GIEŁDA PAPIERÓW WARTOŚCIOWYCH W WARSZAWIE S.A.
(THE "WARSAW STOCK EXCHANGE S.A.")

SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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FOR THE YEAR ENDED 31 DECEMBER 2011

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

SEPARATE STATEMENTS OF FINANCIAL POSITION

ASSETS	Note	31.12.2011	31.12.2010
NON-CURRENT ASSETS		**229 253**	**220 157**
Property and equipment	5	127 585	118 543
Intangible assets	6	35 285	34 810
Investments in associates	7	11 652	11 652
Investments in subsidiaries	8	36 915	36 415
Deferred tax assets	9	2 829	3 729
Available-for-sale financial assets	10	11 795	11 829
Prepayments	13	3 192	3 179
CURRENT ASSETS		**358 000**	**206 513**
Inventories		260	438
Corporate income tax receivable		-	575
Trade and other receivables	12	27 578	80 071
Available-for-sale financial assets	10	56 647	30 787
Cash and cash equivalents	14	273 515	94 642
TOTAL ASSETS		**587 253**	**426 670**

EQUITY AND LIABILITIES	Nota	31.12.2011	31.12.2010
Equity		**382 670**	**396 444**
Share capital	15	63 865	63 865
Other reserves	15	(236)	(245)
Retained earnings	15	319 041	332 824
Non-current liabilities		**174 406**	**3 626**
Employee benefits payable	17	4 180	2 266
Debt securities	16	170 226	-
Other liabilities		-	1 360
Current liabilities		**30 177**	**26 600**
Trade payables	16	10 155	5 885
Corporate income tax payable		3 791	-
Other liabilities	16	3 867	10 983
Employee benefits payable	17	12 364	9 532
Provisions for other liabilities and charges	18	-	200
TOTAL EQUITY AND LIABILITIES		**587 253**	**426 670**

The notes presented on pages 5 to 65 form an integral part of these separate financial statements.

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

	Note	Year ended 31.12.2011	Year ended 31.12.2010
Revenue	20	252 524	216 467
Operating expenses	21	123 553	124 473
Other income	22	326	1 968
Other expenses	23	1 585	1 987
Operating profit		**127 712**	**91 975**
Financial income	22	21 461	64 152
Financial expenses		402	876
Profit before income tax		**148 771**	**155 251**
Income tax expense	24	27 623	20 210
Profit for the period		**121 148**	**135 041**
Other comprehensive income:			
Gains/(loses) from the valuation of financial assets available-for-sale		9	(1 189)
Other comprehensive income after tax		**9**	**(1 189)**
Total comprehensive income		**121 157**	**133 852**
Basic / diluted earnings per share (Expressed in PLN)	33	2,89	3,22

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(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

SEPARATE STATEMENTS OF CASH FLOWS

		Note	Year ended 31.12.2011	Year ended 31.12.2010
A	**Cash flows from operating activities:**		**125 193**	**87 529**
	Cash generated from operations	31	147 571	107 083
	Income tax paid		(22 378)	(19 554)
B	**Cash flows from investing activities:**		**18 829**	**129 713**
	Purchases of property and equipment	5	(20 160)	(7 599)
	Proceeds from sale of property and equipment		178	131
	Purchases of intangible assets	6	(4 379)	(26 074)
	Aquisition of shares in subsidiary		(500)	(2 000)
	Sales of available-for-sale financial assets		30 000	158 614
	Purchase of available – for- sale financial assets		(54 201)	-
	Interest received		5 634	6 195
	Dividends received		62 257	486
	Other		-	(40)
C	**Cash flow from financing activities:**		**35 031**	**(596 841)**
	Dividends paid		(134 969)	(596 841)
	Proceeds from bonds issue		170 000	
D	**Net (decrease) / increase in cash and cash equivalents**		**179 053**	**(379 599)**
	Cash and cash equivalents at the beginning of the period		**94 462**	**474 241**
	Cash and cash equivalents at the end of the period	**14**	**273 515**	**94 642**

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(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

SEPARATE STATEMENTS OF CHANGES IN EQUITY

	Attributable to the shareholders of the parent entity				
	Share capital	**Other reserves**	**Retained earnings**	**Total**	**Total equity**
Balance as at 31 December 2009	**63 865**	**944**	**288 442**	**353 251**	**353 251**
Dividend	-	-	(90 659)	(90 659)	**(90 659)**
Profit for the year ended 31 December 2010	-	-	135 041	135 041	**135 041**
Revaluation of available-for-sale financial assets	-	(1 189)	-	(1 189)	**(1 189)**
Total comprehensive income for the year ended 31 December 2010	-	(1 189)	135 041	133 852	**133 852**
Balance as at 31 December 2010	**63 865**	**(245)**	**332 824**	**396 444**	**396 444**
Balance as at 31 December 2010	**63 865**	**(245)**	**332 824**	**396 444**	**396 444**
Dividend and Social Benefit Fund	-	-	(134 931)	(134 931)	**(134 931)**
Profit for the year ended 31 December 2011	-	-	121 148	121 148	**121 148**
Revaluation of available-for-sale financial assets	-	9	-	9	**9**
Total comprehensive income for the year ended 31 December 2011	-	9	121 148	121 157	**121 157**
Balance as at 31 December 2011	**63 865**	**(236)**	**319 041**	**382 670**	**382 670**

The notes presented on pages 5 to 65 form an integral part of these separate financial statements.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

2. General information

2.1 Legal status and the scope of operations of the Company

Giełda Papierów Wartościowych w Warszawie S.A. (the "Warsaw Stock Exchange", the „WSE" or the „Company") with its registered office in Warsaw, ul. Książęca 4. The Company was established by Notarial Deed on 12 April 1991 and registered with the Commercial Court in Warsaw on 25 April 1991.

The core activities of WSE comprise the organization of public trading in securities.

2.2 Approval of the financial statement

The separate financial statements were authorized for issue by entity's Management Board on 9 March 2012.

3. Summary of significant accounting policies

The key accounting policies applied in the preparation of the separate financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The separate financial statements have been prepared on the assumption that the WSE will continue as a going concern in the foreseeable future. As at the date of the separate financial statements, there are no circumstances indicating any threats to the WSE's ability to continue operations.

2.1 Basis of preparation of the separate financial statements

The separate financial statements of the Warsaw Stock Exchange S.A. have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The separate financial statements have been prepared under the historical cost basis, except for available-for-sale financial assets which are measured at fair value.

The preparation of separate financial statements in accordance with IFRS requires making certain critical accounting estimates. It also requires management to exercise professional judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the separate financial statements are disclosed in Note 4.

(a) New standards and amendments to published standards and interpretations effective from 2011

Certain standards, interpretations and amendments to published standards are mandatory for accounting reporting periods commencing on or after 1 January 2011, but only if the Company did not apply them before that date.

Below are the requirements of the published standards and interpretations which are mandatory from 2011:

Amendments to IFRS 7 *Financial Instruments: Disclosures - Transfers of Financial Assets*. The Amendments require disclosure of information that enables users of financial statements to understand the relationship between transferred financial assets that are not derecognised in their entirety and the associated liabilities and to evaluate the nature of, and risks associated with, the entity's continuing involvement in derecognised financial assets. The Amendments define "continuing involvement" for the purposes of applying the disclosure requirements.

The Company does not expect the amendments to IFRS 7 to have material impact on the financial statements.

Amendments to IFRS 1 *Severe Hyperinflation and Removal of Fixed Dates for First – time Adopters*. The Amendments add an exemption to IFRS 1 that an entity can apply at the date of transition to IFRSs after being subject to severe hyperinflation. This exemption allows an entity to measure assets and liabilities held before the functional currency normalization date at fair value and use that fair value as the deemed cost of those assets and liabilities in the opening IFRS statement of financial position. The standard is not yet adopted by the European Union.

The amendment has no impact on the Company’s Financial Statements.

(b) New standards, interpretations and amendments to the existing standards, which have not come into force yet and have not been applied by the Company or have not been relevant for the current Company’s activity

The following new standards, interpretations and amendments to the existing standards have been published and are mandatory for the accounting periods beginning on or after 1 January 2012 or later periods:

Amendments to IFRS 7 *Financial Instruments: Disclosures* - Offsetting Financial Assets and Financial Liabilities. The Amendments contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting arrangements or similar agreements.

The entity does not expect the Amendments to have any impact on the financial statements since it does not apply offsetting to any of its financial assets and financial liabilities and it has not entered into master netting arrangements.

This Standard replaces the guidance in IAS 39, *Financial Instruments: Recognition and Measurement*, about classification and measurement of financial assets. The Standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivable. Financial assets will be classified into one of two categories on initial recognition: financial assets measured at amortized cost or financial assets measured at fair value. A financial asset is measured at amortized cost if the following two conditions are met: the assets is held within a business model whose objective is to hold assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. Gains and losses on remeasurement of financial assets measured at fair value are recognised in profit or loss, except that for an investment in an equity instrument which is not held for trading, IFRS 9 provides, on initial recognition, an irrevocable election to present all fair value changes from the investment in other comprehensive income (OCI). The election is available on an individual share-by-share basis. No amount recognised in OCI is ever reclassified to profit or loss at a later date.

The Company does not expect IFRS 9 (2009) to have material impact on the financial statements.

Additions to IFRS 9 *Financial Instruments* (2010). The 2010 additions to IFRS 9 replace the guidance in IAS 39 Financial Instruments: Recognition and Measurement, about classification and measurement of financial liabilities and the derecognition of financial assets and financial liabilities. The Standard retains almost all of the existing requirements from IAS 39 on the classification and measurement of financial liabilities and for derecognition of financial assets and financial liabilities. The Standard requires that the amount of change in fair value attributable to changes in the credit risk of a financial liability designated at initial recognition as fair value through profit or loss, be presented in other comprehensive income (OCI), with only the remaining amount of the total gain or loss included in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, then the whole fair value change is presented in profit or loss. Amounts presented in OCI are not subsequently reclassified to profit or loss but may be transferred within equity. Derivative financial liabilities that are linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, are required to be measured at fair value under IFRS 9.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

The Company does not expect IFRS 9 (2010) to have material impact on the financial statements.

Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*. These Amendments change the disclosure and restatement requirements relating to the initial application of IFRS 9 Financial Instruments (2009) and IFRS 9 (2010). The amended IFRS 7 requires to disclose more details about the effect of the initial application of IFRS 9 when an entity does not restate comparative information in accordance with the amended requirements of IFRS 9. If an entity adopts IFRS 9 on or after 1 January 2013, then it will no longer be required to restate comparative information for periods prior to the date of initial application. If an entity early adopts IFRS 9 in 2012, then it has a choice either to restate comparative information or to provide the enhanced disclosures as required by the amended IFRS 7. If an entity early adopts IFRS 9 prior to 2012, then neither restatement of comparative information nor provision of the enhanced disclosures under the amended IFRS 7 are required.

It is expected that the Amendments will not have a material impact on the Company's financial statements.

IFRS 10 *Consolidated Financial Statements*" and IAS 27 (2011) *Separate Financial Statements* - IFRS 10 provides a new single model to be applied in the control analysis for all investees, including entities that currently are SPEs in the scope of SIC-12. IFRS 10 introduces new requirements to assess control that are different from the existing requirements in IAS 27 (2008). Under the new single control model, an investor controls an investee when (1) it is exposed or has rights to variable returns from its involvements with the investee, (2) has the ability to affect those returns through its power over that investee and (3) there is a link between power and returns. The new standard also includes the disclosure requirements and the requirements relating to the preparation of consolidated financial statements. These requirements are carried forward from IAS 27 (2008).

It is expected that the Amendments will not have a material impact on the Company's financial statements.

IFRS 11 *Joint Arrangements* - IFRS 11 Joint Arrangements, supersedes and replaces IAS 31, *Interest in Joint Ventures*. IFRS 11 does not introduce substantive changes to the overall definition of an arrangement subject to joint control, although the definition of control, and therefore indirectly of joint control, has changed due to IFRS 10. Under the new Standard, joint arrangements are divided into two types, each having its own accounting model defined as follows: a joint operation is one whereby the jointly controlling parties, known as the joint operators, have rights to the assets, and obligations for the liabilities, relating to the arrangement or a joint venture is one whereby the jointly controlling parties, known as joint venturers, have rights to the net assets of the arrangement. IFRS 11 effectively carves out, from IAS 31, those cases in which although there is a separate vehicle for the joint arrangement, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations, under IAS 31, and are now called joint operations. The remainder of IAS 31 jointly controlled entities, now called joint ventures, must be accounted for using the equity method. Proportionate consolidation is no longer possible.

The Company does not expect the new standard to have any impact on the financial statements.

IFRS 12 *Disclosure of Interests in Other Entities* - IFRS 12 requires additional disclosures relating to significant judgements and assumptions made in determining the nature of interests in an entity or arrangement, interests in subsidiaries, joint arrangements and associates and unconsolidated structured entities.

