BURSA DE VALORI BUCURESTI S.A.

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

31 DECEMBER 2012

CONTENTS

BURSA DE VALORI BUCURESTI S.A.

Consolidated profit or loss

***for the year ended as at 31 December** (thou RON)*

	Note	2012	2011
Revenues from services		27,771	33,843
Other revenue		104	377
Operating revenue	7	27,875	34,220
Staff costs and benefits of the members of Board of Directors:	8.1	(14,981)	(16,614)
Services provided by third parties	8.2	(3,305)	(3,206)
Other operating expenses	8.3	(7,362)	(8,975)
Operating profit		2,227	5,425
Financial income	9	8,787	10,686
Financial expenses	9	(2,288)	(3,107)
Net income from interest related to assets covering the guarantee and clearing funds and the margin	9	1,106	1,103
Net financial income		7,605	8,682
Profit before tax		9,832	14,108
Corporate income tax expense	10	(1,474)	(1,866)
Profit for the year		8,358	12,242
Profit attributable to:			
Non-controlling interests		163	1,200
Owners of the Parent-Company		8,195	11,042
Profit for the year		8,358	12,242
Earnings per share:			
Basic earnings per share	23	0,0011	0,0014
Diluted earnings per share	23	0,0011	0,0014

The consolidated financial statements were approved by the Board of Directors on 7 October 2013 and were signed by:

President,	CEO,	CFO,
Lucian Claudiu Anghel	Ludwik Leszek Sobolewski	Virgil Adrian Stroia

The explanatory notes to the financial consolidated statements on pages 9 to 83 are an integral part of these consolidated financial statements

Consolidated statement of comprehensive income

for the year ended as at 31 December *(thou RON)*

	Note	2012	2011
Profit for the year		8,358	12,242
Revaluation of available-for-sale financial assets	9	76	(19)
Total comprehensive income for the year		8,434	12,223
Attributable amounts:			
Non-controlling interests		163	1,200
Owners of the Parent-Company		8,271	11,023
Total comprehensive income for the year		8,434	12,223

The consolidated financial statements were approved by the Board of Directors on 7 October 2013 and were signed by:

President,	CEO,	CFO,
Lucian Claudiu Anghel	Ludwik Leszek Sobolewski	Virgil Adrian Stroia

Consolidated statement of financial position

***as at 31 December** (thou RON)*

	Note	31 December 2012	31 December 2011
Assets			
Tangible assets	11	4,253	2,598
Intangible assets	12	229	495
Deferred tax receivables	13	-	396
Held-to-maturity financial assets covering the guarantee and clearing funds and the margin	14	-	2,563
Other held-to-maturity financial assets		4,220	1,984
Available-for-sale financial assets	14	1,124	1,033
Total fixed assets		9,826	9,069
Trade and other liabilities	15	3,222	3,632
Prepaid expenses	16	195	236
Bank deposits		52,333	42,519
Bank deposits covering the guarantee fund and the margin		5,863	6,225
Held-to-maturity financial assets covering the guarantee and clearing funds and the margin	14	20,624	16,929
Other held-to-maturity financial assets	14	24,756	44,974
Cash and cash equivalents	17	27,211	25,946
Other assets		732	734
Total current assets		134,936	141,195
Total assets		144,762	150,264
Equity			
Share capital	22	76,742	76,742
Legal reserve	22	6,597	6,149
Fair value reserve	22	(289)	(365)
Retained earnings	22	12,077	19,820
Total equity attributable to the owners of the Company		95,127	102,346
Non-controlling interests		13,084	13,767
Total shareholders' equity		108,211	116,113

	Note	31 December 2012	31 December 2011
Payables			
Commercial liabilities and other liabilities	18	11,394	9,345
Unearned revenues	19	845	886
Current corporate income tax payables		26	299
Deferred tax receivables	13	115	-
Guarantee and clearing funds and settlement operation margin	21	24,171	23,621
Current liabilities - total		36,551	34,151
Total liabilities and equity		144,762	150,264

The consolidated financial statements were approved by the Board of Directors on 7 October 2013 and were signed by:

President,	CEO,	CFO,
Lucian Claudiu Anghel	Ludwik Leszek Sobolewski	Virgil Adrian Stroia

BURSA DE VALORI BUCURESTI S.A.

Consolidated statement of changes in equity

for the year ended as at 31 December *(thou RON)*

	Share capital	Retained earnings	Revaluation reserve of available-for-sale financial assets	Legal reserve	Total attributable to shareholders	Non-controlling interests	Total shareholders' equity
Balance as at 1 January 2011	76,742	15,015	(346)	5,362	96,773	16,958	113,731
Total comprehensive income for the year							
Profit or loss	-	11,042	-	-	11,042	1,200	12,242
Other elements of the global earnings							
Reserve from available-for-sale financial assets	-	-	(19)	-	(19)	-	(19)
Total items of comprehensive income	-	-	(19)	-	(19)	-	(19)
Total comprehensive income for the year	-	11,042	(19)	-	11,023	1,200	12,223
Transactions with owners of the Company, recognised directly in equity							
Contributions by and distributions to owners of the Company							
Legal reserve increase	-	(787)	-	787	-	-	-
Dividend paid to owners of Bucharest Stock Exchange	-	(5,383)	-	-	(5,383)	-	(5,383)
Total contributions by and distributions to owners of the Company	-	(6,170)	-	787	(5,383)	-	(5,383)
Change in interests in subsidiaries that do not result in a loss of control							
Dividend paid to minority shareholders	-	-	-	-	-	(3,677)	(3,677)
Acquisition of non-controlling interests	-	(68)	-	-	(68)	(714)	(782)
Total changes in interests in subsidiaries	-	(68)	-	-	(68)	(4,391)	(4,459)
Total transactions with owners	-	(6,238)	-	787	(5,451)	(4,391)	(9,842)
Balance as at 31 December 2011	76,742	19,820	(365)	6,149	102,346	13,767	116,113

The explanatory notes to the financial consolidated statements on pages 9 to 83 are an integral part of these consolidated financial statements

BURSA DE VALORI BUCURESTI S.A.

Consolidated statement of changes in equity

for the year ended as at 31 December *(thou RON)*

	Share capital	Retained earnings	Revaluation reserve of available-for-sale financial assets	Legal reserve	Total attributable to shareholders	Non-controlling interests	Total shareholders' equity
Balance at 1 January 2012	76,742	19,820	(365)	6,149	102,346	13,767	116,113
Total comprehensive income for the year							
Profit or loss	-	8,195	-	-	8,195	163	8,358
Other elements of the global earnings							
Reserve from available-for-sale financial assets	-	-	76	-	76	-	76
Reserve from revaluation of land - net impact	-	946	-	-	946	-	946
Other reserves	-	-	-	-	-	-	-
Total items of comprehensive income	-	946	76	-	1,022	-	1,022
Total comprehensive income for the year	-	9,141	76	-	9,217	163	9,380
Transactions with owners of the Company, recognised directly in equity							
Contributions by and distributions to owners of the Company							
Legal reserve increase	-	(448)	-	448	-	-	-
Dividend paid to owners of Bucharest Stock Exchange	-	(16,436)	-	-	(16,436)	-	(16,436)
Total contributions by and distributions to owners of the Company	-	(16,884)	-	448	(16,436)	-	(16,436)
Change in interests in subsidiaries that do not result in a loss of control							
Dividend paid to minority shareholders	-	-	-	-	-	(846)	(846)
Total changes in interests in subsidiaries	-	-	-	-	-	(846)	(846)
Total transactions with owners	-	(16,884)	-	448	(16,436)	(846)	(17,282)
Balance as at 31 December 2012	76,742	12,077	(289)	6,597	95,127	13,084	108,211

The explanatory notes to the financial consolidated statements on pages 9 to 83 are an integral part of these consolidated financial statements

