Consolidated
Financial Statements of the

Giełda Papierów Wartościowych w Warszawie S.A. Group

for the year ended on 31 December 2015

February 2016

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(all amounts in PLN'000 unless stated otherwise)

I. Consolidated Statement of Financial Position

	Note	As at 31 December 2015	As at 31 December 2014
Non-current assets		**580 645**	**572 710**
Property, plant and equipment	**4**	125 229	119 762
Intangible assets	**5**	261 728	261 019
Investment in associates	**6**	188 570	188 104
Available-for-sale financial assets	**8**	282	207
Long-term prepayments	**10**	4 836	3 618
Current assets		**442 170**	**451 449**
Inventories		135	120
Corporate income tax receivable		369	8 378
Trade and other receivables	**11**	81 273	42 594
Available-for-sale financial assets	**8**	-	10 503
Assets held for sale	**9**	-	812
Cash and cash equivalents	**12**	360 393	389 042
TOTAL ASSETS		**1 022 815**	**1 024 159**

The attached Notes are an integral part of these Consolidated Financial Statements.

(all amounts in PLN'000 unless stated otherwise)

Consolidated Statement of Financial Position (Continued)

	Note	As at 31 December 2015	As at 31 December 2014
Equity		**721 267**	**700 466**
Equity of the shareholders of the parent entity		**720 721**	**699 350**
Share capital	**13.1**	63 865	63 865
Other reserves	**13.2**	1 455	1 930
Retained earnings	**13.3**	655 401	633 555
Non-controlling interests		**546**	**1 116**
Non-current liabilities		**258 799**	**259 419**
Liabilities on bonds issue	**14**	243 800	244 078
Employee benefits payable	**15**	4 046	5 562
Finance lease liabilities	**18**	84	205
Deferred tax liability	**7**	10 869	9 574
Current liabilities		**42 749**	**64 274**
Liabilities on bonds issue	**14**	682	-
Trade payables	**17**	8 597	10 017
Employee benefits payable	**15**	9 457	9 911
Finance lease liabilities	**18**	55	154
Corporate income tax payable		2 833	1 250
Accruals and deferred income	**20**	7 263	5 115
Provisions for other liabilities and charges	**21**	621	1 346
Other liabilities	**19**	13 241	36 206
Liabilities held for sale	**9**	-	275
TOTAL EQUITY AND LIABILITIES		**1 022 815**	**1 024 159**

The attached Notes are an integral part of these Consolidated Financial Statements.

(all amounts in PLN'000 unless stated otherwise)

II. Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December 2015	Year ended 31 December 2014
Revenue	22	327 890	317 561
Operating expenses	23	(174 391)	(181 600)
Other income	24.1	1 296	1 256
Other expenses	24.2	(2 151)	(1 861)
Operating profit		**152 644**	**135 356**
Financial income	25.1	9 941	10 360
Financial expenses	25.2	(9 401)	(10 356)
Share of profit of associates	6	(1 530)	3 745
Profit before income tax		**151 654**	**139 105**
Income tax expense	26	(27 935)	(26 819)
Profit for the period		**123 719**	**112 286**
Net change of fair value of available-for-sale financial assets	13.2	*(294)*	*(170)*
Effective portion of change of fair value of cash flow hedges	13.2	*100*	*195*
Gains / (losses) on valuation of available-for-sale financial assets of associates	13.2	*(405)*	*943*
Income to be reclassified as gains or losses		(599)	968
Actuarial gains / (losses) on provisions for employee benefits after termination	13.2	*125*	*(316)*
Income not to be reclassified as gains or losses		125	(316)
Other comprehensive income after tax		**(475)**	**652**
Total comprehensive income		**123 244**	**112 938**
Profit for the period attributable to shareholders of the parent entity		*123 652*	*112 079*
Profit for the period attributable to non-controlling interests		*67*	*207*
Total profit for the period		123 719	112 286
Comprehensive income attributable to shareholders of the parent entity		*123 177*	*112 731*
Comprehensive income attributable to non-controlling interests		*67*	*207*
Total comprehensive income		123 244	112 938
Basic / Diluted earnings per share (PLN)	13.5	**2,95**	**2,67**

The attached Notes are an integral part of these Consolidated Financial Statements.

(all amounts in PLN'000 unless stated otherwise)

III. CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2015	Year ended 31 December 2014
Cash flows from operating activities:		**93 090**	**161 669**
Cash generated from operation before tax		110 050	176 901
Net profit of the period		123 719	112 286
Adjustments:		(13 669)	64 615
Income tax	**26**	27 935	26 819
Depreciation of property, plant and equipment	**4**	14 996	15 697
Amortisation of intangible assets	**5**	11 841	13 072
Foreign exchange (gains)/losses		(55)	(28)
(Profit) / Loss on sale of property, plant and equipment and intangible assets		182	(36)
(Profit) / Loss on sale of investment activity		684	-
Impairment loss on assets held for sale		-	366
Impairment loss on goodwill		93	1 311
Financial (income) / expense of available-for-sale financial assets		(485)	(600)
Gain on dilution of shares of associate		(2 754)	-
Income from interest on deposits		(6 206)	(9 200)
Interest, cost and premium on issued bonds		6 633	9 967
Net change of provisions for other liabilities and charges		(725)	(793)
Change of long-term prepayments		(1 218)	(111)
Share of (profit)/loss of associates		1 530	(3 745)
Other		208	255
Change in current assets and liabilities:		(66 328)	11 641
(Increase) / Decrease of inventories		(15)	*46*
(Increase) / Decrease of trade and other receivables		(38 679)	*(7 802)*
Increase / (Decrease) of trade payables		(4 830)	*(2 721)*
Increase / (Decrease) of employee benefits payable		(1 969)	*(494)*
Increase / (Decrease) of accruals and deferred income		*2 148*	*787*
Increase / (Decrease) of other liabilities		*(22 983)*	*21 825*
Income tax paid		(16 960)	(15 232)

The attached Notes are an integral part of these Consolidated Financial Statements.

(all amounts in PLN'000 unless stated otherwise)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Note	Year ended 31 December 2015	Year ended 31 December 2014
Cash flows from investing activities:		**(14 631)**	**(23 146)**
Purchase of property, plant and equipment		(23 891)	(12 013)
Purchase of intangible assets		(6 906)	(6 401)
Proceeds from sale of property, plant and equipment and intangible assets		312	214
Investment in subsidiaries		(1 711)	-
Sale of available-for-sale financial assets		10 000	-
Acquisition of available-for-sale financial assets		382	-
Acquisition of an associate		-	(15 202)
Interest received		6 831	9 825
Dividends received		352	431
Cash flows from financing activities:		**(107 163)**	**(60 450)**
Paid dividend		(100 715)	(50 568)
Paid interest		(6 713)	(9 506)
Proceeds from bond issue		125 000	-
Buy-back of bonds issued		(124 516)	-
Paid finance leases		(219)	(376)
Net (decrease) / increase in cash and cash equivalents		**(28 704)**	**78 073**
Impact of fx rates on cash balance in currencies		*55*	*29*
Moved to assets held for sale		*-*	*(565)*
Cash and cash equivalents - opening balance		**389 042**	**311 505**
Cash and cash equivalents - closing balance		**360 393**	**389 042**

The attached Notes are an integral part of these Consolidated Financial Statements.

(all amounts in PLN'000 unless stated otherwise)

IV. Consolidated Statement of Changes in Equity

	Attributable to the shareholders of the parent entity				Non-controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Total		
As at 31 December 2014	**63 865**	**1 930**	**633 555**	**699 350**	**1 116**	**700 466**
Acquisition of non-controlling interests	-	-	(1 074)	**(1 074)**	(637)	**(1 711)**
Dividends	-	-	(100 733)	**(100 733)**	-	**(100 733)**
Transactions with owners recognised directly in equity	**-**	**-**	**(101 807)**	**(101 807)**	**(637)**	**(102 444)**
Profit for the year ended 31 December 2015	-	-	123 652	**123 652**	67	**123 719**
Other comprehensive income	-	(475)	-	**(475)**	-	**(475)**
Total comprehensive income for the year ended 31 December 2015	**-**	**(475)**	**123 652**	**123 177**	**67**	**123 244**
As at 31 December 2015	**63 865**	**1 455**	**655 401**	**720 721**	**546**	**721 267**

	Attributable to the shareholders of the parent entity				Non-controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Total		
As at 31 December 2013	**63 865**	**1 278**	**571 842**	**636 986**	**1 120**	**638 105**
Dividends	-	-	(50 366)	**(50 366)**	(211)	**(50 577)**
Transactions with owners recognised directly in equity	**-**	**-**	**(50 366)**	**(50 366)**	**(211)**	**(50 577)**
Profit for the year ended 31 December 2014	-	-	112 079	**112 079**	207	**112 286**
Other comprehensive income	-	652	-	**652**	-	**652**
Total comprehensive income for the year ended 31 December 2014	**-**	**652**	**112 079**	**112 730**	**207**	**112 938**
As at 31 December 2014	**63 865**	**1 930**	**633 555**	**699 350**	**1 116**	**700 466**

The attached Notes are an integral part of these Consolidated Financial Statements.

V. NOTES TO THE FINANCIAL STATEMENTS

1. General information

1.1. Legal status and scope of operations of the Group

The parent entity of the Giełda Papierów Wartościowych w Warszawie S.A. Group ("the Group") is Giełda Papierów Wartościowych w Warszawie Spółka Akcyjna ("Warsaw Stock Exchange", "the Exchange", "GPW", "the Company" or "parent entity") with its registered office in Warsaw, ul. Książęca 4. The Company was established by Notarial Deed on 12 April 1991 and registered in the Commercial Court in Warsaw on 25 April 1991, entry no. KRS 0000082312, VAT no. 526-025-09-72, Regon 012021984. GPW has been listed on GPW's Main Market since 9 November 2010.

The core activities of the Group include organising exchange trading in financial instruments and activities related to such trading. At the same time, the Group pursues activities in education, promotion and information concerning the capital market and organises an alternative trading system. The Group is active on the following markets:

- **GPW Main Market** (trade in equities, other equity-related financial instruments and other cash markets instruments as well as derivatives);
- **NewConnect** (trade in equities and other equity-related financial instruments of small and medium-sized enterprises);
- **Catalyst** (trade in corporate, municipal, co-operative, Treasury and mortgage bonds operated by GPW and BondSpot);
- **Treasury BondSpot Poland** (wholesale trade in Treasury bonds operated by BondSpot).

The Group also organises and operates trade on the markets operated by Towarowa Giełda Energii S.A. ("the Polish Power Exchange", "PolPX") and InfoEngine S.A.:

- **Energy Market** (trade in electricity on the Intra-Day Market, Day-Ahead Market, Commodity Forward Instruments Market, Electricity Auctions),
- **Gas Market** (trade in natural gas with physical delivery on the Intra-Day and Day-Ahead Market and the Commodity Forward Instruments Market),
- **Property Rights Market** (trade in property rights in certificates of origin of electricity),
- **CO_2 Emission Allowances Market** (trade in CO_2 emission allowances),
- **Clearing and Settlement System** (exchange clearing house for transactions in exchange commodities),
- **OTC (Over-the-Counter) commodity trade platform** (complements the offer with OTC commodity trade in electricity, energy biomass and property rights in certificates of origin).

On 23 February 2015, PolPX received a decision of the Minister of Finance authorising PolPX to operate an exchange and start trade on the Financial Instruments Market. The PolPX Financial Instruments Market opened on 4 November 2015.

The GPW Group also operates:

- **Clearing House and Settlement System** (performing the functions of an exchange settlement system for transactions in exchange-traded commodities),
- **Trade Operator and Balancing Entity services** – both types of services are offered by InfoEngine S.A., balancing involves the submission of power sale contracts for execution and clearing of non-balancing with the grid operator (differences between actual power production or consumption and power sale contracts accepted for execution).

GPW is also present in Ukraine through the Warsaw Stock Exchange Representation Office and in London through an appointed permanent representative of GPW whose mission is to support acquisition on the London market, in particular the acquisition of new investors and Exchange Members.

1.2. Approval of the financial statements

The consolidated financial statements were authorised for issuance by the Management Board of the parent entity on 22 February 2016.

1.3. Composition and activity of the Group

The Warsaw Stock Exchange and its following subsidiaries:

- Towarowa Giełda Energii S.A. ("PolPX") the parent entity of the Towarowa Giełda Energii S.A. Group ("Polish Power Exchange Group" or "PolPX Group"),
- BondSpot S.A. ("BondSpot"),
- GPW Centrum Usług S.A. ("GPW CU"), formerly WSE Services S.A.,
- Instytut Analiz i Ratingu S.A. ("IAiR")

comprise the Warsaw Stock Exchange Group.

In 2015, the parent entity sold 80.02% of Instytut Rynku Kapitałowego – WSE Research S.A. ("IRK") to Polska Agencja Prasowa S.A. for PLN 382 thousand. In 2015, the parent entity sold 100% of InfoEngine S.A. (formerly WSE InfoEngine S.A.) to Towarowa Giełda Energii S.A. ("PolPX") for PLN 1,500 thousand.

The following are the associates over which the Group exerts significant influence:

- Krajowy Depozyt Papierów Wartościowych S.A. ("Central Securities Depository of Poland", "KDPW"), the parent entity of the KDPW S.A. Group ("KDPW Group"),
- Centrum Giełdowe S.A. ("CG"),
- Aquis Exchange Limited ("Aquis").

(all amounts in PLN'000 unless stated otherwise)

Name of the entity	Registered office of the entity	Scope of operations	GPW's % share in the share capital
		Parent entity	
Giełda Papierów Wartościowych w Warszawie S.A.	00-498 Warsaw ul. Książęca 4 Poland	• operating a financial instruments exchange through the organisation of public trading in securities • conducting educational, promotional and information activities regarding the functioning of the capital market • organising an alternative trading system	N/A
		Subsidiaries	
Towarowa Giełda Energii S.A. ("Polish Power Exchange", "PolPX") *(parent entity of the Towarowa Giełda Energii S.A. Group)*	02-822 Warsaw ul. Poleczki 23 bud. H Poland	• operating a commodity exchange on which the following may be traded: electricity, liquid and gas fuels, production limits, pollution emission limits, property rights whose value depends directly or indirectly on the value of electricity, liquid or gas fuels, operation of a register of certificates of origin of energy from renewable energy sources and from cogeneration and agricultural biogas	100.00%
BondSpot S.A. *(formerly MTS-CeTO S.A.)*	00-609 Warsaw Al. Armii Ludowej 26 Poland	• operating an over-the-counter market and conducting other activities related to organising trading in securities and other financial instruments • organising an alternative trading system • organising and conducting all activities which supplement and support the functioning of the markets operated by BondSpot	96.98%
GPW Centrum Usług S.A. ("GPW CU") *(formerly WSE Services S.A. and WSE Commodities Sp. z o.o.)*	00-498 Warsaw ul. Książęca 4 Poland	• back-office services for Group companies	100.00%
Instytut Analiz i Ratingu S.A. ("IAiR")	00-498 Warsaw ul. Książęca 4 Poland	• planned core business: non-Treasury debt rating services, in particular for small and medium-sized companies • IAiR did not launch operations up to and including 31 December 2015	100.00%

(all amounts in PLN'000 unless stated otherwise)

		Polish Power Exchange Group subsidiaries	
Izba Rozliczeniowa Giełd Towarowych S.A. ("Warsaw Commodity Clearing House", "WCCH")	00-175 Warsaw al. Jana Pawła II 80 lok. F35 Poland	• operating a clearing house and a settlement system for transactions made on the regulated market • clearing transactions made on PolPX • other activities related to organising and conducting clearing or settlement of transactions	PolPX stake: 100.00%
InfoEngine S.A. ("IE") *(formerly WSEInfoEngine S.A)*	00-498 Warsaw ul. Książęca 4 Poland	• Trade Operator services on the electricity market	PolPX stake: 100.00%
		Associates	
Krajowy Depozyt Papierów Wartościowych S.A. ("Central Securities Depository of Poland", "KDPW") *(parent entity of the Krajowy Depozyt Papierów Wartościowych S.A. Group)*	00-498 Warsaw ul. Książęca 4 Poland	• maintaining a depository for securities • clearing transactions made on financial instruments exchanges, commodity exchanges including energy exchanges, among others via the subsidiary KDPW_CCP S.A. • conducting other activities related to trading in securities and other financial instruments, • administering the Guarantee Fund • operating a trade repository and issuing LEI codes	33.33%
Centrum Giełdowe S.A. ("CG")	00-498 Warsaw ul. Książęca 4 Poland	• activities in respect of building, urban and technological design • undertaking general building works related to constructing buildings • leasing of real estate on own account • real estate management	24.79%
Aquis Exchange Limited ("Aquis")	Becket House 36 Old Jewry EC2R 8DD, London United Kingdom	• trade in stocks of the biggest companies from 13 Western European financial markets on a multi-lateral trading platform	26.33%

(all amounts in PLN'000 unless stated otherwise)

2. Summary of significant accounting policies

2.1. Basis of preparation of the consolidated financial statements

2.1.1. Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The following amendments of existing standards adopted by the European Union are effective for the financial statements of the Group for the financial year started on 1 January 2015:

- IFRIC 21 Levies,
- Improvements to IFRS 2010-2012 and 2012-2014,
- Amendments to IAS 19 Employee Benefits - Defined Benefit Plans.

According to the Group's assessment, the amendments to the standards have no material impact on the consolidated financial statements

The key accounting policies applied in the preparation of these consolidated financial statements are described below. These policies were continuously followed in all presented periods, unless indicated otherwise.

2.1.1.1. New accounting Standards and Interpretations of the IFRS Interpretations Committee (IFRIC)

The Group did not use the option of early application of new Standards and Interpretations already published and adopted by the European Union or planned for adoption in the near future which will take effect after the balance sheet date.

A. Standards and Interpretations adopted by the European Union

Certain Standards, Interpretations and Amendments to published Standards are not yet mandatorily effective for the annual period ending on 31 December 2015 and have not been applied in preparing these financial statements. The Group plans to adopt these pronouncements when they become effective. The following table presents:

- Standards and Interpretations adopted by the EU that are not yet effective for the annual period ending on 31 December 2015;
- Type of the expected impact on accounting policies implemented by a new Standard/Interpretation;
- Impact of the changes described on the Group's financial statements;
- Effective date of the amendments.