The entity does not expect IFRS 12 to have material impact on the financial statements.

IFRS 13 *Fair Value Measurement* - IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains 'how' to measure fair value when it is required or permitted by other IFRSs. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The standard contains an extensive disclosure framework that provides additional disclosures to existing requirements to provide

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information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant unobservable inputs, the effect of the measurements on profit or loss or other comprehensive income.

The entity does not expect IFRS 13 to have material impact on the financial statements.

Amendments to IAS 1 *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income* - The amendments require that an entity presents separately the items of OCI that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. If items of OCI are presented before related tax effects then the aggregated tax amount should be allocated between these sections. Change the title of the *Statement of Comprehensive Income* to *Statement of Profit or Loss and Other Comprehensive Income*, however, other titles are also allowed to be used.

The Amendments are not relevant to the entity's financial statements.

Amendments to IAS 12 *Income taxes - Deferred Tax: Recovery of Underlying Assets* - The 2010 amendment introduces an exception to the current measurement principles based on the manner of recovery in paragraph 52 of IAS 12 for investment property measured using the fair value model in accordance with IAS 40 by introducing a rebuttable presumption that the carrying value of underlying assets would be recovered entirely by sale. Management's intention would not be relevant unless the investment property is *depreciable* and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. This is the only instance in which the presumption can be rebutted.

The entity does not expect The Amendments to have material impact on the financial statements.

IAS 19 (2011) *Employee Benefits* - The amendment requires actuarial gains and losses to be recognised immediately in other comprehensive income. The amendment removes the corridor method previously applicable to recognising actuarial gains and losses, and eliminates the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under the requirements of IAS 19. The amendment also requires the expected return on plan assets recognised in profit or loss to be calculated based on the rate used to discount the defined benefit obligation.

The entity does not expect The Amendments to have material impact on the financial statements.

IAS 27 (2011) *Separate Financial Statements* - IAS 27 (2011) carries forward the existing accounting and disclosure requirements of IAS 27 (2008) for separate financial statements with some minor clarifications. As well, the existing requirements of IAS 28 (2008) and IAS 31 for separate financial statements have been incorporated into IAS 27 (2011). The Standard no longer addresses the principle of control and requirements relating to the preparation of consolidated financial statements, which have been carried over into IFRS 10 Consolidated Financial Statements.

The Company does not expect IAS 27 (2011) to have material impact on the financial statements.

IAS 28 (2011) *Investments in Associates and Joint Venutres* - There are limited amendments made to IAS 28 (2008). *Associates and joint ventures held for sale.* IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale. For any retained portion of the investment that has not been classified as held for sale, the equity method is applied until disposal of the portion held for sale. After disposal, any retained interest is accounted for using the equity method if the retained interest continues to be an associate or a joint venture. *Changes in interests held in associates and joint ventures*. Previously, IAS 28 (2008) and IAS 31 specified that the cessation of significant influence or joint control triggered remeasurement of any retained stake in all cases, even if significant influence was succeeded by joint control. IAS 28 (2011) now requires that in such scenarios the retained interest in the investment is not remeasured.

The Company is not able to prepare an analysis of the impact this will have on the financial statements until the date of initial application.

Amendments to IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities – The Amendments do not introduce new rules for offsetting financial assets and liabilities; rather they clarify the offsetting criteria to address inconsistencies in their application. The Amendments clarify that an entity currently has a legally enforceable right to set-off if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The entity does not expect the Amendments to have any impact on the financial statements.

IFRIC Interpretation 20: *Stripping Costs in the Production Phase of a Surface Mine* - The Interpretation sets out requirements relating to the recognition of production stripping costs, initial and subsequent measurement of stripping activity assets. To the extent that benefits from production stripping are realised in the form of inventory produced, the related production stripping costs are accounted for in accordance with IAS 2 *Inventories*. Production stripping costs that improve access to ore to be mined in the future are recognised as a non-current asset if, and only if, all of the following criteria are met: it is probable that future economic benefits will flow to the entity; the entity can identify the component of the ore body for which access has been improved; and the costs relating to the stripping activity associated with that component can be measured reliably. The stripping activity asset shall be accounted for as an addition to, or as an enhancement of, an existing asset. The stripping activity asset shall initially be recognised at cost while after initial recognition, it shall be carried at either its cost or its revalued amount, less depreciation or amortisation and impairment losses, in the same way as the existing asset of which it is a part. The Interpretation also requires that when the costs of the stripping activity asset and of the inventory produced are not separately identifiable, the entity allocates production stripping costs between the two based on a ‘relevant’ production measure.

The entity does not expect the Interpretation to have any impact on the financial statements.

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the separate financial statements are measured using the currency of the primary economic environment in which the Company operates (‘the functional currency’). The functional currency of WSE is the Polish Zloty. The financial statement is presented in PLN thousand.

(b) Transactions and balances

On initial recognition, foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

As at the balance sheet date:

- foreign currency monetary items are translated using the closing rate,
- foreign currency non-monetary items valued at historical cost are translated using the exchange rates prevailing at the dates of the transactions,
- foreign currency non-monetary items stated at fair value are translated using the exchange rate prevailing at the date of determining the fair value.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

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Translation differences on non-monetary items such as equities classified as available-for-sale financial assets are included in other comprehensive income.

2.3 Segment reporting

An operating segment is a component of the entity, in respect of which separate financial information is available and analyzed by the chief operating decision-maker in the decision making process, including allocation of resources and performance assessment.

Following the “management approach”, operating segments are reported in accordance with the internal reporting provided to entity’s Management Board (the chief operating decision-maker), which is responsible for allocating resources to the reportable segments and assesses their performance.

The segments were identified taking into account specific service groups based on homogenous transaction characteristics.

2.4 Property and equipment

Property and equipment comprise non-current assets:
- held by the entity to be used in the process providing services, or for administrative purposes,
- which are expected to be used for a period that is longer than one period,
- in respect of which it is probable that the entity will obtain future economic benefits related to the assets, and
- whose cost can be reliably estimated.

Property and equipment comprise:
- real estate, i.e. own land, buildings and structures;
- machinery, vehicles and other movable P&E items;
- leasehold improvements; and
- assets under construction.

Property and equipment used in the process of providing services and for administrative purposes are stated at historical cost less accumulated depreciation and impairment. Land and non-current assets under construction are not depreciated.

The cost of purchase or cost of manufacture of property and equipment comprises the purchase price plus customs duty and non-deductible taxes, net of any discounts and rebates. This amount is increased by all the other directly attributable costs incurred in order to adapt an asset to the place and conditions necessary for commencing its use in accordance with management’s intentions.

Assets under construction manufactured for administrative purposes and for the purpose of providing services are stated in the balance sheet at cost less impairment. The cost is increased by all the other directly attributable costs incurred in order to adapt an asset to the place and conditions necessary for commencing its use in accordance with management’s intentions, excluding the costs of external financing. Depreciation of these non-current assets commences when asset is available for use in the normal course of operating activities.

Depreciation is calculated for all property and equipment items, excluding land and assets under construction, over their estimated useful lives, taking account of their residual values, using the straight-line method. The WSE assumes following useful lives for individual property and equipment categories:

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

Buildings *	10-40 years
Leasehold improvements	10 years
Vehicles	5 years
Computer hardware	3-10 years
Other equipment	5-10 years
WARSET Exchange system **	to 31 December 2012

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

*** Equipment related to the WARSET exchange system: at individually set rates taking into account the useful lives until 31 December 2012.*

Depreciation commences when a non-current asset is available for use. Depreciation is discontinued when a non-current asset is derecognized.

The individual components of a non-current asset with a useful life different from that of the useful life of the entire asset are depreciated separately using the depreciation rates that reflect their expected useful lives. In order to identify components, non-current assets with a significant gross book value are analyzed.

The depreciation method, depreciation rate and residual value are subject to verification at each balance sheet date. Any changes resulting from the verification are recorded as a change in accounting estimates, in accordance with the guidance of IAS 8 "Accounting Policies, Changes in Accounting Estimates, and Errors".

A non-current asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Impairment tests are performed and impairment write-downs recorded in line with the accounting policies set out in Note 2.6 "Impairment of property and equipment and intangible assets".

A component of property and equipment is derecognized when sold or when economic benefits from its use or disposal are no longer expected.

Gains and losses on disposal / scrapping or withdrawing from use are determined as the difference between the proceeds and the net book amount and included in the income statement.

2.5 Intangible assets

(a) Goodwill

Goodwill is the difference between the purchase consideration and the fair value of the net assets of the acquired subsidiary, calculated at the acquisition date. The goodwill from the acquisition of a subsidiary is presented as an intangible asset. Goodwill is tested annually against potential impairment and recorded net of impairment losses. The goodwill impairment losses are not reversed. Profits and losses from sale of subsidiary include the balance sheet value of the corresponding goodwill.

For impairment testing purposes goodwill is allocated to such cash generating units which are expected to benefit from the merger responsible for the creation of goodwill, according to the operational business segmentation.

(b) Other intangible assets

Intangible assets comprise identifiable non-monetary assets which do not have a physical form.

In particular, intangible assets comprise:
- acquired computer software,
- acquired property rights – author's rights, related rights, licenses, concessions, rights to inventions, patents, trademarks, functional and decorative patterns and know-how.

Intangible assets are valued at cost less accumulated amortization and accumulated impairment write-downs.

Amortization is calculated on a straight-line basis, over the estimated useful lives of the assets. The estimated useful lives of intangible assets vary from 1 to 5 years. In particular intangible assets corresponding to WARSET exchange system have useful lives until as at 31 December 2012.

Amortization commences when an intangible asset becomes available for use. Amortization is discontinued when the intangible asset is derecognized.

The amortization method and amortization rate are subject to verification at each balance sheet date. Any changes resulting from the verification are recorded as a change in accounting estimates, in accordance with the guidance of IAS 8 "Accounting Policies, Changes in Accounting Estimates, and Errors".

Impairment tests are performed and impairment losses recorded in line with the accounting policies set out in Note 2.6 "Impairment of property and equipment and intangible assets".

Intangible assets are derecognized when sold or when economic benefits from their use or disposal are no longer expected. Gains and losses on derecognizing intangible assets are determined by comparing net proceeds from disposal (if any) with the carrying amount of these intangible assets and included in the income statement.

2.6 Impairment of property and equipment and intangible assets

Intangible assets not yet available for use are not amortized but are tested for potential impairment annually, and additionally when there are indicators of impairment. Assets that are amortized are tested for impairment if there are indicators of possible impairment.

At each balance sheet date, the WSE reviews the net book amounts of non-current assets to determine whether there are indicators of impairment. If such indicators are found the recoverable amount of an asset is estimated to determine the amount of the potential impairment. If an asset does not generate cash flows that are largely independent of the cash flows generated by other assets, the analysis is performed for the group of assets generating cash flows (a cash generating unit) to which the asset belongs.

The recoverable amount is determined as the higher of: fair value less costs to sell and the value in use. The latter corresponds to the present value of the estimated future cash flows which are generated by an asset (or a cash generating unit) discounted using the discount rate that takes into account the current market time value of money and the risk inherent in a given asset.

2.7 Financial assets

WSE classifies its financial assets to the following categories: loans and receivables and available-for-sale financial assets. This classification is based on the criteria of the reason for purchasing financial assets. The entity's Management Board determines the classification of these financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- those that the entity intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designates at fair value through profit or loss,
- those that the entity upon initial recognition designates as available-for-sale, or
- those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available for sale.

Loans and receivables are classified as current assets if the maturity date is less than 12 months after the balance sheet date. Loans and receivables with a maturity of more than 12 months after the balance sheet date are classified as non-current assets. Loans and receivables are recognized in the balance sheet as "Trade and other receivables" and "cash and cash equivalents".

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are not classified in any of the other categories. In particular, they comprise Treasury bills and shares in entities over which the Company does not exercise control or exert significant influence. They are recognized as non-current assets unless they mature within 12 months or the entity's Management Board intends to sell them within 12 months after the balance sheet date.

The funds which the parent company entrusts to external asset management companies are classified to the category of available-for-sale financial assets. Such external management is a form of investing in chosen capital market instruments in the name of a client and on his account. WSE own investments comprise only securities issued or guaranteed by the State Treasury, i.e. Treasury bonds and bills and money market instruments (e.g. bank deposits).

(c) Financial assets held to maturity

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company has the positive intention and ability to hold to maturity.

WSE does not classify any of its financial assets as held to maturity due to the fact that in 2010 the Company sold more than insignificant part of held to maturity investments.

(d) Recognition and measurement

Standardized purchase or sale transaction of a financial asset are recognized or derecognized as at the transaction date, i.e. the day when the Company becomes obliged to buy or sell the financial asset. These assets are initially recognized at fair value, plus transaction costs.

Financial assets available for sale are subsequently carried at fair value. Loans and receivables and investments held to maturity are subsequently recorded at amortized cost using the effective interest rate method.

