BURSA DE VALORI BUCURESTI S.A.

SEPARATE FINANCIAL STATEMENTS
AT 31 DECEMBER 2014

Prepared in accordance with International Financial Reporting Standards as adopted by the European Union

This version of the accompanying documents is a translation from the original, which was prepared in Romanian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

BURSA DE VALORI BUCURESTI SA

FINANCIAL STATEMENTS FOR THE YEAR ENDED AS AT

31 DECEMBER 2014

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INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014 *(thousand RON)*

	Note	Financial year ended at 31 December 2013	Financial year ended at 31 December 2014
Revenues from services		24,287	26,871
Other revenues		125	349
Operating revenue		24,412	27,220
Salaries Expense and benefits of the members of Board of Governors	7	(9,788)	(8,948)
Expenses with services provided by third parties	7	(2,251)	(1,758)
Other operational expenses	7	(5,260)	(5,385)
Operating profit		7,113	11,129
Financial income	8	3,158	4,057
Financial expenses	8	(182)	(379)
Loss from asset impairment – related parties	6	(342)	(710)
Profit before tax		9,747	14,097
Corporate income tax expense	9	(1,547)	(2,254)
Profit for the year		8,200	11,843
Revaluation of financial assets available for sale	13	222	40
Total comprehensive income for the year of the period		8,422	11,883
Earnings per share:			
Result per share - base (lei)	20	1.07	1.54
Earnings per share - diluted (lei)	20	1.07	1.54

The separate financial statements were approved by the Board of Governors on June 29, 2014 and were signed by:

President,	General Manager,	Financial Manager,
Lucian Claudiu Anghel	Ludwik Leszek Sobolewski	Virgil Adrian Stroia

The explanatory notes to the financial statements on pages 6-60 are an integral part of these separate financial statements

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014 (thousand RON)

	Note	31 December 2013	31 December 2014
Assets			
Non-current assets			
Tangible assets	10	4,541	4,625
Intangible assets	11	70	1,043
Investments in subsidiaries	6	23,818	23,127
Deferred tax income	12	13	-
Held-to-maturity financial assets	13	29,316	38,376
Available-for-sale financial assets	13	1,358	1,391
Total non-current assets		59,116	68,562
Current assets			
Trade and other receivables	14	4,632	7,026
Prepayments	15	175	134
Bank deposits	13	34,770	26,279
Cash and cash equivalents	16	3,291	2,037
Other assets		4	31
Total current assets		42,872	35,507
Total assets		101,988	104,069
Equity			
Share capital	19	76,742	76,742
Legal reserve	19	5,800	6,508
Revaluation reserve	19	1,174	1,174
Fair value reserve	19	(67)	(27)
Retained earnings	19	11,766	13,865
Total shareholders' equity		95,415	98,262
Payables			
Trade and other payables	17	5,113	4,631
Deferred income	18	662	695
Current corporate income tax payables		798	481
Total current payables		6,573	5,807
Total payables and equity		101,988	104,069

The separate financial statements were approved by the Board of Governors on June 29, 2014 and were signed by:

President,	General Manager,	Financial Manager,
Lucian Claudiu Anghel	Ludwik Leszek Sobolewski	Virgil Adrian Stroia

	Share capital	Retained earnings	Revaluation reserve	Revaluation of available-for-sale financial assets	Legal reserve	Total equity
Balance as at 1 January 2013	76,742	12,422	-	(289)	5,354	94,229
Total comprehensive income for the year						
Profit or loss account	-	8,200	-	-	-	8,200
Other items of comprehensive income						
Reserve of available-for-sale financial assets	-	-	-	222	-	222
Inflation adjustment impact on land – cancellation of the deferred tax impact	-	184		-	-	184
Reserve from revaluation of land – net impact	-	-	1,174	-	-	1,174
Other reserves	-	-	-	-	-	-
Total items of comprehensive income	-	184	1,174	222	-	1,580
Total comprehensive income for the year	-	8,384	1,174	222	-	9,780
Transactions with shareholders, recognised directly in equity						
Contributions by and distributions to shareholders						
Legal reserve increase	-	(446)	-	-	446	-
Dividends paid	-	(8,594)	-	-	-	(8,594)
Total contributions by and distributions to shareholders	-	(9,040)	-	-	446	(8,594)
Total transactions with shareholders	-	(9,040)	-	-	446	(8,594)
Balance as at 31 December 2013	76,742	11,766	1,174	(67)	5,800	95,415

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014 (thousand RON)

	Share capital	Retained earnings	Revaluation reserve	Revaluation of available-for-sale financial assets	Legal reserve	Total equity
Balance as at 1 January 2014	76,742	11,766	1,174	(67)	5,800	95,415
Total comprehensive income for the year						
Profit or loss account	-	11,843	-	-	-	11,843
Other items of comprehensive income						
Reserve of available-for-sale financial assets	-	-	-	40	-	40
Total items of comprehensive income	-	-	-	40	-	40
Total comprehensive income for the year	-	11,843	-	40	-	11,883
Transactions with shareholders, recognised directly in equity						
Contributions from and distributions to shareholders						
Legal reserve increase	-	(708)	-	-	708	-
Dividends paid	-	(9,036)	-	-	-	(9,036)
Total contributions from and distributions to shareholders	-	(9,744)	-	-	708	(9,036)
Total transactions with shareholders	-	(9,744)	-	-	708	(9,036)
Balance as at 31 December 2014	76,742	13,865	1,174	(27)	6,508	98,262

The explanatory notes to the financial statements on pages 6-60 are an integral part of these separate financial statements

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014 (thousand RON)

	Note	Financial year ended at 31 December 2013	Financial year ended at 31 December 2014
Cash flows used in operating activities			
Profit for the year		8,200	11,843
Adjustments to remove non-cash items:			
Depreciation of fixed assets	10, 11	681	766
Interest income	8	(2,771)	(2,683)
Dividend income	8	(388)	(57)
Receivable impairment	14	331	-
Provisions - net	17	100	109
Corporate income tax expense	9	1,547	2,254
Asset impairment – related parties		342	710
Production of intangible assets		-	(659)
Other adjustments		21	338
		8,063	12,621
Change in trade and other receivables	12	(2,455)	(2,421)
Change in prepayments	15	(111)	41
Change in trade and other payables	17	2,497	(524)
Change in deferred income/revenue	18	(30)	33
Changes to deferred tax	12	43	13
Corporate income tax paid	9	(620)	(2,570)
Net cash from operating activities		7,387	7,193
Cash flows from investing activities			
Interest received	8	3,783	2,783
Dividends received	8	388	57
Bank deposits	13	14,767	8,491
Purchases of other held-to-maturity financial assets	13	(29,307)	(9,494)
Repurchases of other held-to-maturity financial assets	13	(12,422)	-
Acquisition of tangible and intangible assets	10, 11	(1,028)	(1,183)
Receipts from the sale of non-current assets		20	2
Net cash from investing activities		1,045	656
Cash flows from financing activities			
Dividends paid		(8,769)	(9,103)
Net cash used in financing activities		(8,769)	(9,103)
Net Increase / (Decrease) in cash and cash equivalents		(337)	(1,254)
Cash and cash equivalents 1 January	16	3,628	3,291
Cash and cash equivalents 31 December	16	3,291	2,037

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 July 15, 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 "BVB" 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), BVB, 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 BVB is in Bucharest, at 34-36 Carol I Boulevard, 13th-14th Floor, 2nd District, Romania. BVB has no subsidiaries in other cities.