Standard/Interpretation adopted by EU	Nature of impending change in accounting policy	Possible impact on financial statements	Effective date for periods beginning as the date or after that date
1. Amendments to IAS 19 *Employee Benefits* entitled *Defined Benefit Plans: Employee Contributions*	The amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.	It is expected that the Amendments will not have a material impact on the Group's financial statements. The Group has no such contributions to defined benefit plans.	1 February 2015 (*the IASB effective date is 1 July 2014*)

(all amounts in PLN'000 unless stated otherwise)

Standard/Interpretation adopted by EU	Nature of impending change in accounting policy	Possible impact on financial statements	Effective date for periods beginning as the date or after that date
2. Improvements to IFRS (2010-2012)	The Improvements to IFRSs (2010-2012) contains 8 amendments to 7 standards, with consequential amendments to other standards and interpretations. The main changes were to: • clarify the definition of 'vesting conditions' in Appendix A of IFRS 2 Share-based Payment by separately defining a 'performance condition' and a 'service condition' • clarify certain aspects of accounting for contingent consideration in a business combination • amend paragraph 22 of IFRS 8 to require entities to disclose those factors that are used to identify the entity's reportable segments when operating segments have been aggregated. This is to supplement the current disclosure requirements in paragraph 22(a) of IFRS 8. • amend paragraph 28(c) of IFRS 8 Operating Segments to clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should be disclosed, if that amount is regularly provided to the chief operating decision maker. This proposed amendment is consistent with the requirements in paragraphs 23 and 28(d) in IFRS 8. • clarify the IASB's rationale for removing paragraph B5.4.12 of IFRS 9 Financial Instruments and paragraph AG79 of IAS 39 Financial Instruments: Recognition and Measurement as consequential amendments from IFRS 13 Fair Value Measurement. • clarify the requirements for the revaluation method in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to address concerns about the calculation of the accumulated depreciation or amortisation at the date of the revaluation. • make an entity providing management personnel services to the reporting entity a related party of the reporting entity.	The Group does not expect the Amendments to have material impact on its financial standing and business results.	1 February 2015 (*the IASB effective date is 1 July 2014*)
3. Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11 *Joint Arrangements*)	The Amendments provide guidance on the accounting for the acquisition of an interest in a joint operation that constitutes a business. The acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3 Business Combinations, is required to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs except for those principles that conflict with the guidance in IFRS 11. In addition, the acquirer shall disclose the information required by IFRS 3 and other IFRSs for business combinations.	The Group does not expect the Amendments to have material impact on the financial statements since it is not a party to any joint arrangements.	1 January 2016
4. Agriculture: Bearer Plants (Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture*)	The Amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. IAS 41 Agriculture currently requires all biological assets related to agricultural activity to be measured at fair value less cost to sell. Under the new requirements, bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16, because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.	The Group does not expect the Amendments to have a material impact on its financial statements once applied as it does not conduct business activities involving bearer plants.	1 January 2016

(all amounts in PLN'000 unless stated otherwise)

Standard/Interpretation adopted by EU	Nature of impending change in accounting policy	Possible impact on financial statements	Effective date for periods beginning as the date or after that date
5. Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*)	The Amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The Amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	The Group does not expect the Amendments to have a material impact on its financial statements once applied. The Group does not use revenue-based depreciation and amortisation methods.	1 January 2016
6. Improvements to IFRS (2012-2014)	The Improvements to IFRSs (2012-2014) contains 4 amendments to standards, with consequential amendments to other standards and interpretations. The main changes were to: • clarify that paragraphs 27-29 of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (dealing with the accounting for assets that are no longer classified as held for sale) will also apply to assets that cease to be classified as held for distribution. This, however, will not apply if an entity reclassifies an asset (or disposal group) without any time lag from held for sale to held for distribution (or vice versa). Such changes in classification are considered a continuation of the original plan of disposal; • explain how an entity should apply the guidance in paragraph 42C of IFRS 7 Financial Instruments: Disclosures to a servicing contract to determine whether the contract represents 'continuing involvement' for the purposes of the disclosure requirements in paragraphs 42E-42H of IFRS 7; • clarify that the additional disclosures required by Disclosures-Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) are not specifically required for inclusion in condensed interim financial statements for all interim periods. However, they are required if the general requirements of IAS 34 Interim Financial Reporting require their inclusion; • amend IAS 19 Employee Benefits to clarify that the high-quality corporate bonds or government bonds used in determining the discount rate for post-employment benefit obligations should be issued in the same currency in which the benefits are to be paid. Consequently, the assessment of the depth of the market for high quality corporate bonds should be made at the currency level and not at the country level; • clarify the meaning of the term 'elsewhere in the interim financial report' per IAS 34 and add to IAS 34 a requirement to include a cross-reference from the interim financial statements to the location of this information.	The Group does not expect the Amendments to have material impact on its financial standing and business results.	1 January 2016
7. Disclosure initiative (Amendments to IAS 1 *Presentation of Financial Statements*)	Key clarifications resulting from the Amendments include the following: • An emphasis on materiality. Specific single disclosures that are not material do not have to be presented – even if they are a minimum requirement of a standard. • The order of notes to the financial statements is not prescribed. Instead, companies can chose their own order, and can also combine, for example, accounting policies with notes on related subjects. • It had been made explicit that companies: ○ should disaggregate line items in the statement of financial position and in the statement of profit or	The Group does not expect the Amendments to have material impact on its financial standing and business results.	1 January 2016

Standard/Interpretation adopted by EU	Nature of impending change in accounting policy	Possible impact on financial statements	Effective date for periods beginning as the date or after that date
	loss and other comprehensive income (OCI) if this provides helpful information to users; and ○ can aggregate line items in the statement of financial position if the line items specified by IAS 1 are immaterial. • Specific criteria are provided for presenting subtotals in the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI. • The presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounted for using the equity method follows the standard's approach of splitting items that may, or that will never, be reclassified to profit or loss.		
8. Equity Method in Separate Financial Statements (Amendments to IAS 27 *Separate Financial Statements*)	The Amendments introduce an option for the entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements, in addition to the existing cost and fair value options.	The Group does not expect the Amendments to have material impact on its financial standing and business results as the Group does not plan to use the equity method to account for investments in subsidiaries, joint ventures and associates in the separate financial statements.	1 January 2016

B. Standards and Interpretations awaiting adoption by the European Union

The following table presents:

- Standards and Interpretations awaiting adoption by the EU that are not yet effective for the annual period ending on 31 December 2015;
- Type of the expected impact on accounting policies implemented by a new Standard/Interpretation;
- Impact of the changes described on the Group's financial statements;
- Effective date of the amendments.

Standard/Interpretation awaiting adoption by EU	Nature of impending change in accounting policy	Possible impact on financial statements	Effective date for periods beginning as the date or after that date
1. IFRS 9 *Financial Instruments (2014)*	The new standard replaces the guidance included in IAS 39 Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets, including a model for calculating impairment. IFRS 9 eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables used to classify financial assets. Under the new standard, financial assets are to be classified on initial recognition into one of three categories: • financial assets measured at amortized cost;	The Group does not expect the new Standard to have material impact on the financial statements.	1 January 2018

Standard/Interpretation awaiting adoption by EU	Nature of impending change in accounting policy	Possible impact on financial statements	Effective date for periods beginning as the date or after that date
	• financial assets measured at fair value through profit or loss; or • financial assets measured at fair value through other comprehensive income (OCI). A financial asset is classified as being subsequently measured at amortized cost if the following two conditions are met: • the assets is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and • its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. Otherwise, e.g. in the case of equity instruments of other entities, a financial asset will be measured at fair value. Gains and losses on remeasurement of financial assets measured at fair value are recognised in profit or loss, other than assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets – such remeasurement gains and losses are recognized in OCI. In addition, at initial recognition of an equity investment that is not held for trading, an entity may irrevocably elect to present all fair value changes from the investment in OCI. The election is available on an individual share-by-share basis. No amount recognised in OCI in relation to the above-described remeasurement is ever reclassified to profit or loss at a later date. The new standard retains almost all of the existing requirements in IAS 39 on the classification and measurement of financial liabilities and on derecognition of financial assets and financial liabilities. However, IFRS 9 requires that the portion of the gain or loss on a financial liability designated at initial recognition as fair value through profit or loss that is attributable to changes in its credit risk be presented in OCI, with only the remaining amount of the total gain or loss included in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, or if the financial liability is a loan commitment or a financial guarantee contract, the entire fair value change is presented in profit or loss. In respect of the financial assets impairment requirements, IFRS 9 replaces the "incurred loss" impairment model in IAS 39 with an "expected credit loss" model. Under the new approach, which aims to address concerns about "too little, too late" provisioning for impairment losses, it will no longer be necessary for a loss event to occur before an impairment allowance is recognized. In short, the expected credit loss model uses a dual measurement approach, under which the loss allowance is measured as either: • 12-month expected credit losses, or • lifetime expected credit losses. The measurement basis generally depends on whether there has been a significant increase in credit risk since initial recognition. If the credit risk of a financial asset has not increased significantly since initial recognition, the financial asset will attract a loss allowance equal to 12-month expected credit loss. If, however, its credit risk has increased significantly, it will attract an allowance equal to lifetime expected credit losses, thereby increasing the amount of impairment recognized. The standard contains a rebuttable presumption that the condition for recognizing lifetime expected credit losses is met when payments are more than 30 days past due.		

(all amounts in PLN'000 unless stated otherwise)

Standard/Interpretation awaiting adoption by EU	Nature of impending change in accounting policy	Possible impact on financial statements	Effective date for periods beginning as the date or after that date
2. IFRS 14 *Regulatory Deferral Accounts*	The interim Standard: • permits first time adopters of IFRS to continue to use its previous GAAP to account for regulatory deferral account balances both on initial adoption of IFRS and in subsequent financial statements; • requires entities to present regulatory deferral account balances and movements therein as separate line items on the face of the financial statements; and • requires specific disclosures to identify clearly the nature of, and risks associated with, the rate regulation that has resulted in the recognition of regulatory deferral account balances in accordance with this interim Standard.	It is expected that the interim Standard will not have a material impact on the Group's financial statements as only first time adopters of IFRS are within the scope of the standard.	1 January 2016 (*The European Commission decided not to endorse this interim standard and to wait for the final standard*)
3. IFRS 15 *Revenue from Contracts with Customers*	The Standard provides a framework that replaces existing revenue recognition guidance in IFRS. Specifically, it replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under the new standard, entities will apply a five-step model to determine when to recognize revenue, and at what amount. The model specifies that revenue should be recognized when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognized: • Over time, in a manner that depicts the entity's performance; or • At a point in time, when control of the goods or services is transferred to the customer. Included in the Standard are new qualitative and quantitative disclosure requirements to enable financial statements users to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.	The Group does not expect the new Standard to have material impact on the financial statements.	1 January 2018
4. Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates*)	The Amendments address the acknowledged inconsistency between the requirements in IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. While IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint venture, IFRS 10 requires full profit or loss recognition on the loss of control of subsidiary. The Amendments require a full gain or loss to be recognised when the assets transferred meet the definition of a business under IFRS 3 Business Combinations (whether it is housed in a subsidiary or not). A partial gain or loss (only to the extent of unrelated investors' interests) shall be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.	The Group does not expect the new Standard to have material impact on the financial statements.	1 January 2016
5. Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other*	The Amendments, related to financial reporting of investment entities, address the following matters: • Consolidation of intermediate investment entities Before the Amendments, it was unclear how to account for an investment entity subsidiary that provides investment-related services. As a result of the changes, intermediate investment entities are not permitted to be consolidated. The amendments also clarify that entities conducting "investment-related services" are those whose main purpose and activities	The Group does not expect the new Standard to have material impact on the financial statements.	1 January 2016

Standard/Interpretation awaiting adoption by EU	Nature of impending change in accounting policy	Possible impact on financial statements	Effective date for periods beginning as the date or after that date
Entities and IAS 28 *Investments in Associates and Joint Ventures*)	are to provide services that relate to the investment entity parent's activities. • Consolidated financial statements exemption for intermediate parents owned by investment entities Intermediate holding entities have a long-standing exemption from preparing consolidated financial statements when they are themselves consolidated by a higher-level parent (and when other relevant criteria are met). The Amendments make this exemption available to an intermediate held by an investment entity, even though the investment entity does not consolidate the intermediate. • Policy choice to equity account for interests in investment entities The Amendments provide an accounting policy choice to a non-investment entity in relation to its stake in an investment entity that it is required to equity account. The non-investment entity's equity accounting can either pick up the investment entity's fair value accounting for its subsidiaries or, alternatively, it can pick up figures as if the investment entity had consolidated all of its subsidiaries.		
6. IFRS 16 *Leases*	IFRS 16 supersedes IAS 17 Leases and related interpretations. The Standard eliminates the current dual accounting model for lessees and instead requires companies to bring most leases on-balance sheet under a single model, eliminating the distinction between operating and finance leases. Bringing operating leases in balance sheet will result in recognizing a new asset – the right to use the underlying asset – and a new liability – the obligation to make lease payments. The right-of-use asset will be depreciated and the liability accrues interest. This will result in a front-loaded pattern of expense for most leases, even when they pay constant annual rentals. Lessor accounting, however, shall remain largely unchanged and the distinction between operating and finance leases will be retained.	The Group does not expect the new Standard to have material impact on the financial statements.	1 January 2019

2.1.2. Functional and presentation currency

These consolidated financial statements are presented in the Polish zloty (PLN), which is the functional currency of the parent entity, and all values are presented in thousands of Polish zlotys (PLN'000) unless stated otherwise.

2.1.3. Basis of valuation

The financial statements have been prepared on the historical cost basis, except for hedge accounting of cash flows and available-for-sale financial assets which are measured at fair value.

2.1.4. Critical judgments and estimates

The preparation of financial statements in accordance with the IFRS requires making certain critical accounting estimates. It also requires the Management Board of the parent entity to exercise professional judgment in the process of applying the Company's accounting policies.

Estimates and accounting judgments are subject to on-going verification. Estimates and judgments adopted for the purpose of preparing the financial statements are based on historical experience, analyses and predictions of future events, which to the best knowledge of the Management Board of the parent entity are believed to be reasonable in the given situation.

2.1.4.1. Economic useful life for property, plant and equipment and intangible assets

The Group determines the estimated economic useful life and depreciation and amortisation rates for property, plant and equipment and intangible assets. These estimates are based on the anticipated periods for using the individual groups of property, plant and equipment and intangible assets. The adopted economic useful life may undergo considerable changes as a result of new technological solutions appearing on the market, plans of the Management Board of the parent entity or intensive use.

2.1.4.2. Calculation of allowances for trade receivables

Detailed information on the method of calculation of allowances for trade receivables is presented in Note 2.8.2, and detailed information on allowances made for trade receivables is presented in Note 11.

2.1.4.3. Goodwill and investment in associates impairment tests

A cash flow generating unit, to which goodwill has been allocated, is subject to annual impairment tests. Impairment of investments in associates is tested on the occurrence of indications of potential impairment.

Goodwill impairment tests are conducted using the discounted cash flows method based on financial forecasts. Forecasts of future financial results of cash flow generating units are based on a number of assumptions, of which some (among others those relating to observable market data such as macroeconomic conditions) are beyond control of the Group.

The assumptions of goodwill impairment tests are described in Note 5 and impairment tests of investments in associates in Note 6.

2.1.4.4. Provisions

The Group creates provisions when Group companies have a current legal or customarily expected obligation resulting from past events and it is likely that the performance of such obligation will require an outflow of resources containing economic benefits and the amount of such obligation can be reliably estimated. The Group creates provisions based on the best estimates of the Management Boards of Group companies in the amount of expenditures necessary to perform the current obligation as at the balance sheet date. If the effect of change of the value of money in time is significant, the amount of provisions corresponds to the present value of expenditures which are expected to be necessary to perform the obligation. Information on judgments and estimates of the Management Boards of Group companies is presented in Notes 15, and 16.

2.1.4.5. Presentation of cash in the clearing guarantee system

As described in Note 33, to secure transactions on the forward market in electricity and gas, the Group has set up a clearing guarantee system. The Group is not exposed to material risk of loss of cash contributed to the clearing guarantee system, and neither does it realise any benefits from the holding of such cash, other than the fee for management of the guarantee system resources.

According to the estimates of the Management Board of the parent entity, both the entire risk and all benefits related to the holding of cash contributed to the clearing guarantee system remain with the Clearing House Members. Hence, cash in the WCCH clearing guarantee system is not shown under the assets of the Group.

2.2. The Scope and Methods of Consolidation

2.2.1. Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity if its investment in the entity gives it the right to participate in variable financial results and exert influence on the amount of such financial results through the power to govern the entity. In assessing whether the Group controls a given entity, the existence and effects of potential voting rights, which are exercisable or convertible at a given time, must be assessed. On the date a Group takes control over a company, the subsidiary begins to be fully consolidated. The consolidation ceases once the Group no longer controls the entity.

Acquisitions of subsidiaries by the Group are accounted for using the purchase method. The cost of the acquisition is measured as the fair value of the consideration transferred, the recognised value of non-controlling interest in the acquiree plus the fair value of previously held equity interest in the acquiree less the net recognised value (fair value) of the identifiable assets acquired and assumed liabilities. Identifiable acquired assets, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date regardless of the extent of any minority interest. Excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income.

Intra-group transactions and settlements between Group companies, as well as unrealised gains on intra-group transactions have been eliminated. Unrealised losses are also subject to elimination, unless the transaction provides evidence of an impairment loss of the asset transferred.

When necessary, accounting policies of subsidiaries have been changed to ensure consistency with the accounting policies adopted by the Group.

On loss of control, the Group no longer recognises the assets and liabilities of the subsidiary, non-controlling interests and other equity of the subsidiary. Any surplus or shortage on loss of control is recognised in the profit / loss of the period. If the Group retains any stake in a former subsidiary, it is shows at fair value as at the date of loss of control.

2.2.2. Associates

Associates are all entities over which the Group has significant influence but does not control. The Group possesses between 20 to 50 percent of the voting rights. Investments in associates are accounted for using the equity method and are initially recognised at cost.

The Group's share of profit of associates from the date of acquisition is recognised in the statement of comprehensive income, and its share of changes in other reserves from the date of purchase - in other reserves. The carrying amount of the investment is adjusted for the cumulative change from the date of acquisition. When the Group's share of losses of an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group ceases to recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's participation in those entities. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred.

In order to prepare the consolidated financial statements, accounting policies of associates have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

2.3. Evaluation of balances presented in foreign currencies

Transactions presented in foreign currencies are booked at the transaction date at the following foreign exchange rate:

- the rate actually applied at such date, depending on the nature of the transaction – for sale or purchase of foreign currencies or payment of receivables or payables;
- the average rate published for the currency by the National Bank of Poland at the day preceding such date – for other operations.

As at the balance sheet date:

- monetary items presented in foreign currencies are converted with the closing foreign exchange (FX) rates;
- non-monetary items presented in foreign currencies valued at historical cost are converted at the FX rate prevailing at the transaction date;
- non-monetary items presented in foreign currencies at fair value are converted at the FX rate prevailing at the day of determining the fair value.

Foreign exchange gains and losses resulting from settlements of transactions in foreign currencies and from the conversions of monetary assets and liabilities denominated in foreign currencies are disclosed as profit / loss of the current period.

2.4. Segment reporting

Segment information is disclosed based on the entity's components monitored by the entity's chief operating decision maker (Management Board of the Exchange) to the extent of operating decision-making. An operating segment is a component of the entity:

- which may generate revenue and incur expenses;
- serving the entity's chief operating decision maker as a resource used in the decision-making process concerning allocation of resources and performance assessment,
- in respect of which separate financial information is available.

The segments are identified based on specific service groups having homogenous characteristics. The presentation by operating segment follows the management approach at GPW Group level. The chief operating decision maker of the Group is the Management Board of the parent entity.

2.5. Property, plant and equipment

Property, plant and equipment are disclosed at the cost of purchase or production, expansion or modernisation, net of accumulated depreciation and impairment losses (principle in Note 2.7).

Purchase cost includes the cost of purchase, expansion and/or modernisation as well as external financing costs.