The Company derecognizes financial assets if and when contractual rights to cash flows from the financial assets expire or the Company transfers a financial asset and substantially all the risks and benefits associated with the possession of this financial asset.

The fair values of quoted investments are based on their current bid prices. If the market for a financial asset is not active (also in respect of non-listed securities), the Company determines the fair value using valuation techniques. These include the use of recent arm's length transactions, reference to transactions in other virtually identical instruments, discounted cash flow analysis and option pricing models, using market information to the maximum extent and relying on information from the entity to the minimum extent.

Fair value is determined based on the following quotations:

- Treasury bonds – exchange prices,
- Treasury bills – closing rate prices for a given date available in the Reuters service.

If available-for-sale financial assets are not quoted, they do not have a fixed maturity (equity instruments) and their fair value cannot be reliably determined, they are valued at cost, net of impairment losses.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are allocated between translation differences resulting from changes in amortized cost of the security and other changes in the carrying amount of the security. The translation differences on change in amortised cost are recognized in income statement, while other changes in the carrying amount are recognized in other comprehensive income. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognized in other comprehensive income.

When available-for-sale financial assets are sold or impaired, the cumulative gain or loss previously recognized in other comprehensive income is transferred to the income statement as gains and losses from investment securities.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the income statement as part of financial income. Dividends from equity instruments available for sale are recognized in the income statement as financial income, when the Company acquires the rights to the respective payments.

Interest on financial assets classified as loans and receivables and financial assets held to maturity are subsequently measured at amortized cost using the effective interest rate method and recognized in the income statement as financial income.

2.7.1 <u>Impairment of financial assets</u>

As at each balance sheet date, the Company assesses whether there is objective evidence that a financial asset or a group of financial assets are impaired. In the case of financial assets classified as available for sale, when determining impairment of securities, a significant or prolonged decline of a given security's fair value below cost, financial situation and possibilities of further development of an issuer are taken into account as well as the influence of political and economical situation in issuer's home country. If such evidence exists in respect of available-for-sale financial assets, total current losses – determined as the difference between the purchase price and current fair value, less possible losses resulting from impairment recognized earlier in the income statement – are excluded from other comprehensive income and recognized in the income statement. Losses from the impairment of equity instruments recognized earlier in the income statement are not reversed through the income statement.

If there is evidence of possible impairment of investments held to maturity measured at amortized cost, the amount of impairment is determined as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the original effective group of asset interest rate.

If the indications of impairment cease to exist, impairment losses are reversed:

- through the profit or loss – in the case of financial assets classified as investments held to maturity and available-for-sale financial assets which are debt securities;
- through other reserves – in the case of available-for-sale financial assets which are equity instruments.

The accounting policies for impairment of trade receivables are described in Note 2.7.3.

2.7.2 Receivables in respect of repurchase transactions

Securities purchased in buy-sell-back transactions are treated as receivables which are secured with the securities purchased and received. The difference between the sales price and the buyback price is treated as interest and accrued using the effective interest rate method over the term of the contract.

2.7.3 Trade receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 180 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Unrecoverable debt and the provisions for doubtful receivables are recognized in the comprehensive income statements.

With respect to short-term receivables due to the short-term period of their settlement, the book value is deemed to be the fair value of these items.

Receivables are removed from the balance sheet (written off) when their uncollectibility has been documented with:

- a decision that these are uncollectible, recognized by the creditor as reflecting the actual situation, issued by the relevant enforcement proceedings authority, or
- a court decision dismissing a bankruptcy petition comprising the liquidation of assets, when the assets of the insolvent debtor are insufficient for covering the costs of the proceedings, or discontinuing bankruptcy proceedings comprising the liquidation of assets, when the debtor's assets are insufficient for satisfying the creditors' claims, or that bankruptcy proceedings comprising the liquidation of assets have been completed, or
- a report stating that the expected procedural and enforcement costs associated with the debt recovery would be equal to or higher than the amount of the debt.

2.8 Other receivables

Other receivables comprise mainly prepayments and deferred costs and payments for the rights to perpetual usufruct of land.

Prepayments and deferred cost items are recorded when expenditures incurred relate to goods or services to be received in future periods. Prepayments and deferred costs comprise:

- long-term balances relating to future reporting periods, more than 12 months from the balance sheet date, and
- short-term balances relating to future reporting periods, up to 12 months from the balance sheet date.

Prepayments and deferred costs are recognized in the income statement over the life of the relevant contract.

2.9 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

2.10 Inventories

Inventories are stated at the lower of cost and net realizable value. As at the balance date, materials are stated at the lower of purchase price and net realizable value, less impairment write-downs. Impairment write-downs are charged to other expenses.

2.11 Cash and cash equivalents – recognized in the statements of cash flows

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.12 Equity

The Company's equity comprises:

- share capital of the Company shown at par, adjusted for hyperinflation,
- other reserves, including the revaluation reserve,
- retained earnings, comprising:
  - retained earnings from prior years (comprising supplementary capital and other reserves formed from prior year profits), and
  - profit for the year.

In accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies", equity items (except for retained earnings and any surpluses on revaluation of assets) have been restated using the general price index beginning from the date on which a given equity item was contributed or otherwise formed, for the period in which the economy in which the Company carries out its operations was a hyperinflationary economy, i.e. until 31 December 1996. The effect of recalculating the appropriate equity items using the inflation ratios was reflected in retained earnings and is presented in Note 15.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

2.13 Income tax

Income tax comprises current and deferred tax.

Current income tax is calculated on the basis of net taxable income for a given financial year determined in accordance with the binding tax regulations and using the tax rates provided in those regulations. Net taxable income (loss) differs from accounting profit (loss) for the year due to excluding taxable income and deductible costs relating to future periods as well as cost and income items that would never be deductible or taxable.

Deferred tax is calculated using the liability method as tax payable or reimbursable in the future in respect of differences between carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax amounts used for the calculation of the tax base.

The deferred tax liabilities are recorded in the full amount and are not subject to discounting.

Deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized.

The amount of the deferred tax asset is analyzed at each balance date, and it is written down if the expected future taxable income or taxable temporary differences are not sufficient to utilize the asset in full.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled. The deferred tax is recognized in the income statement for the given period unless the deferred tax relates to transactions or events recognized in other comprehensive income or directly in equity, when it is also recognized in other comprehensive income or directly in equity.

Deferred tax assets and liabilities can be offset when the Company's companies have an enforceable right to offset their current income tax receivables and liabilities and when the deferred tax assets and liabilities relate to income tax imposed on the same tax-payer by the same tax authorities.

2.14 Employee benefits

In accordance with the remuneration system, employees of the parent company are entitled to jubilee bonuses, retirement benefits, holiday pay and social security contribution. Retirement benefits are one-off payments, being the multiplication of monthly remuneration (within a range from 100% to 500%, depending on the period of service and number of months remaining to retirement age).

Employer contribution to state pension schemes is charged to the income statement in the period which the contribution relates to.

WSE makes provision for liabilities on account of retirement benefits and jubilee bonuses determined on the basis of an estimation of liabilities of that type, using an actuarial model. All provisions formed are charged to the income statement.

The Company makes provision for liabilities arising from unused annual leave (taking into account all outstanding unused holiday days), from damages and severance payments made to those employees whose employment contracts are terminated for reasons independent of the employee, and for the employee compensation costs incurred in the current period which will be paid out in future periods, including bonuses.

Provisions for retirement benefits and jubilee bonuses are recorded on the basis of the assumptions described in detail in Note 17.

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

The Company pays contributions for the Employees' Pension Fund, to which employees belong voluntarily based on an agreement. After payment of the contributions, WSE has no further obligations to make payments in respect of payment to the Fund. These contributions are charged to costs of employee benefits as they are incurred. Paid social security contributions are recognized as cost of the period they relate to.

2.15 Provisions

Provisions are recorded when the Company has a current (legal or constructive) obligation resulting from past events and it is probable that settling the obligation will result in an outflow of resources embodying economic benefits and the amount of the obligation can be reliably estimated.

Provisions are recorded in particular against the following (if the above-mentioned conditions for recording a provision have been met):
- results of pending litigation and disputes,
- future employee benefits, and
- restructuring costs.

Provisions are recorded based on WSE's Management Board's best estimates of the expenditure necessary to settle the current obligation at the balance sheet date. If the effect of changes in the time value of money is material, the provision corresponds to the present value of expenditure, which as expected would be necessary to settle the obligation.

2.16 Revenue recognition

(a) Sales revenue

Sales revenue is recognized when it is likely that economic benefits will flow to the Company from transactions and the amount of revenue can be reliably measured. Sales revenue is recognized at the fair value of the consideration received or due, representing receivables for services provided in the course of ordinary business activities. Sales revenue is recognized at the time the services representing the Company's core activities are provided.

Sales revenue includes the following groups:

- Revenue from trading

  Trading revenue consists of the fees collected from WSE members on the basis of WSE Regulations. Trading fees are the main revenue item in this category. Trading commission depends on the size, value, turnover and type of instrument being traded. In addition to trading commissions, lump sum fees are collected to enable the trading and to provide access to the information systems of the Exchange.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

- Revenue from listing

  Listing comprises the revenue collected from the issuers on the basis WSE Regulations. Fees for the listing of securities are the main revenue item in this category. The annual listing fee depends on the market value of trading securities issued by particular companies. In addition, lump sum fees are collected from issuers for admission and for introducing securities to the exchange market and for submitting the relevant applications for this admission and introduction of securities.

- Revenue from information services

  Revenue from information services consist of revenue earned on the sale of stock exchange information: real-time stock exchange data and statistical and historical data in the form of: a statistical e-mail bulletin, electronic publications, calculation of indices, index licenses and other calculations.

  The sale of stock exchange information is based on separate agreements signed with stock exchange data distributors, stock exchange members and other organizations, mainly financial institutions.

- Other revenue

  Other revenue is earned on other services provided by the Company. In this category, the following services are the main sources of revenue training services relating to an educational programme for young people (“Stock Exchange School”), and other training courses on the stock exchange market organized according to needs as well as office lease revenue.

(b) Financial income

Financial revenues comprise gains on the sale and interest income of financial assets available-for-sale and held-to-maturity financial assets, as well as dividend income.

Interest income is recognized on a time-proportionate basis using the effective interest method. Dividend income is recognized at the moment of establishing the shareholders’ right to receive the payment.

2.17 Leasing

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

WSE as lessee – operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease of land, if it is not expected that the legal title will be transferred to the lessee before the end of the lease term, is classified as operating lease. In particular, operating lease agreements comprise rights to perpetual usufruct of land owned by the State Treasury.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the leases.

WSE as lessee – finance lease

Finance leases are capitalized at the commencement of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between (deducted from) the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included as finance lease liabilities. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

2.18 Financial liabilities

Financial liabilities at the balance sheet date are valued at amortized cost. The valuation is based on cost at which the liability was initially recognized, less the repayment of the nominal value, adjusted by the cumulative amount of the discounted difference between the initial value and its maturity value. For instruments with variable interest rates, in relation to the next agreed repricing (on which the interest rate is determined), calculated using the effective interest rate. The effective interest rate is the internal rate of return (IRR) of the liability, which is used for discounting future cash flows of the financial instrument to present value.

2.19 Contingent liabilities

A contingent liability is:

- a possible obligation resulting from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not fully under the entity's control, or
- a present obligation resulting from past events, which however is not recorded in the consolidated financial statements because:
  - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or
  - the amount of the obligation cannot be reliably determined.

2.20 Change of presentation

In these financial statements for the year ended 31 December 2011 the WSE changed the presentation of the remunerations paid or payable to key management personnel (WSE Management Board). Change relate to presentation of the remunerations in 2011 without unused holiday accrual and mandatory employer social contributions with respect to remuneration.
The following table presents information as at 31 December 2010, in accordance with the presentation method adopted in 2011 compared with the audited financial statements for the year ended 31 December 2010.

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

	Year ended 31.12.2010 *	Year ended 31.12.2010 **
Remuneration	1 244	1 243
Bonuses – long-term liabilities	-	-
Other employee benefits	318	566
Unused holiday	-	506
Total	**1 562**	**2 315**

(*) data for 2010 according to the method of presentation adopted in 2011.
(**) according to the audited financial statements for the year ended 31.12.2010.

In addition, in the financial statements as at 31 December 2011 the Company changed the presentation of raised and reversed allowances for trade receivables. The change relates to net presentation of movements in the allowance in other operating income and costs.
The following table presents information as at 31 December 2010, in accordance with the method of presentation adopted in 2011 compared with the audited financial statements for the year ended 31 December 2010.

	Year ended 31.12.2010 *	Year ended 31.12.2010 **
Other income from allowance for receivables	-	489
Allowance for receivables	(1 300)	(1 789)
Total	**(1 300)**	**(1 300)**

(*) data for 2010 according to the method of presentation adopted in 2011.
(**) according to the audited financial statements for the year ended 31.12.2010.

