member
- Mr. Octavian Molnar — member

Management key personnel
The management was made up of the following members, until 1 February 2012:

- Mr. Stere Constantin Farmache — President
- Mr. Mircea Botta — Vice-President
- Mr. Ciprian Zah — Vice-President
- Mr. Siminel Andrei — Secretary General
- Mr. Grzegorz Konieczny — member
- Mr. Cosmin Gheorghiu — member
- Mr. Lucian Isac — member
- Mr. Ionel Uleia — member
- Mr. Octavian Molnar — member

21. TRANSACTIONS WITH ASSOCIATES (CONTINUED)

Executive management was formed of:

- Mr. Victor Cionga General Manager – starting with 7 September 2012
- Mr. Alin Barbu Deputy General Manager - also holding the powers of the General Manager for the period 17 November 2011 – 6 September 2012
- Mrs. Anca Dumitru Deputy General Manager
- Mr. Virgil Stroia Financial Manager
- Mr. Călin Macedon Manager
- Mrs. Ileana Botez Manager

Throughout the year 2012, the salaries paid to the key management personnel of BSE amounted to 1,254 thousand RON (2011: 1,607 thousand RON). In 2012, the costs related to the compensations for members of the Board of Directors and members of the Special Committees were 1,060 thousand RON (for the year ended at 31 December 2011: 526 thousand RON).

The Company has not granted loans, prepayments or guarantees to members of Board of Directors and to Executive Directors of BSE.

21 TRANSACTIONS WITH ASSOCIATES (CONTINUED)

Associates

Subsidiary	Field of activity	Percentage of ownership 31 December 2012	Percentage of ownership at 31 December 2011
Central Depository	Settlement / transactions with shares and bonds performed at the Bucharest Stock Exchange and maintaining the register of shareholders	69.0400%	69.0400%
Investors Compensation Fund	Compensation in case of inability of Fund members to return the funds or financial instruments owed or belonging to investors held on their behalf, when providing financial investment services or separate investment portfolio services	62.3000%	62.3000%
Bucharest Clearing House	Registration, guarantee, clearing and settlement of derivative financial instruments transactions performed at the Bucharest Stock Exchange	52.5080%	52.5080%
Corporate Governance Institute	Vocational training of listed companies and capital market participants in the fields of corporate governance and sustainable development	100%	100%

21. TRANSACTIONS WITH ASSOCIATES (CONTINUED)

Transactions with associates

	2012	2011
Operating income	320	320
- Central Depository	320	320
BSE income from dividends received	1,883	8,200
- Central Depository	1,883	8,200
Purchases of goods and services	452	617
- Central Depository	36	8
- Bucharest Clearing House	416	609
Dividends to be distributed	-	231
- Central Depository	-	231
Debts at 31 December 2012, of which:	10	-
- Central Depository	1	-
- Bucharest Clearing House	9	-

Operating income received from the entities in which BSE has holdings are based on IT management and maintenance services for equipment that ensure the object of activity and income from dividends distributed by the Central Depository and income from the part of transactions in financial derivatives (FD) to Bucharest Clearing House. Expenses incurred with associates consist of clearing, settlement and guarantee of the transactions in FD, risk management for derivatives market transactions, services provided by the Bucharest Clearing House.

22. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Court actions

The Company is subject to a number of legal actions arising during the ordinary performance of its activities. The Company's management believes that besides the amounts already recorded in these separate financial statements as provisions or adjustments for asset impairment and described in the notes to these separate financial statements and other legal actions will not have significant adverse effects on the Company's economic performance and financial position.

(b) Off-balance sheet commitments

The Company is exposed to credit risk through the work done by its subsidiaries such as the Central Depository, the Bucharest Clearing House and the Investors Compensation Fund.

23. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

On 28 March the BSE Board decided to send a notification for terminating the contract concluded with Mr. Victor Cionga on 18 July 2012. The revocation was to take effect in two months' time after sending the notification.

The Board meeting held on March 18, 2013 decided to summon the Extraordinary and Ordinary General Meeting of Shareholders on 24/25 April 2013. The BSE Council will propose to the next extraordinary general meeting of shareholders the amendment of the Stock Exchange Articles of incorporation, in the sense of changing the management form into a two-tier system.

The extraordinary general meeting of shareholders did not meet the statutory conditions (lack of quorum) to discuss the subjects on the agenda, neither at the first, nor at the second call.

At the request of a group of shareholders representing more than 5% of the share capital of BSE, a new Extraordinary General Meeting of Shareholders was called for 27/28 June 2013, for all shareholders registered in the Register of Shareholders at the end of 17 June 2013, for approval of the proposal that BSE participate in the increase of the share capital of Bucharest Clearing House SA with a cash contribution amounting to 23,000,000 RON. Also, it is proposed to mandate the BSE Board to decide on the increase of this amount to up to 10,000,000 RON, depending on the number of subscriptions of the other shareholders who will exercise their pre-emptive right.

23. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE (CONTINUED)

On 29 May 2013, BSE announced the settlement of the dispute on the land located on 44-46 Maresal Averescu Blvd., proceedings on the dockets of the High Court of Cassation and Justice. Thus, according to information provided by the portal of the Supreme Court and the lawyers engaged in this cause, in case no. 5940.1/3/2003, the court decided to dismiss the as unfounded, the appeals filed in this case, the decision being final. In these circumstances, the decision of the court of appeal has the effect of closing the case and maintaining the contract of sale according to which BSE is the owner of the land mentioned above.

No other events occurred after the balance sheet date which, by not being displayed, could affect the users' ability to make assessments and to make correct decisions.

24. CORRECTIONS OF THE PREVIOUS YEAR

Reclassifications in THE previous financial statements

During 2012, the Company reclassified certain amounts in the statement of financial position and the profit or loss account, as shown in the table below.

In accordance with IAS 8 - “Accounting policies, changes in accounting estimates and errors”, when an entity performs an adjustment in the financial statements that affects the prior period, there must be submitted a third statement of financial position, at the beginning of the first comparative period, as well as information related to this adjustment. The management has considered the nature of adjustment, and in particular the fact that it is limited to the reclassification of certain components of financial assets and expenses, with no impact on net assets or the reported results, and concluded that the presentation of the third statement of the financial position is not necessary. The management estimates that the failure to submit the information required under IAS 8 - Accounting policies, changes in accounting estimates and errors” such as the statement of financial position at 1 January 2011 and including the comparative data adjusted on 1 January 2011 in the related notes is not significant for the financial statements as a whole.

24. CORRECTIONS OF THE PREVIOUS YEAR (CONTINUED)

Therefore, the Company reclassified the relevant positions related to 2011 as follows:

	31 December 2011		31 December 2011
Separate profit or loss account	**Previously reported**	**Reclassification**	**Corrected**
Other operating expenses (i)	15,023	(9,529)	(5,494)
Staff costs and benefits of the Board of directors	-	8,403	(8,403)
Services provided by third parties	-	1,915	(1,915)
Adjustment after receivable impairment (ii)	67	(67)	-
Net provision expense (iii)	(856)	856	-
Separate statement of financial position			
Held-to-maturity financial assets (iv)	72,072	(39,834)	32,238
Bank deposits	-	39,834	39,834
Trade and other payables (v)	2,387	856	3,243
Provisions	856	(856)	-
Other reserves (vi)	57	(57)	-
Retained earnings	1,746	57	1,803

(i) the position "Other operating expenses" was presented in more detail, on the main types of expenditure.

(ii) the adjustment after impairment of receivables was reclassified to "Other operating expenses".

(iii) the expenditure projected with leave days not taken was presented as a "Net provision expense" in the financial statements at 31 December 2011. The Company has reclassified this expense in the line "Staff and Board members' allowances".

(iv) in the financial statements of 31 December 2011, bank deposits were classified as "Held-to-maturity financial assets". The Company has reclassified bank deposits from "Held-to-maturity financial assets" to a separate line in the statement of financial position, as loans and receivables in terms of classification under IAS 39 - "Financial Instruments - recognition and measurement".

(v) the debt forecasted with leave days not taken was classified as "Provisions" in the financial statements as at 31 December 2011. This debt was reclassified by the Company to "Trade payables and other liabilities.

(vi) Other reserves" were reclassified within "Retained earnings".

24. CORRECTIONS OF THE PREVIOUS YEAR (CONTINUED)

Therefore, the Company reclassified the relevant positions by reference to 2011 as follows:

Separate profit or loss account	**1 January 2011 Previously reported**	**Reclassification**	**1 January 2011 Corrected**
Other operating expenses (i)	(12,887)	8,315	(4,572)
Staff costs and benefits of the members of Board of Directors:	-	(7,378)	(7,378)
Services provided by third parties	-	(695)	(695)
Adjustment after receivable impairment (ii)	242	(242)	-
Separate statement of financial position			
Held-to-maturity financial assets (iii)	2,094	(2,094)	-
Bank deposits	-	2,094	2,094
Other reserves (iv)	57	(57)	-
Retained earnings	1,862	57	1,919

(i) The position "Other operating expenses" was presented in more detail, on the main types of expenditure.

(ii) Adjustment after impairment of receivables was reclassified to "Other operating expenses".

(iii) In the financial statements on 31 December 2010, bank deposits were classified as "Held-to-maturity financial assets". The Company has reclassified bank deposits from "Held-to-maturity financial assets" to a separate line in the statement of financial position, as loans and receivables in terms of classification under IAS 39 - "*Financial Instruments - recognition and measurement*".

(iv) Other reserves" were reclassified within "Retained earnings".