Depreciation is calculated for property, plant and equipment items over their estimated useful life, taking into account their residual value and using the straight-line depreciation method.

Table 1 Estimated useful life periods of property, plan and equipment, by category

Property, plant and equipment category	Depreciation period
Buildings[1]	10-40 years
Leasehold improvements	10 years
Vehicles	5 years
Computer hardware	3-5 years
Other property, plant and equipment	5-10 years

Land is not depreciated.

Individual components of property, plant and equipment with a different useful life are recognised separately and depreciated throughout the useful life taking into account their residual value.

The depreciation method, the depreciation rate and the residual value are subject to regular verification by the Group. Any changes resulting from the verification are recorded as a change in accounting estimates, prospectively.

A component of property, plant and equipment is derecognised when sold or when economic benefits from its use or disposal are no longer expected. Gains and losses on disposal / liquidation of property, plant and equipment are determined as the difference between the proceeds (if any) and the net book value of property, plant and equipment and included in the profit or loss of the period.

Property, plant and equipment under construction or development is disclosed at the cost of purchase or production less of impartment losses, if any, and is not depreciated until complete.

2.6. Intangible assets

2.6.1. Goodwill

Goodwill from acquisition is the difference between the purchase price and the fair value of the acquired assets, liabilities and identifiable contingent liabilities. After initial recognition, goodwill is disclosed at cost of purchase net of accumulated impairment losses (principle in Note 2.7). Goodwill is tested against potential impairment annually or more frequently in case of events or changes indicating potential impairment.

For impairment testing purposes, goodwill is allocated to cash generating assets which are expected to benefit from the transaction responsible for the creation of goodwill.

2.6.2. Other intangible assets

Other intangible assets are disclosed at cost of purchase or production net of accumulated amortisation and impairment losses (principle in Note 2.7).

[1] The Group also uses common areas of the "Centrum Giełdowe" building. Common areas (such as escalators, halls, corridors), owned in respective parts by the Exchange and other owners of the building, are managed by the Housing Community "Książęca 4" appointed for this purpose. The common areas of the building in the part owned by the Group are recognised as assets in the consolidated financial statements. The maintenance costs incurred in respect of the use of those areas of the building (such as current maintenance, repairs and refurbishments of technical equipment and installations included in common areas, electricity, security, administrative services, etc.) are recognised in the statement of comprehensive income at the time when they incurred.

Amortisation is calculated with the straight-line method over the estimated useful life of other intangible assets. The estimated useful life of intangible assets varies from 1 to 5 years except for the intangible assets corresponding to the UTP trading system which have an expected useful life of 12 years.

Costs of intangible assets which do not improve or extend their useful life are recognised as cost when incurred. Otherwise, the costs are capitalised.

The amortisation method and the amortisation rate are subject to regular verification by the Group. Any changes resulting from the verification are recorded as a change in accounting estimates, prospectively.

A component of intangible assets is derecognised when sold or when economic benefits from its use or disposal are no longer expected. Gains and losses on disposal / liquidation of intangible assets are determined as the difference between the net proceeds (if any) and the book value of intangible assets and included in the profit or loss of the period.

2.7. Impairment of non-financial assets

At each balance sheet date, the Group reviews non-financial assets to determine whether there are indicators of impairment except for inventories (see Note 2.11) and deferred tax assets (see Note 2.17.3) to which other valuation procedures apply. If such indicators are identified, the recoverable amount of an asset is estimated (as the higher of: fair value less selling costs or value in use). Value in use corresponds to the discounted value of the estimated future economic benefits which would be generated by an asset. If an asset does not generate cash flows that are independent from the cash flows generated by other assets, the analysis is performed for the group of assets generating cash flows (a cash generating unit) to which the asset belongs.

If the carrying value of an asset (or a cash generating unit) is higher than its recoverable value, impairment is recognised and the asset value is written down to recoverable value. Impairment losses are charged to the profit or loss of the period.

At the end of every reporting period, the Group checks for conditions indicating that the impairment losses recognised in previous reporting periods may be redundant or excessive. In that case, impairment losses are reversed in whole or in part and the asset value is disclosed net of the impairment losses (but including amortisation or depreciation). Impairment reversal is recognised as other income in the statement of comprehensive income.

Impairment of goodwill is not subject to reversal.

2.8. Financial assets

2.8.1. Classification and valuation of financial assets

The Group classifies its financial assets in the following categories: loans and receivables; available-for-sale financial assets; held-to-maturity financial assets. This classification is based on the reason for purchasing financial assets. The GPW Management Board determines the classification of financial assets at their initial recognition. Financial assets are derecognised when the right to cash flows that they generate expires or is transferred if a Group company transfers substantially all the risks and benefits of ownership.

2.8.1.1.Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments to hedge FX risk.

At initial recognition of a derivative financial instrument as a hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged position. The documentation includes the purpose of risk management and the strategy of the hedging and the hedged risk, as well as the methods that a Group company will use to evaluate the effectiveness of the hedging instrument. Both at establishment of a hedge and subsequently on a continuous basis, a Group company evaluates whether it is reasonable to expect that the hedging instruments will remain highly effective in offsetting any change of the fair value or cash flows of each hedged position due to the specific risk for which the hedge was established, and whether the actual level of each hedge is within the range of 80-125%. Hedging of cash flows from future transactions applies to future highly probable transactions which present an exposure to variations in cash flows.

Derivative financial instruments are initially recognised at fair value. Transaction costs are recognised when incurred and charged to the profit or loss of the period. After initial recognition, the Group measures derivative financial instruments at fair value while gains and losses on change of fair value are recognised as described below.

Other non-trading derivatives

If a derivative is not classified as a hedging instrument, any change of its fair value is recognised in the profit or loss of the period.

Cash flow hedges

If a derivative financial instrument is used as a cash flow hedge against a specific risk related to a recognised asset, a recognised liability or a highly probable forecast transaction that could affect the profit or loss of the period, that portion of the gains or losses on the hedging instrument which represents effective hedging is recognised in other comprehensive income and presented as a separate hedging item in equity. The ineffective portion of changes in the fair value of the derivative instrument is recognised in the profit or loss of the period. Where a hedged position is a non-financial asset, the amount accumulated under equity is added to the carrying value of the asset on its recognition. Otherwise, the amount accumulated under equity is taken to the profit or loss of the period in which the hedged position affects the profit or loss.

If a hedging instrument no longer meets the criteria of hedge accounting, expires, is sold, terminated, exercised, or its purpose changes, then the Group ceases to apply the principles of hedge accounting. If a forecast transaction is not expected, the gains and losses recognised under equity are taken to the profit or loss of the period.

2.8.1.2. Loans and receivables

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

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

Loans and receivables are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method less impairment losses, if any. The amortised cost method is discussed in Note 2.15.

Interest on financial assets classified as loans and receivables is measured using the effective interest rate method and recognised in the profit or loss of the period as part of financial income.

Loans and advances include cash and cash equivalents as well as trade and other receivables.

2.8.1.3. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are classified as available for sale or are not classified in any of the other categories of financial assets. In particular, they comprise Treasury debt securities and shares in entities over which a Group company does not exercise control or exert significant influence. They are disclosed as non-current assets unless the Group intends to sell them within 12 months after the balance sheet date.

Available-for-sale financial assets are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, available-for-sale financial assets are measured at fair value and any effect of change in the fair value other than impairment losses (see Note 2.8.2) and FX differences for available-for-sale debt instruments is recognised in other comprehensive income and presented in equity as fair value reserves. On derecognition, the cumulative profit or loss recognised in equity is taken to the profit or loss of the period.

Interest on available-for-sale securities calculated using the effective interest method is disclosed in the profit or loss of the period as part of financial income. Dividends from available-for-sale equity instruments are disclosed in the profit or loss of the period as part of financial income when a Group company acquires the rights to the respective payments.

The fair value of investments listed on an active market derives from the current price. Fair value is determined based on listed prices:

- for bonds – prices on the exchange;
- for Treasury bills – the day's closing prices from Reuters;
- for shares – prices on the exchange.

If the market for a financial asset or non-listed securities is not active, the Group determines the fair value using valuation techniques. These include the use of recent arm's length transactions, reference to transactions in other virtually identical instruments, discounted cash flow analysis, using market information to the maximum extent and relying on information from the Group to the minimum extent.

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

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

Fair value hierarchy

The Group classifies the fair value valuation on the basis of a fair value hierarchy which reflects the significance of valuation input data. The fair value hierarchy includes the following levels:

- (unadjusted) trading prices on active markets for identical assets or liabilities (**level 1**);
- input data other than trading prices at level 1, which can be identified or observed for an asset or liability, directly (as prices) or indirectly (calculations based on prices) (**level 2**); and
- input data for an asset or liability not based on observable market data (non-observable data) (**level 3**).

2.8.1.4. Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the entity intends and is able to hold to maturity, other than:

- classified by the entity upon initial recognition as measured at fair value and recognised in the profit or loss;
- classified by the entity as available-for-sale; and
- meeting the criteria of the definition of loans and receivables.

Held-to-maturity financial assets are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest rate method (discussed in Note 2.15) less impairment losses, if any. Disposal or reclassification of held-to-maturity financial assets at a time other than close to maturity means that the Group must reclassify all held-to-maturity investments as available-for-sale investments and that the Group is not allowed to recognise acquired investments as held-to-maturity financial assets until the end of the financial year and for two subsequent financial years. Interest on held-to-maturity financial assets is measured using the effective interest rate method and recognised in the profit or loss of the period as part of financial income.

2.8.2. Impairment of financial assets

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

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

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

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

Impairment losses on trade receivables are created when there is objective evidence that a Group company will not be able to collect all of the amounts that were due to the original terms of the receivables. The debtor's significant financial difficulties, probability of bankruptcy or creditor arrangement, delay in payments are all considered indicators that the trade receivables are impaired. The amount of the provision is the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted using the effective interest rate method.

Bad debts and allowances for doubtful receivables are written off through the profit or loss of the current period.

Receivables are written off the statement of financial position when their uncollectability has been documented:

- uncollectible decision recognised by the creditor as corresponding with the facts, issued by the appropriate authority of enforcement; or
- court decision rejecting an application for bankruptcy involving the liquidation of assets where the assets of the insolvent debtor are insufficient to cover the costs of the proceedings, or discontinuing the bankruptcy proceedings involving the liquidation of assets where the debtor's assets are insufficient to satisfy the claims of creditors, or closing bankruptcy proceedings involving the liquidation of assets; or
- report stating that the anticipated costs associated with the proceedings and enforcement of debt would be equal to or greater than the amount stated.

2.9. Non-current prepayments

Prepayments include the right to perpetual usufruct of land with expected economic useful life longer than one year, which is equivalent to operating lease. Perpetual usufruct is initially recognised at cost and subsequently at the end of the reporting period at net carrying value, i.e., cost less incremental depreciation charges and impairment losses.

The rights to perpetual usufruct of land are equivalent to operating lease.

2.10. Other receivables

Receivables are impaired when there is objective evidence that the Group will be unable to receive amounts due. Impairment losses are recognised as other expenses.

Other receivables mainly comprise prepayments and non-current payments for the rights to perpetual usufruct of land, which is equivalent to operating lease.

Prepayments are recorded when expenditures incurred relate to future reporting periods. Prepayments and deferred costs comprise:

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

Prepayments are recognised in the statement of comprehensive income over the lifetime of the relevant contract.

2.11. Inventories

Inventories are disclosed at the cost of purchase or acquisition, not higher than their net realisable value.

As at the balance sheet date, materials are stated at the lower of purchase price and net realisable value, less impairment losses. Impairment losses are charged to other expenses.

2.12. Assets held for sale

Non-current assets (or groups for sale) are classified as held for sale if their carrying value will be recovered through sale rather than continued use. The condition is met only if the sale is very probable and the asset (or group for sale) is available for sale immediately in its current condition. Classification of an asset as held for sale implies that the management of the entity intends to make the sale within one year after reclassification.

If the sale involves loss of control over a subsidiary, all assets and liabilities of the subsidiary are classified as held for sale.

Non-current assets (or groups for sale) classified as held for sale are recognised at the lower of carrying amount or fair value less the cost of sale.

2.13. Cash and cash equivalents recognised in the cash flow statements

Cash and cash equivalents include cash in hand, on-demand deposits with banks and other short-term investments with original maturities of three months or less from placement, receipt, acquisition or issue which are highly liquid or not exposed to significant change of fair value.

2.14. Equity of the Group

The Group's equity comprises:

- share capital of the parent entity disclosed at par, adjusted for hyperinflation;
- other reserves, including the revaluation reserve;
- retained earnings, comprised of:
    - ✓ retained earnings from prior years (comprised of supplementary capital and other reserves formed from prior year profits); and
    - ✓ profit of the current period.

Equity items (except for retained earnings and any surpluses on revaluation of assets) have been restated using the general price index beginning from the date on which a given equity item was contributed or otherwise formed, for the period in which the economy in which the Group carries out its operations was a hyperinflationary economy, i.e., until 31 December 1996. The effect of recalculating the appropriate equity items using the inflation ratios was reflected in retained earnings and is presented in Note 13.

The Group presents non-controlling interests pro rata to the share in the net assets of a subsidiary. Changes to a stake in a subsidiary which do not result in loss of control are shown as transactions with the owners of the subsidiary directly under equity. Any changes to non-controlling interests are recognised pro rata to the share in the net assets of the subsidiary. In that case, goodwill is not adjusted and no gains or losses are recognised.

2.15. Financial liabilities

Financial liabilities include trade payables, liabilities under bond issues, finance leases and other liabilities.

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

2.16. Contingent liabilities

A contingent liability is:

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

2.17. Income tax

2.17.1. Tax Group

On 3 October 2013, the Head of the First Mazovian Tax Office in Warsaw issued a decision registering the Tax Group for a period of three tax years from 1 December 2013 to 31 December 2016.

The Tax Group is comprised of Giełda Papierów Wartościowych w Warszawie S.A. and GPW Centrum Usług S.A. If the taxpayer is a tax group, the Group companies recognise deferred tax assets in the separate financial statements of the entities which are members of the group as if the Group members were the taxpayer.

As the Company Representing the Tax Group, Giełda Papierów Wartościowych w Warszawie S.A. is responsible for payment of monthly corporate income tax advances of the Tax Group pursuant to the Corporate Income Tax Act.

2.17.2. Current income tax

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

2.17.3. Deferred income tax

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

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

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the temporary differences could be utilised.

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

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

Deferred tax assets and liabilities can be offset when the Group has an enforceable right to offset current income tax receivables and liabilities and when the deferred tax assets and liabilities relate to income tax imposed on the same taxpayer by the same tax authorities.

2.18. Employee benefits

2.18.1. Current employee benefits

Liabilities in respect of current employee benefits are charged to costs in the period when benefits are paid. Liabilities are charged to costs in the amount of expected payments to employees in respect of short-term cash bonuses or profit sharing plans when the Group has a legal or constructive obligation to make such payments as compensation for services provided by employees in the past and the amount of the obligation can be reliably estimated.

Furthermore, the Group has an incentive scheme, according to which employees have the right to an annual bonus (dependent on the sales profit and the implementation of bonus targets and a discretionary element linked to the employee's individual appraisal) and a discretionary bonus. The Group sets up provisions for bonuses in order to assign costs to the periods to which they relate. Provisions are estimated according to the best knowledge of the management boards of the Group companies concerning probable bonuses to be paid based on the framework of the incentive scheme.

2.18.2. Defined Contributions Scheme

The parent entity pays contributions to the Employee Pension Scheme, which employees join voluntarily based on an agreement. After payment of the contributions, GPW has no further obligations to make payments in respect to the payment to the Employee Pension Scheme. These contributions are charged to costs of employee benefits as they are incurred. Paid pension contributions are recognised as a cost of the period they relate to.

Under the applicable legislation, the Group is required to charge and pay contributions to employees' pension benefits. Such benefits are a state scheme which is a defined contributions scheme. Consequently, the Group's obligation to pay contributions to the pension scheme for each period is recognised in the amount of contributions to be paid in the year.

2.18.3. Other non-current employee benefits

Until March 2015, the parent entity had a retirement benefit fund. Retirement benefits paid from the fund were one-off payments, being a multiple of monthly remuneration (within a range from 100% to 500%, depending on the period of service and the number of months remaining to retirement age). Since March 2015, employees who retire are entitled to a one-off benefit equal to one month's remuneration.

The cost of mandatory pension contributions is charged to the profit or loss of the period.

The present value of liabilities is measured by an independent actuary at each balance sheet date. Liabilities equal discounted future payments, taking into account employee rotation, for the period up to the balance sheet date. Demographic and employee rotation statistics are historical data.

Actuarial gains and losses on employee benefits after the term of service are recognised in other comprehensive income; actuarial gains and losses on jubilee awards paid in the Company until February 2015 were recognised in expenses.

2.18.4. Share-based Payments

The incentive scheme for the Management Boards of Group companies includes a variable element known as the discretionary bonus awarded on the basis of the annual appraisal performed by the Supervisory Board of the Group company as well as additional benefits. The maximum bonus amount for a year is set by the Supervisory Board. The Supervisory Board of the Group company may award a discretionary bonus to Management Board members on the basis of its appraisal of individual performance and the Company's targets up to the maximum bonus amount. The discretionary bonus includes three elements:

- 30% of the discretionary bonus is paid on a one-off basis;
- 30% of the discretionary bonus is paid in phantom shares;
- 40% of the discretionary bonus is put in the Bonus Bank.

The terms and conditions of the incentive scheme are described in Note 16.

One element of the discretionary bonus paid in phantom shares is a derivative financial instrument based on shares of the parent entity, where Management Board members are eligible to receive a cash amount depending on the median share price of the parent entity listed on the exchange within the first three months of the year of payment.

The estimated fair value of the phantom shares expected to be awarded in respect of the services provided by Management Board members is charged to the cost of the period accordingly in correspondence with liabilities pro rata to time in the bonus year. From the award date to the payment of the liability under transactions in phantom shares in cash, Group companies show the liability at fair value at every reporting date and at the settlement date, and take any change of value to the profit or loss of the period.

2.19. Provisions for other liabilities and other charges

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

Provisions are recorded in particular against the following (if the above-mentioned conditions for recording a provision have been met):

- results of pending litigation and disputes;
- restructuring costs.

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

2.20. Revenue

2.20.1. Sales revenue

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

Sales revenue consists of three main business segments (lines):

- Financial market,
- Commodity market,
- Other.

Sales revenue from the **financial market** consists of:

- Revenue from trading

  Trading revenue consists of the fees collected from Exchange Members on the basis of the Exchange Rules and the Alternative Trading System Rules. Trading fees are the main revenue item in this category. Trading fees depend on the value of transactions, the number of executed orders and the and type of traded instruments. In addition to trading fees, flat-rate fees are charged for access to and use of the IT systems of the Exchange. Trading revenue on the financial market also includes the revenue of BondSpot from trading on the debt instrument markets operated by BondSpot.

- Revenue from listing

  Listing comprises the revenue collected from issuers on the basis of the Exchange Rules and the Alternative Trading System Rules. Annual fees for the listing of securities are the main revenue item in this category. In addition, fees for admission to trading as well as other fees are collected from issuers. The Group's listing revenue also includes the revenue of BondSpot from issuers of instruments listed on the debt instrument markets operated by BondSpot.