3. Financial risk management

3.1 Financial risk factors

The Warsaw Stock Exchange's activities expose it to a variety of financial risks. The Company is subject to the following financial risks: market risk (including cash flow and fair value interest rate risk, currency risk and price risk), credit risk and liquidity risk. WSE's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize any potential adverse effects on the Company's financial performance. The WSE's Management Board is responsible for risk management within the Company. WSE has dedicated departments, responsible for ensuring its liquidity, including foreign currency liquidity, debt collection and timely payment of liabilities, particularly tax liabilities. WSE does not use derivative financial instruments, fair value hedges or cash flow hedges to manage financial risk

3.2 Market risk

(a) Cash flow and fair value interest rate risk.

WSE is moderately exposed to interest rate risk. WSE has short-term and long-term assets whose interest terms and profitability were determined at the inception of contracts which are not subject to significant changes in connection with interest rate fluctuations. Due to the average or short period to maturity the risk of changes in the cash flows related to those assets resulting from interest rate fluctuations is relatively low.

WSE minimizes interest rate risk by maintaining a low average duration period for the entire Treasury bond portfolio – below two years. In the case of an increase in interest rates, WSE obtains higher deposit interest rates and the cash flows increase, and at the same time the fair value of the bonds decreases.

Based on the sensitivity analysis performed, a decrease/increase in the market interest rate of 0.50 percentage points (assuming no other changes) would result in 2011 in a decrease/increase in the net profit and cash flows of PLN 312 thousand and an increase/decrease in the revaluation reserve of PLN 326 thousand. Accordingly decrease/increase in interest rates of 0.50 percentage point (assuming no other changes) respectively would have resulted, in 2010, in a decrease/an increase in the net profit and cash flows of PLN 317 thousand and an increase/ a decrease in the revaluation reserve of PLN 269 thousand.

Detailed information on WSE’s exposure to interest risk is presented in Note 11.

(b) Foreign exchange risk

WSE does not conduct significant international activities and has moderate foreign exchange risk.

Based on the result of sensitivity analysis to average exchange rates changes performed, the impact of a 10% decrease/increase in average EUR exchange rate (i.e. PLN 0.44; assuming no other changes) would result in a change in net profit for 2011 of PLN 5,625 thousand. Based on the result of sensitivity analysis to average exchange rates changes performed as at 31 December 2010, the impact of a 10% decrease/increase in average EUR exchange rate (i.e. PLN 0.40; assuming no other changes) results in a change in net profit for 2010 of PLN 4,424 thousand.

EUR exchange rate volatility has been estimated based on the average NBP exchange rate volatility in the last three years, defined as the standard deviation of the daily exchange rates published by the National Bank of Poland over the last 3 years (rounded up to nearest whole percentage).

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

The tables below summarize the WSE's exposure to foreign exchange risk:

31.12.2011	**PLN**	**EUR**	**USD**	**Other**	**Total**
Assets					
Treasury Bonds and bills available-for-sale	67 178	-	-	-	67 178
Cash and cash equivalents	208 569	64 946	-	-	273 515
Trade receivables	16 491	4 101	-	11	20 603
Total financial assets	**292 238**	**69 047**	**-**	**11**	**361 296**
Liabilities					
Trade liabilities	10 045	(713)	786	37	10 155
Debt securities	170 226	-	-	-	170 226
Dividends payable	122	-	-	-	122
Total financial liabilities	**180 393**	**(713)**	**786**	**37**	**180 503**
Net foreign exchange position	**111 845**	**69 760**	**(786)**	**(26)**	**180 793**

31.12.2010	**PLN**	**EUR**	**USD**	**Other**	**Total**
Assets					
Treasury Bonds and bills available-for-sale	41 313	-	-	-	41 313
Cash and cash equivalents	63 950	30 692	-	-	94 642
Trade receivables	15 887	7 387	-	-	23 274
Total financial assets	**121 150**	**38 079**	**-**	**-**	**159 229**
Liabilities					
Trade liabilities	5 947	(645)	116	75	5 493
Total financial liabilities	**5 947**	**(645)**	**116**	**75**	**5 493**
Net foreign exchange position	**115 203**	**38 724**	**(116)**	**(75)**	**153 736**

(c) Price risk

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

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

Debt securities purchased by WSE have a fixed redemption price and are characterized by low risk. Possible changes to their market prices are determined by the changes in interest rates, the impact of which is presented in point (a) above.

WSE's investments in the equity of other entities that are publicly traded are mostly investments in other entities operating stock exchanges and are not directly dependent on specific stock exchange indices, therefore WSE does not analyze the impact of possible changes in the stock exchange indices on its equity.

3.3 Credit risk

Credit risk is defined as a risk of occurrence of losses due to counterparty's default of payments to WSE or as a risk of decrease in economic value of amounts due to the Company as a result of deterioration of counterparty's ability to repay amounts due to WSE.

The credit risk connected with trade receivables is restricted by the entity's Management Board by setting limits and an assessment of the clients' credibility.

WSE's Management Board's resolutions, which are binding on the Company, set payment dates that differ depending on groups of clients. These payment dates are 30 days for most clients. The payment terms for recipients of stock exchange news bulletins are mostly 60 days. There is a procedure of collecting receivables in the Company, based on which amounts due are collected.

The reliability of clients is verified in accordance with WSE's regulations and with capital market general laws concerning issuers of securities.

Financial assets held by WSE are disclosed in the table below:

	31.12.2011	31.12.2010
Financial assets available for sale	**68 442**	**42 616**
- long-term	11 795	11 829
- short-term	56 647	30 787
Loans and receivables	**294 111**	**171 986**
- trade and other receivables	20 603	77 353
- term deposits and current accounts (classified as cash and cash equivalents	273 508	94 633
Total financial assets	**362 553**	**214 602**

By decision of WSE's Management Board, the portfolio of debt securities comprises only securities issued or guaranteed by the State Treasury (rating A2 according to Moody's). In this way, the risk of loss is minimized. Buy-sell-back transactions also cover only bonds issued by State Treasury.

In the case of banks and financial institutions (concerning term deposits and bank accounts and buy-sell-back transactions) only entities with a good rating (stable financial standing) are acceptable (being in the range of A2 to Baa2 according to Moody's).

The maximum exposure of the Company to credit risk is reflected in the value of trade receivables, loans granted, deposits held and the value of the portfolio of purchased debt securities.

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

WSE’s exposure to credit risk is presented in the following table:

	31.12.2011	**31.12.2010**
Trade and other receivables	20 603	77 353
Debt securities, including:	67 178	41 313
- Treasury bonds and bills available-for-sale	67 178	41 313
Term deposits and current accounts	273 508	94 633
Total	**361 289**	**213 299**

Detailed information on credit risk of trade receivables is presented in Note 12.

3.4 Liquidity risk

An analysis of the WSE's financial position shows that WSE is not significantly exposed to liquidity risk.

An analysis of the structure of the WSE’s assets shows a considerable share of liquid assets, and thus, a very good position of the WSE in terms of liquidity. Cash and debt securities owned by the WSE as at 31 December 2011 amounted to PLN 340,693 thousand (as at 31 December 2010: PLN 135,955 thousand) representing 58.01% of the total assets (as at 31 December 2010: 31.86%)

The analysis of the structure of equity and liabilities shows the following share of equity in financing the WSE's operations. Equity as at 31 December 2011 comprised 65.17% of WSE’s total liabilities and equity (31 December 2010: 92.91%).

WSE’s Management Board monitors, on a current basis, forecasts of WSE’s liquidity funds on the basis of contractual cash flows, based on the current interest rates.

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Liquidity analysis based on the contractual cash flows is presented in the following tables:

Liquidity risk as at 31 December 2011

	Up to 1 month	1-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	Total
Assets							
Treasury bonds and bills available-for-sale	-	-	-	58 625	11 875	-	**70 500**
Bank deposits and current accounts	273 515	-	-	-	-	-	**273 515**
Trade receivables and dividends	19 676	518	409	-	-	-	**20 603**
Total assets	**293 191**	**518**	**409**	**58 625**	**11 875**	**-**	**364 618**
Liabilities							
Trade liabilities	9 840	167	92	29	27	-	**10 155**
Debt securities	-	-	-	10 727	36 686	175 338	**222 751**
Dividend paybles	-	-	122	-	-	-	**122**
Total liabilities	**9 840**	**167**	**214**	**10 756**	**36 713**	**175 338**	**233 028**
Liquidity gap	**283 351**	**351**	**195**	**47 869**	**(24 838)**	**(175 338)**	**131 590**

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Liquidity risk as at 31 December 2010

	Up to 1 month	**1-3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**Over 5 years**	**Total**
Assets							
Treasury bonds and bills available-for-sale	-	-	31 275	625	12 500	-	**44 400**
Bank deposits and current accounts	49 438	45 204	-	-	-	-	**94 642**
Trade and other receivables	20 109	3 165	-	-	-	-	**23 274**
Total assets	**69 547**	**48 369**	**31 275**	**625**	**12 500**	**-**	**162 316**
Liabilities							
Trade liabilities	4 949	544	-	-	-	-	**5 493**
Total liabilities	**4 949**	**544**	**-**	**-**	**-**	**-**	**5 493**
Liquidity gap	**64 598**	**47 825**	**31 275**	**625**	**12 500**	**-**	**156 823**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

3.5 Capital management

WSE considers as capital its total equity. The equity maintained is compliant with the Commercial Code; there are no other external capital requirements.

WSE's objectives when managing capital are to safeguard the entity's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. WSE maintains sufficient liquid financial means in order to settle its liabilities in a timely manner. The risk of delays in settlements is minimal.

WSE's capital management policy is derived from annually reviewed assumptions. These form the basis of the rules of conduct in this regard in a given financial year and are formalized by way of entity's Management Board Resolutions.

The basic criteria for selecting financial instruments and their structure are the security of investments and, secondly, their profitability due to the fact that WSE is an institution of public trust. WSE invests its free cash in short-term, highly liquid instruments (bank deposits, repo transactions in Treasury bills, Treasury bills and bonds) and long-term instruments (Treasury bonds). The cash invested in short-term instruments is maintained on a level which ensures paying the dues resulting from WSE's current operations and covering the investment expenditures. In order to mitigate the interest rate risk, free funds are invested so that the average-weighted WSE liquid funds' duration falls within 2-year bracket. The results of the cash management are reported to the WSE's Management Board on a current basis.

4. Critical judgments and accounting estimates

Estimates and accounting judgments are subject to ongoing verification. Estimates and judgments adopted for the purpose of preparing the consolidated financial statements are based on historical experience, predictions and analyses of future events, which to the best knowledge of WSE's Management Board are believed to be reasonable in that situation.

Economic useful lives for property and equipment and intangible assets

The Company determines the estimated economic useful lives and depreciation and amortization rates for property and equipment and intangible assets. These estimates are based on the anticipated periods for using the individual groups of property and equipment and intangible assets. The adopted economic useful lives may undergo considerable changes as a result of new technological solutions appearing on the market, plans of WSE's Management Board or their intensive use.

As at 31 December 2011 and 31 December 2010, the depreciation and amortization rates adopted by the Company reflected the economic useful lives of non-current assets.

Valuation of fair value of financial assets held to maturity

The Company estimates the fair value of financial assets held to maturity. Detailed information is presented in Note 10. As described in note 2.7 c) the Company does not classify any of its financial assets as held to maturity.

Calculation of provisions for doubtful receivables

Detailed information on the method of calculation of provisions for doubtful receivables is presented in Note 2.7.3., whereas detailed information on allowances made for doubtful receivables is presented in Note 12.