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

2. BASIS OF PREPARATION

(a) Statement of compliance

The separate financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS 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.

2. BASIS OF PREPARATION (CONTINUED)

Standalone 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.

At the time these separate financial statements were approved, the Company had not prepared the consolidated financial statements in accordance with EU IFRS 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 2014, 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.

Differences between statutory financial statements and separate EU IFRS statements

The Company's accounting records are kept in Ron, according to Romanian Accounting Regulations ("RARs"). Statutory accounts have been revised to reflect the differences between RCRs and EU IFRSs.

The most significant changes made to the statutory financial statements 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");

2. BASIS OF PREPARATION (CONTINUED)

- 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 IFRS UE.

(b) Bases of measurement

The separate financial statements were prepared based on the historical or amortised cost basis, except for the available-for-sale financial assets which are measured at fair value. 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 BVB, all amounts being rounded up to the nearest thousand.

(d) Use of estimates and professional judgments

The preparation of the separate financial statements according to EU IFRS adopted by the European Union requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying judgments 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 judgments 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.

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014 (thousand RON)

3. SIGNIFICANT ACCOUNTING POLICIES

The most significant accounting methods and policies have been consistently applied by BVB 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 2013	Spot exchange rate 31 December 2014	Average exchange rate 2013	Average exchange rate 2014
EUR	4.4847	4.4821	4.4190	4.4446
USD	3.2551	3.6868	3.3279	3.3492

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 stand alone 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) 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.

Interest for held-to-maturity financial assets, calculated using the effective interest method, is recognized in the profit and loss account as financial revenues.

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 also performs 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.

(ii) 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. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents comprise cash balances, amounts available in current bank accounts, other highly liquid short-term investments and with initial maturities of up to three months and bank overdrafts.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale and are not classified in any of the above categories of financial assets. The 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 (g)) and exchange rate 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 assets and debt are compensated, and the net amount is presented in the statement of comprehensive income only when the Company has the legal right to compensate these values and intends either to settle them on a net basis, either to realize the asset and settle the obligation simultaneously.

d) Investments in related entities (subsidiaries, associates)

Subsidiaries 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measuring investments in subsidiaries

The Company uses the cost method to account for its investments in subsidiaries in the stand alone financial statements. Transaction costs regarding the purchase of a subsidiary or joint venture are recognised as expenses in the profit and loss account. Dividends or investments in subsidiaries 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.

Investments in subsidiaries 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.

e) Tangible and intangible assets

Tangible assets

(i) Recognition and measurement

Land is stated at fair value, determined based on annual valuations, by outside independent valuators. Revaluations are made regularly enough to ensure that the fair value of a revalued asset does not differ significantly from its book value. Any accumulated depreciation on the revaluation date is deducted from the gross book value of the asset, while the net value is restated at the revalued asset value. All the other tangible assets are stated at restated or revalued cost, less accumulated depreciation. Historical cost includes expenses that can be attributed directly to the acquisition of the respective items.

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 can be reliably measured. All other costs are recognised as expenses in the 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:

Plant and equipment	3-20 years
Fixtures and fittings	2-15 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. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized as intangible assets when the following criteria are met:

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Technical ability to complete the software product so that it will be available for use;
- Management intends to complete the software and use it or sell it;
- There is the ability to use or sell the software product;
- It can be demonstrated how the software product will generate future economic benefits;
- There are technical resources available, financial and otherwise appropriate to complete the development and to use or sell the software product; and
- Costs attributable to the software product during its development can be measured reliably.

Directly attributable costs that are capitalized as part of the software include employee costs involved in the software development and an appropriate portion of relevant overheads.
Other development costs that do not meet these criteria are recognized as expenses.
Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.
Development costs of computer software recognized as assets are amortized over the estimated useful life, not exceeding three years.

(ii) Subsequent expenses

Subsequent expenses that increase the future economic benefits embodied in the specific asset to which it relates above the initial estimate are added to their original cost. These expenditures are capitalized as intangible assets if they are not part of tangible assets.

(iii) Intangible asset depreciation

Depreciation is recognised in the profit or loss account using the straight-line method over the estimated useful life for intangible assets. Intangible assets are depreciated from the date the asset is ready to use. The estimated useful life for software and licences is between 1 and 5 years.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Deferred expenses and revenues

The costs incurred and the revenues achieved during the current period, but concerning future periods, are included in deferred costs or revenues, as appropriate. Each month, the share of the deferred expenses or revenues related to that month is included in expenses or revenues, in the profit and loss account.

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(s) 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.

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 judgment 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the 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 the 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 objectively related to an event occurring after the impairment loss was recognised in the profit or loss account, then the impairment loss is reversed, and the amount of the reversal is recognised in the 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.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than 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.

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").

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 has not recognised any debt in these financial statements.

i) Trade payables and other payables

Trade payables and other payables are obligations to pay for goods or services that were purchased during the course of normal activity from suppliers and other creditors. Trade payables and other payables are classified as current debt if the payment is due in one year or less. Otherwise they will be presented as long-term debt. Trade payables and other debt are initially recognized at fair value and subsequently at amortized cost based on the effective interest method.

j) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Revenues

(i) Revenues from services

Revenues from services rendered are recognised in the profit or loss account for the period during which such services are provided.
The main sources of revenues are:

- revenues from fees for transactions in shares and fixed income instruments - revenues are recognised as services are rendered;
- fees charged for admission to trading – revenues are recognised at the date of admission to trading;
- fees charged for trading activity – revenues are recognised on a straight-line basis over the period to which it relates;
- revenues from providing stock market general – revenues are 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 recognised revenue is the net commission made by the Company.

Financial income and financial costs

Financial income includes interest income on amounts invested (including available-for-sale financial assets), dividends income, gains on the re-measurement of assets and liabilities in other currencies, gains on the disposal of available-for-sale financial assets and fair value changes of financial instruments that are recognised in the profit or loss account at fair value using the effective interest method.

Dividends income is recognised in the 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 registration 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, and fair value losses of financial instruments that are recognised in the profit or loss account at fair value using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Current and deferred 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 items recognised in other comprehensive income or directly in equity. In such cases, related tax is recognized in other comprehensive income or directly in equity.

Current income tax is determined based on the fiscal regulations adopted in full or to a large extent on the statement of financial position date, in countries where the Company and its subsidiaries operate and generate taxable income. Management regularly assesses the positions in the tax returns with regard to those cases where applicable fiscal regulations are interpretable. Whenever needed, it sets up provisions based on the estimated amounts payable to the authorities.