	Note	2012	2011
Cash flows from operating activities			
Net profit for the year		8,358	12,241
Adjustments for:		-	
Amortisation of fixed assets	11,12	1,404	2,184
Interest income	9	(6,121)	(7,095)
Net income from interests related to assets covering the guarantee and clearing funds and the margin	9	(1,106)	(1,103)
Loss from impairment of uncollected receivables	8,3	218	213
Revenue from provision reversal - land	8,3	(1,019)	-
Net expense /(income) from the litigations and customers provisions	8,3	33	(1,487)
Corporate income tax expense	10,13	1,474	1,866
Others		55	(20)
Operating profit before working capital changes		3,296	6,799
Changes in working capital:			
Change in trade and other receivables	15	164	(2,182)
Change in prepayments	16	41	(12)
Change in trade and other payables	18	1,555	4,989
Change in deferred income/revenue	19	(41)	136
Change in the guarantee and clearing funds and the margin	21	550	788
Paid corporate income tax	10	(1,305)	(2,388)
Net cash from operating activities		4,260	8,130
Cash flows from investing activities			
Received interest	9	4,916	6,904
Interests received corresponding to assets covering the guarantee and clearing funds and margin	9	1,235	1,183
Payments for acquisitions of government bonds	14	(35,242)	(58,984)
Receipts for acquisitions of government bonds	14	54,524	32,091
Deposits variation	14	(13,450)	(38,998)
Dividends cashed	9	33	25
Fixed assets purchased	11,12	(831)	(1,968)
Acquisition of subsidiaries	6	-	(783)
Net cash from investments		11,185	(60,530)

	Note	2012	2011
Cash flows from financing activities			
Dividends paid		(15,976)	(5,383)
Dividends paid to ordinary shareholders		(845)	(3,677)
Net cash generated by financing activities		(16,821)	(9,060)
Total treasury flow		(1,376)	(61,460)
Cash and cash equivalents at the beginning of the financial year	17	22,689	84,149
Cash and cash equivalents at the end of the financial year	17	21,313	22,689
Net increase / decrease of cash and cash equivalents		1,376	(61,460)

1. REPORTING ENTITY

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

Until it became a joint stock company, the Bucharest Stock Exchange operated according to Law no 52/1994 and Government Emergency Ordinance no 28/2002 on securities, financial investment services and regulated markets, as a self-financed non-profit institution of public interest.

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

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

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

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

The consolidated statements of the Company for the year ended 31 December 2012 comprise the financial information of the Company and its subsidiaries (hereinafter referred to as the "Group").

1. REPORTING ENTITY (CONTINUED)

The following entities are subsidiaries of BVB:

Subsidiary	Line of business	Percentage of ownership at 31 December 2012	Percentage of ownership at 31 December 2011
Central Depository	Clearing / settlement operations for transactions with securities carried out on the Bucharest Stock Exchange and keeping the register of shareholders	69.0420 %	69.0420 %
Investors Compensation Fund	Paying compensation when the fund members fail to return the money or the financial instruments owed by or belonging to investors, which have been held on their behalf for the provision of financial investment or individual investment portfolio management services	62.3000%	62.3000%
Bucharest Clearing House	Registration, guarantee, clearing and settlement of derivative financial instrument transactions carried out on the Bucharest Stock Exchange	52.5080%	52.5080%
The Corporate Governance Institute	Providing vocational training to the listed companies and the capital market participants, in corporate governance and sustainable development area	100 %	100 %

The Corporate Governance Institute had on 31 December 2012 a total of net assets amounting to 22 thousand RON (31 December 2011: 37 thousands RON) and the result for 2012 amounted to a loss of 15 thousand RON (2011: a profit of 29 thousand RON). This entity was considered to be insignificant by the BVB management for inclusion in the Group's consolidated financial statements.

2. BASIS OF PREPARATION

(a) Statement of compliance

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the European Union ("EU IFRS") applicable on the annual reporting date for the Group, i.e. 31 December 2012.

The consolidated financial statements include the consolidated statement of financial position, the consolidated profit and loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the explanatory notes.
The consolidated financial statements were approved by the BVB Board of Directors on 7 October 2013.

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

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

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

2. BASIS OF PREPARATION (CONTINUED)

(b) Bases of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of the consolidated financial statements in accordance with EU IFRSs requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, payables, income and expenses. Estimates and underlying judgements are based on historical data and other factors deemed to be relevant in these circumstances, and the result of these factors forms the basis of judgments used to determine the carrying amount of assets and liabilities for which there are no other measurement sources available. Actual results may differ from these estimates.
Estimates and underlying judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, if the revision is performed only for that period or in the current period, and in the future periods, if the revision affects both current and future periods.
Judgements made by the management in applying the EU IFRSs that have a significant effect on the financial statements, as well as the estimates that involve a significant risk resulting in a material adjustment within the next financial year, are included in note 3 (i).

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

(i) Business combinations

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

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

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

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

Any contingent payable of the acquired entity is assumed in a business combination only if such a payable represents a current liability resulting from a previous event and its value may be measured in a reliable manner.
The Group assesses non-controlling interests as part owned by minority shareholders in the identifiable net assets of the acquired entity.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Changes in the parent company's share in subsidiaries without loss of control

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

(iii) Subsidiaries

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

(iv) Acquisitions from jointly controlled entities

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates are accounted for using the equity method and are recognised initially at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share from income, expenditure and changes in equity of investments accounted for using the equity method, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.
When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the share, including any long-term investment, is reduced to zero, and the recognition of further losses is discontinued except to the extent the Group has an obligation or has made payments on behalf of the investee.

(vi) Transactions eliminated on consolidation

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

(b) Foreign currency

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

(c) Going concern

These financial statements of are prepared on a going concern basis which assumes that the Group will carry on its activity in the future. In order to assess the reasonability of this assumption, the management reviews the forecasts of the future cash inflows.

Bucharest Clearing House recorded a net loss of 262 thousand RON in the year ended as at 31 December 2012 and it has got losses carried on from the previous financial years amounting to 709 thousand RON. These issues together with the details described in note 26 indicate an uncertainty concerning the capacity of the Bucharest Clearing House to continue its activity in normal conditions.

BVB, the majority shareholder of CCB, by the income and expenditure for 2013 approved in the General Meeting of Shareholders on 26 April 2013, determined the participation in the share capital of CCB as investment. But, even if the CCB share capital is not approved, there are solutions for continuing the activity by changing its activity. Thus, the management believes that CCB will be able to continue its activity in the near predictable future and therefore the application of the going concern principle on the financial statements is justified.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Accounting for effects of hyperinflation

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

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

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

(e) Financial assets and liabilities

Financial assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

(ii) Held-to-maturity financial assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

(iii) *Receivables*

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

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

(iv) *Available-for-sale financial assets*

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial payables

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

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

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

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

(f) Financial assets and payables which cover the guarantee and clearing funds and the margin

Financial assets and payables from the guarantee and clearing funds and the margin refer to the services provided by following subsidiaries: Casa de Compensare Bucuresti SA, Depozitarul Central SA and Fondul de Compensare a Investitorilor SA.

Guarantee fund and margin accounts managed by the Bucharest Clearing House

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

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

If a clearing member cannot fulfil its obligations, CCB will take over that obligations and fulfil them replacing the incapacitated party.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The CCB registers in the balance sheet or a payable equal to the financial guarantees and the guarantee fund set up by participants in the clearing and settlement system, along with the registration of the corresponding asset (cash, deposits, securities, etc.). As a result, the assets and payables resulted from the CCB activity, are of similar sizes.
Net amounts derived from investments made by CCB on cash and cash equivalents recorded in the guarantee fund and margin accounts and deposited in the form of financial guarantees are financial resources available to CCB.
Financial resources from investments of the amounts deposited as collateral come to CCB.
Financial resources from the investment of the guarantee fund - namely 90 % - are not distributed to the clearing members, but are capitalised and included in the total resources of the guarantee fund. The remaining 10 % of the financial resources from the investments of the guarantee fund come to CCB.
The contributions to the guarantee fund of a clearing member, and the not used financial guarantees are given back only after their removal from the Register of the Clearing Members based on the decision of the CCB Board of Directors to withdraw the clearing membership. The capitalised resources from the investment of the guarantee fund are not distributed to the clearing members.