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

5. Property and equipment

For the year ended 31 December 2011	**Lands and buildings**	**Vehicles and machinery**	**Furniture, fittings and equipment**	**Assets under construction**	**Total**
Opening net book value	94 282	18 776	1 598	3 887	118 543
Additions	335	6 996	130	20 160	27 621
Disposals & liquidation	(67)	(42)	-	(7 461)	(7 570)
Depreciation charge (Note 21)	(2 905)	(7 721)	(383)	-	(11 009)
Closing net book value	**91 645**	**18 009**	**1 345**	**16 586**	**127 585**
As at 31 December 2011					
Opening gross book value	119 462	69 590	5 149	16 586	210 787
Accumulated depreciation	(27 817)	(51 581)	(3 804)	-	(83 202)
Net book value	**91 645**	**18 009**	**1 345**	**16 586**	**127 585**

For the year ended 31 December 2010	**Land and buildings**	**Vehicles and machinery**	**Furniture, fittings and equipment**	**Assets under construction**	**Total**
Opening net book value	96 393	20 134	1 489	5 719	123 735
Additions	770	8 221	440	7 599	17 030
Disposals & liquidation	-	(203)	-	(9 431)	(9 634)
Depreciation charge (Note 21)	(2 881)	(9 376)	(331)	-	(12 588)
Closing net book value	**94 282**	**18 776**	**1 598**	**3 887**	**118 543**
As at 31 December 2010					
Opening gross book value	119 231	68 009	5 062	3 887	196 189
Accumulated depreciation	(24 949)	(49 233)	(3 464)	-	(77 646)
Net book value	**94 282**	**18 776**	**1 598**	**3 887**	**118 543**

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

6. Intangible assets

For the year ended 31 December 2011	Licences	Copyrights	Goodwill	Total
Opening net book value	25 617	1 247	7 946	34 810
Additions	2 845	1 534	-	4 379
Disposals & liquidation	-	-	-	-
Amortization charge (Note 20)	(3 391)	(513)	-	(3 904)
Closing net book value	**25 071**	**2 268**	**7 946**	**35 285**
As at 31 December 2011				
Opening gross book value	86 357	3 607	7 946	97 910
Accumulated amortization	(61 286)	(1 339)	-	(62 625)
Net book value	**25 071**	**2 268**	**7 946**	**35 285**

For the year ended 31 December 2010	Licences	Copyrights	Goodwill	Total
Opening net book value	11 462	1 454	-	12 916
Additions	17 985	143	7 946	26 074
Disposals & liquidation	(564)	-	-	(564)
Amortization charge (Note 21)	(3 266)	(350)	-	(3 616)
Closing net book value	**25 617**	**1 247**	**7 946**	**34 810**
As at 31 December 2010				
Opening gross book value	83 713	1 872	7 946	93 531
Accumulated amortization	(58 096)	(625)	-	(58 721)
Net book value	**25 617**	**1 247**	**7 946**	**34 810**

The useful lives of intangible assets related to WARSET exchange system was determined until 31 December 2012. As at 31 December 2011 the net book value of intangible assets with respect to the WARSET exchange system amounted to PLN 1,172 thousand (31 December 2010: PLN 2,303 thousand).

The Impairment test of goodwill arising on the acquisition of an organized part of the enterprise – Platforma Obrotu Energią Elektryczną (“Electric Power Trading Platform”,“poee”) was performed using the discounted cash flow method (DCF) for the six year period 2012-2017.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

The test was based on the following assumptions:
- weighted average cost of capital before tax: 9.03%
- folding annual revenue growth rate in the period: 15.08%,
- folding annual costs growth rate in the period: 1.7%.

The analysis includes the following cash flows including of the following categories of income and expenses:
- income from trading in electricity,
- operating costs (including depreciation, wages, services, representation and advertising).

Based on the above analysis the Management of the Company did not identify impairment of goodwill.

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

7. Investments in associates

Investments in associated as at 31 December 2011

Name of entity	Purchase consideration of shares	Revaluation	Impairment allowance	Carrying amount	Number of shares	% of shares in Share capital	% of votes	Profit/(loss) for the period
KDPW S.A.	7 000	-	-	7 000	7 000	33,33	33,33	47 401
Centrum Giełdowe S.A.	4 652	-	-	4 652	46 506	24,79	24,79	(1 333)
INNEX (*)	3 820	-	(3 820)	-	1 499	24,98	24,98	(65)
Total	**15 472**	**-**	**(3 820)**	**11 652**				**46 003**

** INNEX Stock Exchange prepares financial statements in accordance with Ukrainian accounting policies.*

Investments in associated as at 31 December 2011

Name of entity	Purchase consideration of shares	Revaluation	Impairment allowance	Carrying amount	Number of shares	% of shares in Share capital	% of votes	Profit/(loss) for the period
KDPW S.A.	7 000	-	-	7 000	7 000	33,33	33,33	42 106
Centrum Giełdowe S.A.	4 652	-	-	4 652	46 506	24,79	24,79	546
INNEX (*)	3 820	-	(3 820)	-	1 499	24,98	24,98	(192)
Total	**15 472**	**-**	**(3 820)**	**11 652**				**42 460**

** INNEX Stock Exchange prepares financial statements in accordance with Ukrainian accounting policies.*

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

In accordance with Article 4, clause 3 of the Memorandum of Association of KDPW S.A., the Company has only registered shares.

The registered offices of the associates, except for INNEX, are located in Poland. The registered office of INNEX is located in Ukraine.

The carrying amount of investments in associates does not differ significantly from their fair value.

WSE purchased shares of Ukrainian Stock Exchange INNEX to transform it into modern platform of trading Ukrainian securities. It was also planned to start trading derivates. In 2008 impairment loss of INNEX carrying amount of PLN 3,820 thousand (total amount of investment) was recognized based on the following triggering events:

- the deep economic crisis that affected the grow perspectives of the Ukrainian economy made WSE unable to actively participate in the Ukrainian capital market, and
- significant decrease in the amount of privatization transactions, which are currently the main revenue source for INNEX, resulted in a negative financial result for 2008.

Moreover, INNEX shares are not quoted on any market and it is not possible to sell the shares of INNEX. The negative financial result of INNEX for 2010 does not indicate any evidence justifying reversal of impairment loss on shares of INNEX as at 31 December 2011.

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

8. Investments in subsidiaries and other equity investments

Investments in subsidiaries as at 31 December 2011

Name of entity	Purchase consideration of shares	Revaluation	Impairment allowance	Carrying amount	Number of shares	% of shares in Share capital	% of votes	Profit/(loss) for the period
WSEInfoEngine S.A.	3 445	-	-	3 445	3 445	100	100	556
BondSpot S.A.	32 470	-	-	32 470	9 246 659	92	92	5 316
Instytut Rynku Kapitałowego - WSE Research S.A. (IRK)	1 000	-	-	1 000	2 000	100	100	(473)
Total	**36 915**	**-**	**-**	**36 915**				**5 399**

Investments in subsidiaries as at 31 December 2010

Name of entity	Purchase consideration of shares	Revaluation	Impairment allowance	Carrying amount	Number of shares	% of shares in Share capital	% of votes	Profit/(loss) for the period
WSEInfoEngine S.A.	3 445	-	-	3 445	3 445	100	100	(163)
BondSpot S.A.	32 470	-	-	32 470	9 246 659	92	92	1 782
Instytut Rynku Kapitałowego - WSE Research S.A. (IRK)	500	-	-	500	1 000	100	100	(281)
Total	**36 415**	**-**	**-**	**36 415**				**1 338**

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Investments in other entities as at 31 December 2011

Name of entity	Purchase consideration of shares	Revaluation	Impairment allowance	Carrying amount	Number of shares	% of shares in Share capital	% of votes	Profit/(loss) for the period
Towarowa Giełda Energii S.A.(*)	647	-	-	647	33 750	2,33	2,33	26 357
S.C. SIBEX - SIBIU Stock Exchange S.A. (*)	1 343	(742)	-	601	41 500	1,93	1,93	226
Total	**1 990**	**(742)**	**-**	**1 248**				**26 583**

(*) The presented result is for the year ended 31 December 2010.

Investments in other entities as at 31 December 2010

Name of entity	Purchase consideration of shares	Revaluation	Impairment allowance	Carrying amount	Number of shares	% of shares in Share capital	% of votes	Profit/(loss) for the period
Towarowa Giełda Energii S.A.	647	-	-	647	33 750	2,33	2,33	19 768
S.C. SIBEX - SIBIU Stock Exchange S.A.	1 343	(687)	-	656	41 500	1,93	1,93	226
Total	**1 990**	**(687)**	**-**	**1 303**				**19 994**

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

9. Deferred tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority. After offsetting, the following amounts are presented in the separate financial statements:

Deferred tax assets::	**31.12.2011**	**31.12.2010**
- deferred tax assets to be recovered within 12 months	(2 519)	(2 106)
- deferred tax assets to be recovered after more than 12 months	(2 816)	(1 911)
Total	**(5 335)**	**(4 017)**

Deferred tax liabilities:	**31.12.2011**	**31.12.2010**
- deferred tax liabilities to be settled within 12 months	1 994	(80)
- deferred tax liabilities to be settled after more than 12 months	512	368
Total	**2 506**	**288**

Changes in the deferred tax balance are as follows:

	Year ended 31.12.2011	**Year ended 31.12.2010**
Deferred tax assets (net) at the beginning of the period	**(3 729)**	**(2 276)**
Credited to the income statement	898	(1 174)
Tax charged (credited) to other comprehensive income	2	(279)
Deferred tax assets (net) at the end of the period	**(2 829)**	**(3 729)**

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Deferred tax assets and liabilities (without taking into consideration the offsetting of balances within the same tax jurisdiction) are as follows:

Deferred tax assets	**31.12.2011**	**31.12.2010**
Credited to the income statement	**(5 335)**	**4 017**
Unused holiday	(264)	238
Jubilee bonuses and retirement benefits	(861)	499
Efficiency and discretional	(2 015)	1 497
Provision for impairment of shares	(726)	726
Interest included in the purchase price of bonds	(27)	244
Change of amortization rate	(529)	112
Bad debt allowance	(739)	511
Other	(174)	190
Total	**(5 335)**	**4 017**

Deferred tax liabilities	**Year ended 31.12.2011**	**Year ended 31.12.2010**
Charged to the income statement	**2 563**	**347**
Accrued financial income	480	315
Difference between book value and tax value of property and equipment and intangible assets	1 059	32
Unrealized exchange rate differences	1 012	-
Other	12	-
Charged to other comprehensive income	(57)	**(59)**
Total	**2 506**	**288**

The amount recognized in other comprehensive income in respect of deferred tax is as follows:

	31.12.2011	**31.12.2010**
Fair value of shares	(141)	(131)
Fair valuation of debt securities	84	72
Total	**(57)**	**(59)**

WSE did not include in the calculation of deferred tax the differences between book values and tax values of the associates.

The total difference between accounting and tax value of associates as at 31 December 2011 amounted to PLN 132,422 thousand (PLN 163,853 thousand as at 31 December 2010). According to The Act of 22 February 2002 on Corporate Income Tax, WSE will not be charged with tax on dividend paid by its associates. Moreover, the parent entity does not intend to sell shares in associates. Therefore, the Company did not recognize a deferred tax liabilities in respect of the difference between the book value of associates and its tax base, which would amount in total to PLN 25,160 thousand as at 31 December 2011 (as at 31 December 2010 PLN 31,132 thousand).

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

10. Available-for-sale and held to maturity financial assets

(a) Available-for-sale financial assets

	Year ended 31.12.2011	**Year ended 31.12.2010**
Beginning of the period	**42 616**	**49 622**
Additions (purchase of Treasury bonds and bills)	57 092	3 055
Reclassification from portfolio of financial assets held to maturity	-	152 372
Decreases (redemption of Treasury bonds and bills, interest received)	(31 275)	(160 965)
Change in fair value – recognized in other comprehensive income	9	(1 468)
- shares	*(55)*	*(1 031)*
- Treasury bonds and Treasury bills	*64*	*(437)*
End of the period	**68 442**	**42 616**
Non-current portion	11 795	11 829
Current portion	56 647	30 787

Available-for-sale financial assets include:

	31.12.2011	**31.12.2010**
Debt financial assets	**67 178**	**41 313**
Treasury bonds	67 178	41 313
Equity financial assets	**1 264**	**1 303**
Listed on the active market	617	656
Not listed on the active market	647	647
Total	**68 442**	**42 616**

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Name of the entity	31.12.2011	31.12.2010
Non-current		
Shares in Towarowa Giełda Energii S.A., Warsaw, Poland	647	647
Shares in S.C. SIBEX - Sibiu Stock Exchange S.A., Sibiu, Romania	1 343	656
Treasury bonds	10 547	10 526
- with fixed interest rate	10 547	10 526
Impairment of shares	(742)	-
Total	**11 795**	**11 829**
Current		
Other shares: Miraculum S.A.	16	-
Treasury bonds	56 631	30 787
- with fixed interest rate	*56 631*	*30 787*
Total	**56 647**	**30 787**

Non-current available-for-sale financial assets include:

Name of entity	Purchase consideration of shares	Impairment	Revaluation	Carrying amount
31.12.2011				
Towarowa Giełda Energii S.A., Warszawa, Polska	647	-	-	647
S.C. SIBEX - Sibiu Stock Exchange S.A., Sibiu, Rumunia	1 343	-	(742)	601
Total	**1 990**	**-**	**(742)**	**1 248**
31.12.2010				
Towarowa Giełda Energii S.A., Warszawa, Polska	647	-	-	647
S.C. SIBEX - Sibiu Stock Exchange S.A., Sibiu, Rumunia	1 343	-	(687)	656
Total	**1 990**	**-**	**(687)**	**1 303**

Since there is no active market for shares in Towarowa Giełda Energii S.A. and it is not possible to reliably determine the fair value of the shares in this company, they were recognized at cost, net of impairment losses.

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

The fair value of quoted investments is based on share quotations. Since 2010 Sibiu Monetary Financial and Commodities Exchange (SIBEX) is quoted on Monetary Financial and Commodities Exchange (SIBEX). The fair value of this company was based on market prices at 31 December 2011.