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: 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. Deferred tax is calculated based on tax rates (and laws) enacted in full or to a large extent at the statement of financial position date and that would be applied during the period when receivables (obligations) related to deferred tax will be realized (settled).

Deferred tax receivables are recognised only if it likely that future taxable profits will be registered, from which temporary differences would be deducted.

Deferred tax receivables are calculated for deductible temporary differences resulted from investments in subsidiaries, in affiliate entities and in mutual partnerships only if it is likely that the temporary difference is reversed in the future and there is enough taxable income available from which the temporary difference can be deducted.

Deferred tax receivables and obligations are offset when there is a legal basis for offsetting current tax receivables with current tax obligations, and when receivables and obligations related to deferred tax refer to income tax levied by the same fiscal authority, either to the same taxable entity or to different taxable entities if there is an intent of compensating the balances on a net basis.

Tax rate used to calculate current and deferred tax at 31 December 2014 was of 16% (31 December 2013: 16%).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Share capital

Ordinary shares are classified as shareholders' equity.

Additional costs directly attributable to the issuance of new ordinary shares or options are included in shareholders' equity as deductions, net of tax, from amounts raised.

n) Earnings per share

The Company presents earnings per share ("EPS") of the basis for its ordinary shares. The basic EPS 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 Diluted earnings per share are 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 has not been necessary to calculate the diluted EPS because there are 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 they reach 20% of the share capital. When this level is reached, the Company can make additional allocations of the net profit alone. Legal reserve is deductible within the limit of 5% applied to the accounting profit before establishing the corporate income tax.

p) Dividends

Dividends are treated as a distribution of profit, recognized as an obligation for the period in which they are declared and approved by the General Assembly of Shareholders.

The 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 IFRS, due to differences between IFRS and the Romanian accounting law.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q) New accounting regulations

i) New or revised standards and interpretations which are mandatory for the Company's accounting periods beginning with 1 January 2013 and after

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). The amendment had 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, 2013, inclusive; ***applicable to EU IFRS from 1 January 2013).*** The amendment had no impact on the Company's financial statements.

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 application of this standard resulted in the presentation of additional information in these financial standards. (Note 5)

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 recommended title used by IAS 1 has changed from "profit or loss account in other items of comprehensive income". The amendment had no significant impact on the Company's financial statements.

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. The amendment had no significant impact on the Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. The amendment had 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. The amendment had no impact on the Company’s financial statements.

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. The amendment had no impact on the Company’s financial statements.

ii) New or revised standards and interpretations which are mandatory for the Company’s accounting periods beginning with 1 January 2014 and later, inclusively, but which have not been applied by the Company before.

Recoverable value of non-financial assets – Amendments to IAS 36 (issued on 29 May 2013 and effective for the annual periods beginning on or after 1 January 2014, with allowed retrospective application if IFRS 13 is applied for the same comparative accounting period). The amendment had no impact on the Company’s financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The amendment excluded the requirement of presenting the recoverable amount in the case the CGU includes goodwill or intangible assets with indefinite useful life but at the same time no provisions for impairment have been registered. The amendment had 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).
The amendment had 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".
The amendment had no impact on the Company's financial statements.

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 amendment had no impact on the Company's financial statements.

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 amendment had no impact on the Company's financial statements.

IAS 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. Apart from this exception, the other recommendations remain unchanged. The amendment had no impact on the Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Companies (issued on 31 October 2012 and applicable from 1 January 2014). The amendments had no impact on the Company's financial statements.

Transitional provisions, amendments to IFRS 10, IFRS 11 and IFRS 12 (issued on 28 June 2012 and applicable from 1 January 2013; applicable to EU IFRS from 1 January 2014). The amendments had no impact on the Company's financial statements.

Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39 (issued on 27 June 2013 and effective for the annual periods starting January 1, 2014). The changes will allow hedge accounting to continue in certain circumstances in which a derivative that has been designated as a hedging instrument is novated (meaning the parties agree to replace the original counterparty with a new one) in order to perform a compensation with a central counterparty, due to legal provisions, if certain conditions are met. The amendments had 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). The amendments had no impact on the Company's financial statements.

IASB standards or interpretations effective for annual periods beginning on or after January 1, 2015, which were adopted by EU

IFRIC 21 - Taxes (issued on May 20, 2013 and effective for annual periods beginning on 1 January 2014)

Employee Benefits – Amendments to IAS 19 (issued in November 2013, effective for the annual periods beginning on or after July 1, 2014; not yet adopted by the European Union). The amendment allows companies to recognize employee contributions as a reduction of the costs during the period the expenses occur, rather than recognizing them during the period the services are rendered. The amendment is applicable in cases when the amount is not dependent on the number of years of service. It is estimated that the amendment will have no significant impact over the Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Improvements to International Financial Reporting Standards 2012 (issued in December 2013 and applicable from January 1, 2013, applicable from July 1, 2014, applicable to the European Union from 1January 2016). *The amendments consist of changes made to seven standards.* It is estimated that the amendments will have no significant impact on the Company's financial statements.

- **IFRS 2** was amended to clarify the definition of a 'vesting condition' and to define separately 'performance condition' and 'service condition'; The amendment is effective for share-based payment transactions for which the grant date is on or after 1 July 2014.
- **IFRS 3**. Amendments to IFRS 3 is applicable to business acquisitions where the acquisition date is on or after July 1, 2014.
- **IFRS 8** has been amended to require (1) the presentation of the decisions taken by management regarding the aggregation of operating segments, including a description of the segments that have been aggregated and economic indicators which were assessed in determining the fact that aggregate segments have similar economic characteristics, and (2) a reconciliation of the segments entity's assets at the point when segment assets are reported.
- **The Basis of the Conclusions on IFRS 13** was amended to clarify that removing certain paragraphs of IAS 39, when IFRS 13 was published was not made with the intention to eliminate the possibility of measuring receivables and short-term debt at the invoice value in case the impact of discounting is immaterial.
- **IAS 16 and IAS 38** were amended to clarify how the gross carrying amount and accumulated depreciation are treated if an entity uses the revaluation model.
- **IAS 24** was amended to include, as a related party, an entity that provides services to key management personnel of the reporting entity or a parent of the reporting entity ("management entity") and to seek to present amounts charged by the management entity for services rendered.

Improvements to International Financial Reporting Standards 2013 (issued in December 2013 and applicable for annual periods beginning with or from 1 July 2014 IFRS applicable for the EU from 1 January 2015).). *The amendments consist of changes made to four standards.* It is estimated that the amendments will have no significant impact on the Company's financial statements.

- **The Basis for the Conclusions on IFRS 1** is amended to clarify that, if a new version of a standard is not yet mandatory but is available for early adoption; a first time adopter may use either the old or the new version provided the same standard applied in all periods presented.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **IFRS 3** was amended to clarify that it does not apply to the accounting of any joint venture formation in accordance with IFRS 11. The amendment clarifies also that the exemption applies only to financial statements of the joint venture itself.
- **The amendment to IFRS 13** clarifies that the portfolio exemption in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including contracts for the purchase or sale of assets and non-financial liabilities) that fall under IAS 39 and IFRS 9.
- **IAS 40** was amended to clarify the fact that it and IFRS 3 are not mutually exclusive.