- Revenue from information services

  Revenue from information services of the parent entity consist of revenue earned on the sale of stock exchange information: real-time stock exchange data and statistical and historical data in the form of a statistical e-mail daily bulletin, electronic publications, calculation of indices, index licenses and other calculations. The sale of stock exchange information is based on separate agreements signed with exchange data vendors, exchange members and other organizations, mainly financial institutions. The Group's revenue from information services also includes the revenue from BondSpot information services.

Revenue from the **commodity market** includes mainly fees charged by PolPX under the Polish Power Exchange Commodity Market Rules, by WCCH under the Exchange Clearing House Rules (mainly for clearing of transactions made on PolPX), and by InfoEngine from its activity as trade operator and as technical trade operator.

Revenue from the **commodity market** includes:

- Revenue from trading

Trading revenue consists of the fees collected from PolPX members for participation in markets and transaction fees on the markets operated by PolPX including the Day-Ahead and Intra-Day Market, the Gas Market, the Property Rights Market, the Commodity Forward Instruments Market, the Emission Allowances Market.

- Revenue from operation of the Register of Certificates of Origin and the Register of Guarantees of Origin

In its operation of the Registers, the Group charges fees for services provided to Register members including entry of certificates, issuance of rights, increase or reduction of the balances of rights, cancellation of certificates, entry of guarantees, notification of transfer of guarantees to the end consumer, acceptance of a sale offer, review of an application.

- Revenue from clearing

Clearing revenue is the revenue of WCCH including:

- ✓ revenue from fees collected from WCCH members;
- ✓ revenue from clearing and settlement of exchange transactions on the markets operated by PolPX.

Other revenue is earned on other services provided by the Group including advertising services (sponsorship), lease of office space, as well as training on the stock exchange market organised according to needs.

2.20.2. Other revenue

Other revenue includes received damages and donations, gains on the sale of property, plant and equipment, reversed impairment of receivables and investments.

2.20.3. Financial income

Financial income is comprised of gains on sale of financial assets, revenue from interest on available-for-sale and held-to-maturity financial instruments, as well as dividend income.

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

2.21. Expenses

Expenses (of the core operating activities) include expenses of the core business of Group companies, i.e., the activity for which the companies were established, which are recurring and not incidental. These include without limitation salaries and the cost of maintenance of the IT infrastructure of the trading systems which supports trade in financial instruments and related activities on the financial market and trade in electricity, gas and property rights on the commodity market, as well as the cost of capital market education, promotion and information.

Expenses are a probable decrease of economic benefits in the reporting period, whose amount is reliably determined, that reduces the value of assets or increases liabilities and provisions, which will reduce equity or increase negative equity, other than due to withdrawal of funds by shareholders or owners.

The Group records expenses by type.

2.22. Bond issue expenses

As an issuer of bonds, GPW pays debt service costs. Interest periods for series A and B bonds and series C bonds are semi-annual. Interest on series A and B bonds is calculated using the effective interest rate method. At each time there are changes in the interest rate, the Company determines a new effective interest rate that will be in effect immediately. Interest on series C bonds is fixed at 3.19 percent p.a.

2.23. Leases

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

2.23.1. The Group as lessee – operating lease

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

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

2.23.2. The Group as lessee – finance lease

Finance leases are capitalised in non-current assets at the commencement of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

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

2.24. Statement of cash flows

The statement of cash flows is prepared using the indirect method

3. Financial risk management

3.1. Financial risk factors

The Group's activities expose it to a variety of financial risks. The Group is exposed to the following financial risks: market risk (including cash flow and fair value interest rate risk, currency risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise any potential adverse effects on the Group's financial performance. The GPW Management Board is responsible for risk management. The Group has dedicated departments, responsible for ensuring its liquidity, including foreign currency liquidity, debt collection and timely payment of liabilities, particularly tax liabilities.

3.2. Market risk

3.2.1. Cash flow and fair value interest risk

The Group is moderately exposed to interest rate risk. The Group has assets whose interest terms and profitability were determined at the inception of contracts.

In the case of rising interest rates, the Group's cash flows will increase based on higher interest from assets at floating interest rates. On the other hand, if interest rates increase, the fair value of the Group's assets at fixed interest rates will decrease while cash flows from interest due will remain unchanged. The volatility of the yield and fair value caused by the volatility of interest rates decreases as the time to maturity decreases.

The parent entity minimises interest rate risk by maintaining a low average duration for the entire Treasury bond portfolio. In the case of an increase in interest rates, the Exchange obtains higher deposit interest rates and cash flows increase, while at the same time the fair value of the bonds decreases.

Based on a sensitivity analysis, an increase/(decrease) in the market interest rate by 0.50 percentage point (assuming no other changes) would result in 2015 in an increase/(decrease) in the net profit and cash flows by PLN 1,096.9 thousand. The Company sold Treasury bonds whose valuation impacted the revaluation reserve in 2015.

Accordingly, an increase/(decrease) in interest rates by 0.50 percentage point (assuming no other changes) respectively would result in 2014 in:

- an increase/(decrease) in the net profit and cash flows by PLN 988.2 thousand and
- an increase/(decrease) in the revaluation reserve by PLN 41.8 thousand.

The parent entity is also an issuer of bonds at floating interest rates. In the case of an increase in interest rates, GPW will be obligated to pay out interest coupons with a higher value; in the case of a decrease in interest rates, the value of those coupons will be lower.

Based on a sensitivity analysis of WIBOR 6M, an increase/(decrease) in the market interest rate by 0.50 percentage point (assuming no other changes) would result in 2015 in an increase/(decrease) in the net profit and cash flows by PLN 1,076.0 thousand.

Accordingly, an increase/(decrease) in interest rates by 0.50 percentage point (assuming no other changes) respectively would result in 2014 in an increase/(decrease) in the net profit and cash flows by PLN 1,225.0 thousand.

The other financial assets, not represented in the table below, as well as financial liabilities (other than finance lease liabilities, bond issue liabilities and the PolPX Group's working capital loan) bear no interest.

(all amounts in PLN'000 unless stated otherwise)

Table 2 Analysis of financial assets and liabilities based on interest rate reset dates and maturity of the assets and liabilities, whichever is the earlier

	As at 31 December 2015 Maturity / Interest reset date							
	Total	up to 1 year				1-2 Y	3-5 Y	> 5 Y
		Total	< 1 M	1-3 M	> 3 M			
Bank deposits and current accounts	**360 389**	**360 389**	167 433	39 567	153 389	-	-	-
Total financial assets	**360 389**	**360 389**	**167 433**	**39 567**	**153 389**	**-**	**-**	**-**
Liabilities on bonds issue - non-current	**243 800**	**-**	-	-	-	123 543	-	120 257
Liabilities on bonds issue - current	**682**	**682**	-	-	682	-	-	-
Total financial liabilities	**244 482**	**682**	**-**	**-**	**682**	**123 543**	**-**	**120 257**

Table 3 Analysis of financial assets and liabilities based on interest rate reset dates and maturity of the assets and liabilities, whichever is the earlier

	As at 31 December 2014 Maturity / Interest reset date							
	Total	up to 1 year				1-2 Y	3-5 Y	> 5 Y
		Total	< 1 M	1-3 M	> 3 M			
Short-term bonds (fixed-coupon, available-for-sale)	**10 503**	**10 503**	-	-	10 503	-	-	-
Bank deposits and current accounts	**389 026**	**389 026**	328 394	44 423	16 209	-	-	-
Total financial assets	**399 529**	**399 529**	**328 394**	**44 423**	**26 712**	**-**	**-**	**-**
Liabilities on bonds issue - non-current	**244 078**	**244 078**	-	-	244 078	-	-	-
Total financial liabilities	**244 078**	**244 078**	**-**	**-**	**244 078**	**-**	**-**	**-**

3.2.2. Foreign exchange risk

The Group is exposed to moderate foreign exchange risk. To minimise FX risk, the Group covers the current cost denominated in EUR with cash deposited in a currency account, raised from clients who pay their debt in EUR.

In view of the acquisition of the new trading system UTP, the GPW Management Board decided to hedge the cash flows related to the contract for the delivery of the system. The details are presented in Note 3.6.

Based on the results of an analysis of sensitivity as at 31 December 2015, a 10% change in the average exchange rate of PLN assuming no other changes would result in a change in the net profit for 2015:

- EUR (decrease/increase of the exchange rate by PLN 0.4262) – decrease/increase in the net profit by PLN 1,582 thousand;
- GBP (decrease/increase of the exchange rate by PLN 0.5786) – decrease/increase in the net profit by PLN 7 thousand;

and change in reserves from revaluation of financial investments in hedge accounting for 2015:

- EUR (decrease/increase of the exchange rate by PLN 0.4262) – decrease/increase in the reserves from revaluation of financial investments by PLN 448 thousand.

Based on the results of an analysis of sensitivity as at 31 December 2014, a 10% change in the average exchange rate of PLN assuming no other changes would result in a change in the net profit for 2014:

- EUR (decrease/increase of the exchange rate by PLN 0.4262) – decrease/increase in the net profit by PLN 1,750 thousand;
- GBP (decrease/increase of the exchange rate by PLN 0.5465) – decrease/increase in the net profit by PLN 10 thousand;
- USD (decrease/increase of the exchange rate by PLN 0.3507) – decrease/increase in the net profit by PLN 34 thousand.

and change in reserves from revaluation of financial investments in hedge accounting for 2014:

- EUR (decrease/increase of the exchange rate by PLN 0.4262) – decrease/increase in the reserves from revaluation of financial investments by PLN 725 thousand.

(all amounts in PLN'000 unless stated otherwise)

Table 4 The Group's FX exposure

	As at 31 December 2015				
	PLN	EUR*	USD*	GBP*	Total carrying amount in PLN
Cash and cash equivalents	348 700	11 691	-	2	**360 393**
Trade receivables (net)	29 765	7 683	-	-	**37 448**
Total financial assets	**378 465**	**19 374**	**-**	**2**	**397 842**
Trade payables	4 971	3 555	-	71	**8 597**
Liabilities on bonds issue	244 482	-	-	-	**244 482**
Finance lease liabilities	139	-	-	-	**139**
Dividends payable	192	-	-	-	**192**
Total financial liabilities	**249 784**	**3 555**	**-**	**71**	**253 410**
Net balance (assets-liabilities)	**128 682**	**15 819**	**-**	**(69)**	**144 432**

** Amounts converted to PLN at the rate as at the balance date.*

Table 5 The Group's FX exposure

	As at 31 December 2014				
	PLN	EUR*	USD*	GBP*	Total carrying amount in PLN
Available-for-sale Treasury bonds**	10 503	-	-	-	**10 503**
Cash and cash equivalents	374 585	14 455	-	2	**389 042**
Trade receivables (net)	31 586	4 815	6	-	**36 407**
Total financial assets	**416 674**	**19 270**	**6**	**2**	**435 952**
Trade payables	7 798	1 766	351	102	**10 017**
Liabilities on bonds issue	244 078	-	-	-	**244 078**
Finance lease liabilities	359	-	-	-	**359**
Dividends payable	175	-	-	-	**175**
Total financial liabilities	**252 410**	**1 766**	**351**	**102**	**254 629**
Net balance (assets-liabilities)	**164 264**	**17 504**	**(345)**	**(100)**	**181 323**

** Amounts converted to PLN at the rate as at the balance date.*
*** Including accrued interest.*

3.2.3. Price risk

The Group is exposed to price risk of debt and equity securities due to investments held by the Group and presented in the financial statements as available-for-sale financial assets. The Group is not exposed to price risk caused by the volatility of prices of mass goods.

(all amounts in PLN'000 unless stated otherwise)

Debt securities purchased by the Group have a fixed redemption price and are characterised by low risk. Potential changes to their market prices depend on changes in interest rates, the impact of which is presented in Note 3.2.1 above.

3.3. Credit risk

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

Credit risk connected with trade receivables is mitigated by the Management Board of the parent entity by performing on-going assessment of counterparties' credibility. In the opinion of the Management Board of the parent entity, there is no material concentration of credit risk of trade receivables within the Group. Resolutions of the Management Board of the parent entity, which are binding in the Group, set payment dates that differ depending on groups of counterparties. These payment dates amount to 21 days for most counterparties, however, for data vendors, they are most often 60 days.

The credibility of counterparties is verified in accordance with internal regulations of GPW and general laws concerning the capital market as applicable to issuers of securities and Exchange Members.

By decision of the Management Board of the parent entity, the portfolio of debt securities comprises only securities issued or guaranteed by the State Treasury (rating A2 according to Moody's). In this way, exposure to the risk of lost benefits or loss is mitigated.

In the case of banks and financial institutions (especially term deposits and bank accounts), only entities with a high rating and stable market position are acceptable (i.e., Moody's rating higher than Baa2). Credit risk of cash is managed by the Group by diversifying banks in which free cash is deposited.

The maximum exposure of the Group to credit risk is reflected in the carrying value of trade receivables, bank deposits held and the value of the portfolio of purchased debt securities.

Table 6 The Group's exposure to credit risk

	As at	
	31 December 2015	31 December 2014
Trade receivables (net)	37 448	36 407
Debt securities (available-for-sale Treasury bonds and bills)	-	10 503
Bank deposits and current accounts (included in cash and cash equivalents)	360 389	389 026
Total	**397 837**	**435 936**

3.4. Liquidity risk

Analysis of the Group's financial position and assets shows that the Group is not materially exposed to liquidity risk.

Analysis of the structure of the Group's assets shows a considerable share of liquid assets and, thus, a very good position of the Group in terms of liquidity. Cash and cash equivalents and debt securities of the Group amounted to PLN 360,393 thousand as at 31 December 2015 (PLN 399,545 thousand as at 31 December 2014), representing 35.18% of the total assets as at 31 December 2015 (39.01% as at 31 December 2014). Analysis of the structure of liabilities shows the following share of equity in the financing of the operations of the Group: equity accounted for 70.53% of total liabilities and equity as at 31 December 2015 (68.39% as at 31 December 2014).

(all amounts in PLN'000 unless stated otherwise)

The Management Board of the parent entity monitors, on an on-going basis, forecasts of the Group's liquidity on the basis of contractual cash flows, based on the current interest rates.

Table 7 Liquidity analysis

	As at 31 December 2015						
	Up to 1 month	1-3 months	3-6 months	6-12 months	1-5 years	> 5 years	Total
Bank deposits and current accounts and cash in hand	167 437	39 567	153 389	-	-	-	**360 393**
Trade receivables (net)	33 958	3 491	-	-	-	-	**37 448**
Total assets	**201 394**	**43 058**	**153 389**	**-**	**-**	**-**	**397 841**
Trade payables	8 574	22	-	-	-	-	**8 597**
Liabilities on bonds issue	-	-	682	-	120 257	123 543	**244 482**
Finance lease liabilities	5	13	12	25	85	-	**139**
Dividends payable	192	-	-	-	-	-	**192**
Total liabilities	**8 771**	**35**	**694**	**25**	**120 342**	**123 543**	**253 410**
Liquidity surplus/gap	**192 624**	**43 023**	**152 695**	**(25)**	**(120 342)**	**(123 543)**	**144 431**

Table 8 Liquidity analysis

	As at 31 December 2014						
	Up to 1 month	1-3 months	3-6 months	6-12 months	1-5 years	> 5 years	Total
Available-for-sale Treasury bonds and bills	-	-	-	10 625	-	-	**10 625**
Bank deposits and current accounts and cash in hand	328 420	52 374	8 248	-	-	-	**389 042**
Trade receivables (net)	33 114	3 293	-	-	-	-	**36 407**
Total assets	**361 534**	**55 667**	**8 248**	**10 625**	**-**	**-**	**436 074**
Trade payables	9 983	98	-	-	-	-	**10 081**
Liabilities on bonds issue	-	-	-	-	244 078	-	**244 078**
Finance lease liabilities	16	34	41	63	205	-	**359**
Dividends payable	175	-	-	-	-	-	**175**
Total liabilities	**10 174**	**132**	**41**	**63**	**244 283**	**-**	**254 693**
Liquidity surplus/gap	**351 360**	**55 535**	**8 207**	**10 562**	**(244 283)**	**-**	**181 381**

3.5. Capital management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide optimum returns to the shareholders and benefits to other stakeholders.

The Group defines capital as the carrying value of equity including non-controlling interests. The Group also uses external capital (interest-bearing liabilities) in order to optimise the structure and cost of capital.

(all amounts in PLN'000 unless stated otherwise)

The equity of the Group was PLN 721,364 thousand representing 70.53% of the total equity and liabilities of the Group as at 31 December 2015 and PLN 700,466 thousand representing 68.39% of the total equity and liabilities of the Group as at 31 December 2014. The parent entity of the Group paid a dividend of PLN 100,733 thousand in 2015 and PLN 50,366 thousand in 2014 (see the statement of changes in equity).

The external capital of the Group includes mainly liabilities in respect of the issuance of GPW S.A. series A, B and C corporate bonds (see Note 14).

The indicators used by the Company in capital management include: net debt / EBITDA, debt to equity, current liquidity, bond interest coverage ratio.

Table 9 Group's capital management indicators

	As at/ For the year ended		Optimum
	31 December 2015	**31 December 2014**	
Debt and financing ratios:			
Net debt / EBITDA*	(0,6)	(0,9)	under 3
Debt to equity**	33,9%	34,9%	no more than 50-100%
Liquidity ratios:			
Current liquidity***	10,3	7,0	more than 1.5
Coverage of interest on bonds****	23,5	17,3	more than 1.5

** Net debt = interest-bearing liabilities - cash and cash equivalents*
EBITDA = operating profit + depreciation and amortisation (for a period of 12 months), excluding share of profit/ (loss) of associates

*** Debt to equity = interest-bearing liabilities / equity (as at balance-sheet date)*

**** Current liquidity = current assets / current liabilities (as at balance-sheet date)*

***** Coverage of interest on bonds = EBITDA / interest on bonds*

3.6. Hedge accounting

The Management Board of the parent entity has decided to hedge cash flows under the agreement for the delivery of a new trading system to GPW. As at 1 January 2012, the Company held the full amount in EUR against future payables for the acquisition of a new trading system. Considering that the cash in EUR is held against future payables, the Company has decided to recognise the cash held in the currency as a hedging instrument which hedges the cash flow risk of future payables arising from foreign exchange differences. Following the payment for UTP made in 2013 and an invoice received in 2015, hedge accounting covers cash for the UTP-Derivatives module which offers additional functionalities for derivatives trading: the hedging instrument value is PLN 5,536 thousand.