(b) **Financial assets held to maturity**

	Year ended 31.12.2011	**Year ended 31.12.2010**
Beginning of the period	**-**	**149 657**
Additions (purchases of Treasury bonds, bills and interest accrued))	-	2 715
Decreases (redemption of bonds and interest received as well as reclassification from held to matrurity to available- for-sale financial assets)	-	(152 372)

Due to dividend payment, with dividend payment date set at 20 July 2010, the WSE Management Board decided in June 2010 on sale of part of held to maturity bonds portfolio. Due to change in designation of the asset portfolio of PLN 152,372 thousand, the Company reclassified these assets to available-for-sale category. As a result, the Company cannot classify acquired financial assets to the held to maturity category until the end of 2012.

WSE classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (that is, derived from prices) (Level 2); and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The classification of financial assets available-for-sale measurement, according to fair value hierarchy as at 31 December 2011, was following: level one PLN 68,442 thousand.

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

11. Interest rate risk

The following is an analysis of financial assets classified based on the earlier of their date of interest rate adjustment or their maturity. Other financial assets and financial liabilities, not presented in the tables below (except for finance lease liabilities), do not bear interest.

A summary of financial assets as at 31 December 2011

	Total	Maturity date / Date of interest rate adjustment								
		Up to 1 year, including	*Up to 1 month*	*1 – 3 months*	*3 months – 1 year*	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	Over 5 years
Long-term bonds	**10 547**	**-**	**-**	**-**	**-**	**-**	**10 547**	**-**	**-**	**-**
- with fixed interest rate:	10 547	-	-	-	-	-	10 547	-	-	-
- held to maturity / available for sale	*10 547*	-	-	-	-	-	*10 547*	-	-	-
Short-term bonds	**56 631**	**56 631**	**-**	**-**	**56 631**	**-**	**-**	**-**	**-**	**-**
- with fixed interest rate:	56 631	56 631	-	-	56 631	-	-	-	-	-
- available for sale	*56 631*	*56 631*	-	-	*56 631*	-	-	-	-	-
Term deposits and current accounts	**273 508**	**273 508**	**273 508**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**340 686**	**330 139**	**273 508**	**-**	**56 631**	**-**	**10 547**	**-**	**-**	**-**

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

A summary of financial assets as at 31 December 2010 r.

	Total	Maturity date / date of interest rate adjustment								
		Up to 1 year, including	*Up to 1 month*	*1 – 3 months*	*3 months – 1 year*	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	Over 5 years
Long-term bonds	**10 526**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**10 526**	**-**
- with fixed interest rate:	10 526	-	-	-	-	-	-	-	10 526	-
- held to maturity	*10 526*	-	-	-	-	-	-	-	*10 526*	-
Short-term bonds	**30 787**	**30 787**	**-**	**-**	**30 787**	**-**	**-**	**-**	**-**	**-**
- with fixed interest rate:	30 787	30 787	-	-	30 787	-	-	-	-	-
- available for sale	*30 787*	*30 787*	-	-	*30 787*	-	-	-	-	-
Term deposits and current accounts	**94 633**	**94 639**	**49 435**	**45 204**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**135 946**	**125 426**	**49 435**	**45 204**	**30 787**	**-**	**-**	**-**	**10 526**	**-**

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

12. Trade and other receivables

Trade and other receivables comprise the following:

	31.12.2011	31.12.2010
Gross trade receivables	24 621	26 090
Allowances for receivables	(4 018)	(2 816)
Net trade receivables	20 603	23 274
Dividend receivables	-	54 079
Total financial assets	**20 603**	**77 353**
Prepayments	2 423	1 439
Other receivables and advances	4 507	988
Receivables from the public sector	45	291
Total non financial assets	**6 975**	**2 718**
Total trade and other receivables	**27 578**	**80 071**

As at 31 December 2011, trade receivables amounting to PLN 7,144 thousand (PLN 6,640 thousand as at 31 December 2010) were overdue. The overdue balance includes PLN 330 thousand from debtors that went bankrupt and PLN 6,814 thousand of other overdue receivables. The balance as at 31 December 2010 included PLN 330 thousand from bankrupt debtors and PLN 6,310 thousand of other overdue receivables.

As at the approval date of the financial statements by the Management Board overdue receivables of PLN 4,470 thousand has been settled.

Trade receivables

Trade receivables by credit quality:

Gross book value of trade receivables	Trade receivables neither past due nor impaired	Trade receivables which are past due as at balance sheet date but not impaired				Trade receivables impaired
		1 to 30 days	31 to 60 days	61 to 90 days	more than 90 days	
As at 31 December 2011	17 477	2 199	220	301	406	4 018
As at 31 December 2010	19 450	2 338	928	166	392	2 816

Trade receivables neither past due nor impaired include principally receivables from the Exchange members, which are mostly banks and brokerage houses, but also receivables from the issuers of securities and other receivables.

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

The following table presents the structure of trade receivables neither past due nor impaired by type of debtors:

Debtors by type	**31.12.2011**	**31.12.2010**
Warsaw Stock Exchange members	11 596	13 454
Issuers	325	616
Others	5 556	5 380
Total	**17 477**	**19 450**

Receivables from stock exchange members include receivables from Polish and foreign banks and brokerage houses, whose risk rating are presented in the following table. Due to the fact that WSE does not have its own credit ratings system, external credit ratings were used. In the case of the lack of a credit rating of any single debtor, the rating of the parent company of the debtor was used.

Rating by Moody's	**31.12.2011**	**31.12.2010**
Aaa	-	-
Aa	1 267	2 387
A	2 555	3 344
Baa	3 262	3 543
B	102	-
Not rated	4 410	4 180
Total	**11 596**	**13 454**

Receivables from issuers include fees from companies listed on the Warsaw Stock Exchange.

Other trade receivables include mainly fees for the access to the stock exchange data and other fees. Other trade receivables as at 31 December 2011 contained receivables from approx. 96 clients, out of which approx. 24% were foreign clients (as at 31 December 2010: approx. 90 clients, foreign clients – approx. 30%). The main group of debtors as at 31 December 2011 were stock exchange data providers constituting approx. 68% of receivables (as at 31 December 2010: brokerage houses as those having access to stock exchange data, approx. 55% of receivables)

As at 31 December 2011, trade receivables which were past due amounting to PLN 4,018 thousand (PLN 2,816 thousand as at 31 December 2010) were impaired. The balance includes PLN 330 thousand from bankrupt debtors and PLN 3,688 thousand of other overdue receivables (as at 31 December 2010: PLN 330 thousand from bankrupt debtors and PLN 2,486 thousand of other overdue receivables).

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

	Year ended 31.12.2011	Year ended 31.12.2010
Beginning of the period	**2 816**	**1 584**
Allowance recorded	2 109	1 789
Receivables written off during the period as uncollectible	-	(68)
Reversal of allowance	(907)	(489)
End of the period	**4 018**	**2 816**

The recording and reversing of allowance for impaired receivables were recognized as other expenses or other income respectively. The amounts that are charged to the write-downs account are typically written off if the cash is not expected to be collected, i.e. it is highly probable that the debtor will go bankrupt, will be subject of financial restructuring or when debtor has significant financial difficulties.

The Company has no collaterals on receivables. None of the trade receivables were renegotiated.

Gross value of trade receivables – geographical concentration:

	31.12.2011	31.12.2010
Domestic receivables	16 085	16 974
Foreign receivables	8 536	9 116
Total	**24 621**	**26 090**

The following table presents the concentration of gross trade receivables in terms of individual debtors:

Entity	31.12.2011	Share	31.12.2010	Share
Entity A	1 701	7%	1 844	7%
Entity B	1 492	6%	1 656	6%
Entity C	913	4%	1 084	4%
Entity D	939	4%	1 327	5%
Entity E	736	3%	864	3%
Entity F	1 049	4%	1 078	4%
Entity G	750	3%	681	3%
Entity H	372	1%	549	2%
Others	16 669	68%	17 007	66%
Total	**24 621**	**100%**	**26 090**	**100%**

In the opinion of the entity's Management Board, due to the short period of trade receivables collection, the fair value of those receivables is equal to their book value.

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Other receivables

The entity's Management Board also performs an analysis of impairment allowance for other receivables. Impairment write-down of other receivables is included in the following table.

Movements in impairment write-downs of other receivables:

	Year ended 31.12.2011	Year ended 31.12.2010
Beginning of the period	**-**	**77**
Allowance recorded	-	-
Allowance reversed	-	(77)
End of the period	**-**	**-**

13. Prepayments

As at 31 December 2011 prepayments amounted to PLN 3,192 thousand.

Non-current part of prepayments relate to the right to perpetual usufruct of land and amounted to PLN 3,073 thousand as at 31 December 2011 (31 December 2010: PLN 3,189 thousand).

Prepayments relate solely to the payment for the right to perpetual usufruct of land. The current portion of the right to perpetual usufruct of land in the amount of PLN 106 thousand as at 31 December 2011 (as at 31 December 2010 PLN 106 thousand) is included in prepayments and deferred costs in Note 12.

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

14. Środki pieniężne i ich ekwiwalenty

Środki pieniężne i ich ekwiwalenty obejmują następujące pozycje:

	31.12.2011	31.12.2010
Cash in hand	7	9
Current accounts	1 643	280
Term deposits	271 865	94 353
Total cash and cash equivalents	**273 515**	**94 642**

Cash and cash equivalents include short-term bank deposits, current accounts and cash in hand. For short-term deposits and current accounts, given their short realization period, the fair value is equal to the carrying amount. In the balance sheet they are measured at amortized cost, using the effective interest rate. The carrying amount of such deposits and current accounts is considered to be their estimated fair value, given the fact that the interest rates applied are based on market rates and the re-pricing period is shorter than 1 month. The average maturity of such deposits was 6 days in 2011 (in 2010 - 17 days).

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

15. Equity

Equity attributable to the shareholders of parent entity	31.12.2011	31.12.2010
Share capital	63 865	63 865
Other reserves	(236)	(245)
Retained earnings	319 041	332 824
Total	**382 670**	**396 444**

Share capital	31.12.2011	31.12.2010
41 972 000 ordinary shares approved, allocated and paid up	41 972	41 972
Revaluation of the share capital using the inflation rate	21 893	21 893
Razem	**63 865**	**63 865**

Share capital from before 1996 (at par value of PLN 6 000 thousand) was revalued using the general price index in accordance with IAS 29 (the cumulative inflation rate for the period April 1991 – December 1996 amounted to 464.9%).

As at 31 December 2011 the share capital of WSE amounted to PLN 41,972 thousand and was divided into 41,972,000 shares of nominal value of PLN 1 each. As far as ownership structure is concerned, as at 31 December 2011 the share capital was divided into 15,087,470 Series A preferred shares (one share gives two votes) and 26,884,530 B series ordinary bearer shares. As a result of privatization of WSE in 2010 the State Treasury holds 14,688,470 Series A preferred registered shares, which represent 34.99% of total shares and give 29,376,940 votes on General Meeting, which represents 51.48% of the total vote on General Meeting. The remaining Series A shares (399,000 shares, 0.95% of total shares) are held mainly by brokerage houses and banks, and give 798,000 votes on General Meeting (1.40% of the total vote on General Meeting). As at 31 December 2011, 26,884,530 Series B bearer shares (64.05% of total shares) and corresponding 26,884,530 votes (47.12% of the total vote) were in free float on WSE's Main Market.

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

The ownership structure and percentage of shares in the Company as at 31 December 2011 and 31 December 2010:

Shareholders	**Nominal value of shares 31.12.2011**	**% in share capital**	**% of votes**	**Nominal value of shares 31.12.2010**	**% in share capital**	**% of votes**
Registered shares	15 087	35,94%	52,88%	15 185	36,18%	53,14%
State Treasury	14 688	34,99%	51,48%	14 688	35,00%	51,40%
Banks	231	0,55%	0,81%	238	0,57%	0,83%
Brokerage houses	119	0,28%	0,42%	203	0,48%	0,71%
Others	49	0,12%	0,17%	56	0,13%	0,20%
Bearer shares	26 885	64,06%	47,12%	26 787	63,82%	46,86%
Total	**41 972**	**100%**	**100%**	**41 972**	**100%**	**100%**

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Other reserves

	31.12.2011	31.12.2010
Revaluation reserve	**(236)**	**(245)**
- revaluation	(293)	(304)
- deferred tax	57	59

Change in the revaluation reserve

	Year ended 31.12.2011	Year ended 31.12.2010
Beginning of the period:	**(245)**	**944**
- entity (net)	(245)	944
Additions/decreases	**9**	**(1 189)**
- changes due to revaluation and sales:	11	(1 468)
- entity	11	(1 468)
- deferred tax	(2)	279
End of period	**(236)**	**(245)**

Retained earnings

	Suplementary capital	Reserves	Accumulated profits	Profit for the period	Total
31 December 2010	**38 023**	**182 656**	**(22 896)**	**135 041**	**332 824**
Allocation of profit for 2010	-	110	134 931	(135 041)	-
Dividend payable and Social Benefit Fund	-	-	(134 931)	-	(134 931)
Profit attributable to the shareholders of the entity for 2011	-	-	-	121 148	121 148
31 December 2011	**38 023**	**182 766**	**(22 896)**	**121 148**	**319 041**
31 December 2009	**38 023**	**182 508**	**(22 893)**	**90 804**	**288 442**
Allocation of profit for 2009	-	148	90 656	(90 804)	-
Dividend payable	-	-	(90 659)	-	(90 659)
Other capital adjustments	-	-	-	-	-
Profit attributable to the shareholders of the entity for 2010	-	-	-	135 041	135 041
31 December 2010	**38 023**	**182 656**	**(22 896)**	**135 041**	**332 824**

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

As required by the Commercial Companies Code, which is binding for the Company, the amounts to be divided between the shareholders may not exceed the net profit reported for the last financial year plus retained earnings, less the accumulated losses and amounts transferred to reserves that are established in accordance with law or the Memorandum of Association and that may not be earmarked for the payment of dividend.