Improvements to International Financial Reporting Standards 2013 (issued in December 2013 and applicable for annual periods beginning 1 July 2014; not adopted by the European Union).

- IFRS 14, deferred benefit accounts (issued in January 2014 and effective for annual periods beginning on or after 1 January 2016). Accounting for Acquisitions of interests in joint operations - Amendments to IFRS 11 (issued on May 6, 2014 and effective for periods beginning on or after 1 January 2016). This amendment adds new guidance on how to account for the acquisition of an interest in a joint venture constituting a business.
- Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11 (issued on 6 May 2014 and effective for the periods beginning on or after 1 January 2016). This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business
- IFRS 9 “Financial Instruments: Classification and measurement” (published in July 2014 and effective for annual periods starting on or after January 1 2018). The main features of the new standards are:

  Financial assets are classified into three categories of measurement: those to be measured subsequently at amortized cost, those to be subsequently measured at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).

- Classification of debt securities is driven by the entity's business model for managing financial assets and whether the contractual cash flows represent only payments of principal and interest (SPPI). Debt instruments are held to be collected, they can be recorded at amortized cost if they also meet the SPPI requirement. Debt instruments meeting the SPPI requirement, held in a portfolio

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

of an entity both in order to collect cash flows of the assets and to sell assets may be classified as FVOCI. Financial assets which do not contain cash flows that are SPPI should be measured at FVPL (e.g. derivatives). Integrated derivatives are no longer separated from financial assets, but will be included in assessing the SPPI state.

- Investments in equity instruments are valued at fair value. However, management may make an irrevocable choice of presenting changes in fair value in other elements of the global income, provided that the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in the income statement.

- Most of the requirements of IAS 39 for classifying and measuring financial liabilities were transferred unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

- IFRS 9 introduces a new model for recognizing impairment losses - Expected Credit Losses (ECL) model. This is a 'three-step' method which is based on the change in the credit quality of financial assets from the initial recognition. In practice, the new rules mean that the entities will have to incur an immediate loss equal to the loss expected in the next 12 months from the initial recognition of the financial assets that are not impaired (or loss expected during the life of the trade receivables). If there was a significant increase in credit risk, impairment is measured using the projected loss of life, compared to the expected loss for the next 12 months. The simplifications include operational leasing and commercial claims.

- Requirements for hedge accounting have been amended to more closely align the accounting with risk management. The standard provides entities an accounting policy choice between applying hedge accounting requirements of IFRS 9 or continue to apply IAS 39 to all hedging instruments (Hedges) as standard addresses not currently accounts for macro coverage.

IFRS 15 – Revenue from contracts with clients (issued on 28 May 2014, effective for the annual periods beginning on or after January 1, 2017; not yet adopted by the European Union).

The standard introduces the core principle of revenue recognition at transfer prices levels, when goods or services are transferred to the client. Any combined goods that can be separated must be recognized separately and any discount from the contract price must be allocated separately.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

If the price varies, minimum values must be recognized to the extent that it is highly probable that a significant reversal in the amount recognised will not occur. Costs with securing contracts with clients must be capitalized and depreciated over the period the contract will generate benefits. The company analyses the effect of applying this change.

- **Clarifying the acceptable methods of depreciation - Amendments to IAS 16 and IAS 38 (issued on May 12, 2014 and effective for periods beginning on or after 1 January 2016).**
- **IFRS 15**, revenue from contracts with customers (issued on May 28, 2014 and effective for periods beginning on or after January 1, 2017).
- **The equity method in the individual financial statements - Amendments to IAS 27 (issued on August 12, 2014 and effective for annual periods beginning in January 2016).**
- **The sale or contribution of assets between an investor and the associate or joint venture** - Amendments to IFRS 10 and IAS 28 (issued on September 11, 2014 and effective for annual periods beginning on or after 1 January 2016).

Annual improvements to IFRS 2014 (issued on 25 September 2014 and effective for the annual periods starting on or after 1 January 2016). The changes affect four standards:

- **IFRS 5** has been amended to clarify that the change in output mode (reclassification from "held for sale" to "held for distribution" or vice versa) does not constitute as a change of the sales plan and should not be accounted as such.
- **The amendment to IFRS 7** adds instructions in order to help the management establish whether the terms of an agreement for collecting a financial asset that has been transferred constitutes continuous involvement in the sense of the presentation required by IFRS 7.
- **The amendment to IAS 19** clarifies the fact that for post-employment benefit obligations, the decisions regarding the discount rate, the existence of an active market for high quality corporate bonds or government bonds used as a basis should be based on the currency in which the obligations are denominated in, and not in the currency from the country in which they occur.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amendments to IAS 1 Presentation (issued in December 2014 and effective for annual periods starting on or after 1 January 2016). The standard was amended to clarify the concept of materiality and explains that an entity does not need to provide specific information required by an IFRS if the information resulting from this presentation are not significant, regardless if the IFRS contains a list of specific requirements or describes them as being minimal requirements. These subtotals (a) must be composed of lines formed from values recognized and measured in accordance with IFRS; (b) to be presented and labeled in a way that makes the subtotal lines to be clear and understandable; (c) to be consistent from one period to another; and (d) not to be displayed more prominent than totals and subtotals requested by IFRS.

Investment entities: Application of the exceptional amendment regarding the strengthening of IFRS 10, IFRS 12 and IAS 28 (issued in December 2014 and effective for annual periods starting on or after January 1.

4. FAIR VALUE MEASUREMENT

A number of the 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 the closing quote of the bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

(b) Trade and other receivables and other financial liabilities

The fair value of trade and other receivables and financial liabilities is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes. For financial instruments such as short-term receivables and liabilities, the management believes that the carrying amount is a reasonable approximation of fair value.

(c) 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 similar instruments.
- Level 2: Measurement techniques based on observable market data. This category includes instruments measured using: quoted prices in active markets for similar instruments; market quotations for similar instruments in markets that are considered less active; or other measurement techniques where all significant inputs are directly or indirectly observable in market inputs.
- Level 3: Measurements techniques that are not based on observable market 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.

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4. FAIR VALUE MEASUREMENT (CONTINUED)

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 2013		31 December 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets carried at fair value				
Available-for-sale financial assets	1,358	1,358	1,391	1,391
Assets carried at amortised cost				
Trade and other receivables	4,632	4,632	7,026	7,026
Bank deposits	34,770	34,770	26,279	26,279
Held-to-maturity financial assets with maturity less than one year	29,316	29,316	38,376	40.684
Cash and cash equivalents	3,291	3,291	2,037	2,037
Total	72,009	72,009	73,718	76,026
Liabilities carried at amortised cost				
Financial liabilities	3,305	3,305	2,209	2,209
Total	3,305	3,305	2,209	2,209

All available-for-sale financial instruments representing shares quoted on different markets, amounting to 1,391 thousand lei (31 December 2013: 1,358 thousand lei) are classified at Level 1: quoted prices in active markets.