Clearing fund managed by Fondul de Compensare a Investitorilor SA
Fondul de Compensare a Investitorilor SA (Investors Compensation Fund) („FCI”) aims at providing financial services to the investors in case the intermediaries which provide financial services for an investment management company is not able to meet its obligations towards their customers. All intermediaries authorised to provide financial investment services and investment management companies managing individual investment portfolios must be members of the Fund.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The compensation fund consists of non-reimbursable contributions from its members (financial investment companies, asset management companies, banks). FCI does not distribute dividends.
FCI registers in the balance or a payable equal to the compensation fund established by its members, along with the registration of the corresponding asset (cash deposited as a contribution by the Fund's members). As a result, the assets and payables resulted from the FCI activity, have similar sizes. Income from the investment of the Fund may be used to cover expenses related to the administration and the operation of FCI or to increase the resources of the Compensation Fund.

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The accounting treatment for specific transactions of the Casa de Compensare Bucuresti SA (Bucharest Clearing House), Fondul de Compensare a Investitorilor SA (the Investors Compensation Fund) and the Depozitarul Central SA (Central Depository) is as follows:

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

(g) Tangible assets

(i) Recognition and measurement

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(ii) *Subsequent costs*

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

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

(iii) *Amortisation of tangible assets*

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill

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

Acquisition of non-controlling interests

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

Subsequent measurement

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

Other intangible assets

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

(i) Subsequent expenditure

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

(ii) Intangible asset amortisation

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Deferred expenses and incomes

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

(i) Financial assets

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.
In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than the suggested by historical trends.
An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's initial effective interest rate. Losses are recognised in profit or loss and reflected in a receivables adjustment account. Interest on the impaired asset continues to be recognised through the discount amortisation. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Non-financial assets

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

The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value, less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets which cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets ("cash-generating unit").

In order to test the goodwill impairment and subject to an operating segment ceiling, the cash-generating units to which goodwill has been allocated are monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of cash-generating units that are expected to benefit from the synergies of the combination.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(i) Employee benefits

(i) Short-term employee benefits

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

(ii) Defined contribution plans

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

(iii) Other long-term employee benefits

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

(j) Provisions

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Revenues

(i) Revenue from services

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

The main sources of revenue are:

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

(ii) Fees

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

(iii) Rental income

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

(l) Financial income and financial costs

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.
Finance costs comprise losses on disposal of available-for-sale financial assets, losses on the re-measurement of assets and payables in other currencies, changes in fair value of financial assets recognised at fair value through profit or loss and losses on hedging instruments that are recognised in profit or loss on an accrual basis using the effective interest method.

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(n) Lease payments

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

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

(o) Corporate income tax

Corporate income tax for the year comprises current tax and deferred tax. Corporate income tax is recognised in the income of the year, unless it is related to the business combination or to items recognised directly in equity or in other comprehensive income. Current tax is the expected tax payable on the income for the period or receivable for loss for the period, determined using tax rates applied on the date of consolidated statement of financial position and to any adjustment to the payment obligations related to corporate income tax of previous periods.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax is determined in respect of temporary differences arising between the tax base for calculating the tax on assets and payables and their carrying amount used for reporting in the financial statements. Deferred tax is not recognised for the following temporary differences: initial recognition of goodwill, the initial recognition of assets and payables from transactions that are not business combinations and that affect neither the accounting nor tax income and differences arising from investments in subsidiaries, provided that they are not returned in foreseeable future. Deferred tax is calculated based on the expected modality of realisation or settlement of the carrying amount of assets and payables, using tax rates enacted by legislation applicable at the date of consolidated statement of financial position.
Deferred tax receivable is recognised only to the extent that it is likely to be future taxable profits after offsetting tax losses of previous years and after offsetting tax recoverable. Deferred tax receivable is reduced to the extent that the related tax benefit is unlikely to be achieved.

Additional taxes arising from the distribution of dividends are recognized at the same time as the liability to pay the dividend.
Tax rate used to calculate current and deferred tax at 31 December 2012 was of 16 % (31 December 2011: 16 %).

(p) Earnings per share

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

(q) Legal reserve

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Segment reporting

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

(s) Dividends

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

(t) New accounting regulations

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

– The financial assets are classified into two measurement categories: those subsequently measured at fair value and those subsequently measured at amortized cost. Decision will be made upon initial recognition. The classification depends on the entity's business model used in managing its financial instruments and on the contractual cash flow characteristics of the instrument.
– An instrument is subsequently measured at amortized cost only if it is a debt instrument and if (i) the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and (ii) the asset's contractual cash flows represent only loan and interest payments (i.e., have only “basic loan features”). All the other debt instruments will be measured at fair value through profit or loss.
– All equity instruments will be subsequently measured at fair value. Equity instruments held for trading will be measured at fair value through profit or loss. For all the other equity instruments, an irrevocable election can be done upon initial recognition, consisting of recognition of gains and losses realized and unrealized at fair value, through other comprehensive income items and not through profit or loss. There will be no reversal of fair value gains and losses in profit or loss. This choice will be done separately, for each instrument. Dividends will be presented in profit or loss, as long as they represent the productivity of investment.
– Most IAS 39 provisions on the classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The main change was that the entity will have to present the effects of changes in credit risk of financial liabilities designated at fair value through profit or loss in other items of comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Amendments to International Financial Reporting Standards (issued in May 2012 and applicable from 1 January 2013). The amendments consist of changes made to the five standards.
Transitional provisions, amendments to IFRS 10, IFRS 11 and IFRS 12 (issued on 28 June 2012 and applicable from 1 January 2013)

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

4. FAIR VALUE MEASUREMENT

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

(a) Investments in equity and debt securities

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

(b) Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date, i.e. 31 December 2012. This fair value is determined for disclosure purposes or when such assets are acquired in a business combination. For financial instruments such as short-term receivables and liabilities, the management believes that the carrying amount is a reasonable approximation of fair value and therefore is not necessary to present a fair value separately.

(c) Fair value hierarchy

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

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

4. DETERMINATION OF FAIR VALUES (CONTINUED)

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

	31 December 2012 Carrying amount	31 December 2012 Fair value	31 December 2011 Carrying amount	31 December 2011 Fair value
Assets carried at fair value				
Available-for-sale financial assets	1,124	1,124	1,033	1,033
Assets carried at amortised cost				
Held-to-maturity financial assets covering the guarantee and clearing funds and the margin, with a maturity longer than a year	-	-	2,563	2,563
Other held-to-maturity financial assets with a maturity longer than one year	4,220	4,220	1,984	1,984
Trade and other receivables	2,495	2,495	2,588	2,588
Bank deposits	52,333	52,333	42,519	42,519
Bank deposits covering the guarantee and clearing funds and the margin	5,863	5,863	6,225	6,225
Other held-to-maturity financial assets with a maturity less than one year	24,756	24,756	44,974	44,974
Held-to-maturity financial assets covering the guarantee and clearing funds and the margin, with a maturity less than one year	20,624	20,624	16,929	16,929
Cash and cash equivalents	27,211	27,211	25,946	25,946
Total assets carried at amortised cost	137,502	137,502	143,728	143,728
Liabilities carried at amortised cost				
Guarantee and clearing funds and margin	24,171	24,171	23,621	23,621
Dividends to be distributed on behalf of customers	5,898	5,898	3,257	3,257
Commercial liabilities and other liabilities	772	772	1,598	1,598
Total payables	30,841	30,841	28,476	28,476

All available-for-sale financial instruments representing shares quoted on different markets, amounting to 1,033 thousand (31 December 2011: 804 thousand lei) are classified at Level 1: quoted prices in active markets.