(all amounts in PLN'000 unless stated otherwise)

4. Property, plant and equipment

Table 10 Changes of the net book value of property, plant and equipment by category

	Year ended 31 December 2015				
	Land and buildings	Vehicles and machinery	Furniture, fittings and equipment	Property, plant and equipment under construction	Total
Net carrying value - opening balance	84 671	16 793	4 447	13 852	**119 762**
Additions	-	1 508	261	22 044	**23 813**
Reclassification	223	2 761	9 785	(15 424)	**(2 655)**
Other adjustments	-	-	78	-	**78**
Disposals	(353)	(31)	(86)	(302)	**(773)**
Depreciation charge	(3 082)	(8 213)	(3 702)	-	**(14 996)**
Net carrying value - closing balance	**81 459**	**12 818**	**10 783**	**20 170**	**125 229**
As at 31 December 2015:					
Gross carrying value	121 073	74 745	21 549	20 170	**237 537**
Depreciation	(39 614)	(61 927)	(10 766)	-	**(112 307)**
Net carrying value	**81 459**	**12 818**	**10 783**	**20 170**	**125 229**

Table 11 Changes of the net book value of property, plant and equipment by category

	Year ended 31 December 2014				
	Land and buildings	Vehicles and machinery	Furniture, fittings and equipment	Property, plant and equipment under construction	Total
Net carrying value - opening balance	**87 248**	**25 574**	**5 675**	**5 546**	**124 042**
Additions	282	619	1 238	9 874	**12 013**
Reclassification	340	1 244	(145)	(1 568)	**(129)**
Disposals	-	(104)	(74)	-	**(178)**
Moved to assets held for sale	-	(95)	(194)	-	**(289)**
Depreciation charge	(3 199)	(10 445)	(2 053)	-	**(15 697)**
Net carrying value - closing balance	**84 671**	**16 793**	**4 447**	**13 852**	**119 762**
As at 31 December 2014:					
Gross carrying value	121 774	76 641	14 281	13 852	**226 547**
Depreciation	(37 103)	(59 848)	(9 834)	-	**(106 785)**
Net carrying value	**84 671**	**16 793**	**4 447**	**13 852**	**119 762**

(all amounts in PLN'000 unless stated otherwise)

5. Intangible assets

Table 12 Changes of the net book value of intangible assets by category

	Year ended 31 December 2015			
	Licences	Copyrights	Goodwill	Total
Net carrying value - opening balance	**89 357**	**599**	**171 063**	**261 019**
Additions	10 286	28	-	10 315
Reclassification	2 655	-	-	2 655
Disposals	(327)	-	-	(327)
Impairment	-	-	(93)	(93)
Amortisation charge	(11 442)	(399)	-	(11 841)
Net carrying value - closing balance	**90 529**	**229**	**170 970**	**261 728**
As at 31 December 2015:				
Gross carrying value	204 566	3 622	172 374	380 562
Impairment	-	-	(1 404)	(1 404)
Amortisation	(114 037)	(3 394)	-	(117 431)
Net carrying value	**90 529**	**229**	**170 970**	**261 728**

Table 13 Changes of the net book value of intangible assets by category

	Year ended 31 December 2014			
	Licences	Copyrights	Goodwill	Total
Net carrying value - opening balance	**95 818**	**963**	**172 374**	**269 155**
Additions	6 203	198	-	**6 401**
Impairment	-	-	(1 311)	**(1 311)**
Moved to assets held for sale	(153)	-	-	**(153)**
Amortisation charge	(12 510)	(562)	-	**(13 072)**
Net carrying value - closing balance	**89 357**	**599**	**171 063**	**261 019**
As at 31 December 2014:				
Gross carrying value	191 835	3 596	172 374	**367 805**
Impairment	-	-	(1 311)	**(1 311)**
Amortisation	(102 478)	(2 997)	-	**(105 475)**
Net carrying value	**89 357**	**599**	**171 063**	**261 019**

The UTP trading system licence presented under licences was commissioned on 15 April 2013. The useful life of the UTP trading system was determined at 12 years (until 31 March 2025). The net value of the UTP trading system as at 31 December 2015 was PLN 71,771 thousand.

Goodwill at PLN 170,970 thousand as at 31 December 2015 included the following:

- goodwill from GPW's taking control of the Polish Power Exchange: PLN 147,792 thousand,
- goodwill from GPW's taking control of BondSpot S.A.: PLN 22,986 thousand,
- goodwill from InfoEngine's acquisition of the Electricity Trading Platform (poee): PLN 1,589 thousand, less impairment losses of PLN 1,404 thousand,
- goodwill from GPW's taking control of GPW Centrum Usług: PLN 8 thousand.

As at 31 December 2015, impairment of the goodwill from taking control of the **PolPX Group** was tested by estimating the use value based on the discounted cash flows (DCF) method according to the financial plan for 2016-2020 developed for the test.

The calculation was based on the following key assumptions:

- weighted average cost of capital (WACC): 8% (based on: market data of 10Y bond yields; beta: comparable companies; risk premium: 7%);
- growth rate of cash flows after the projection period: 2% (based on the estimated long-term growth rate of Polish GDP).

Furthermore, the following other assumptions were used:

- CAGR of sales revenues in the period under review: 0%,
- CAGR of operating expenses the period under review: 3%.

Based on the analysis, the GPW Management Board identified no impairment of goodwill of the PolPX Group as at 31 December 2015.

As at 31 December 2015, impairment of the goodwill from the acquisition of the controlling interest in **BondSpot S.A.** was tested by estimating the use value based on the discounted cash flows (DCF) method according to the financial plan for 2016-2020 developed for the test.

The calculation was based on the following key assumptions:

- weighted average cost of capital (WACC): 8% (based on: market data of 10Y bond yields; beta: comparable companies; risk premium: 7%);
- growth rate of cash flows after the projection period: 2% (based on the estimated long-term growth rate of Polish GDP).

Furthermore, the following other assumptions were used:

- CAGR of sales revenues in the period under review: 5%
- CAGR of operating expenses the period under review: 0%.

Based on the analysis, the GPW Management Board identified no impairment of goodwill of BondSpot S.A. as at 31 December 2015.

Impairment of the goodwill from the acquisition of an **organised part of the enterprise of ELBIS** Sp. z o.o. by InfoEngine S.A. (Electricity Trading Platform ("poee")) as at 31 December 2015 was tested by comparing the carrying value of the cash flow generating unit to which the goodwill was allocated with the fair value. In the opinion of the GPW Management Board, the fair value of IE shares is equal to the selling price of the IE shares from GPW to PolPX in H2 2015. Based on the analysis, the GPW Management Board identified impairment of goodwill from the acquisition of an organised part of the enterprise of ELBIS at PLN 1,404 thousand. As a result, PLN 93 thousand was recognised under other operating expenses in 2015 (Note 23.3) and PLN 1,311 thousand under expenses in 2014.

(all amounts in PLN'000 unless stated otherwise)

6. Investment in associates

The parent entity held investments in the following associates as at 31 December 2015:

- Krajowy Depozyt Papierów Wartościowych S.A. (parent entity of the KDPW Group),
- Centrum Giełdowe S.A.,
- Aquis Exchange Limited.

The registered offices of KDPW S.A. and Centrum Giełdowe S.A. are located in Poland, the registered office of Aquis Exchange Limited is located in the United Kingdom.

Investment in Aquis Exchange Limited

On 19 August 2013, the GPW Management Board and Aquis Exchange Limited signed an agreement to take up new issue shares of Aquis Exchange Limited. Aquis Exchange was established in the UK in 2012 and offers a pan-European market in shares on a multilateral trading platform. Its shares were taken up by GPW in two steps, closed on 18 February 2014. The total price was PLN 25,307 thousand (GBP 5 million).

Following the acquisition of the second tranche of shares of Aquis Exchange Limited, GPW held 384,025 ordinary shares representing 36.23% of the total number of shares and giving 30.00% of economic and voting rights in Aquis Exchange Limited as an associate of the GPW Group as at 31 December 2014.

Following an issue of a new tranche of shares in Q3 2015, in which GPW did not participate, GPW's stake in the total number of shares of Aquis decreased from 36.23% as at 31 December 2014 to 31.01% as at 31 December 2015, and GPW's share in economic and voting rights decreased from 30.00% to 26.33%.

Table 14 Change of investment in associates

	As at/For the period of	
	12 months ended 31 December 2015	12 months ended 31 December 2014
Opening balance	**188 104**	**158 540**
Increase / (decrease) of value in the period	-	25 307
Gain on dilution of shares of Aquis Exchange Limited	2 754	-
Dividends	(352)	(431)
Share of profit (after tax)	(1 530)	3 745
Share in other comprehensive income	(405)	943
Closing balance	**188 570**	**188 104**

Table 15 Investment in associates

	As at	
	31 December 2015	31 December 2014
KDPW S.A. Group	157 365	153 187
Centrum Giełdowe S.A.	16 261	16 260
Aquis Exchange Limited	14 944	18 657
Total	**188 570**	**188 104**

(all amounts in PLN'000 unless stated otherwise)

Table 16 Data of associates in 2015

	As at / For the year ended 31 December 2015			
	KDPW Group*	**Centrum Giełdowe S.A.**	**Aquis Exchange Limited**	**Total**
Current assets:	1 713 813	4 845	19 089	*n/a*
including cash and cash equivalents	*214 309*	*4 098*	*17 116*	*n/a*
Non-current assets	197 694	71 565	1 331	*n/a*
Current liabilities	1 424 919	5 966	752	*n/a*
Non-current liabilities	15 282	4 849	-	*n/a*
Sales revenue	125 503	14 948	3 051	*n/a*
Depreciation and amortisation	16 964	2 896	2 220	*n/a*
Income tax	4 046	348	-	*n/a*
Dividend due to GPW S.A. in the 12-month period ended 31 December 2015	-	352	-	*n/a*
Net profit / (loss) for the year ended 31 December 2015	**13 752**	**1 422**	**(23 093)**	*n/a*
Group's share in profit / (loss)**	33,33%	24,79%	26,33%	*n/a*
Group's share in the profit / (loss) for the year ended 31 December 2015	**4 584**	**353**	**(6 467)**	**(1 530)**

** The KDPW Group prepares financial statements under the Accountancy Act. The KDPW Group's net profit presented in the table was adjusted to the accounting policies followed by the GPW Group.*

*** The equity of Aquis was increased several times in 2015 without the participation of GPW. Consequently, GPW's share in Aquis changed in 2015. GPW's share of property and voting rights was 26.33% as at 31 December 2015.*

(all amounts in PLN'000 unless stated otherwise)

Table 17 Data of associates in 2014

	As at / For the year ended 31 December 2014			
	KDPW Group*	**Centrum Giełdowe S.A.**	**Aquis Exchange Limited****	**Total**
Current assets:	2 583 021	5 065	21 477	*n/a*
including cash and cash equivalents	*137 473*	*4 072*	*20 072*	*n/a*
Non-current assets	189 219	73 669	2 978	*n/a*
Current liabilities	2 297 902	4 517	486	*n/a*
Non-current liabilities	15 059	8 625	-	*n/a*
Sales revenue	139 881	16 145	787	*n/a*
Depreciation and amortisation	16 762	2 916	1 564	*n/a*
Income tax	9 043	367	-	*n/a*
Dividend due to GPW S.A. in the 12-month period ended 31 December 2014	-	431	-	*n/a*
Net profit / (loss) for the year ended 31 December 2014	**30 035**	**1 545**	**(22 165)**	*n/a*
Group's share in profit / (loss)	33,33%	24,79%	30,00%	*n/a*
Group's share in the profit / (loss) for the year ended 31 December 2014	**10 012**	**383**	**(6 650)**	**3 745**

** The KDPW Group prepares financial statements under the Accountancy Act. The KDPW Group's net profit presented in the table was adjusted to the accounting policies followed by the GPW Group.*

*** Aquis data presented for the period after GPW's acquisition of significant influence, i.e., 18 February 2014.*

Impairment test of Aquis Exchange Limited

Aquis launched its operation on 26 November 2013. It is now posting losses. The business model of Aquis is based on subscription fees charged for generated traffic rather than on the value of trade as do other trading platforms. The success of Aquis and its management includes the launch, the acquisition of first members, a high growth of turnover, additional financing of GBP 3 million raised in 2015. The price of Aquis shares issued in Q3 2015 was GBP 16.93 per share, which was more than the price paid by GPW (GBP 13.02). However, the operation of Aquis and the success of its business model depend mainly on:

- raising additional funding until mid-2016 according to the plan by attracting a sector investor to help promote Aquis (Aquis is negotiating with potential investors); and
- attracting a sufficient number of members and subscription fees and sale of trading platform software enabling the company to break even (Aquis introduced a new price list as of November 2015, intended by the company to help grow revenue).

As at 31 December 2015, impairment of the investment in Aquis was tested by estimating the use value based on the discounted cash flows (DCF) method according to the financial plan for 2016-2020 developed for the test.

The calculation was based on the following key assumptions:

- weighted average cost of capital (WACC): 9% (based on: market data of 10Y UK bond yields; beta: comparable companies; risk premium: 10.0%);
- growth rate of cash flows after the projection period: 2% (based on the estimated long-term growth rate of GDP).

Furthermore, the following other assumptions were used:

- CAGR of sales revenues in the period under review: 40%
- CAGR of operating expenses the period under review: 15%.

Based on the analysis and taking into account the share price in the recent increase of Aquis capital in Q3 2015, the GPW Management Board identified no impairment of goodwill of Aquis as at 31 December 2015.

(all amounts in PLN'000 unless stated otherwise)

7. Deferred tax

Table 18 Deferred tax assets and liabilities

	Deferred tax (assets)/ liabilities					
				As at 31 December 2015		
	As at 1 January 2015	Recognition in the statement of comprehensive income	Rrecognition in other comprehensive income	Net (assets) / liabilities	*including: deferred tax assets*	*including: deferred tax liabilities*
Unused holiday	**(441)**	(38)	-	**(479)**	(479)	-
Jubilee bonuses and retirement benefits	**(991)**	984	-	**(7)**	(7)	-
Annual and discretionary awards	**(1 317)**	(605)	-	**(1 921)**	(1 921)	-
Impairment on investments	**(1 452)**	163	-	**(1 289)**	(1 289)	-
Interest paid on bonds purchase	**(27)**	27	-	**-**	-	-
Difference between accounting and tax value of property, plant and equipment and intangible assets	**13 919**	639	**-**	**14 558**	-	14 558
Impairment allowance for receivables	**(97)**	(11)	-	**(108)**	(108)	-
Advisory services	**(44)**	36	-	**(8)**	(8)	-
Hedge accounting	**(60)**	-	23	**(37)**	(37)	-
Actuarial gains/(losses) on provisions against employee benefits after termination	**(74)**	-	27	**(46)**	(46)	-
Financial income	**307**	36	-	**343**	-	343
Unrealised FX differences	**2**	(1)	-	**1**	-	1
Fair value of investments	**69**	-	(69)	**-**	-	-
Costs of bond issue	**175**	193	-	**368**	-	368
Other	**(393)**	(113)	2	**(504)**	(649)	145
Net deferred tax (asset) / liability	**9 574**	**1 312**	**(16)**	**10 869**	**(4 544)**	**15 415**

(all amounts in PLN'000 unless stated otherwise)

Table 19 Deferred tax assets and liabilities

	Deferred tax (assets)/ liabilities					
	As at 1 January 2014	Recognition in the statement of comprehensive income	Rrecognition in other comprehensive income	As at 31 December 2014		
				Net (assets) / liabilities	*including: deferred tax assets*	*including: deferred tax liabilities*
Unused holiday	**(292)**	(149)	-	**(441)**	(441)	-
Jubilee bonuses and retirement benefits	**(1 004)**	11	2	**(991)**	(991)	-
Annual and discretionary awards	**(1 670)**	354	-	**(1 317)**	(1 317)	-
Impairment on investments	**(1 127)**	(325)	-	**(1 452)**	(1 452)	-
Interest paid on bonds purchase	**(27)**	-	-	**(27)**	(27)	-
Difference between accounting and tax value of property, plant and equipment and intangible assets	**6 158**	7 761	**-**	**13 919**	-	13 919
Impairment allowance for receivables	**(379)**	282	-	**(97)**	(97)	-
Advisory services	**(14)**	(30)	-	**(44)**	(44)	-
Hedge accounting	**(108)**	-	47	**(60)**	(60)	-
Actuarial gains/(losses) on provisions against employee benefits after termination	**-**	-	(74)	**(74)**	(74)	-
Financial income	**325**	(18)	-	**307**	-	307
Unrealised FX differences	**-**	2	-	**2**	-	2
Fair value of investments	**109**	-	(40)	**69**	-	69
Costs of bond issue	**263**	(88)	-	**175**	-	175
Other	**(1 169)**	778	(2)	**(393)**	(546)	153
Net deferred tax (asset) / liability	**1 065**	**8 577**	**(66)**	**9 574**	**(5 049)**	**14 625**

(all amounts in PLN'000 unless stated otherwise)

8. Available-for-sale financial assets

Table 20 Changes of available-for-sale financial assets

	Year ended	
	31.gru.15	31.gru.14
Opening balance	**10 710**	**21 073**
Discount and interest	(625)	(25)
Disposals (sale/redemption of bonds, shares)	(10 000)	-
Aquis moved to subsidiaries	-	(10 105)
Reclassified on sale of a controlling interest in a subdidiary	487	-
Change in fair value - recognised in total comprehensive income:	(291)	(233)
shares	*(413)*	*(23)*
Treasury bonds and bills	122	*(210)*
Closing balance, including:	**282**	**10 710**

As the maturity date of Treasury bonds (DS1015) was 24 October 2015, 10,000 bonds (DS1015) held by GPW S.A. were redeemed at the nominal amount of PLN 10 million plus interest of PLN 625 thousand.

Table 21 Available-for-sale financial assets by category

	As at	
	31 December 2015	31 December 2014
Treasury bonds	-	10 503
Total debt financial assets	**-**	**10 503**
Listed on the active market:	205	207
Sibex	*205*	*207*
Not listed on the active market:	76	**-**
IRK	*76*	-
Innex	-	-
Total equity financial assets	**282**	**207**
Total available-for-sale financial assets	**282**	**10 710**

(all amounts in PLN'000 unless stated otherwise)

Table 22 Available-for-sale financial assets by short-term and long-term assets

	As at	
	31 December 2015	31 December 2014
Treasury bonds	-	10 503
Current financial assets	**-**	**10 503**
Equity instruments	282	207
Non-current financial assets	**282**	**207**
Total available-for-sale financial assets	**282**	**10 710**

Table 23 Equity financial assets

	As at 31 December 2015			
	IRK	Innex	Sibex	Total
Value at cost	487	3 820	1 343	**5 650**
Revaluation	-	-	(1 138)	**(1 138)**
Impairment	(411)	(3 820)	-	**(4 231)**
Carrying value	**76**	**-**	**205**	**282**

Table 24 Equity financial assets

	As at 31 December 2014		
	Innex	Sibex	Total
Value at cost	3 820	1 343	**5 163**
Revaluation	-	(1 136)	**(1 136)**
Impairment	(3 820)	-	**(3 820)**
Carrying value	**-**	**207**	**207**

(all amounts in PLN'000 unless stated otherwise)

Innex

GPW acquired a stake in the Ukrainian Stock Exchange Innex in July 2008. The intention of GPW was to transform Innex into a state-of-the-art platform of trading in Ukrainian securities and subsequently also derivatives. Impairment of the shares of Innex at PLN 3,820 thousand (equal to the total value of the investment) was written off in 2008 due to the following:

- deep economic crisis in Ukraine, which significantly affected the market outlook and prevented GPW from pursuing an active policy on the Ukrainian capital market; and
- significant decrease in the number of privatisations, which are currently Innex's main stream of revenue, which caused Innex's loss for 2008.

As the shares of Innex have no active market and it is not possible to reliably determine their fair value, they are recognised at cost less impairment losses.