Held-to-maturity financial assets representing government securities are classified at Level 1, quoted prices in active markets. Government securities denominated in Euro, RON and USD included in Held-to-maturity financial assets, with maturities above one year, were acquired from the banking secondary market and we consider that their fair value approximates the book value.

5. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks:

- 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 procedures for managing of capital.

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

The activity of special of BVB 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 Governors is also responsible for examining and approving the strategic, operational and financial plan of BVB, as well as the corporate structure of the Company. The 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 the 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 mainly 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 services companies and other financial institutions participating in Bucharest Stock Exchange. The Company establishes a provision for receivable impairment that represents its estimate of incurred 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:

	31 December 2013	31 December 2014	Rating agency
BRD - Groupe Societe Generale S.A.	BBB+	BBB+	Fitch Ratings
Banca Transilvania S.A.	BB-	BB-	Fitch Ratings
PIRAEUS BANK ROMANIA S.A.	B-	B-	Fitch Ratings
RAIFFEISEN BANK S.A.	Ba1	Ba1	Moody's
Banca Comerciala Romana S.A.	BBB+	BBB+	Fitch Ratings
ALPHA BANK ROMANIA S.A.	B-	B-	Fitch Ratings

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5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Exposure to credit risk

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

Name	31 December 2013	31 December 2014
Long-term held-to-maturity financial assets	29,316	38,376
Available-for-sale financial assets	1,358	1,391
Trade and other receivables	4,632	7,026
Prepayments	175	134
Bank deposits	34,770	26,279
Cash and cash equivalents	3,291	2,037
Other assets	4	31
Total	73,546	75,274

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

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014 (thousand RON)

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	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
Individually impaired										
Significant risk	461	461	-	-	-	-	-	-	-	-
Gross amount	461	461	-	-	-	-	-	-	-	-
Adjustment for impairment	461	461	-	-	-	-	-	-	-	-
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	4,632	7,026	29,316	38,376	3,291	2,037	1,358	1,391	34,770	26,279
Gross amount	4,632	7,026	29,316	38,376	3,291	2,037	1,358	1,391	34,770	26,279
Adjustment for impairment	-	-	-	-	-	-	-	-	-	-
Net amount	4,632	7,026	29,316	38,376	3,291	2,037	1,358	1,391	34,770	26,279
Total gross amount	5,093	7,487	29,316	38,376	3,291	2,037	1,358	1,391	34,770	26,279
Total net amount	4,632	7,026	29,316	38,376	3,291	2,037	1,358	1,391	34,770	26,279

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014 (thousand RON)

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 and needs cash only 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 2014	Carrying amount	Contractual cash flows	Less than 6 months	More than 6 months
Non-derivative financial liabilities				
Financial liabilities*	2,209	2,209	2,209	-
Total	2,209	2,209	2,209	-

31 December 2013	Carrying amount	Contractual cash flows	Less than 6 months	More than 6 months
Non-derivative financial liabilities				
Financial payables	3,305	3,305	3,305	-
Total	3,305	3,305	3,305	-

* Contains the following balance sheet items: Trade payables, credit balances from transactions, ASF fee, dividends payable, part of management debts. Details in Note 17.

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 of less than 3 months) to cover all liabilities as they become due.

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014 (thousand RON)

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 on investment.

Exposure to currency risk

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

31 December 2014	EUR	USD	RON	Total
Financial assets				
Trade and other receivables	391	2	6,633	7,026
Securities (government securities, bank deposits, cash and cash equivalents)*	13,483	11,379	41,830	66,692
Total financial assets	13,874	11,381	48,463	73,718
Financial liabilities				
Financial liabilities	170	20	2,019	2,209
Total financial liabilities	170	20	2,019	2,209
Net financial assets/(liabilities)	13,704	11,361	46,444	71,509

* It contains balance sheet positions: held-to-maturity financial assets above and below one year, bank deposits, cash and cash equivalents.

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014 (thousand RON)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

31 December 2013	EUR	USD	RON	Total
Financial assets				
Trade and other receivables	418	1	4,213	4,632
Securities (government securities, bank deposits, cash and cash equivalents)*	13,536	9,970	43,871	67,377
Total financial assets	13,954	9,971	48,084	72,009
Financial liabilities				
Financial payables	157	612	2,536	3,305
Total financial liabilities	157	612	2,536	3,305
Net financial assets/(liabilities)	13,797	9,359	45,548	68,704

* It contains balance sheet positions: held-to-maturity financial assets above and below one year, 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 2013	31 December 2014
RON depreciation by 10% against EUR	1,380	1,370
RON depreciation by 10% against USD	936	1,136
Total	2,316	2,506

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 the 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 Governors monitors the return on capital, defined as net income resulting from operations divided by total equity.

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014 (thousand RON)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

	2013	2014
Total liabilities	6,573	5,807
Cash and cash equivalents	(3,291)	(2,037)
Net debt	3,282	3,770
Total equity	95,415	98,262
Gearing ratio	3%	4%

(g) Economic environment risk

Over the past 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 the approach on this implementation 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.

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014 (thousand RON)

6. INVESTMENTS IN SUBSIDIARIES

In the year 2014, the Company's participation to the group entities remained unchanged.

	1 January 2014	Increases	31 December 2014
Depozitarul Central S.A.	20,244	-	20,244
Casa de Compensare Bucuresti S.A.	3,651	-	3,651
Fondul de Compensare a Investitorilor S.A.	215	-	215
BVB Corporate Governance Institute Foundation	50	-	50
Total	24,160	-	24,160

The Company's participation in subsidiaries is presented in note 21.

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

The Company acquired control of Casa de Compensare Bucuresti S.A. (Bucharest Clearing House S.A.) 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 Fondul de Compensare a Investitorilor S.A. (Investors Compensation Fund S.A.) in the year ended 31 December 2006, by subscribing to the share capital of the subsidiary.

Following the evaluation of the Bucharest Clearing House S.A. within the project of transforming it into a central counterparty, factors have been identified pointing towards the depreciation of the value of BVB's participation as at 31 December 2014 and an adjustment to the investment value was registered, of 710 thousand RON. The value of the adjustment accounts for 100% of the decline in value of BCH's net assets below the holding value booked in BVB's accounting records.

Changes in adjustments for the depreciation of BVB's investment in subsidiaries during 2014 are:

	2014
Balance as at 1 January	342
Increase of adjustments for depreciation of investments	710
Balance as at 31 December	1,052

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014 (thousand RON)

7. OPERATING EXPENSES

The operating expenses comprise the following:

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

	2013	2014
Salaries expense – management and personnel	7,341	6,720
Benefits of the members of the Board of Governors	568	628
Estimations of leave days not taken – net	-	(190)
Other expenses/(revenues) from provisions of the Board members	100	300
Contributions and taxes related to personnel and benefits	1,779	1,490
Total	9,788	8,948

Expenses with the management and personnel include the amount of 1,817 thousand RON representing performance bonuses paid to the management and personnel for 2014.