5. FINANCIAL RISK MANAGEMENT

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

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

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

(a) Risk management framework

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

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

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

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

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

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

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

(i) Commercial liabilities and other liabilities

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

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

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

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

(ii) Financial investments

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

Exposure to credit risk

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

	31 December 2012	31 December 2011
Other held-to-maturity financial assets with a maturity longer than one year	4,220	1,984
Available-for-sale financial assets	1,124	1,033
Commercial liabilities and other liabilities	2,495	2,588
Bank deposits	52,333	42,519
Bank deposits covering the guarantee and clearing funds and the margin	5,863	6,225
Other held-to-maturity financial assets with a maturity less than one year	24,756	44,974
Held-to-maturity financial assets covering the guarantee and clearing funds and the margin	20,624	16,929
Cash and cash equivalents	27,211	25,946
Total	138,626	144,761

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

	Trade receivables and other receivables		Held-to-maturity financial assets		Cash and cash equivalents.		Available-for-sale financial assets		Bank deposits	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Individually impaired										
Significant risk	1,057	1,050	-	-	-	-	-	-	-	-
Gross value	1,057	1,050	-	-	-	-	-	-	-	-
Adjustment for impairment	1,057	1,050	-	-	-	-	-	-	-	-
Net amount	-	-	-	-	-	-	-	-	-	-
Outstanding, individually non-impaired										
Outstanding less than 90 days	847	743	-	-	-	-	-	-	-	-
Outstanding from 90 to 180 days	148	184	-	-	-	-	-	-	-	-
Outstanding from 180 to 360 days	169	146	-	-	-	-	-	-	-	-
Gross value	1,164	1,073	-	-	-	-	-	-	-	-
Adjustment for impairment	78	68	-	-	-	-	-	-	-	-
Net amount	1,086	1,005	-	-	-	-	-	-	-	-
Current, non-impaired										
Without a significant risk	1,410	1,583	49,600	66,450	27,211	25,946	1,124	1,033	58,196	48,744
Gross value	1,410	1,583	49,600	66,450	27,211	25,946	1,124	1,033	58,196	48,744
Adjustment for impairment	-	-	-	-	-	-	-	-	-	-
Net amount	1,410	1,583	49,600	66,450	27,211	25,946	1,124	1,033	58,196	48,744
Total gross amount	3,630	3,706	49,600	66,450	27,211	25,946	1,124	1,033	58,196	48,744
Total net amount	2,495	2,588	49,600	66,450	27,211	25,946	1,124	1,033	58,196	48,744

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group is exposed to credit risk through the activity carried out by its subsidiaries such as the Casa de Compensare Bucuresti SA, Fondul de Compensare a Investitorilor SA and Depozitarul Central SA.

Casa de Compensare Bucuresti SA (Bucharest Clearing House)
Casa de Compensare Bucuresti SA ("CCB") acts as a central counterparty for all clearing members admitted in the system. The CCB role is to perform the registration, guarantee, clearing and settlement operations of the financial derivative transactions concluded on the derivative market at the Bucharest Stock Exchange.
Since the date when the clearing and settlement reports are confirmed, CCB is interposed between clearing members, becoming the counterparty to transactions required to be performed by them on the post-trading platform. The CCB obligations as a central counterparty cease on the daily settlement.
The clearing members participate together with their contributions to the guarantee fund in case the guarantee fund's resources corresponding to one or more clearing members are not covering.
The guarantee fund may be used if the collateral and other financial guarantees deposited by the clearing members in a default situation are not sufficient to cover the debts arising after the liquidation of the open positions of those members.
The order of execution of the guarantee fund is as follows:

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

If the guarantee fund's resources available are not sufficient to fully cover the CCB actual obligations, the Board of Directors may decide on the contracting of short-term loans. The expenses resulting from the contracted loans of CCB shall be assigned to the clearing member that established the use of the guarantee fund's resources.
On 2011 December 31 the fair value of derivative settlement agreements for which CCB acts as central counterparty, being both creditor and debtor party in relation to the clearing members, was of 1,018 thousand RON (31 December 2011: 1.623 thousand RON).
Since its establishment until now, CCB has not recorded any event likely to generate the use of guarantee fund.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fondul de Compensare a Investitorilor (Investors Compensation Fund)
The Investors Compensation Fund is intended to pay compensations to investors when a member fails to return the money and/or the financial instruments owed by or belonging to investors, which have been held on their behalf for the provision of financial investment or individual investment portfolio management services.
The investors compensation is made in the limit established according to the C.N.V.M. regulations.
To ensure financial resources necessary to pay compensation and to operate the Fund, its members are required to pay to the Fund an initial contribution and an annual contribution.
If the Fund's resources are insufficient to meet obligations to pay compensations, each member shall pay a special contribution equal to twice the maximum annual contribution corresponding to that financial year. If not in this case the Fund's resources are not sufficient to fully cover its actual obligations, the Fund may borrow short-term to cover exclusively the obligations arising from the payment of compensations.
Since its establishment until now, the Fund has not recorded any event likely to generate the payment of compensations.

Depozitarul Central SA (Central Depository)
Depozitarul Central SA provides clearing and settlement of transactions in financial instruments (stocks, fixed income securities, bonds, funds, etc.) carried out on the Bucharest Stock Exchange on the spot regulated market. The clearing participants are required to contribute to the setting up of a guarantee fund with the Central Depository.
In order to limit exposure to the risk of default of obligations arising from transactions concluded in trading systems and recorded in the Central Depository system, a trading limit is established for each participant.
If it is found that, on the settlement date, the participant in the clearing and settlement and registry system does not have sufficient funds in the settlement account to cover the payment obligation, it may require a loan either from the compensation participant with whom the latter has concluded a settlement agreement or from any other credit institution under a contractual relationship or require to the market operator making special sale transactions to cover his/her position.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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

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

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

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

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

On 31 December 2012, the value of transactions having as trading date the end of the year 2012 and paid during 2013, was of 130,104 thousand RON (31 December 2011: transactions amounted to 76,201 thousand RON at the end of 2011 and paid in 2012).

(c) Liquidity risk

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

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

31 December 2012	**Carrying amount**	**Contractual cash flows**	**Less than 6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities							
Guarantee and clearing funds and margin	24,171	24,171	24,171	-	-	-	-
Commercial liabilities and other liabilities	772	772	772	-	-	-	-
Dividends to be distributed on behalf of customers	5,898	5,898	5,898	-	-	-	-
Total	30,841	30,841	30,841	-	-	-	-

31 December 2011	**Carrying amount**	**Contractual cash flows**	**Less than 6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities							
Guarantee and clearing funds and margin	23,621	23,621	23,621	-	-	-	-
Commercial liabilities and other liabilities	1,598	1,598	1,598	-	-	-	-
Dividends to be distributed on behalf of customers	3,257	3,257	3,257	-	-	-	-
Total	28,476	28,476	28,476	-	-	-	-

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

The cash flows included in the maturity analysis are not expected to occur significantly earlier or at significantly different values.
The Group keeps sufficient liquid assets (residual maturity less than 3 months) to cover all outstanding payables.

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.
The objective of market risk management is to manage and control market risk exposures within acceptable payments, while optimising the return.