The net profit, which stands for the basis of the dividend's payment for 2011, has been calculated according to International Financial Reporting Standards (IFRS) as adopted by the European Union.

As required by WSE's Memorandum of Association, the supplementary capital is earmarked for covering losses that may arise on the Company's operations, and for supplementing the share capital. Transfers from profit are made to the supplementary capital, which may not be lower than 10% of the profit. The transfers may be discontinued when the supplementary capital equals a third of the share capital.

The reserves are earmarked for covering investments and other expenses connected with the Company's operations. Reserves can be capitalised as share capital.

16. Trade payables and other liabilities

	31.12.2011	31.12.2010
Trade payables	9 881	5 248
Payables to associated and dependent	274	637
Dividend payable	122	-
Bonds payable	170 226	-
Total financial liabilities	**180 503**	**5 885**
Other state payables	1 679	4 020
Other payables	1 485	6 399
Total financial liabilities	581	564
Total other liabilities	**3 745**	**10 983**
Total trade payables and other liabilities	**184 248**	**16 868**

In the opinion of the Management of WSE, due to the short term of execution of trade liabilities the fair value of trade liabilities is equal to the carrying value.

In accordance with Resolution No. 1473/2011 dated 5 December 2011 Management Board decided to issue WSE series A and B bearer bonds. The purpose of the issue was to finance WSE's projects such as institutional consolidation on the commodities market, extension of the line of products available for investors on this market and technological projects in financial and commodities markets. Series A bonds, for qualified investors only, of a nominal value of PLN 170,000 thousand were issued on 23 December 2011.

Series B bonds with a nominal value of PLN 75,000 thousand were issued through a public offering on 15 February 2012 with a listing on the Catalyst market.

Maturity day of the series A and B bonds is 2 February 2017.

There are no overdue payables.

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

17. Employee benefits payable (retirement benefits, pension benefits and jubilee bonuses)

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

	31.12.2011	**31.12.2010**
Payables recognized in the balance sweet in respect of retirement and pension benefits and jubilee bonuses	4 529	2 622
- Current	667	356
- Non-current	3 862	2 266
Expenses recognized in the income statement in respect of retirement and pension benefits and jubilee bonuses	1 908	250

Factors that have substantial impact on the current value of these employee benefit liabilities include:
- rate of employee mobility (rotation),
- discount rate; and
- rate of salaries increase.

Provisions were calculated for each employee individually. The provision is valued based on the present value of the WSE’s future non-current payables in respect of retirement and pension benefits and jubilee bonuses. The expected amount of retirement and pension benefits is calculated as a product of the expected retirement and pension base, expected growth in the base until the time of attaining retirement age, and a percentage ratio depending on the number of years in service. The resulting amount is discounted on an actuarial basis.

The expected amount of jubilee bonuses is calculated as a product of the expected bonus base, expected growth in the base until the time of acquiring the right to the bonus, and at the percentage ratio depending on years in the service. The resulting amount is subsequently discounted on an actuarial basis.

In 2011 the following assumptions were made in the actuarial valuation:

1) the discount rate was determined based on the market yields of Treasury bonds whose currency and maturity are the same as the currency and the estimated maturity of the employee benefits payable – the nominal discount rate was determined at 5.7 % p.a. (hence the real discount rate is 3.2%); and,
2) the inflation rate is 2.5% p.a. and may fluctuate by +/-1 percentage point,
3) wages and salaries and future benefits are assumed to grow by 3.5% p.a. (1 percentage point above inflation); and
4) the mobility rate in 2011 year is assumed to be 5.2%.

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Employee benefits payables:

	31.12.2011	31.12.2010
Non-current	**4 180**	**2 266**
Retirement and pension benefits and jubilee bonuses	3 862	2 266
Other	318	-
Current	**12 364**	**9 532**
Retirement and pension benefits and jubilee bonuses	667	356
Other	11 697	9 176
Total	**16 544**	**11 798**

Other employee benefits payables:

	Year ended 31.12.2011	Year ended 31.12.2010
Current		
Beginning of the period	**9 176**	**9 464**
- annual and spot bonuses	10 287	7 880
- unused holiday	1 389	1 250
- overtime pay	13	38
- vehicles lump sums	8	8
- provisions used	(9 176)	(9 464)
Non-current		
Beginning of the period	-	-
- annual bonuses	318	-
End of the period	**12 015**	**9 176**

18. Provisions for other liabilities and charges

Structure of the total provisions for other liabilities and charges	31.12.2011	31.12.2010
Current	-	200

	Other provisions	Total
As at 1 January 2010	**200**	**200**
- additional provisions	200	200
- used during the period	(200)	(200)
As at 31 December 2010	**200**	**200**
As at 1 December 2011	**200**	**200**
- reversed provisions during the period	(200)	(200)
As at 31 December 2011	-	-

Other provisions comprise provisions for the planned profit appropriation to the Company Social Fund.

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

19. Finance lease liabilities

There are no finance lease liabilities.

20. Sales revenue

	Year ended 31.12.2011	Year ended 31.12.2010
Revenue from trading	189 707	160 369
Revenue from listing	22 720	20 041
Revenue from information services	36 693	32 521
Other revenue	3 404	3 536
Total	**252 524**	**216 467**

21. Operating expenses

	Year ended 31.12.2011	Year ended 31.12.2010
Depreciation and amortization	14 913	16 204
Salaries (1)	33 756	31 080
Other employee costs (2)	11 621	7 984
Rent and other rent related fees	6 105	5 786
Fees and charges	15 180	15 588
External services (3)	34 846	40 972
Other operating expenses	7 132	6 859
Total	**123 553**	**124 473**

Salaries (1)	Year ended 31.12.2011	Year ended 31.12.2010
Wages and salaries	33 268	30 323
Termination payments	156	338
Employee cost concerning jubilee bonus	332	419
Total	**33 756**	**31 080**

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Other employee costs (2)	**Year ended 31.12.2011**	**Year ended 31.12.2010**
Social security costs	4 040	3 071
Retirement benefit costs - defined benefit plans *	1 908	250
Retirement benefit costs - defined contribution plans **	1 852	1 540
Other current service benefits (medical services, lunch subsidies, Fund of Social Benefits)	3 821	3 123
Total	**11 621**	**7 984**

Other employee costs (2)	**Year ended 31.12.2011**	**Year ended 31.12.2010**
Social security costs	4 730	3 587
Retirement benefit costs - defined benefit plans *	1 908	250
Retirement benefit costs - defined contribution plans **	1 852	1 540
Other current service benefits (medical services, lunch subsidies, Company's Fund of Social Benefits)	3 964	3 319
Total	**12 454**	**8 696**

** The Group offers its employees defined benefit plans. The plans relate to retirement and pension benefits and are based on the number of years in service and salaries (Note 16).*
*** The Group offers its employees defined contribution plans (Employee' Pension Fund). The plans are financed from contributions made by the Group and employees to the retirement fund that is independent of the Group's financial structure.*

External services (3)	**Year ended 31.12.2011**	**Year ended 31.12.2010**
Building renovations and maintenance	11 786	11 319
Advertising expenses	8 022	13 720
Electronic data transfer	6 209	4 945
Consulting and audit fees	2 181	3 728
Press announcements	28	95
Staff training	993	847
Security	1 004	919
Telecommunication	420	484
Information services	485	555
Office cleaning	381	401
Legal and translation services	607	1 697
Software modyfications	209	178
Transport services	193	163
Post services	41	41
Bank charges	60	75
KDPW charges	35	124
Market animation	1 260	1 225
Other external services	726	456
Leasing	206	-
Total	**34 846**	**40 972**

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Other operating expenses (4)	**Year ended 31.12.2011**	**Year ended 31.12.2010**
Office stationery and electricity	3 856	4 166
Business trips	1 748	1 240
Depreciation of perpetual usefruct of land	106	106
Membership fees	682	701
Property insurance	203	105
Attendance in conferences	302	255
Other expenses	235	286
Total	**7 132**	**6 859**

22. Other income and financial income

Other income

	Year ended 31.12.2011	**Year ended 31.12.2010**
Compensations received	2	8
Donations received	-	229
Profit from sale of fixed assets	69	-
Reversal of impairment of investments	-	1 500
Other	255	231
Total	**326**	**1 968**

Financial income

	Year ended 31.12.2011	**Year ended 31.12.2010**
Interest on bank account and current account	3 488	1 398
Interest, including:	3 499	1 852
- interest on financial assets available-for-sale	3 499	1 852
- interest on financial assets held to maturity	-	-
Income on sale of financial assets available-for-sale	-	6 327
Dividends	8 246	54 552
Other	6 228	23
Total	**21 461**	**64 152**

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

23. Other expenses

	Year ended 31.12.2011	Year ended 31.12.2010
Donations (1)	306	182
Loss from sale of property and equipment	-	77
Impairment of receivables	1 202	1 300
Impairment of investment	-	351
Other	77	77
Total	**1 585**	**1 987**

(1) In 2011, donations were made to:
- Fundacja Edukacji Rynku Kapitałowego (Capital Market Education Foundation) – for educational activities promoting knowledge of capital market – PLN 128 thousand,
- foundations, orphanages, charity associations – PLN 61 thousand,
- Fundacja 2065 im. L. Pagi – for statutory purposes – PLN 48 thousand,
- other donations for statutory purposes – PLN 69 thousand.

In 2010, donations were made to:
- Fundacja Edukacji Rynku Kapitałowego (Capital Market Education Foundation) – for purchase of electronic al equipment – PLN 13 thousand:
- foundations, orphanages, charity associations – PLN 134 thousand:
- other donations for statutory purposes – PLN 35 thousand.

24. Income tax

	Year ended 31.12.2011	Year ended 31.12.2010
Current income tax	26 725	21 384
Deferred tax (Note 9)	898	(1 174)
Total	**27 623**	**20 210**

As required by the Polish tax regulations, the tax rate applicable in 2011 and 2010 amounts to 19%.

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

The reconciliation of the theoretical amount of tax arising from profit before tax and the statutory tax rate with the income tax expense shown in the profit and loss is as follows:

	Year ended 31.12.2011	**Year ended 31.12.2010**
Profit before income tax	**148 771**	**155 251**
Income tax rate	19%	19%
Income tax at the statutory tax rate	**28 266**	**29 498**
Tax effect of:		
Non-deductible differences	248	1 181
Non- taxable revenue	(6)	(114)
Additional taxable revenue	1	-
Other adjustments	610	(38)
Non-taxable share in profit of associates	(1 496)	(10 317)
Tax charge	**27 623**	**20 210**

25. Contingent positions

The tax authorities may inspect the books of account and tax settlements within 5 years after the end of the year in which tax declarations were submitted and they may impose additional tax on the Company, together with penalties and interest.

According to the Management Board of the parent entity there are no indications of any material contingent liabilities in this respect arising.

26. Contingent and investment liabilities

As at 31 December 2011 and 31 December 2010 the Company had no contingent liabilities and investment commitments.

27. Transactions with related parties

The Company's related parties include its subsidiaries (BondSpot S.A., WSEInfoEngine S.A. and Instytut Rynku Kapitałowego – WSE Research S.A.) and associates (Krajowy Depozyt Papierów Wartościowych S.A., Centrum Giełdowe S.A. and INNEX). The related parties include also the Treasury of State as a parent entity (holding as at 31 December 2011 35.00% of shares and 51.40% of votes on the General Meeting) as well as entities controlled, jointly controlled by the State Treasury and entities over which the State Treasury exerts significant influence. Additionally related parties are members of key management personnel of WSE.

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Information about transactions with entities related to the State Treasury

The Ministry of the State Treasury provides neither to the general public nor to the companies held by the State Treasury a complete list of the entities which are controlled or jointly controlled by the State Treasury, or entities over which the State Treasury exerts significant influence. Consequently the WSE's Management Board using its best efforts has disclosed transactions with these entities it managed to identify.