The number of Company's employees was:

	2013		2014	
	At the end of the year	Annual average	At the end of the year	Annual average
Bucharest Stock Exchange	40	50	43	42

7.2 Services provided by third parties include:

	2013	2014
Services provided by Bucharest Clearing House S.A.	86	7
Recruitment Services and Business Consultancy	541	-
Financial, IT and internal Audit Services	152	185
Commissions fees (legal, contributions, etc.)	824	282
Services provided by third parties	648	1,284
Total	2,251	1,758

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014 (thousand RON)

7 OPERATING EXPENSES (CONTINUED)

7.3 Other operating expenses:

	2013	2014
Rent and office utilities	902	1,040
Intangible asset depreciation (*Note 11*)	328	354
Tangible asset depreciation (*Note 10*)	352	412
Non-deductible VAT and ASF taxes	1,145	1,126
Consumables	105	106
IT Maintenance, service and repairs	386	436
Insurance for professional equipment, etc.	61	64
Protocol	150	132
Entertainment, Marketing and Advertising	817	630
Transport of goods and personnel	439	786
Postage and telecommunications	153	166
Adjustments of customer receivables (*Note 14*)	320	-
Bank charges	20	36
Other expenses	82	97
Total	5,260	5,385

8. FINANCIAL INCOME AND FINANCIAL COSTS

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

	2013	2014
Interest income for held-to-maturity financial assets and bank deposits *i)*	2,770	2,682
Net gain from exchange rate differences	-	1,317
Dividends income	388	57
Financial income	3,158	4,056
Net loss from exchange rate differences	(136)	-
Expenses from premium amortization for government bonds	(46)	(379)
Financial expense	(182)	(379)

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014 (thousand RON)

8 FINANCIAL INCOME AND FINANCIAL COSTS (CONTINUED)

Financial income and expenses recognised in other comprehensive income:

	2013	2014
Change in fair value of available-for-sale financial assets	222	44
Total	222	44

i) Interest income from held-to-maturity financial assets and bank deposits include accrued interest on investments made in government securities and deposits.

9. CORPORATE INCOME TAX EXPENSE

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

	2013	2014
Before-tax accounting profit	9,747	14,097
Non-taxable and similar income	(2,550)	(1,263)
Non-deductible and similar expenses	1,589	1,705
Impact of EU IFRS adjustments	1,281	56
Profit before tax	10,067	14,595
Corporate income tax (16%)	1,611	2,335
Sponsorship deducted from corporate income tax	(64)	(81)
Current tax expense	1,547	2,254
Deferred tax expense	-	-
Total corporate income tax expense	1,547	2,254

The impact of IFRS EU adjustments was determined by restatements of statutory figures in line with IFRS EU, such as: the value of the adjustment of the land included in IFRS EU figures in 2013 and the impact of deferred tax related to this adjustment.

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10. PROPERTY, PLANT AND EQUIPMENT

	Land *i)*	Plant and equipment	IT and office equipment and furniture *ii)*	Total
Cost				
Balance as at 1 January 2013	2,171	6,129	1,075	9,375
Purchases	-	702	4	706
Revaluation	1,174	-	-	1,174
Outflows	-	(185)	(24)	(209)
Balance as at 31 December 2013	3,345	6,646	1,055	11,046
Depreciation				
Balance as at 1 January 2013	-	5,750	612	6,362
Depreciation during the year	-	275	77	352
Transfers	-	-	-	-
Outflows	-	(185)	(24)	(209)
Balance as at 31 December 2013	-	5,840	665	6,505
Net carrying amounts				
Balance as at 1 January 2013	2,171	379	463	3,013
Balance as at 31 December 2013	3,345	806	390	4,541

	Land and buildings *i)*	Plant and equipment	IT and office equipment and furniture *ii)*	Assets in progress	Total
Cost					
Balance as at 1 January 2014	3,345	6,646	1,055	-	11,046
Purchases	-	374	122	-	496
Transfers	-	-	-	-	-
Outflows	-	201	246	-	447
Balance as at 31 December 2014	3,345	6,819	931	-	11,905
Depreciation					
Balance as at 1 January 2014	-	5,840	665	-	6,505
Depreciation during the year	-	317	95	-	412
Transfers	-	-	-	-	-
Outflows	-	201	246	-	447
Balance as at 31 December 2014	-	5,956	514	-	6,470
Net carrying amounts					
Balance as at 1 January 2014	3,345	806	390	-	4,541
Balance as at 31 December 2014	3,345	863	417	-	4,625

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014 (thousand RON)

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

i) During 2013, the land owned by BVB was revalued at 30 June 2013 by an authorized ANEVAR expert that has resulted in the increase of the gross value of the land by 1,174 thousand RON. BVB's management considers that the fair value as at 31 December 2013 and 31 December 2014 does not differ significantly from the fair value determined as at 30 June 2013, based on the valuation report.

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
Cost	
Balance as at 1 January 2014	4,202
Purchases	1,327
Outflows	435
Balance as at 31 December 2014	5,094
Depreciation	
Balance as at 1 January 2014	4,132
Depreciation during the year	354
Outflows	435
Balance as at 31 December 2014	4,051
Net carrying amounts	
Balance as at 1 January 2014	70
Balance as at 31 December 2014	1,043

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014 (thousand RON)

11. INTANGIBLE ASSETS (CONTINUED)

	Licenses, software
Cost	
Balance as at 1 January 2013	3,951
Purchases	321
Outflows	(70)
Balance as at 31 December 2013	4,202
Depreciation	
Balance as at 1 January 2013	3,874
Depreciation during the year	328
Outflows	(70)
Balance as at 31 December 2013	4,132
Net carrying amounts	
Balance as at 1 January 2013	77
Balance as at 31 December 2013	70

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

The Company registered investments and acquisitions of intangible assets in 2014 amounting to RON 1,327 thousand (2013: RON 321 thou). Such increase is mainly due to the completion of projects related to the development of the trading system ARENA (the book value of ARENA increased by RON 446 thousand following the capitalisation of internal costs) and following the completion and the commissioning of the new BVB website; such assets will be depreciated throughout the next three years.

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014 (thousand RON)

12. DEFERRED TAX RECEIVABLES AND LIABILITIES

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

	31 December 2013	31 December 2014
Available-for-sale financial assets	13	-
Tangible assets	-	-
Total receivables (debt)	13	-

Variation of temporary differences during the year:

	Tangible assets	Available-for-sale financial assets	Investments in subsidiaries	Total
Balance as at 1 January 2013	(184)	55	-	(129)
Recognised in profit or loss account	-	-	-	-
Recognised in other items of comprehensive income	184	(42)	-	142
Balance as at 31 December 2013	-	13	-	13
Balance as at 1 January 2014	-	13	-	13
Recognised in other items of comprehensive income	-	(13)	-	(13)
Balance as at 31 December 2014	-	-	-	-

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014 (thousand RON)

13. FINANCIAL INSTRUMENTS

The Company's financial instruments are:

	31 December 2014	31 December 2014
Held-to-maturity financial assets, long-term *i)*	29,316	38,376
Available-for-sale financial assets *ii)*	1,358	1,391
Total non-current assets	30,674	39,767
Bank deposits with maturity between 3 months and one year *iii)*	34,770	26,279
Total current assets	34,770	26,279

i) Held-to-maturity financial assets include:

	31 December 2013	31 December 2014
Government securities with maturity above one year	29,316	38,376
Total	29,316	38,376

During 2014, following the declining interest rate environment for RON and foreign currency denominated bank deposits, higher yielding financial instruments were purchased.