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

31 December 2012	**EUR**	**USD**	**RON**	**CZK**	**CZH**	**GBP**	**Total**
Financial assets							
Trade and other receivables	344	-	2,151	-	-	-	2,495
Securities (government securities, bank deposits, cash and cash equivalents)*	14,892	11,066	109,038	2	1	8	135,007
Other available-for-sale assets	1,124	-	-	-	-	-	1,124
Total financial assets	16,360	11,066	111,189	2	1	8	138,626
Financial liabilities							
Guarantee and clearing funds and margin	-	-	24,171	-	-	-	24,171
Trade and other payables	118	-		-	-	-	9,503
Dividends to be distributed on behalf of customers	-	-	5,898	-	-	-	5,898
Total financial payables	118	-	39,454	-	-	-	39,572
Net financial assets	16,242	11,066	71,735	2	1	8	99,054

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

31 December 2011	EUR	USD	RON	CZK	CZH	GBP	Total
Financial assets							
Trade and other receivables	137	-	2,451	-	-	-	2,588
Securities (government securities, bank deposits, cash and cash equivalents)*	12,781	10,592	117,756	3	-	7	141,140
Other available-for-sale assets	1,033	-	-	-	-	-	1,033
Total financial assets	13,951	10,592	120,207	3	-	7	144,761
Financial liabilities							
Guarantee and clearing funds and margin	-	-	23,671	-	-	-	23,671
Trade and other payables	194	-	6,185	-	-	-	6,379
Dividends to be distributed on behalf of customers	-	-	3,257	-	-	-	3,257
Total financial payables	194	-	33,112	-	-	-	33,306
Net financial assets	13,757	10,592	87,094	3	-	7	111,454

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Sensitivity analysis

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

	31 December 2012	31 December 2011
Leu depreciation by 10 % against EUR	1,624	1,376
Leu depreciation by 10 % against USD	1,107	1,059
Total	2,731	2,435

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

Exposure to interest rate risk

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

(e) Operational risk

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

- Segregation of duties requirements
- Reconciliation requirements and monitoring of transactions
- Alignment with regulatory requirements
- Documentation of controls and procedures

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

(f) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to support future development of the business. The Board of Directors monitors the return on equity, defined by the Group as net income resulting from operating activities divided by total equity, less non-controlling interests.
The Group's debts-equity ratio at the end of the reporting date was as follows:

	2012	2011
Total payables	36,551	34,151
Cash and cash equivalents	27,211	25,946
Net debt	9,340	8,206
Total equity	108,211	116,113
Gearing ratio	8%	6%

(g) Economic environment risk

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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

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

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

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

(h) Tax risk

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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

6. ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

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

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

	Central Depository	**Investors Compensation Fund**
Investment on 1 January 2011	27,313	1,043
Effect of the increase in parent-company's investment	704	10
Share of the comprehensive income	(6,062)	220
Parent-company's investment on 31 December 2011	21,955	1,273

6. ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS (CONTINUED)

In 2012 there were no changes in the interests held by Bucharest Stock Exchange. In 2011 the Group's participation to the Central Depository and the Investors' Compensation Fund increased by the purchase of shares issued by these bodies. The Group had already control on both entities since 2006.

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

During the years 2010 and 2011 BVB acquired additional shares from the Central Depository thus holding 69.0421 % of the subsidiary's net assets.
The Central Depository increased its share capital during 2011 through the incorporation of some reserves into its share capital. The free-of-charge shares received by BVB have not been recognised under EU IFRS.

6. ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS (CONTINUED)

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

The Group took over the control on the Investors Compensation Fund during the year ended 31 December 2006, by subscribing cash to the subsidiary's share capital increase. As a result of this transaction by which BVB has won 57.9 % of the net assets of the subsidiary, the Group recognised a goodwill amounting to 27 thousand RON, represented by the difference between the fair value of the consideration transferred amounting to 196 thousand RON and a percentage of fair value of net assets acquired amounting to 169 thousand RON. The goodwill is included under the intangible assets of these financial statements (see Note 12).

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

7. SEGMENT REPORTING

The segment information is reported by the Group's activities. Transactions between business segments are conducted under normal market conditions.
Segment assets and payables include both items directly attributable to these segments and items that may be allocated using a reasonable basis.

The Group consists of the following main business segments:

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

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

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

7. SEGMENT REPORTING (CONTINUED)

The Group's revenues, expenses and gross income for the financial year 2012 are shown below by the segments described:

2012	**Trading services**	**Post-trading services**	**Registry services**	**Other operations**	**Group**
Income from external clients	17,079	5,353	5,339	104	27,875
Income from transactions with other segments (eliminated on consolidation)	320	416	36	1,923	2,695
Operating expenses	(11,899)	(7,519)	(6,126)	(104)	(25,648)
- out of which tangible and intangible asset impairment expense	(579)	(578)	(238)	(9)	(1,404)
Operating profit	5,180	(2,166)	(787)	(75)	2,227
Financial income	6,083	2,704	-	-	8,787
Financial expenses	(2,009)	(279)	-	-	(2,288)
Net income from interests related to assets covering the guarantee and clearing funds and the margin	-	43	-	1,063	1,106
Net financial income	4,074	2,468	-	1,063	7,605
Pre-tax profit	9,254	302	(787)	1,0638	9,832
Corporate income tax	(1,415)	(29)	(30)	-	(1,474)
Net profit	7,839	272	(816)	1,063	8,358

7. SEGMENT REPORTING (CONTINUED)

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

2011	**Trading services**	**Post-trading services**	**Registry services**	**Other operations**	**Group**
Income from external clients	21,422	5,693	6,584	521	34,220
Income from transactions with other segments (eliminated on consolidation)	320	360	8	3,878	4,566
Operating expenses	(14,434)	(5,389)	(7,322)	(1,649)	(28,795)
- out of which tangible and intangible asset impairment expense	(1,189)	(630)	(352)	(13)	(2,184)
Operating profit	6,988	304	(738)	(1,128)	5,425
Financial income	7,119	3,567	-	-	10,686
Financial expenses	(2,811)	(296)	-	-	(3,107)
Net income from interests related to assets covering the guarantee and clearing funds and the margin	-	63	-	1,040	1,103
Net financial income	4,308	3,334	-	1,040	8,682
Pre-tax profit	11,296	3,638	(738)	(88)	14,108
Corporate income tax	(1,561)	(136)	(165)	(4)	(1,866)
Net profit	9,735	3,502	(903)	(92)	12,242

7. SEGMENT REPORTING (CONTINUED)

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

	Trading services	Post-trading services	Registry services	Other operations	Group
31 December 2012					
Assets	73,581	49,207	21,961	13	144,762
Payables	3,498	25,942	7,111	-	36,551
Capital expenditure	490	171	163	1	825
31 December 2011					
Assets	80,036	46,684	23,478	66	150,264
Payables	4,193	23,546	6,267	144	34,151
Capital expenditure	830	497	661		1,988

8. OPERATING EXPENSES

The operating expenses comprise the following:

8.1 Staff costs and benefits of the Board of Directors include:

	2012	2011
Staff costs	10,605	11,472
Benefits of the members of the Board of Directors	1,041	1,896
Contributions and taxes related to personnel and benefits	3,335	3,246
Total	14,981	16,614

Number of the Group's employees was as follows:

	2012		2011	
	At the end of the year	Annual average	At the end of the year	Annual average
Bursa de Valori Bucuresti SA (Bucharest Stock Exchange S.A.)	57	56	60	56
Depozitarul Central SA (Central Depository S.A.)	70	70	69	70
Fondul de Compensare a Investitorilor SA	6	4	5	3

(Investors Compensation Fund S.A.)				
Casa de Compensare Bucuresti SA				
(Bucharest Clearing House S.A.)	8	8	6	6
Total number of employees	141	135	140	133

8. OPERATING EXPENSES (CONTINUED)

8.2 Services provided by third parties include:

	2012	2011
Recruitment Services and Business Consultancy	618	16
Financial, IT and internal Audit Services	293	450
Commissions fees (legal, contributions, etc.)	651	570
Services provided by third parties	1,743	2,170
Total	3,305	3,206

8.3 Other operating expenses include:

	2012	2011
Rent and office utilities	2,307	2,508
Tangible asset amortisation *(Note 11)*	647	1,185
Intangible asset amortisation *(Note 12)*	756	999
Provision reversal - land *(Note 11)*	(1,019)	-
Costs related to CNVM and other taxes	1,487	2,127
Consumables.	238	295
IT Maintenance, service and repairs	503	654
Assuring professional equipment, etc.	205	213
Protocol	198	291
Marketing and Advertising	498	473
Transport and trips	505	577
Telecommunications and mail services	543	450
Bank fees	222	162
Loss / reversal from impairment of receivables from customers	218	213
Expenses / income from provisions for disputes	33	(1,487)
Other expenses	21	315
Total	7,362	8,975