The financial results of Innex for the previous periods do not meet the conditions of reversal of the impairment loss for the shares of Innex as at 31 December 2015.

Sibex

S.C. SIBEX – Sibiu Stock Exchange S.A. (SIBEX) with its registered office in Romania has been listed on S.C. SIBEX – Sibiu Stock Exchange S.A. (SIBEX) since 2010. The purchase price of SIBEX shares was PLN 1,343 thousand, while as at 31 December 2015 the fair value based on the share price was PLN 205 thousand.

IRK

On 8 July 2015, GPW executed a conditional agreement to sell 80.02% of shares of Instytut Rynku Kapitałowego – WSE Research S.A. ("IRK") to Polska Agencja Prasowa S.A. ("PAP") for PLN 509 thousand. The transaction was conditional on the approval of the General Meeting of PAP, which was granted on 28 September 2015. The final selling price adjusted for the change in the net asset value under the agreement was PLN 382 thousand.

GPW held 19.98% of shares of IRK as at 31 December 2015. The carrying value of the investment was PLN 76 thousand. The investment was recognised under the available-for-sale financial assets.

Fair value hierarchy

The fair value of companies listed on exchanges is recognised at the share price (Sibex). The value of IRK was recognised at the selling price of IRK shares to PAP less a discount for loss of control.

Table 25 Fair value hierarchy

	As at 31 December 2015					
	Carrying value	Fair value	Goodwill hierarchy			
			Level 1	Level 2	Level 3	Total
Sibex	205	205	205	-	-	**205**
IRK	76	76	-	-	76	**76**
Total equity financial assets	**282**	**282**	**205**	**-**	**76**	**282**
Total	**282**	**282**	**205**	**-**	**76**	**282**

(all amounts in PLN'000 unless stated otherwise)

Table 26 Fair value hierarchy

	As at 31 December 2014					
	Wartość księgowa	Wartość godziwa	Hierarchia wartości godziwej			
			Poziom 1	Poziom 2	Poziom 3	Razem
Obligacje Skarbu Państwa	**10 503**	**10 503**	**10 503**	**-**	**-**	**10 503**
Sibex	207	207	207	-	-	**207**
Razem kapitałowe aktywa finansowe	**207**	**207**	**207**	**-**	**-**	**207**
Razem	**10 710**	**10 710**	**10 710**	**-**	**-**	**10 710**

9. Financial assets and liabilities held for sale

The Group had no assets or liabilities held for sale as at 31 December 2015.

As at 31 December 2014, the Exchange Management Board was considering potential sale of IRK and expected the sale to take place in 2015. As a result, assets and liabilities of IRK were presented in the consolidated financial statements as held for sale (group for sale). The fair value less the cost of sale was less than the carrying value of the group for sale, therefore impairment losses were recognised at PLN 366 thousand. The impairment losses were recognised in other operating expenses of the Group in 2014.

In 2015, the parent entity sold 80.02% of shares of Instytut Rynku Kapitałowego – WSE Research S.A. ("IRK") to Polska Agencja Prasowa S.A. for PLN 382 thousand. A non-controlling interest in IRK (19.98%) was presented under available-for-sale financial assets (Note 8).

Table 27 Assets and liabilities held for sale

	As at 31 December 2014 (not impaired)	*Impairment*	As at 31 December 2014
Property, plant and equipment	289	(239)	50
Intangible assets	153	(127)	26
Trade and other receivables	171	-	171
Cash	565	-	565
Total assets held for sale	**1 178**	**(366)**	**812**
Total liabilities held for sale	**275**	**-**	**275**

(all amounts in PLN'000 unless stated otherwise)

10. Non-current prepayments

As at 31 December 2015, non-current prepayments amounted to PLN 4,836 thousand (as at 31 December 2014: PLN 3,618 thousand).

Non-current prepayments related mainly to the right to perpetual usufruct of land (PLN 2,649 thousand as at 31 December 2015, PLN 2,755 thousand as at 31 December 2014).

The current portion of prepayments in respect of the right to perpetual usufruct of land in the amount of PLN 106 thousand as at 31 December 2015 (PLN 106 thousand as at 31 December 2014) is included in prepayments in Note 11.

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

11. Trade and other receivables

Table 28 Trade and other receivables

	As at	
	31 December 2015	31 December 2014
Gross trade receivables	*39 164*	*37 964*
Impairment allowances for receivables	*(1 716)*	*(1 557)*
Total trade receivables	**37 448**	**36 407**
Short-term prepayments	4 203	3 957
Other receivables and advance payments	1 655	1 683
Receivables in respect of tax settlements*	37 967	547
Total other receivables	**43 825**	**6 187**
Total trade and other receivables	**81 273**	**42 594**

** As at 31 December 2015 PolPX Group receivables in respect of tax VAT stood at PLN 37,841 thousand.*

(all amounts in PLN'000 unless stated otherwise)

Table 29 Trade receivables by credit quality

	As at	
	31 December 2015	**31 December 2014**
Current receivables (no impairment)	**32 555**	**34 314**
Overdue receivables (no impairment)		
1 to 30 days overdue	1 646	1 067
31 to 61 days overdue	683	419
61 to 90 days overdue	673	239
More than 90 days overdue	1 891	368
Total overdue receivables (no impairment)	**4 893**	**2 093**
Impaired and overdue receivables	**1 716**	**1 557**
Total gross trade receivables	**39 164**	**37 964**

Trade receivables which are neither overdue nor impaired include mainly receivables from Exchange Members (banks and brokerage houses) and receivables from issuers of securities as well as receivables for other services.

Table 30 Trade receivables which are neither overdue nor impaired by type of debtor

	As at	
	31 December 2015	**31 December 2014**
Exchange Members / Members of markets operated by the GPW Group	27 946	30 424
Issuers*	374	636
Other*	4 236	3 254
Total gross trade receivables not overdue	**32 555**	**34 314**

** receivables from debtors who are at the same time Exchange Members and Issuers or Exchange Members and Data Vendors are presented under receivables from Exchange Members*

Receivables from Exchange Members include receivables from Polish and foreign banks and brokerage houses, whose risk rating are presented in the table below. Due to the fact that the Group does not have its own credit rating system, external credit ratings were used. If a single debtor had no credit rating, the rating of the parent company of the debtor was used.

(all amounts in PLN'000 unless stated otherwise)

Table 31 Receivables from Exchange Members by Moody's ratings

	As at	
	31 December 2015	31 December 2014
Aa	45	192
A	6 793	3 576
Baa	5 128	6 029
Ba	683	5 257
B	2 597	15
No rating	12 700	15 355
Total trade receivables from Exchange Members / Members of markets operated by the GPW Group	**27 946**	**30 424**

Receivables from issuers include fees due from companies listed on GPW.

Trade receivables from other debtors include mainly fees for information services.

As at 31 December 2015, gross trade receivables at PLN 6,609 thousand (31 December 2014 – PLN 3,650 thousand) were overdue. Of this amount, overdue receivables from debtors in bankruptcy as at 31 December 2015 were PLN 1,136 thousand and other past due receivables were PLN 5,473 thousand (31 December 2014 – PLN 991 thousand and PLN 2,659 thousand, respectively).

As at 31 December 2015, trade receivables which were overdue and impaired amounted to PLN 1,716 thousand (PLN 1,557 thousand as at 31 December 2014).

Table 32 Changes of impairment loss on receivables

	As at	
	31 December 2015	31 December 2014
Opening balance	**1 557**	**2 479**
Initial impairment allowances	554	1 017
Receivables written off during the period as uncollectible	(63)	(1 348)
Reversal of impairment allowances	(332)	(591)
Closing balance	**1 716**	**1 557**

The creation and reversal of impairment allowance for receivables was recognised as other expenses or other income, respectively. The amounts that are charged to the impairment allowance account are written off if the payment is overdue or the cash is not expected to be collected, i.e., it is highly probable that the debtor will declare bankruptcy, will be subject to financial restructuring or when the debtor has significant financial difficulties.

The Group has no collateral on receivables. None of the trade receivables were renegotiated.

(all amounts in PLN'000 unless stated otherwise)

Table 33 Gross trade receivables by geographical concentration

	As at	
	31 December 2015	31 December 2014
Domestic receivables	27 934	29 701
Foreign receivables	11 230	8 263
Total	**39 164**	**37 964**

In view of the short due date of trade receivables (maximum 60 days), the book value of those receivables is similar to their fair value.

12. Cash and cash equivalents

Table 34 Cash and cash equivalents

	As at	
	31 December 2015	31 December 2014
Cash	4	16
Current accounts	123 066	90 029
Bank deposits	237 323	298 997
Total cash and cash equivalents	**360 393**	**389 042**

Cash and cash equivalents include bank deposits up to 3 months, current accounts and cash in hand. For short-term bank deposits and current accounts, given their short realisation period, the book value is similar to the fair value. The average maturity of the deposits of the parent entity was 11 days in 2015 (12 days in 2014).

13. Equity

Table 35 Equity of the shareholders of the parent entity

	As at	
	31 December 2015	31 December 2014
Share capital	63 865	63 865
Other reserves	1 455	1 930
Retained earnings	655 401	633 555
Total equity attributable to the shareholders of the parent entity	**720 721**	**699 350**

(all amounts in PLN'000 unless stated otherwise)

13.1. Share capital

Table 36 Share capital

	As at	
	31 December 2015	31 December 2014
Share capital	41 972	41 972
Revaluation of share capital using the inflation rate	21 893	21 893
Total share capital	**63 865**	**63 865**

The share capital from before the year 1996 with a nominal value of PLN 6,000 thousand was restated by applying the general price index (compound inflation for the period from April 1991 to December 1996 at 464.9%).

As at 31 December 2015, the share capital of WSE stood at PLN 41,972 thousand and was divided into 41,972,000 shares with a nominal value of PLN 1 per share including:

- 14,779,470 series A shares (35.21% of all shares);
- 27,192,530 series B shares (64.79% of all shares).

The Company's shares were fully paid up.

Series A shares are preferred registered shares which may be exchanged into bearer shares and become series B ordinary shares on exchange. Series A shares are preferred as to the voting rights. Each series A share gives 2 votes.

Series B shares are bearer shares. Each series B share gives 1 vote.

Table 37 Shareholders in the parent entity

	As at 31 December 2015			As at 31 December 2014		
	Value at par	% share		Value at par	% share	
		share capital	total vote		share capital	total vote
Registered shares:	**14 779**	**35,21%**	**52,08%**	**14 807**	**35,28%**	**52,16%**
State Treasury	14 688	35,00%	51,76%	14 688	35,00%	51,74%
Banks	56	0,13%	0,20%	56	0,13%	0,20%
Brokers	35	0,08%	0,12%	49	0,12%	0,17%
Other	-	0,00%	0,00%	14	0,03%	0,05%
Bearer shares	**27 193**	**64,79%**	**47,92%**	**27 165**	**64,72%**	**47,84%**
Total	**41 972**	**100,00%**	**100,00%**	**41 972**	**100,00%**	**100,00%**

(all amounts in PLN'000 unless stated otherwise)

13.2. Other reserves

Table 38 Other reserves

	As at 31 December 2014	Revaluation and disposal	As at 31 December 2015
Capital arising from available-for-sale financial assets and other assets:	**2 509**	**(699)**	**1 810**
Parent entity	300	(294)	6
- revaluation	*369*	*(363)*	*6*
- deferred tax	*(69)*	*69*	*0*
Associate	*2 209*	*(405)*	*1 804*
Capital arising from hedge accounting:	**(263)**	**100**	**(163)**
- revaluation	*(324)*	*123*	*(201)*
- deferred tax	*61*	*(23)*	*38*
Capital arising from actuarial gains/losses:	**(316)**	**125**	**(191)**
- revaluation	*(390)*	*154*	*(236)*
- deferred tax	*74*	*(29)*	*45*
Total other reserves: from revaluation	**1 930**	**(475)**	**1 455**

13.3. Retained earnings

Table 39 Retained earnings in 2015

	Reserve capital	Other reserves	Retained earnings	Profit for the period	Total
As at 31 December 2014	**62 048**	**326 513**	**132 915**	**112 079**	**633 555**
Distribution of the profit for the year ended 31 December 2014	23 786	3 023	85 271	(112 079)	**-**
Dividend	-	(47 848)	(52 885)	-	**(100 733)**
Acquisition of non-controlling interests	(1 074)	-	-	-	**(1 074)**
Profit for the year ended 31 December 2015 attributable to the shareholders of the parent entity	-	-	-	123 652	**123 652**
As at 31 December 2015	**84 760**	**281 688**	**165 301**	**123 652**	**655 401**

(all amounts in PLN'000 unless stated otherwise)

Table 40 Retained earnings in 2014

	Reserve capital	Other reserves	Retained earnings	Profit for the period	Total
As at 31 December 2013	**27 464**	**275 494**	**155 574**	**113 310**	**571 842**
Distribution of the profit for the year ended 31 December 2013	34 584	51 019	27 707	(113 310)	**-**
Dividend	-	-	(50 366)	-	**(50 366)**
Other changes	-	-	-	-	**-**
Acquisition of non-controlling interests	-	-	-	-	**-**
Profit for the year ended 31 December 2014 attributable to the shareholders of the parent entity	-	-	-	112 079	**112 079**
As at 31 December 2014	**62 048**	**326 513**	**132 915**	**112 079**	**633 555**

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

As required by the Articles of Association of the parent entity, reserve capital is earmarked for covering losses that may arise in the operations of the parent entity and for supplementing the share capital or for payment of dividends. Reserve capital should not be lower than one-third of the share capital. Transfers from distributed profit to reserve capital may not be lower than 10% of the profit. Transfers may be discontinued when reserve capital equals one-third of the share capital. One-third of reserve capital may only be used to cover losses reported in financial statements.

Reserves are maintained in the parent entity to ensure the ability of financing investments and other expenses connected with the operations of the parent entity. Reserves can be used towards share capital or payment of dividends.

13.4. Dividend

On 25 June 2015, the Ordinary General Meeting of GPW passed a resolution concerning the distribution of the Company's profit earned in 2014, including the allocation of PLN 100,733 thousand to the payment of dividend (PLN 52,885 thousand from the 2014 profit and PLN 47,848 from other reserves). The dividend is PLN 2.40 per share. The dividend record date was set at 15 July 2015. The dividend was paid out on 4 August 2015. The dividend paid to the State Treasury was PLN 35,252 thousand.

13.5. Earnings per share

	Year ended 31 December	
	2015	2014
Net profit for the period attributable to the shareholders of the parent entity	123 652	112 079
Weighted average number of ordinary shares (in thousands)	41 972	41 972
Basic and diluted earnings per share (in PLN)	**2,95**	**2,67**

14. Bond issue liabilities

Table 41 Bond issue liabilities

	As at	
	31 December 2015	31 December 2014
Liabilities under bond issue - non-current:	**243 800**	**244 078**
Series A and B bonds	120 257	244 078
Series C bonds	123 543	-
Liabilities under bond issue - current:	**682**	**-**
Series C bonds	682	-
	-	-
Total liabilities under bond issue	**244 482**	**244 078**

** The negative amount in 2015 is due to the settlement of the cost of issue, which reduced the principal liabilities under bond issue.*

Series A and B bonds

On 5 December 2011, the GPW Management Board adopted a resolution concerning an issue of series A and B bearer bonds. The goal of the issue was to finance GPW's projects including institutional consolidation of the exchange commodity market and expansion of the list of products available to investors on the market, as well as technology projects on the financial markets and the commodity market.

The issue of series A bonds with a nominal value of PLN 170,000 thousand addressed only to qualified investors took place on 23 December 2011.

Series B bonds with a nominal value of PLN 75,000 thousand were offered in a public offering on 10 February 2012. Series B bonds were issued on 15 February 2012.

Series A and B bonds have been introduced to trading on Catalyst, a market in corporate, municipal, co-operative, Treasury and mortgage bonds operated by GPW and BondSpot. The nominal value was PLN 100 per bond. The GPW bonds are unsecured floating bonds. Interest is fixed within an interest period based on WIBOR 6M plus a margin of 117 basis points.

The maturity of series A and B bonds is 2 January 2017. Series A and B bonds were partly redeemed before maturity in October 2015. See below for details.

(all amounts in PLN'000 unless stated otherwise)

Series C bonds

On 18 September 2015, GPW announced its intention to buy back series A and B bonds issued by GPW from bond holders for cancellation. On 29 September 2015, the GPW Management Board passed a resolution on the issue of series C unsecured bearer bonds. The bonds were issued on 6 October 2015.

On 6 October 2015, GPW issued 1,250,000 series C bearer bonds in a total nominal amount of PLN 125,000 thousand. The nominal amount and the issue price was PLN 100 per bond. The series C bonds bear interest at a fixed rate of 3.19 percent per annum. Interest on the bonds is paid semi-annually. The bonds are due for redemption on 6 October 2022 against the payment of the nominal value to the bond holders.

On 12 October 2015, GPW completed the purchase of its series A and B bonds from bond holders at a price of PLN 101.20 per bond. On 6-12 October 2015, GPW bought back 1,245,163 bonds for a total price of PLN 126,010 thousand. The early redemption of the series A and B bonds was paid for with cash raised by GPW through the issue of series C bonds.

The series C bonds were introduced to the alternative trading system on Catalyst.