Thus, BVB acquired RON-denominated government securities issued by the Ministry of Finance, worth of 2,979 thousand RON, maturing in 2019 and offering a 4.75% p.a. yield, and EUR-denominated government securities worth of EUR 1,253 thousand, maturing in 2020 and offering a 4.63% p.a. yield.

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13. FINANCIAL INSTRUMENTS (CONTINUED)

	Held-to-maturity financial assets
1 January 2013	-
Acquisitions	29.207
Interest computed and purchased	1.485
Interest collected (cashed –in)	(1.331)
Depreciation acquisition cost	(46)
31 December 2013	29.316
Acquisitions	9.278
Interest computed and purchased	1.974
Interest collected (cashed –in)	(1.813)
Depreciation acquisition cost	(379)
31 December 2014	38.376

ii) The available-for-sale financial assets are shares listed on foreign stock markets international and shares 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.

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

	Available-for-sale financial assets
1 January 2013	1,124
Purchases	234
Value increase after revaluation at fair value (before deferred tax)	263
Sales	(263)
31 December 2013	1,358
Purchases	-
Value increase after revaluation at fair value (before deferred tax)	33
Sales	-
31 December 2014	1,391

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014 (thousand RON)

13. FINANCIAL INSTRUMENTS (CONTINUED)

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

	31 December 2013	31 December 2014
Bank deposits with maturity between 3 months and one year	34,770	26,279
Total	34,770	26,279

Term deposits with Romanian banks are made in RON with original maturities between 3 months and 1 year at interest rates between 2.3% and 4% depending on period, for deposits in RON, between 2.05% and 2.2% for deposits in EURO and 1.8% for deposits in USD.

14. TRADE AND OTHER RECEIVABLES

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

	31 December 2013	31 December 2014
Trade receivables – gross value *i)*	2,894	6,492
Adjustment after trade receivable impairment *ii)*	(461)	(461)
Debit balance of trading - ASF fee *iii)*	1,766	522
VAT under settlement	44	(3)
Other receivables	389	476
Total	4,632	7,026

Trade and other receivables considered financial assets and presented in Note 5 Management of financial risk amount to RON 7,026 thousand as at 31 December 2014 and RON 4,632 thousand as at 31 December 2013 and represent net trade receivables, debit balances from trading – ASF fee and other receivables.

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014 (thousand RON)

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

i) Trade receivables are mostly receivables from financial 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 2013	31 December 2014
Adjustment after receivable impairment – individual component	461	461
Adjustment after receivable impairment – general component	-	-
Total	461	461

iii) Debit balances from trading – ASF fees represent the payment obligations of financial investment services companies to the Financial Supervisory Authority (ASF), to be received by the Company and to be further transferred to the ASF, thus acting as agent.

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

	2013	2014
Adjustment for Impairment – Individual component		
Balance as at 1 January	141	461
Impairment losses	330	-
Impairment reversal	(10)	-
Balance as at 31 December	461	461

15. ACCRUED EXPENSES

Prepayments amounting to RON 134 thousand (31 December 2013: RON 175 thousand) are primarily prepaid rent, insurance premiums for equipment, IT equipment maintenance, insurance premiums for liability insurance for administrators and various subscriptions.

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014 (thousand RON)

16. CASH AND CASH EQUIVALENTS

The cash and cash equivalents comprise the following:

	31 December 2013	31 December 2014
Deposits at banks with original maturity less than 3 months	959	948
Bank current accounts	2,316	1,074
Petty cash	16	15
Total	3,291	2,037

17. TRADE LIABILITIES AND OTHER LIABILITIES

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

	31 December 2013	31 December 2014
Trade liabilities *i)*	668	911
Credit balance of trading - ASF fee *ii)*	1,915	522
Salary contributions due	159	228
Taxes due	50	51
Dividends payable	584	691
Prepayments received from customers	108	8
Estimates for leave days not taken	270	179
Board debts (provision) *iii)*	100	300
Other debt to management and personnel *iv)*	925	1,533
Other liabilities	334	208
Total	5,113	4,631

Commercial and other debts considered financial debt and presented in Note 5 - Management of financial risk - amount to RON 2,209 thousand as at 31 December 2014 and RON 3,305 thousand as at 31 December 2013 and consist of commercial debts, credit balances arising from trading - ASF tax, dividends payable and other payables to lenders.

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17. TRADE LIABILITIES AND OTHER LIABILITIES (CONTINUED)

i) Trade payables are mainly obligations to internal suppliers, some of them with a maturity less than 30 days, paid in early 2014.

ii) Credit balance of trading - ASF fee – represents the obligations to the Financial Supervisory Authority (ASF) of financial investment services companies, payable by the Company, acting as agent.

iii) The debts to the members of Board of Governors include amounts representing indemnity for the remuneration thereof;

iv) Other debt to the management and personnel represent the performance bonuses granted to the management and personnel for 2014 and paid during 2015.

18. DEFERRED INCOME

Deferred income/revenue include:

	31 December 2013	31 December 2014
Revenues from fees for continuance of trading activity	662	695
Total	662	695

Revenues in advance represent amounts not earned with regard to the fees for trading activity to the trading system of listed issuers and are registered as revenues over 12 months.

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19. CAPITAL AND RESERVES

a) *Share capital*

On 31 December 2013 and 2014, BVB had the same share capital amounting to RON 76,741,980 divided into 7,674,198 shares with a nominal value of RON 10 /share, dematerialized, with the same voting rights, divided into the following categories:

Shareholding structure at 31 December 2014	Number of shares	% from share capital
Legal entities, of which:	6,496,958	84.66%
- Romanian	5,209,658	67.89%
- foreign	1,287,300	16.77%
Individuals, of which:	1,177,240	15.34%
- Romanian	1,134,602	14.78%
- foreign	42,638	0.56%
Total	7,674,198	100.00%

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 BVB Bylaws, the subscription, acquisition 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 2014 and 2013, no shareholder of BVB was not significant shareholder. BVB 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 BVB of its own shares was approved. On 8 June 2010 the first transactions in shares issued by BVB took place. The closing price for the last trading session of 2014 was of 33.97 RON /share (2013: 32.5 RON/share).

19. CAPITAL AND RESERVES (CONTINUED)

b) *Dividends*

BVB's Board of Governors submitted to the General Shareholders Meeting a proposal for the distribution of the Company's net profit for 2014, amounting to 11,896,005 RON, as follows: 707,481 RON as legal reserve and the rest as gross dividends. Thus, the amount approved by the General Shareholders Meeting in its April 28, 2015 meeting to be distributed as gross dividends for 2014 is 11,188,524 RON. The value of the dividend for 2014 is 1.4579 RON gross dividend/share.