9. NET FINANCIAL INCOME

Financial income and expenses recognised in profit or loss include:

	2012	**2011**
Interest income from held-to-maturity financial assets *i)*	6,121	7,095
(Net loss) / net gain from exchange rate differences	345	459
Net income from interests related to assets covering the guarantee and clearing funds and margin *ii)*	1,106	1,103
Dividend income	33	25
Net financial income recognized in profit or loss account	7,605	8,682

i) Interest income from held-to-maturity financial assets includes interest payable on deposits and investments in government securities.
ii) Net income from interests related to assets covering the guarantee and clearing funds and the margin include:

	2012	**2011**
Interest income	1,483	1,444
Interest expense	(377)	(341)
Net income from interests related to assets covering guarantee and clearing funds and margin	1,106	1,103

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

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

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

10. CORPORATE INCOME TAX EXPENSE

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

	2012	**2011**
Gross accounting pre-tax profit	11,715	20,793
Non-taxable and assimilated income (-)	4,118	9,779
Non-deductible and assimilated expenses (+)	1,435	2,592
Impact of EU IFRS adjustments	(1,634)	(474)
Pre-tax profit	7,398	13,132
Current Corporate income tax (16 %)	1,184	2,101
Current tax expense	1,184	2,101
Deferred tax expense	290	(235)
Total corporate income tax expense	1,474	1,866

Bucharest Clearing House recorded at the end of 2012 a tax loss of 828 thousand Ron. However, the management does not estimate its recovery over the next 7 years.

11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings *i)*	Plant and equipment	IT and office equipment and furniture)	Assets in progress	Total
Cost					
Balance at 1 January 2012	2,507	398	11,811	620	15,336
Acquisitions	19	-	308	5	332
Disposals	-	114	405	149	668
Balance as of 31 December 2012	2,526	284	11,714	476	15,000
Depreciation					
Balance at 1 January 2012	2,183	317	10,238	-	12,738
Amortisation during the year	31	-	616	-	647
Disposals	2,171	67	400	-	2,639
Balance as of 31 December 2012	43	250	10,454	-	10,747
Net carrying amount					
Balance as of 1 January 2012	324	81	1,573	620	2,598
Balance as of 31 December 2012	2,483	34	1,260	476	4,253

i) For the land owned by BVB, the Company made an adjustment for impairment in 2010 and 2011 (2,170 thousand RON at 31 December 2011), amounting to 100 % of the land value, because of a related dispute. Following the ending of the proceedings (see Note 26, Subsequent events) the BVB was recognized the ownership right on the land. As a consequence, the impairment adjustment was reversed.

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

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

12. INTANGIBLE ASSETS

	Goodwill *i)*	Licenses, software *ii)*	Total
Cost			
Balance at 1 January 2012	162	11,609	11,771
Acquisitions	-	493	493
Outflow	-	18	18
Balance as at 31 December 2012	162	12,084	12,246
Depreciation			
Balance at 1 January 2012	135	11,141	11,276
Amortisation during the year	-	756	756
Disposals	-	16	16
Balance as at 31 December 2012	135	11,882	12,017
Net carrying amount			
Balance at 1 January 2012	27	468	495
Balance as at 31 December 2012	27	202	229

i) On 31 December 2012, the outstanding goodwill, amounting to 27,000 thousand RON resulted in 2006 from the acquisition of 57 % of the Investors Compensation Fund. The Investors Compensation Fund recorded profit between 2008 and 2011. The Group considers that goodwill resulting from the subscription for shares of the Investors Compensation Fund did not suffer any impairment.

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

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

12. INTANGIBLE ASSETS

	Goodwill *i)*	**Licenses, software** *ii)*	**Assets in progress**	**Total**
Cost				
Balance as at 1 January 2011	162	11502	-	11,664
Acquisitions	-	107	-	107
Disposals	-	-	-	6
Balance as at 31 December 2011	162	11.609	-	11.771
Depreciation				
Balance at 1 January 2011	135	10,377	-	10,512
Amortisation during the year	-	764	-	764
Disposals	-	-	-	
Balance as at 31 December 2011	135	11,141	-	11,276
Net carrying amount				
Balance at 1 January 2010	27	2,535	94	2,656
Balance as of December 31, 2010	27	1,125	-	1,152
Balance as at 1 January 2011	27	1,125	-	1,152
Balance as at 31 December 2011	27	468	-	495

13. DEFERRED TAX

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

	31 December 2012	31 December 2011
Held-to-maturity financial assets	55	69
Tangible assets	(184)	24
Commercial liabilities and other liabilities	14	11
Adjustment to free-of-charge shares received	-	292
Total	(115)	396

Variation in temporary differences during the year:

	Held-to-maturity financial assets	Tangible assets	Trade receivables and other receivables	Available-for-sale financial assets	Investments in associates	Total
Balance at 1 January 2012	-	24	11	69	292	396
Recognised in profit or loss	-	-	3	-	(292)	(289)
Recognised in other items of comprehensive income	-	(208)	-	(14)	-	(222)
Balance as of 31 December 2012	-	(184)	14	55	-	(115)

14. FINANCIAL INSTRUMENTS

The Group's financial instruments are the following:

	31 December 2012	31 December 2011
Government securities with residual maturity longer than one year *i)*	4,220	1,984
Financial assets with residual maturity longer than one year to cover the guarantee and clearing funds and the margin *ii)*	-	2,563
Available-for-sale financial assets *iii)*	1,124	1,033
Total fixed assets	5,344	5,580
Bank deposits with maturity between 3 months and one year *iv)*	52,333	42,519
Bank deposits with maturity from 3 months to one year covering the guarantee and clearing funds and margin *v)*	5,863	6,225
Held-to-maturity financial assets *vi)*	24,756	44,974
Held-to-maturity financial assets covering the guarantee and clearing funds and margin *vii)*	20,624	16,929
Total current assets	103,576	110,647

i) These financial assets classified as held-to-maturity are bonds issued by the Romanian government in RON, acquired at yields from 5.85 % to 11.25 % (2011: yields between 6.5% and 11.25%), as well as denominated securities in EUR, with a 4.5 % yield.

ii) These financial assets classified as held-to-maturity are bonds issued by the Romanian government in RON, with the maturity in 2013, acquired at a 9.54 % yield (2011: yields from 7.04 % to 9.41 %).

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

iv) Term deposits with Romanian with maturity from 3 months to one year are made in RON with Romanian banks, at interest rates between 3.1 % and 7.10 % depending on period, for deposits in RON, between 3.10 % and 4.25 % for deposits in EURO and between 2.5 % and 3.45 % for deposits in USD.

v) Term deposits in RON with banks in Romania have initial maturities ranging from 3 months and one year, covering the guarantee and clearing funds and margin are made in RON with Romanian banks, at interest rates from 4.25 % to 6 % (2011: 5.0 % - 7.50 %).

14. FINANCIAL INSTRUMENTS (CONTINUED)

vi) Held-to-maturity financial assets are treasury bills and bonds issued by the Romanian government in RON, with a residual maturity of maximum 1 year, acquired at yields from 5.8 % to 8.25 % (2011: yields from 6.25 % to 7.00 %).

vii) Held-to-maturity financial assets with maturity less than 1 year covering the guarantee an compensation funds and the margin are treasury bills with discount issued by the Ministry of Finance with maturity in 2013 and yields from 4.90 % to 6.21 % (2011: yields from 5.87 % to 7.10 %).