15. Employee benefits payable

Table 42 Employee benefits payable by short-term and long-term liabilities

	As at	
	31 December 2015	31 December 2014
Retirement benefits (Note 15.1)	646	2 544
Jubilee awards (Note 15.1)	-	2 134
Other (Note 15.2)	3 400	884
Long-term	**4 046**	**5 562**
Retirement benefits (Note 15.1)	186	209
Jubilee awards (Note 15.1)	-	720
Other (Note 15.2)	9 271	8 982
Short-term	**9 457**	**9 911**
Total	**13 504**	**15 473**

(all amounts in PLN'000 unless stated otherwise)

15.1. Liabilities under retirement benefits and jubilee awards

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

Table 43 Employee benefits recognised in the statement of comprehensive income according to actuarial valuation

	Year ended	
	31 December 2015	31 December 2014
Retirement benefits*	(1 605)	300
Jubilee awards*	(1 619)	788
Total benefits under operating expenses	**(3 224)**	**1 087**
Retirement benefits	(154)	390
Total benefits under other comprehensive income	**(154)**	**390**
Total benefits in the statement of comprehensive income	**(3 378)**	**1 477**

** In February 2015, the parent entity changed its remuneration rules, including liquidation of jubilee awards and the retirement benefit fund. The negative amounts: PLN 1,605 thousand and PLN 1,619 thousand, represent release of provisions created against such benefits in previous years.*

Table 44 Change of liabilities under retirement benefits and jubilee awards in 2015

	Year ended 31 December 2015		
	Retirement benefits	Jubilee awards	Total
Opening balance	**2 753**	**2 854**	**5 607**
Current cost of employment	290	-	**290**
Interest cost	65	-	**65**
Cost of past employment and reduction of the benefit plan*	(1 961)	-	**(1 961)**
Gains and losses on the benefit plan*	-	(1 619)	**(1 619)**
Actuarial gains/(losses) recognised in other comprehensive income due to change of:	(154)	-	**(155)**
- *financial assumptions*	(136)	-	**(136)**
- *demographic assumptions*	(12)	-	**(12)**
- *other assumptions*	(7)	-	**(7)**
Total recognised in comprehensive income	**(1 760)**	**(1 619)**	**(3 380)**
Benefits paid	(160)	(1 235)	**(1 395)**
Closing balance	**832**	**-**	**832**

** In February 2015, the parent entity changed its remuneration rules, including liquidation of jubilee awards and the retirement benefit fund. The negative amounts: PLN 1,605 thousand and PLN 1,619 thousand, represent release of provisions created against such benefits in previous years.*

(all amounts in PLN'000 unless stated otherwise)

Table 45 Change of liabilities under retirement benefits and jubilee awards

	Year ended 31 December 2014		
	Retirement benefits	Jubilee awards	Total
Opening balance	**2 118**	**3 162**	**5 280**
Current cost of employment	209	416	**625**
Interest cost	90	126	**216**
Actuarial gains/(losses) recognised in other comprehensive income due to change of:	390	245	**635**
- financial assumptions	*546*	*189*	**735**
- demographic assumptions	*(2)*	-	**(2)**
- other assumptions	*(154)*	*56*	**(98)**
Total recognised in comprehensive income	**690**	**788**	**1 477**
Benefits paid	**(55)**	**(1 096)**	**(1 150)**
Closing balance	**2 753**	**2 854**	**5 607**

Table 46 The main actuarial assumptions at dates ending the reporting periods

	2015	2014
Discount rate	2,9%-3,4%	2,3%-2,6%
Expected average annual increase of the base of retirement benefits and jubilee awards	2,6%-2,8%	2,3%-3,5%
Inflation p.a.	1,8%-2,5%	2,5%
Weighted average employee mobility	4,7%-10%	4,0%-10,2%

(all amounts in PLN'000 unless stated otherwise)

15.2. Liabilities under other employee benefits

Table 47 Changes to short-term and long-term other employee benefits in 2015

	Year ended 31 December 2015					
	Opening balance	Set up	Used	Reclassified	Released	Closing balance
Annual and discretionary bonuses	6 149	9 078	(8 509)	307	(368)	**6 657**
Unused holiday leave	2 411	491	(269)	-	(28)	**2 605**
Overtime	2	4	(2)	-	-	**4**
Car allowance	12	5	(12)	-	-	**5**
Reorganisation severance pay	408	-	(248)	-	(160)	**-**
Total short-term other employee benefits payable	**8 982**	**9 579**	**(9 040)**	**307**	**(556)**	**9 271**
Annual and discretionary bonuses	750	3 041	-	(307)	(84)	3 400
Reorganisation severance pay	133	-	-	-	(133)	-
Total long-term other employee benefits payable	**883**	**3 041**	**-**	**(307)**	**(217)**	**3 400**
Total other employee benefits payable	**9 865**	**12 619**	**(9 040)**	**-**	**(773)**	**12 671**

Table 48 Changes to short-term and long-term other employee benefits in 2014

	Year ended 31 December 2014					
	Opening balance	Set up	Used	Reclassified	Released	Closing balance
Annual and discretionary bonuses	7 762	6 143	(7 368)	-	(388)	**6 149**
Benefits after termination	165	-	(165)	-	-	**-**
Unused holiday leave	2 344	873	(806)	-	-	**2 411**
Overtime	-	2	-	-	-	**2**
Car allowance	10	12	(10)	-	-	**12**
Reorganisation severance pay	-	408	-	-	-	**408**
Total short-term other employee benefits payable	**10 282**	**7 438**	**(8 349)**	**-**	**(388)**	**8 982**
Annual and discretionary bonuses	405	750	-	-	(405)	**750**
Reorganisation severance pay	-	133	-	-	-	**133**
Total long-term other employee benefits payable	**405**	**883**	**-**	**-**	**(405)**	**884**
Total other employee benefits payable	**10 687**	**8 321**	**(8 349)**	**-**	**(793)**	**9 866**

(all amounts in PLN'000 unless stated otherwise)

15.3. Sensitivity analysis

The parameters which determine the present value of liabilities in respect of employee benefits include:

- employee mobility (rotation),
- discount rate, and
- salary growth rate.

The benefits were determined on a case-by-case basis for each individual employee. The liability is based on the present value of future long-term liabilities of GPW in respect of retirement benefits and (until February 2015) jubilee awards. All amounts were determined by an actuary.

The expected amount of retirement benefits is equal to the product of the expected amount of the base retirement benefit, the expected growth of the base until the date of retirement, and a percentage ratio depending on seniority. The amount was then discounted.

The expected amount of jubilee awards is equal to the product of the expected amount of the base award, the expected growth of the base until the date of vesting, and a percentage ratio depending on seniority. The amount was then discounted.

A sensitivity analysis was carried out as at 31 December 2015 to measure the sensitivity of the results of the actuarial valuation to changes of valuation assumptions including the discount rate and the expected change of the base of benefits on retirement benefits and jubilee awards.

Table 49 Sensitivity analysis: +/- 0.5 p.p. change of the discount rate

	Carrying value of provisions	Carrying value of provisions at discount rate change by -0.5 p.p.	Carrying value of provisions at discount rate change by +0.5 p.p.
Retirement benefits	832	876	794
Total	**832**	**876**	**794**
Change of carrying value		**44**	**(38)**

Table 50 Sensitivity analysis: +/- 0.5 p.p. change of the base of retirement benefits and jubilee awards

	Carrying value of provisions	Carrying value of provisions at change in the base of benefit by -0.5%	Carrying value of provisions at change in the base of benefit by +0.5%
Retirement benefits	832	794	879
Total	**832**	**794**	**879**
Change of carrying value		**(38)**	**47**

(all amounts in PLN'000 unless stated otherwise)

16. Incentive programme

In 2014, following the appointment of the new Exchange Management Board, the existing 2013 Rules of the Incentive Programme for the Management Board Members of the Company were revoked and replaced by the new Rules of the Incentive Programme approved by the Supervisory Board.

Under the new programme, the Supervisory Board may award a discretionary bonus to Management Board Members on the basis of its appraisal of individual performance and the Company's targets. The maximum amount of the discretionary annual bonus is capped as a percentage of annual basic remuneration. Payments up to the maximum bonus amount are made as follows:

- 30% of the discretionary bonus is paid on a one-off basis;
- 30% of the discretionary bonus is paid in phantom shares;
- 40% of the discretionary bonus is put in the Bonus Bank and settled in equal parts in the next three years upon fulfilment of specific conditions.

This bonus system applied also in 2015.

The same incentive scheme was implemented in 2015 in the companies: PolPX, WCCH, and BondSpot.

Table 51 Details of the incentive scheme for the Management Board of GPW, PolPX, WCCH, and BondSpot – phantom shares

	2015	2014
Programme announcement date	*GPW - 2014, PolPX, WCCH, BondSpot - 2015*	
Programme start date under IFRS 2 definition	*30 days after Ordinary General Meeting after the end of financial year*	
Transaction type under IFRS 2	*Cash-settled share-based payments*	
Appraisal period start date	*January 1, 2015*	*January 1, 2015*
Number of instruments granted	*Determined on the programme grant date*	
Maturity date	*1 year after the programme grant date (one-year holding period)*	
Vesting date	*30 days after Ordinary General Meeting*	
Conditions for vesting rights	*Employment with the Company in 2015, meeting Company targets and individual performance targets.*	*Employment with the Company in 2014, meeting Company targets and individual performance targets.*
Programme settlement	*The participant will receive cash in the amount equal to the number of phantom shares held by the participant times the median closing price of parent entity shares from 1 January to 31 March of the year of payment.*	
Programme valuation	*Fair value at each balance-sheet date*	

(all amounts in PLN'000 unless stated otherwise)

Table 52 Valuation of the incentive scheme for the Management Board of GPW, PolPX, WCCH, and BondSpot – phantom shares

	Phantom shares for bonus year	
	2015	2014
Date of allocation of phantom shares for the year	*N/A**	July 2, 2015
Number of shares allocated and deferred	*N/A**	6 387
Fair value at allocation date	*N/A**	249
Provisions against phantom shares as at 1 January 2015	*N/A**	307
Provisions against phantom shares as at 31 December 2015	1 330	256
Cost of phantom shares in the period shown in the shatement of total comprehensive income	1 279	307

** No phantom shares for 2015 were allocated to the Management Board of GPW, PolPX, WCCH and BondSpot for 2015 until the date of publication of this report*

The Supervisory Boards of the companies did not decide on the amount of the discretionary bonus for the Management Board Members for 2015 as at the date of publication of the financial statements. The statement of comprehensive income for the year ended on 31 December 2015 shows:

- a decrease in costs by PLN 51 thousand in respect of valuation of the incentive scheme for phantom shares allocated in the parent entity for 2014; and
- costs of PLN 1,330 thousand in respect of provisions set up for phantom shares to be allocated for 2015, reflecting the fair value of the phantom shares estimated by the companies. The provisions were set up according to the rules of the incentive scheme for Management Board Members described above.

The total amount charged to costs in 2015 was PLN 1,330 thousand, presented under salaries and other employee costs of the period (Note 32.1).

The statement of comprehensive income for the year ended on 31 December 2014 shows provisions of PLN 307 thousand set up for the phantom shares allocated for 2014.

17. Trade payables

Table 53 Trade payables

	As at	
	31 December 2015	31 December 2014
Trade payables to associates	147	228
Trade payables to other parties	8 449	9 789
Total trade payables	**8 597**	**10 017**

In the opinion of the Management Board of the parent entity, due to the short due dates of trade payables, the book value of trade payables is similar to the fair value.

(all amounts in PLN'000 unless stated otherwise)

18. Finance lease liabilities

Table 54 Finance lease liabilities by short-term and long-term liabilities

	As at	
	31 December 2015	31 December 2014
Long-term	84	205
Short-term	55	154
Total finance lease liabilities	**139**	**359**

Table 55 Minimum lease payments, future cost of finance lease and present value of finance lease liabilities

	As at	
	31 December 2015	31 December 2014
Gross finance lease liabilities (minimum lease payments)	**139**	**359**
Up to 1 year	55	154
1 to 5 years	84	205
Future financial cost under finance lease	**11**	**30**
Present value of finance lease liabilities	**128**	**329**
Up to 1 year	47	165
1 to 5 years	81	164

19. Other liabilities

Table 56 Other liabilities by short-term and long-term liabilities

	As at	
	31 December 2015	31 December 2014
Dividend payable	192	175
Liabilities in respect of tax settlements*	12 242	35 933
Other liabilities	807	98
Total current liabilities	**13 241**	**36 206**
Total other liabilities	**13 241**	**36 206**

** PolPX Group's VAT liabilities stood at PLN 8,065 thousand as at 31 December 2015 and PLN 32,972 thousand as at 31 December 2014:.*

(all amounts in PLN'000 unless stated otherwise)

20. Accruals and deferred income

Table 57 Accruals and deferred income

	As at	
	31 December 2015	31 December 2014
Total financial market	-	-
Total commodity market*	4 461	4 018
Other income	286	336
Deferred income	**4 747**	**4 354**
Audit	217	220
Promotion	39	20
Advisory	44	433
Other services**	2 216	90
Accruals	**2 516**	**762**
Total accruals and deferred income	**7 263**	**5 115**

** Fees for membership and participation in markets operated by the PolPX Group paid for the next financial year.*
*** Mainly IT costs*

21. Provisions for other liabilities and charges

Table 58 Provisions for other liabilities and charges by short-term and long-term items

	As at	
	31 December 2015	31 December 2014
Long-term	-	-
Short-term	621	1 346
Total provisions for other liabilities and charges	**621**	**1 346**

(all amounts in PLN'000 unless stated otherwise)

Table 59 Change of provisions for other liabilities and charges in 2014 and 2015

	Provisions for litigations and disputes	Other provisions	Total
As at 1 January 2014	**1 836**	**303**	**2 139**
- set up	105	133	**238**
- released	(223)	(19)	**(242)**
- used	(524)	(265)	**(789)**
As at 31 December 2014	**1 194**	**152**	**1 346**
As at 1 January 2015	**1 194**	**152**	**1 346**
- set up	177	444	**621**
- released	(1 194)	(2)	**(1 196)**
- used	-	(150)	**(150)**
As at 31 December 2015	**177**	**444**	**621**

Provisions in the amount of PLN 177 thousand are for disputes arising out of employment claims. According to the Management Board of the parent entity, supported by a legal opinion, assertion of such claims will not cause significant losses in excess of the amount of provisions created as at 31 December 2015.

22. Sales revenue

Table 60 Sales revenue by business segment

	Year ended	
	31 December 2015	31 December 2014
Financial market	**199 955**	**199 962**
Trading	136 948	137 795
Listing	24 497	23 960
Information services	38 510	38 207
Commodity market	**125 193**	**114 453**
Trading	62 552	60 121
Register of certifcicates of origin	24 166	22 473
Clearing	38 475	31 859
Other revenue	**2 743**	**3 146**
Total sales revenue	**327 890**	**317 561**

Table 61 Revenue by geographic distribution

	Year ended 31 December 2015	Share (%)	Year ended 31 December 2014	Share (%)
Revenue from foreign customers	73 308	22,4%	66 270	20,9%
Revenue from local customers	254 582	77,6%	251 291	79,1%
Total	**327 890**	**100,0%**	**317 561**	**100,0%**

(all amounts in PLN'000 unless stated otherwise)

23. Operating expenses

Table 62 Operating expenses by category

	Year ended	
	31 December 2015	31 December 2014
Depreciation and amortisation	26 837	28 769
Salaries	56 662	56 501
Other employee costs	11 426	13 042
Rent and other maintenance fees	9 785	10 272
Fees and charges	23 627	22 387
including fees paid to PFSA	*22 047*	*22 040*
External service charges	39 621	41 968
Other operating expenses	6 433	8 662
Total operating expenses	**174 391**	**181 601**

23.1. Salaries and other employee costs

Table 63 Salaries by category

	Year ended	
	31 December 2015	31 December 2014
Salaries:	**55 391**	**55 593**
Gross remuneration	45 720	46 853
Annual and discretionary bonuses	10 869	5 130
Jubilee awards	(1 619)	788
Retirement benefits and reorganisation severance pay	(1 200)	1 306
Non-competition	884	628
Other (including: unused holiday leave, overtime)	736	889
Supplementary payroll	1 271	908
Total employee costs	**56 662**	**56 501**

(all amounts in PLN'000 unless stated otherwise)

Table 64 Other employee costs by category

	Year ended	
	31 December 2015	31 December 2014
Social security costs	7 792	7 458
Employee Pension Plan	448	1 384
Other benefits (including medical services, lunch subsidies, sports, insurance, etc.)	3 186	4 200
Total other employee costs	**11 426**	**13 042**

The parent entity offers its employees who retire a benefit equal to one month's salary (Note 15).

The parent entity also offers its employees defined contribution plans (Employee Pension Scheme). A defined contribution plan is financed with contributions paid by GPW and by an employee to a pension fund operating independently of the financial structure of GPW.

The remuneration system for the members of the Management Boards of Group companies is defined on the basis of a long-term incentive scheme. It consists of a fixed part (base pay) and a variable part (incentive system, i.e., bonus, described in Note 16) as well as fringe benefits defined by the Supervisory Boards. The bonus depends on annual appraisal by the Supervisory Board.

The parent entity offers the employees an incentive program consisting of a fixed part (base pay) and a variable part (annual bonus as well as a discretionary bonus). The variable part of the incentive system – the annual bonus – is based on the employee's individual appraisal and tied to the results of GPW. The discretionary bonus is awarded under the remuneration rules by the GPW Management Board on request of a superior in an amount not higher than the maximum set discretionary bonus (fixed as a % of the amount of remuneration paid).

(all amounts in PLN'000 unless stated otherwise)

23.2. External service charges

Table 65 External service charges by category

	Year ended	
	31 December 2015	**31 December 2014**
IT cost:	20 209	19 378
IT infrastructure maintenance	*12 524*	*11 755*
TBSP maintenance services	*1 185*	*1 139*
Data transmission lines	*5 704*	*5 827*
Software modification	*796*	*657*
Office and office equipment maintenance:	2 749	3 695
Repair and maintenance of installations	*938*	*1 425*
Security	*820*	*1 137*
Cleaning	*483*	*467*
Phone and mobile phone services	*508*	*667*
Leasing, rental and maintenance of vehicles	437	503
Transportation services	195	193
Promotion, education, market development	6 155	6 637
Market liquidity support	930	779
Advisory (including: audit, legal services, business consulting)	5 474	6 656
Information services	823	540
Training	1 147	604
Mail fees	86	71
Bank fees	115	131
Translation	260	275
Other	1 041	2 505
Total external service charges	**39 621**	**41 968**

(all amounts in PLN'000 unless stated otherwise)

23.3. Other operating expenses

Table 66 Other operating expenses by category

	Year ended	
	31 December 2015	31 December 2014
Consumption of materials and energy	3 199	3 627
Membership fees	721	485
Property insurance	405	360
Impairment of perpetual usufruct	106	106
Business trips	1 391	1 453
Conferences	333	273
Other*	279	2 358
Total other operating expenses	**6 433**	**8 662**

** Other expenses include a goodwill impairment of PLN 1,311 thousand in 2014 and PLN 93 thousand in 2015.*

24. Other income and expenses

24.1. Other income

Table 67 Other income by category

	Year ended	
	31 December 2015	31 December 2014
Damages received	9	108
Income from sale of property, plant and equipment	-	36
Reversal of impairment allowance for receivables	-	15
Other*	1 287	1 098
Total other income	**1 296**	**1 256**

** Other income in 2014 and 2015 includes an annual VAT adjustment, medical service subsidies for employees, refund of tax paid at the source, cost of the Housing Co-operative "Książęca 4".*

(all amounts in PLN'000 unless stated otherwise)

24.2. Other expenses

Table 68 Other expenses by category

	Year ended	
	31 December 2015	31 December 2014
Donations	728	115
Loss on sale of property, plant and equipment	182	-
Impairment allowance for receivables	245	420
Other	995	1 326
Total other expenses	**2 151**	**1 861**

In 2015, donations were made by the parent entity to:

- GPW Foundation – PLN 600.0 thousand;
- Youth Entrepreneurship Foundation – PLN 20.0 thousand;
- Caritas Diecezji Łowickiej – PLN 14 thousand;
- Other donations – PLN 14 thousand.

In 2014, donations were made by the parent entity to:

- Polish Institute of Directors (grant for statutory purposes) – PLN 60 thousand;
- Great Orchestra of Christmas Charity Foundation (grant for charity initiatives) – PLN 15.6 thousand;
- Lesław Paga 2065 Foundation (awards for the winner of the 12th edition of the Online School Exchange Game) – PLN 12 thousand;
- Other donations (statutory purposes, assistance for children's holidays) – PLN 26.5 thousand.