In accordance with Decision no 2 of the General Shareholders Meeting of April 25, 2014, BVB announced the distribution to the shareholders registered in the Shareholder Registry on the registration date May 15, 2014 of the retained profit for 2013, amounting to 9,038,104 RON, as dividends.

The value of the dividend for 2013 was 1.1777 RON gross dividend/share. Dividends paid during 2014 were 8,932 thousand RON (includes dividends yet not distributed from the previous years).

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 from 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.

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014 (thousand RON)

19. CAPITAL AND RESERVES (CONTINUED)

Movements in other reserves as at 31 December 2014 are as follows:

Reserve of available-for-sale financial assets	**2014**
Balance as at 1 January	(67)
Reserve of available-for-sale financial assets set up during the year	53
Reserve of available-for-sale financial assets - impact deferred tax (Note 12)	(13)
Balance as at 31 December	(27)

Movements in other reserves as at 31 December 2013 are as follows:

Reserve of available-for-sale financial assets	**2013**
Balance as at 1 January	(289)
Reserve of available-for-sale financial assets set up during the year	264
Reserve of available-for-sale financial assets - impact deferred tax (Note 12)	(42)
Balance as at 31 December	(67)

20. EARNINGS PER SHARE

The calculation of basic earnings per share at 31 December 2014 is based on profit attributable to Company's shareholders in the amount of 11,842 thousand RON (2013: 8,200 thousand RON) and the weighted average number of ordinary shares outstanding of 7,674,198 (2013: 7,674,198).

21. TRANSACTIONS WITH SUBSIDIARIES

Management key personnel

31 December 2014

The Company was managed by the Board of Governors validated by CNVM on February 1, 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 — General Secretary
- Mr. Valerian Ionescu — member
- Mr. Matjaz Schroll — member
- D-na Narcisa Oprea — member
- Mr. Stere Constantin Farmache — member
- Mr. Octavian Molnar — member

Executive management was formed of:

- Mr. Ludwik Sobolewski — General Manager
- Mr. Alin Barbu — Deputy General Manager
- Mrs. Anca Dumitru — Deputy General Manager
- Mr. Virgil Stroia — Financial Manager
- Mr. Călin Macedon — Manager
- Ileana Botez — Manager

Throughout the year 2014, the salaries paid to the key management personnel of BVB amounted to 2,253 thousand RON (2013: 1,981 thousand RON). In 2014, the costs related to the compensations for members of the Board of Governors and members of the Special Committees were 628 thousand RON (for the year ended at 31 December 2013: 568 thousand RON).

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

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014 (thousand RON)

21. TRANSACTIONS WITH SUBSIDIARIES (CONTINUED)

Subsidiary	Field of activity	Percentage of ownership 31 December 2013	Percentage of ownership 31 December 2014
Depozitarul Central SA	Settlement / transactions with shares and bonds performed at the Bucharest Stock Exchange and maintaining the register of shareholders	69.0400%	69.0400%
Fondul de Compensare a Investitorilor SA	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	62.4500%	62.4500%
Casa de Compensare Bucuresti SA	Registration, guarantee, clearing and settlement of derivative financial instruments transactions performed at the Bucharest Stock Exchange	52.5080%	52.5080%
BVB's Corporate Governance Institute	Vocational training of listed companies and capital market participants in the fields of corporate governance and sustainable development	100%	100%

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014 (thousand RON)

21. TRANSACTIONS WITH SUBSIDIARIES (CONTINUED)

Transactions with subsidiaries

	2013	2014
Operating income	320	684
- Central Depository	320	684
BVB income from dividends received	355	-
- Central Depository	355	-
Purchases of goods and services	216	37
- Central Depository	64	30
- Bucharest Clearing House	86	7
- BVB's Corporate Governance Institute	66	-
Liabilities as at 31 December, of which:	2	8
- Central Depository	-	8
- Bucharest Clearing House	2	-
Receivables at 31 December, of which:	329	814
- Central Depository	40	525
- Bucharest Clearing House	289	289

Operating income received from the entities in which BVB 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, services provided by the Bucharest Clearing House and the Corporate Governance Institute.

22. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Court actions

On 31 December 2014, the Bucharest Stock Exchange was subject to a number of legal actions:

- Litigations in which the BVB requests the initiation of insolvency procedures for debtors with overdue amounts arising from services rendered. The gross value of BVB's receivables was fully provisioned.
- Litigations in which the BVB requests the recovery of overdue amounts (in the process of garnishment)
- Other litigations in which the BVB is a plaintiff/defendant, related to matters regarding: cancellation of trades, challenging the lift of the suspension of an issuer from trading, cancellation of legal acts, obligation to do (litigations with professionals).
- The company considers it is not necessary to set up an additional provision for on-going litigations.

23. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

The Ordinary General Shareholders Meeting of April 27/28, 2015 approved the distribution of dividends to BVB's shareholders (see Note 19 b) Dividends).

In December 2014, the Romanian Government adopted the Emergency Ordinance no. 90/2014 on amending and supplementing the Law no. 297/2004 regarding the capital market, which amended the current provisions related to the maximum holding threshold and the quorum requirements applicable to the market operators.

According to the new provisions, the holding threshold was raised to 20% (from 5%) and the quorum requirements for the Extraordinary General Shareholders meetings were aligned with the requirements of set out in Law no. 31/1990 on trade companies, namely 1/4 of the voting rights at the first convening and 1/5 at the second convening.

The Emergency Ordinance came into effect on 9 January 2015, and the BVB Council decided, on the same date, to amend the Company's Articles of Incorporation with a view to aligning it to the provision of article 129 and 286^3 of Law no. 297/2004, as further amended and supplemented by the Government Emergency Ordinance no. 90/2014.

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

By Law no. 10/2015 on approving the Government Emergency Ordinance no. 32/2012 on undertakings for collective placement in securities and investment administration companies as well as on amending and supplementing the Law no. 297/2004 regarding the capital market, as well as the amending and supplementing of some pieces of legislation entered into force on 15.01.2015 (following the effective date of OUG 90/2014), an article was introduced which is identified with article 286^3 but having a different content. Therefore, the provisions of article 286^3 require correction and clarification, which can be done with the Law on approving the Government Emergency Ordinance no. 90/2014, which is currently subject to parliamentary procedure. The Senate approved the law draft in the session held on 18 March 2015 and forwarded it to the Chamber of Deputies for debate and approval. The Chamber of Deputies is the decision-making chamber. The report from the Budget, Finance and Banks is currently pending.

In the session held on 16 March 2015, the BVB Board approved the re-submission of the amendments to the Articles of Incorporation to ASF for approval purposes as follows:

- in the first phase, amendments regarding the alignment of the Articles of Incorporation with art. 129;
- in the second phase, following the clarification on the provisions regarding the quorum (as per article 286^3) and the publishing of the Law on approving the Government Emergency Ordinance no. 90/2014, the amendments will be submitted with a purpose to align the provisions of the Articles of Incorporation with those relating to the quorum requirements.