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

	Government securities with a maturity over one year	**Government securities with maturity over one year to cover the guarantee and clearing funds and the margin**	**Government securities less than one year**	**Government securities with maturity less than one year to cover the guarantee and clearing funds and the margin**
1 January 2012	1,984	2,563	44,974	16,630
Acquisitions	4,220	-	10,398	20,624
Redemptions	1,984	2,563	30,616	16,630
31 December 2012	4,220	-	24,756	20,624

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

	Available-for-sale financial assets
1 January 2012	1,033
Acquisitions	-
Increase / decrease in value after re-measurement	91
Sales	-
31 December 2012	1,124

15. TRADE AND OTHER RECEIVABLES

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

	31 December 2012	31 December 2011
Trade receivables – gross value *i)*	3,634	3,705
Adjustment for trade receivables impairment *ii)*	(1,134)	(1,118)
Debit balance of trading - CNVM tax	501	740
Undue VAT	32	175
Other receivables	189	130
Total	3,222	3,632

Financial receivables taken into account in the calculations of note 5 are made of 2,495 thousand RON at 31 December 2012 and 2,588 thousand RON at 31 December 2011.

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

	31 December 2012	31 December 2011
Adjustment after receivable impairment – individual component	1,057	1,050
Adjustment after receivable impairment – collective component	77	68
Total	1,134	1,118

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	2012	2011
Adjustment for impairment – individual component		
Balance at 1 January	1,050	931
Impairment losses	309	191
Impairment returns	(302)	(72)
Balance at 31 December	1,057	1,050
Adjustment for impairment– collective component		
Balance at 1 January	68	162
Impairment losses	9	-
Impairment returns	-	(94)
Balance at 31 December	77	68
Total	1,134	1,118

16. ACCRUED EXPENSES

Prepayments amounting to 195 thousand RON (31 December 2011: 236 thousand RON) mainly represent the acquisition cost of government securities, prepaid rent, equipment and IT equipment maintenance-related insurance premiums, liability insurance premiums for managers and various subscriptions.

17. CASH AND CASH EQUIVALENTS

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

	31 December 2012	31 December 2011
Deposits with banks with original maturity less than 3 months	24,405	23,682
Current accounts with banks	2,765	2,237
Cash	41	27
Total	27,211	25,946

On 31 December 2012, the Central Depository holds on behalf of customers amounts to be distributed to its shareholders as dividends in the amount of RON 5,898,096 (31 December 2011: RON 3,256,781). These amounts were not included Cash and cash equivalents in the statement of cash flows.

18. TRADE AND OTHER PAYABLES

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

	31 December 2012	31 December 2011
Trade payables *i)*	631	1,462
Credit balance of trading - CNVM tax	675	875
Salary contributions due	397	528
Taxes due	184	189
VAT payable	12	-
Dividends payable	6,589	3,488
Prepayments received from customers	287	284
Guarantees received	27	27
Employee participation in profits	-	303
Payables to employees ii)	557	1,167
Provisions for litigations (Note 20)	322	305
Other debts	1.713	717
Total	11,394	9,345

18. TRADE AND OTHER PAYABLES (CONTINUED)

Financial receivables taken into account in the calculations of note 5 are made of 772 thousand RON at 31 December 2012 and 1,598 thousand RON at 31 December 2011.

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

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

19. DEFERRED INCOME

Deferred income/revenue include:

	31 December 2012	**31 December 2011**
Income from registry activities *(Note 3 (l))*	153	148
Income from maintaining the stock exchange quote *(Note 3 (l))*	692	738
Total	845	886

20. PROVISIONS

Provisions include:

	31 December 2012	**31 December 2011**
Provisions for litigations	322	305
Total	322	305

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

	2012	**2011**
Provisions at 1 January	305	1,818
Provisioning during the year	17	-
Reruns of provisions during the year	-	(1,513)
Provisions at 31 December	322	305

20. PROVISIONS (CONTINUED)

Provision for dispute – Pitesti Court

In file no. 2320/109/2009 on the dockets of Piteşti Court - Criminal Section, by criminal sentence no. 35/27.01.2011, the Court ordered to the Company, jointly with the other defendants, to pay the sum of RON 1,817,742, representing the damages for all civil parties in the case, including legal expenses (amounting to RON 52,000). Thus, on 31 December 2010, the Company recorded a provision in the financial statements for the above amount.

Since the dissolution of the judgment and remittal on the merits decided by the Court of Appeals and the legal proceedings shall not preclude a present obligation arising from past events, the debt cannot be measured with sufficient reliability on the preparation date of these financial statements in terms of resources that include economic benefits to settle these debts in excess of those estimated on 28 May 2010 by the Judicial Accounting Expertise Report indicating the amount of RON 304,880 as damage caused by the five former employees of the Central Depository.

Also, considering that the defendant Company may be civilly liable at most for its former employees, the Company decided in 2011 to release the difference up to the level established by the Court last year, amounting to RON 1,817,742, considering that any potential additional current obligation meets the criteria for classification in the category 'Contingent payables' (see Note 25 "Commitments and contingent payables").

21. GUARANTEE AND CLEARING FUNDS AND MARGIN

Guarantee and clearing funds and margin comprise:

	31 December 2012	31 December 2011
Guarantee fund for transactions with derivative financial instruments	1,444	1,505
Margin for transactions in derivatives	1,913	2,928
Guarantee fund for transactions in securities	4,014	4,087
Margin for transactions in securities	1,300	1,237
Investors compensation fund	15,500	13,864
Total	24,171	23,621

22. CAPITAL AND RESERVES

(a) Share capital

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

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

Shareholding structure on 31 December 2011	Share number	% in share capital.
Legal entities, of which:	6,409,454	83.5195
- Romanian	5,469,437	71.2705
- foreign	940,017	12.2491
Individuals, of which:	1,264,744	16.4805
- Romanian	1,249,209	16.2780
- foreign	15,535	0.2024
Total	7,674,198	100

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

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

22. CAPITAL AND RESERVES (CONTINUED)

(b) Dividends

The BVB Board of Directors submitted to the approval of the General Meeting of Shareholders a distribution proposal for 2012 statutory net profit of the company amounting to RON 8,593,859, equivalent to 100 % as gross dividends. The General Meeting of Shareholders approved in the meeting of 25 April 2013 the distribution for 2012 statutory net profit of the company amounting to RON 8,593,859 equivalent to 100 % as gross dividends.

Of the profits for 2011, the Central Depository has distributed in 2012 dividends amounting to 1,884 thousand RON, and from the net profit of 2012 the Company distributed dividends amounting to 355 thousand RON during 2013.

(c) Legal reserve

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

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

(d) Fair value reserve

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

Movements in other reserves are as follows:

Reserve for available-for-sale assets	**2012**	**2011**
Balance at 1 January	(365)	(346)
Reserve of available-for-sale financial assets - set up during the year	90	(22)
Reserve of available-for-sale financial assets - impact deferred tax	(14)	3
Balance at 31 December	(289)	(365)

22. CAPITAL AND RESERVES (CONTINUED)

(e) Retained earnings

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

Also, retained earnings comprise revaluation reserves and other reserves.

(f) Other reserves

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

(g) Revaluation reserves

The reserves resulting from the re-measurement of intangible assets of the Central Depository's subsidiary

23. EARNINGS PER SHARE

The calculation of basic earnings per share on 31 December 2012 is based on the profit attributable to parent company's ordinary shareholders amounting to 8,195 thousand RON (2011: 11,042 thousand RON) and the weighted average number of ordinary shares outstanding of 7,674,198 (2011: 7,674,198).