The related parties identified by the WSE's Management Board include companies listed on the WSE (issuers of securities) and the stock exchange members. The Company charges the listed related entities for admission to trading, for floating and listing financial instruments. Related parties being the stock exchange members are charged for enabling the conclusion of transactions in the stock exchange market, for enabling access to the Exchange's information systems and for trading in financial instruments.

All the transactions with entities related to the State Treasury are concluded in the normal course of business of the Company and are carried out on an arm's length basis.

The Company's revenue from individually significant transactions with State-controlled entities and operating expenses for the year ended 31 December 2011 and balances with these entities as at 31 December 2011 were as follows:

No	Name of the entity	Receivables 31.12.2011	Liabilities 31.12.2011	Revenue for the year ended 31.12.2011	Operating expenses for the year ended 31.12.2011
1.	BGŻ S.A.*	101	-	1 208	-
2.	PKO BP S.A.**	700	-	10 452	-
3.	Powszechny Zakład Ubezpieczeń S.A.	2	-	83	-
4.	Bank Ochrony Środowiska S.A.***	913	-	11 402	-
	Total	**1 716**	**-**	**23 145**	**-**

* *Transactions with Dom Maklerski BGŻ S.A. are included*
** *Transactions with Dom Maklerski PKO Bank Polski S.A. are included*
*** *Transactions with Dom Maklerski Bank Ochrony Środowiska S.A. are included*

Individual and joint impact of other transactions with State-controlled entities was not significant.

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

The Company's revenue from individually significant transactions with State-controlled entities and operating expenses for the year ended 31 December 2010 and balances with these entities as at 31 December 2010 were as follows:

No	Name of the entity	Receivables 31.12.2010	Liabilities 31.12.2010	Revenue for the year ended 31.12.2010	Operating expenses for the year ended 31.12.2010
1.	BGŻ S.A.*	94	-	1 115	-
2.	PKO BP S.A.**	559	-	9 219	-
3.	Powszechny Zakład Ubezpieczeń S.A.	-	-	151	47
4.	Bank Ochrony Środowiska S.A.***	913	15	11 746	180
	Total	**1 566**	**15**	**22 231**	**227**

* *Transactions with Dom Maklerski BGŻ S.A. are included*
** *Transactions with Dom Maklerski PKO Bank Polski S.A. are included*
*** *Transactions with Dom Maklerski Bank Ochrony Środowiska S.A. are included*

Individual and joint impact of other transactions with State-controlled entities was not significant.

In accordance with the Polish law, the Company is subject to taxation. The Company pays tax to the State Treasury, which was a related party till 9 November 2010. The principles and regulations binding upon the Company in this regard are the same as those binding upon other entities which are not a related party with the Company.

In accordance with the Decree of the Minister of Finance of 18 October 2005 on fees paid to the Polish Securities and Exchange Commission by supervised entities, WSE pays to the State Treasury in the amount set by the Polish Financial Supervision Authority (PFSA). The Company contributes monthly prepayments and the PFSA makes final yearly settlements before 15 February of the following year. Fees paid to Polish Financial Supervision Authority in 2011 amounted to PLN 17,712 thousand (in 2010: PLN 14,986 thousand). The receivable in respect of the difference between the amount of the advance payments made and the amount of the annual charges as determined by the PFSA amounted to PLN 3,351 thousand as at 31 December 2011 (PLN 682 thousand as at 31 December 2010).

Transactions with associates

For the year ended 31 December 2011

Name of the entity	Receivables 31.12.2011	Liabilities 31.12.2011	Revenue for the year ended 31.12.2011	Operating expenses for the year ended 31.12.2011
Centrum Giełdowe S.A.	-	133	-	2 147
KDPW S.A.	54	96	585	114
Total	**54**	**229**	**585**	**2 261**

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the year ended 31 December 2010

Name of the entity	Receivables 31.12.2010	Liabilities 31.12.2010	Revenue for the year ended 31.12.2010	Operating expenses for the year ended 31.12.2010
Centrum Giełdowe S.A.	-	427	-	2 086
KDPW S.A.	54 267	77	877	208
Total	**54 267**	**504**	**877**	**2 294**

Transactions with subsidiaries

For the year ended 31 December 2011

Name of the entity	Receivables 31.12.2011	Liabilities 31.12.2011	Revenue for the year ended 31.12.2011	Operating expenses for the year ended 31.12.2011
WSEInfoEngine S.A.	81	20	137	917
BondSpot S.A.	16	26	131	78
Instytut Rynku Kapitałowego - WSE Research S.A.	-	-	28	61
Total	**97**	**46**	**296**	**1 056**

For the year ended 31 December 2010

Name of the entity	Receivables 31.12.2010	Liabilities 31.12.2010	Revenue for the year ended 31.12.2010	Operating expenses for the year ended 31.12.2010
WSEInfoEngine S.A.	86	115	90	818
BondSpot S.A.	17	-	29	19
Instytut Rynku Kapitałowego - WSE Research S.A.	-	18	8	-
Total	**103**	**133**	**127**	**837**

In the years ended 31 December 2011 and 31 December 2010 no receivables from related parties were written off and no impairment write-downs on receivables from related parties were recorded.

WSE did not grant any guarantees or warranties for the benefit of related parties.

WSE did not conclude transactions with INNEX in the years 2010-2011.

In 2011 WSE also concluded transactions with the "Książęca 4" Housing Cooperative of which it is a member. In 2011 related expenses amounted to PLN 3,078 thousand and in 2010 PLN 2,961 thousand. Moreover when the Housing Cooperative generates surpluses in individual year, the Company receives the refunds. It amounted to PLN 18 thousand in 2011 (in 2010 it amounted to PLN 25 thousand).

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

28. Information on remuneration and benefits of key management personnel

Remuneration and benefits paid and payable to the key management personnel of the Warsaw Stock Exchange*:

	Year ended 31.12.2011	Year ended 31.12.2010
Remuneration	3 861	1 244
Bonuses – non-curent liabilities	296	-
Other employee benefits	803	318
Total	**4 960**	**1 562**

(*)Data does not include remunerations of the key management personnel from subsidiaries.

Information on loans to key management personnel

In 2011 as well as in 2010 no loans were granted to the key management personnel of WSE.

29. Future minimum lease payments

Lease fees paid under operating lease are charged to expenses over the lease period using the straight-line method.

WSE is a party to rental agreements in respect of office space and conference room with a three-month' notice for which rent to be paid over three months amounts to PLN 199 thousand. In 2007 WSE concluded an agreement for the lease of office space, for which the annual rent payable amounts to PLN 1,251 thousand. In 2010 WSE concluded an agreement for the lease of office space, for which the rent payable for six months amounts to PLN 102 thousand.

Total future minimum lease payments under non-cancellable operating leases are as follows:

As at 31 December 2011

	Up to 1 year	1-5 years	Over 5 years	Total
WSE	1 552	-	-	**1 552**
Total	**1 552**	**-**	**-**	**1 552**

As at 31 December 2010

	Up to 1 year	1-5 years	Over 5 years	Total
WSE	1 127	-	-	**1 127**
Total	**1 127**	**-**	**-**	**1 127**

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

30. Derivative financial instruments

As at 31 December 2011 and as at 31 December 2010 there were no derivative instruments in the Company.

31. Cash generated from operations

	Note	Year ended 31.12.2011	Year ended 31.12.2010
Profit for the period		**121 148**	**135 041**
Total adjustments		**26 423**	**(27 958)**
Income tax expense	24	27 623	20 210
Depreciation of property and equipment	5	11 009	12 588
Amortization of intangible assets	6	3 904	3 616
(Gain) / Loss on sale of property and equipment	22	(69)	77
Change in provisions for other liabilities and charges	18	(200)	-
Financial income on available-for-sale financial assets	22	(3 499)	(8 179)
Dividend income	22	(8 246)	(54 552)
Interest income on deposits	22	(3 464)	(1 421)
Result on impairment of relative party	22	-	(1 500)
Others		246	539
Change in assets and short-term liabilities			
Change in inventories		178	(13)
Change in trade and other receivables and prepayments	12	(1 599)	(4 159)
Change in trade and other payables	16,18	(4 206)	5 056
Change in employee benefit payables	17	4 746	(220)
Cash generated from operations		**147 571**	**107 083**

32. Dividends

By a Resolution No. 4 of Annual General Meeting dated 27 June 2011 earmarked PLN 134,730 thousand from the net profit for 2010 for dividend payment. The date of dividend payment was established on 27 July 2011. The value of dividend per share amounted to PLN 3.21. Dividend was paid on 27 July 2011.

33. Earnings per share

Basic and diluted	**Year ended 31.12.2011**	**Year ended 31.12.2010**
Profit attributable to the shareholders	121 148	135 041
Weighted average number of ordinary shares (in thousands)	41 972	41 972
Basic and diluted earnings per share (in PLN)	**2,89**	**3,22**

34. Segments of activity

Following the "management approach", operating segments are reported in accordance with the internal reporting provided to the Management Board (the chief operating decision-maker), which is responsible for allocating resources to the reportable segments and assesses their performance.

The operating segments of the Company were identified by the type of products and services, from which a given operating segment earns revenues.

For the year ended 31 December 2011 and for the year ended 31 December 2010 the Company was engaged in activities in three main operating segments:

- trading (transaction fees dependant on the stock exchange market turnover, stock exchange system access fees, charges for servicing brokerage application);
- listing (annual fees for the listing of securities and one-off charges e.g. charges for admission and introducing the securities to stock exchange trading);
- information services.

For the time being the Company does not analyze costs as divided into individual operating segments. However, it intends to implement activity based costing model, which will support appropriate segment cost allocation. Furthermore, the Company does not allocate assets and liabilities to individual segments.

The Company's other revenues comprise mainly income from training services and rental of space. None of these segments of operations is subject to the reporting duty. The Management Board does not analyse data relating to the subsidiaries and associates.

For the year ended 31 December 2011 and for the year ended 31 December 2011 there were no sales between the segments.

The Company's operating segments are concentrated on the territory of Poland.

The following tables present a reconciliation of the data analyzed by the Management Board with the relevant items shown in these separate financial statements.

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the year ended 31 December 2011, the segment revenues were as follows:

		WSE *
Revenue (external transactions)		**252 524**
Segments	Trading	189 707
	Listing	22 720
	Information services	36 693
	Other	3 404
Operating expenses		123 553
Profit on sales		128 971
Other operating loss		(1 259)
Operating profit		127 712
Net financial gain		21 059
Profit before income tax		**148 771**

(*) Data analysed by the Management Board of WSE

For the year ended 31 December 2010, the segment revenues were as follows:

		WSE *
Revenue (external transactions)		**216 467**
Segments	Trading	160 369
	Listing	20 041
	Information services	32 521
	Other	3 536
Operating expenses		124 473
Profit on sales		91 994
Other operating loss		(19)
Operating profit		91 975
Net financial gain		63 276
Profit before income tax		**155 251**

(*) Data analysed by the Management Board of WSE

Revenue by geographical area was as follows:

	Year ended 31.12.2011	Share	Year ended 31.12.2010	Share
Domestic sales	203 985	81%	177 202	82%
Export sales	48 539	19%	39 265	18%
Total	**252 524**	**100%**	**216 467**	**100%**

The following tables present a reconciliation of total assets and liabilities as analysed by WSE's Management Board to total assets and liabilities presented in these separate financial statements.

(ALL AMOUNTS IN PLN THOUSAND, UNLESS OTHERWISE STATED)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Assets and liabilities are presented in the assets and liabilities of WSE as at 31 December 2011 and 31 December 2010 as follows:

31.12.2011	**WSE**
Total assets	587 253
Total liabilities	204 583

31.12.2010	**WSE**
Total assets	426 670
Total liabilities	30 226

35. Subsequent events

On the basis of an agreement with the shareholders of Towarowa Giełda Energii S.A. (“TGE”) signed on 8 November 2011, the WSE acquired 1,164,750 TGE shares for PLN 179,371,500 on 24 February 2012. The shares represent 80.33% of TGE’s share capital and carry an entitlement to 80.33% of the total number of votes at the TGE General Meeting. The acquisition of the shares was financed with funds raised from the WSE’s series A and B bond issue. On 29 February 2012 the WSE acquired additional shares representing 7.68% of TGE’s share capital for an amount of PLN 16,563,000.
Including the 2.33% of the shares in TGE acquired in the past, the WSE currently holds 90.33% of the shares in TGE, which entitle the WSE to 90.33% of the total number of votes at the TGE General Meeting.

The separate financial statements are presented by the Management Board of the Warsaw Stock Exchange:

1. Ludwik Sobolewski – the President of the Management Board………………………………….

2. Lidia Adamska – the Member of the Management Board ………………………………….

3. Beata Jarosz – the Member of the Management Board ………………………………….

4. Adam Maciejewski – the Member of the Management Board ………………………………….

Lidia Michalska – the Chief Accountant …………………………………………………………

Warsaw, 9 March 2011