24. TRANSACTIONS WITH ASSOCIATES

Management key personnel
31 December 2012

The Company was managed by the Board of Directors validated by CNVM from 1 February 2012 and is made up of the following members:

• Mr. Anghel Lucian Claudiu	President
• Mr. Lupsan Pompei	Vice-President
• Mr. Paul Dan-Viorel	Vice-President
• Mr. Pana Robert	Secretary General
• Mr. Valerian Ionescu	Member
• Mr. Matjaz Schroll	Member
• Mrs. Narcisa Oprea	Member
• Mr. Stere Constantin Farmache	Member
• Mr. Octavian Molnar	Member

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

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

Executive management was ensured by:

• Mr. Victor Cionga	General Manager – starting with 7 September 2012
• Mr. Alin Barbu	Deputy General Manager - the second leader and having the same powers and responsibilities as the General Manager, from 17 November 2011 to 6 September 2012
• Mrs. Anca Dumitru	Deputy General Manager
• Mr. Virgil Stroia	Financial Manager
• Mr. Călin Macedon	Manager
• Mrs. Ileana Botez	Manager

Throughout the year 2012, the salaries paid to the key management personnel of BVB amounted to 1,254 thousand RON (2011: 1,607 thousand RON). In 2012, the costs related to the compensations for members of the Board of Directors and members of the Special Committees were 1,060 thousand RON (2011: 526 thousand RON). The Company has not granted loans, prepayments or guarantees to members of Board of Directors and to Executive Directors of BVB.

25. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Court actions

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

(b) Off-balance sheet commitments

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

On 31 December 2012, the total fair value of derivative settlement agreements for which CCB acts as central counterparty, being both creditor and debtor party in relation to the clearing members, was of 1,018 thousand RON (31 December 2011: 1,623 thousand RON).

On 31 December 2012, the value of transactions in securities, having as trading date the end of the year 2012 and paid in 2013 was of 130,104 thousand RON (31 December 2011: 76,201 thousand RON).

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

26. EVENTS AFTER THE BALANCE SHEET DATE

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

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

The extraordinary general meeting of shareholders failed to meet the statutory conditions (quorum) to discuss the subjects on the agenda, at both the first and the second call.

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

At the request of a group of shareholders representing more than 5% of the share capital of BVB, a new Extraordinary General Meeting of Shareholders has been called for 27/28 June 2013, for all shareholders registered in the Register of Shareholders at the end of 17 June 2013, for approval of the proposal that BVB participate in the increase of the share capital of Bucharest Clearing House SA with a cash contribution amounting to RON 23,000,000. Also, is proposed to mandate the BVB Board to decide on the increase of this amount to up to RON 10,000,000, depending on the number of subscriptions of the other shareholders who will exercise their pre-emptive right. The extraordinary general meeting of shareholders did not meet the statutory conditions (lack of quorum) to discuss the subjects on the agenda, neither at the first, nor at the second call.

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

The European Commission has developed and adopted, after going through all the stages and deadlines stipulated by the applicable regulations, the Regulation on OTC derivatives, central counterparties ("CCP") and trade repositories (EMIR Regulation). EMIR Regulation [(EU) Regulation no. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories, a text with EEA relevance] was approved by the European Parliament and the Council of Europe.

To implement the provisions contained in this Regulation, ESMA (European Securities and Markets Authority) and EBA (European Banking Authority) were appointed to develop specific technical standards which were published in the Official Journal of the European Union on 23 February 2013. The entry into force of the technical standards triggers the obligation of re-authorization of the existing central counterparties, within six months, in accordance with the requirements of EMIR Regulation. Applying for renewal of the CCB authorization must be made within 6 months from 15 March 2013 - the date of entry into force of the technical standards issued in implementation of EMIR Regulation, deadline on 15 September 2013.

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

The new CCP applicable requirements, established by EMIR Regulation, are accompanied by provisions of regulations issued in its application and are addressed to any entity that provides central counterparty services in the European Union, even if they were previously authorized under national laws. EMIR Regulation stipulates that until a decision is made on the re-authorization of an applicant central counterparty (regulations stipulate a period of six months for issuing the authorization, under EMIR), the national rules on operation and supervision issued by the competent authority of the respective state will continue to apply. This provision ensures the continuity of clearing services and central counterparty provided by CCB after 15 September 2013. For this, CCB who owns the functioning authorization issued by CNVM in 14 August 2007, based on the Capital Market Law no. 297/2004 and CNVM Regulation no. 13/2005 on the authorization and functioning of the central depository, clearing houses and central counterparties should meet EMIR requirements by September 15, 2013 and request re-authorization under EMIR.

CCB objective is to request the authorization of the competent authority as central counterparty in accordance with the new legal provisions applicable, taking into account the best option for continuing the operations on the Romanian derivatives market. Given the size of the capital and the other requirements for the maintenance thereof, we believe that achieving this objective cannot be done without the involvement of BVB, both as majority shareholder of CCB and as market operator for which CCB provides specific services.

On April 30, the CCB Extraordinary General Meeting of the Shareholders decided to increase the share capital of CCB from RON 6,835,850 to RON 56,520,000 in order to comply with the standards set by EMIR Regulation.

As mentioned above, the BVB Extraordinary General Meeting of Shareholders summoned for 27/28 June 2013 to approve the proposal to increase the BVB participation in increasing the CCB share capital did not meet the statutory conditions (no quorum) to discuss the subjects on the agenda, neither the first, nor at the second call.

The Council of the Bucharest Stock Exchange (the majority shareholder of CCB) decided to approve the BVB participation in increasing the CCB capital, in the appropriate stage of exercising the pre-emptive rights, with a contribution amounting to EUR 500,000, equivalent in lei at the exchange rate issued at the time the subscription / payment. 25 June 2013 was approved as the date of the subscription in the stage of exercising the pre-emptive right increasing the share capital of CCB. BVB participated with a cash contribution in the amount of RON 2,260,450 and subscribed a total of 226,045 shares at a price of RON 10 / share.

Later, as the capital increase operation was not completed successfully, the amount of RON 2,260,450 was returned to the BVB account, opting for finding another solution to ensure the CCB business continuity.

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

To ensure the continuity of derivatives trading and protect the investors, as well as to minimize the risks of such operations, Bucharest Clearing House submitted to the Financial Supervisory Authority, by the deadline, the documentation for authorization as central counterparty.

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

27. CORRECTIONS OF THE PREVIOUS YEAR

Reclassifications in the previous financial statements

During 2012, the Company reclassified certain amounts in the statement of financial position and the profit or loss account, as shown in the table below.
In accordance with IAS 8 - "Accounting policies, changes in accounting estimates and errors", when an entity performs an adjustment in the financial statements that affects the prior period, there must be submitted a third statement of financial position, at the beginning of the first comparative period, as well as information related to this adjustment. The management has considered the nature of adjustment, and in particular the fact that it is limited to the reclassification of certain components of financial assets and expenses, with no impact on net assets or the reported results, and concluded that the presentation of the third statement of the financial position is not necessary. The management estimates that the failure to submit the information required under IAS 8 - Accounting policies, changes in accounting estimates and errors" such as the statement of financial position at 1 January 2011 and including the comparative data adjusted on 1 January 2011 in the related notes is not significant for the financial statements as a whole.

27. CORRECTIONS OF THE PREVIOUS YEAR (CONTINUED)

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

	31 December 2011		**31 December 2011**
Separate profit or loss account	**Previously reported**	**Reclassification**	**Corrected**
Other operating expenses (i)	29,666	(20,692)	(8,975)
Staff costs and benefits of the members of Board of Directors:	-	(16,614)	(16,614)
Expenses with services provided by third parties	-	(3,206)	(3,206)
Adjustment after receivable impairment (ii)	(26)	26	-
Net provision expense (iii)	898	(898)	-
Separate statement of financial position			
Held-to-maturity financial assets (iv)	87,493	(42,519)	44,974
Held-to-maturity financial assets covering the guarantee and clearing funds and the margin	22,408	(5,479)	16,929
Bank deposits		42,519	42,519
Bank deposits covering the guarantee and clearing funds and the margin	-	6,225	6,225
Cash and cash equivalents	26,692	(746)	25,946
Trade and other payables (v)	8,425	920	9,345
Provisions	920	(920)	-
Other reserves (vi)	(31)	31	-
Reserves from re-measurement (vii)	1,637	(1,634)	-
Retained earnings (vii)	18,214	1,606	19,820

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

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

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

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

(v)

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

(vi)

“Other reserves” were reclassified to “Retained earnings”.

(vii)

The revaluation reserve was reclassified to “Retained earnings”.