25. Financial income and expenses

25.1. Financial income

Table 69 Financial income by category

	Year ended	
	31 December 2015	31 December 2014
Interest on bank deposits and current accounts	6 206	9 200
Interest on available-for-sale financial assets	625	625
Gains / (Losses) on sale of available-for-sale financial assets	(140)	(25)
Other*	3 250	561
Total financial income	**9 941**	**10 360**

** In 2015, income of PLN 2,754 thousand was generated on the dilution of GPW's investment in Aquis (the capital of Aquis was increased without the participation of GPW).*

(all amounts in PLN'000 unless stated otherwise)

25.2. Financial expenses

Table 70 Financial expenses by category

	Year ended	
	31 December 2015	31 December 2014
Interest on bonds, including:	8 416	9 967
Accrued	*1 698*	*461*
Paid	*6 718*	*9 506*
Other	985	390
Total financial expenses	**9 401**	**10 356**

26. Income tax

Table 71 Income tax by current and deferred tax

	Year ended	
	31 December 2015	31 December 2014
Current income tax	26 623	18 242
Deferred tax	1 312	8 577
Total income tax	**27 935**	**26 819**

As required by the Polish tax regulations, the tax rate applicable in 2015 and 2014 is 19%.

(all amounts in PLN'000 unless stated otherwise)

Table 72 Reconciliation of the theoretical amount of tax arising from profit before tax and the statutory tax rate with the income tax expense shown in the statement of comprehensive income

	Year ended	
	31 December 2015	31 December 2014
Profit before income tax	151 654	139 105
Income tax rate	19%	19%
Income tax at the statutory tax rate	**28 814**	**26 430**
Tax effect:	**(880)**	**389**
Non-tax-deductible expenses	254	302
Realised permanent difference on a tax loss on the sale of subsidiaries	(1 445)	-
Additional taxable income	10	12
(Gains) on dilution of investment in Aquis	(523)	-
Tax losses of subsidiaries not recognised in deferred tax	464	807
Non-taxable share of profit of associates	291	(712)
Other adjustments	70	(20)
Total income tax	**27 935**	**26 819**

27. Contracted investments

Contracted investments in plant, property and equipment were PLN 1,094 thousand as at 31 December 2015 including mainly reconstruction of rooms in the GPW building (there were no contracted investments in plant, property and equipment as at 31 December 2014).

Contracted investments in intangible assets were PLN 13,884 thousand as at 31 December 2015 including mainly the UTP-Derivatives system, the Electronic Document Flow system, Microsoft product licences, the PolPX Group trading and clearing system, and the AX system in GPW CU. Contracted investments were PLN 13,192 thousand as at 31 December 2014 including mainly the UTP-Derivatives system, the billing system in BondSpot, the AX system in GPW CU and the new X-Tream Trading system in PolPX.

28. Related party transactions

Related parties of the Group include:

- the associates,
- the State Treasury as the parent entity (holding 35.00% of the share capital and 51.76% of the total number of voting rights as at 31 December 2015),
- entities controlled and jointly controlled by the State Treasury and entities over which the State Treasury has significant influence,
- members of the key management personnel of the Company: the Exchange Management Board and the Exchange Supervisory Board.

28.1. Information about transactions with companies which are related parties of the State Treasury

The Group keeps no records which would clearly identify and aggregate transactions with all entities which are related parties of the State Treasury.

Entities with a stake held by the State Treasury, with which the parent entity enters into transactions, include issuers (from which GPW charges introduction and listing fees) and Exchange Members (from which GPW charges fees for access to trade on the exchange market, fees for access to the GPW IT systems, and fees for trade in financial instruments).

Of the biggest clients of the parent entity, Powszechna Kasa Oszczędności Bank Polski S.A. was the only entity with a stake held by the State Treasury with which GPW entered individually into material transactions, identified on the basis of a list of companies supervised by the Ministry of Treasury as published by the Ministry of Treasury. The total sale to that company was PLN 11,434 thousand in 2015 and PLN 12,482 thousand in 2014.

Entities with a stake held by the State Treasury, with which PolPX and WCCH enter into transactions, include members of the markets operated by PolPX and members of the Clearing House. Fees are charged from such entities for participation and for trade on the markets operated by PolPX, for issuance and cancellation of property rights in certificates of origin, and for clearing.

Of the biggest clients of the PolPX Group, the following companies with a stake held by the State Treasury entered individually into material transactions with the PolPX Group: Polskie Górnictwo Naftowe i Gazownictwo S.A. (Polish Oil and Gas Company, "PGNiG") and PGE Polska Grupa Energetyczna S.A. ("PGE"). The total revenue of PolPX and WCCH from PGNiG was PLN 9,961 thousand in 2015 and PLN 6,582 thousand in 2014. The total revenue of PolPX and WCCH from PGE was PLN 5,257 thousand in 2015 and PLN 9,659 thousand in 2014. PGNiG and PGE are members of the markets operated by PolPX and members of WCCH.

No other entities with a stake held by the State Treasury which entered individually into material transactions with the Group were identified among suppliers of the Group.

(all amounts in PLN'000 unless stated otherwise)

All trade transactions with entities with a stake held by the State Treasury are concluded in the normal course of business and are carried out on an arm's length basis. According to the Group's estimates, the individual and aggregate impact of other trade transactions with entities with a stake held by the State Treasury was immaterial in the period of 12 months ended on 31 December 2015.

In accordance with the Polish law, Group companies are subject to tax obligations. Hence, they pay tax to the State Treasury, which is its related party. The rules and regulations applicable to Group companies in this regard are the same as those applicable to other entities which are not related parties.

In accordance with the Decree of the Minister of Finance of 16 March 2010 concerning fees paid to the Polish Financial Supervision Authority ("PFSA") by supervised entities which pursue activities on the capital market, the Group incurs costs of fees paid to the State Treasury in the amount set by the Polish Financial Supervision Authority. The parent entity contributes monthly prepayments for fees due to PFSA for supervision over the capital market. PFSA makes final yearly settlements of the fees by 10 February of the following year. Fees paid by the Group amounted to PLN 22,047 thousand in 2015 (PLN 22,040 thousand in 2014).

28.2. Transactions with associates

Table 73 Group's transactions with associates

	As at 31 December 2015		Year ended 31 December 2015	
	Receivables	Liabilities	Sales revenue	Operating expenses
KDPW S.A. Group	1	1	125	38
Centrum Giełdowe S.A.	-	146	-	1 122
Aquis Exchange Limited	7	-	16	-
Total	**8**	**147**	**141**	**1 160**

Table 74 Group's transactions with associates

	As at 31 December 2014		Year ended 31 December 2014	
	Receivables	Liabilities	Sales revenue	Operating expenses
KDPW S.A. Group	2	-	33	30
Centrum Giełdowe S.A.	-	24	-	1 596
Aquis Exchange Limited	-	-	-	-
Total	**2**	**24**	**33**	**1 626**

On 21 April 2015, the Ordinary General Meeting of Centrum Giełdowe decided to allocate PLN 1,420 thousand of the company's profit earned in 2014 to dividend. The dividend amount due to the Company was PLN 352 thousand. The dividend was paid on 30 April 2015.

Receivables from associates were not written off as uncollectible from associates or provided for in the year ended on 31 December 2015 and 31 December 2014.

As owner and lessee of office space in the Centrum Giełdowe building, GPW pays rent and operating expenses for office space, including joint property, to the building manager, Centrum Giełdowe S.A.

28.3. Other transactions

GPW Foundation

On 17 June 2015, the Group established the GPW Foundation whose mission it is to pursue educational activities, including programmes supporting the development of financial and commodity markets, promotion of economic education, and charity initiatives. The Group allocated PLN 675 thousand to the mission of the Foundation as its endowment. The amount was shown under other expenses in the statement of comprehensive income.

Acquisition of non-controlling interest in BondSpot

GPW's stake in the share capital and total vote of BondSpot was 92.96% as at 31 December 2014. From 1 January 2015 to 30 June 2015, GPW signed five conditional agreements to buy 147,560 BondSpot shares for a total price of PLN 615 thousand. The transactions were conditional on the approval of the Polish Financial Supervision Authority for the acquisition of BondSpot shares, which was granted on 23 June 2015.

On 20 August 2015, GPW signed a conditional agreement to buy 254,884 BondSpot shares for a total price of PLN 1,096 thousand. The transaction was conditional on the approval of the Polish Financial Supervision Authority for the acquisition of BondSpot shares, which was granted on 6 October 2015.

As a result of the transactions, GPW's stake in the share capital and total vote of BondSpot was 96.98% as at the date of publication of these financial statements.

Książęca 4 Street Housing Cooperative

In 2015, GPW also concluded transactions with the Książęca 4 Street Housing Cooperative of which it is a member. The expenses amounted to PLN 3,539 thousand in 2015 and PLN 4,114 thousand in 2014. Moreover, when the Housing Cooperative generates a surplus during a year, the Company receives refunds, and where there is a shortage, the Company is obliged to contribute an additional payment. The additional payment amounted to PLN 29 thousand in 2015 and the refund was PLN 324 thousand in 2014.

(all amounts in PLN'000 unless stated otherwise)

29. Information on remuneration and benefits of the key management personnel

The management personnel of the Group is the Exchange Management Board and the Exchange Supervisory Board. The table below presents data for all (present and former) members of the Exchange Management Board and the Exchange Supervisory Board in office in 2014 and 2015.

The table does not show social security contributions in the part paid by the employer.

Table 75 Cost of remuneration and benefits of the Group's key management personnel (paid and due for 2014 and 2015)

	Year ended	
	31 December 2015	31 December 2014
Base salary	3 345	3 132
Holiday leave equivalent	63	441
Bonus - Bonus Bank	887	805
Bonus - one-off payment	915	1 606
Bonus - phantom shares	672	307
Other benefits	193	695
Benefits after termination	884	628
Jubilee award	-	278
Total remuneration of the Exchange Management Board	**6 958**	**7 891**
Remuneration of the Exchange Supervisoy Board	**543**	**414**
Total remuneration of the key management personnel	**7 501**	**8 306**

As at 31 December 2015, due (not paid) remuneration and benefits of the key management personnel stood at PLN 2,999 thousand including bonuses for 2014 and 2015 (the bonus was shown in costs of 2014 and 2015, respectively, in the table above). As at 31 December 2014, due (not paid) remuneration and benefits stood at PLN 1,024 thousand including bonuses for 2014 (shown in costs of 2014 in the table above).

Furthermore, members of the Exchange Management Board received PLN 193 thousand of remuneration in 2014 for functions on the supervisory boards of related parties (PLN 0 in 2015), which is not shown in the table above.

30. Future minimum lease payments

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

GPW is a party to office space and server room rental agreements subject to a termination notice of a three months, six months, twelve months and more than twelve months.

The Polish Power Exchange Group is a party to the lease contract of office space for a specific period ending on 31 December 2018, for which the rent to be paid in 2016 will amount to PLN 1,529 thousand.

BondSpot S.A. is a party to the lease contract of office space for a fixed period (5 years), which the rent to be paid in 2016 will amount to PLN 721 thousand.

(all amounts in PLN'000 unless stated otherwise)

Table 76 Total future minimum lease payments under non-cancellable operating leases

	Future minimum lease payments under irrevocable operating lease			
	< 1 Y	1-5 Y	> 5 Y	Total
As at 31 December 2015	5 378	6 344	8 584	**20 306**
As at 31 December 2014	6 219	8 312	8 703	**23 234**

The amounts above include VAT. GPW's annual fees for perpetual usufruct of land are PLN 118 thousand. The costs of operating leases (space rentals) are presented in Note 18.

31. Derivative financial instruments

As at 31 December 2015, the Group was in possession of a EUR currency forward contract for the amount of EUR 50,000. The contract was purchased on 30 November 2015 and has a maturity date of 8 January 2016. The exchange rate equals 4.272 PLN/EUR, which amounts to PLN 213.6 thousand. As at 31 December 2015, gains on the transaction amount to PLN 461.81.

32. Segment reporting

These consolidated financial statements disclose information on segments based on components of the entity which are monitored by the Exchange Management Board to make operating decisions. Operating segments are components of the entity for which discrete financial information is available and whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess the Group's performance.

For management purposes, the Group is divided into segments based on the type of services provided. Three main reporting segments are as follows:

1) **Financial Market** segment, which covers the activity of the Group including organising trade in financial instruments on the exchange as well as related activities. The Group also engages in capital market education, promotion and information activities and organises an alternative trading system.

   The Financial Market includes three subsegments:

- Trading (mainly revenue from trading fees which depends on turnover on the exchange, fees for access to and use of exchange systems);
- Listing (revenue from annual securities listing fees and one-off fees, e.g., for introduction of securities to trading on the exchange);
- Information services (mainly revenue from information services for data vendors, historical data).

   The Financial Market segment includes the companies GPW and BondSpot.

2) **Commodity Market** segment, which covers the activity of the Group including organising trade in commodities as well as related activities. The Group provides clearing and settlement on the commodity market through the company Warsaw Commodity Clearing House ("WCCH") and offers exchange trade in commodities (electricity, gas) and operates the Register of Certificates of Origin of electricity through the company PolPX. The GPW Group also earns revenues from the activity of a trade operator on the electricity market.

The Commodity Market includes the following sub-segments:

- Trading (mainly revenue on the Energy Market from spot and forward transactions in electricity, revenue from spot and forward transactions in natural gas, revenue on the Property Rights Market from trade in certificates of origin of electricity);
- Operation of the Register of Certificates of Origin of electricity (mainly revenue from issuance and cancellation of property rights in certificates of origin of electricity);
- CO_2 Allowances Market;
- Clearing (revenue from other fees paid by market participants (members)).

The Commodity Market segment includes the PolPX Group; until the end of 2014, in also included GPW Centrum Usług (formerly "WSE Services" and "WSE Commodities").

3) The segment **Other** includes mainly activities of the Group in education and professional training of human resources for the financial market, PR services and capital market research programmes.

The segment provides the following:

- Specialised training and profiled programmes (revenues from fees for rights including licences and certificates);
- Capital Market Academy (revenues from organisation of courses, seminars, workshops, e-learning and video-learning modules);
- IR/PR services (including organisation of General Meetings, interpretation, online broadcasts and video productions through the online multimedia platform WSE Media).

The segment Other includes the companies IRK (until 30 September 2015), IAiR and (as of 2015) GPW Centrum Usług.

The accounting policies for the operating segments are the same as the accounting policies of the GPW Group other than as described below.

The Management Board monitors separately the operating results of the segments to make decisions about resources to be allocated and assess the results of their allocation and performance. Each segment is assessed up to the level of net profit or loss.

Transaction prices of transactions between the operating segments are set at arm's length, as for transactions with non-related parties.

Exclusions include consolidation exclusions.

The Group's business segments focus their activities on the territory of Poland.

Tables 75 – 80 present a reconciliation of the data analysed by the Management Board of the parent entity with the data shown in these consolidated financial statements.

(all amounts in PLN'000 unless stated otherwise)

Table 77 Business segments: Statement of comprehensive income

	Year ended 31 December 2015				
	Financial Market	Commodity Market	Other	Exclusions and adjustments	Total GPW Group
Sales revenues of the Group (external transactions)	**201 612**	**125 576**	**702**	**-**	**327 890**
Sales revenues *(intragroup transactions - consolidation adjustment)*	**(1 755)**	**(116)**	**(533)**	**-**	**(2 403)**
Sales revenues *(external and intragroup)*	**203 366**	**125 692**	**1 235**	**-**	**330 293**
Financial market	**200 303**	**-**	**-**	**-**	**200 303**
Trading	136 948	-	-	-	136 948
Equities and equity-related instruments	*107 941*	-	-	-	*107 941*
Derivative instruments	*11 578*	-	-	-	*11 578*
Other fees paid by market participants	*6 383*	-	-	-	*6 383*
Debt instruments	*10 669*	-	-	-	*10 669*
Other cash instruments	*376*	-	-	-	*376*
Listing	24 501	-	-	-	24 501
Listing fees	*19 229*	-	-	-	*19 229*
Introduction and admission fees, other fees	*5 272*	-	-	-	*5 272*
Information services	38 854	-	-	-	38 854
Real-time information	*36 389*	-	-	-	*36 389*
Historical and statistical information and indices	*2 465*	-	-	-	*2 465*
Commodity market	**-**	**125 193**	**-**	**-**	**125 193**
Trading	-	62 552	-	-	62 552
Electricity	-	14 390	-	-	14 390
Spot	-	*2 760*	-	-	*2 760*
Forward	-	*11 630*	-	-	*11 630*
Gas	-	8 311	-	-	8 311
Spot	-	*1 601*	-	-	*1 601*
Forward	-	*6 710*	-	-	*6 710*
Property rights in certificates of origin	-	32 369	-	-	32 369
Other fees paid by market participants	-	7 481	-	-	7 481
Register of certificates of origin	-	24 166	-	-	24 166
Clearing	-	38 475	-	-	38 475
Other revenue	**3 064**	**499**	**1 235**	**-**	**4 798**
Operating expenses	**(129 826)**	**(44 575)**	**(2 526)**	**2 535**	**(174 391)**
incl. depreciation and amortisat	(22 081)	(4 566)	(190)	-	(26 837)
Profit / (Loss) on sales	**71 785**	**81 001**	**(1 824)**	**2 535**	**153 498**

(Table continues overleaf)

(all amounts in PLN'000 unless stated otherwise)

Table 78 Business segments: Statement of comprehensive income

	Year ended 31 December 2015				
	Financial Market	Commodity Market	Other	Exclusions and adjustments	Total GPW Group
(continued from overleaf)					
Profit / (Loss) on sales	**71 785**	**81 001**	**(1 824)**	**2 535**	**153 498**
Profit / (Loss) on other operations	(825)	(116)	25	61	(855)
Operating profit (loss)	**70 960**	**80 886**	**(1 799)**	**2 596**	**152 644**
Profit / (Loss) on financial operations:	39 848	964	47	(40 318)	540
including interest income	5 455	1 326	(227)	-	6 554
including interest expenses	8 421	(349)	-	-	8 072
Share of profit of associates	-	-	-	(1 530)	(1 530)
Profit before income tax	**110 807**	**81 850**	**(1 752)**	**(39 252)**	**151 654**
Income tax	(13 439)	(15 906)	-	1 410	(27 935)
Net profit	**97 369**	**65 944**	**(1 752)**	**(37 842)**	**123 719**

Table 79 Business segments: Statement of financial position

	As at 31 December 2015				
	Financial Market	Commodity Market	Other	Exclusions and adjustments	Total GPW Group
Total assets	753 251	202 002	4 270	63 293	1 022 815
Total liabilities	280 584	22 281	75	(1 392)	301 548
Net assets (assets - liabilities)	**472 667**	**179 720**	**4 195**	**64 684**	**721 267**

(all amounts in PLN'000 unless stated otherwise)

Table 80 Business segments: Statement of comprehensive income

	Year ended 31 December 2014				
	Financial Market	Commodity Market	Other	Exclusions and adjustments	Total GPW Group
Sales revenues of the Group (external transactions)	**201 210**	**115 337**	**1 014**	**-**	**317 561**
Sales revenues *(intragroup transactions - consolidation adjustment)*	**(1 029)**	**(428)**	**(614)**	**-**	**(2 071)**
Sales revenues *(external and intragroup)*	**202 239**	**115 765**	**1 628**	**-**	**319 632**
Financial market	**200 204**	**-**	**-**	**-**	**200 204**
Trading	137 795	-	-	-	137 795
Equities and equity-related instruments	*105 295*	-	-	-	*105 295*
Derivative instruments	*14 821*	-	-	-	*14 821*
Other fees paid by market participants	*5 795*	-	-	-	*5 795*
Debt instruments	*11 621*	-	-	-	*11 621*
Other cash instruments	*263*	-	-	-	*263*
Listing	23 960	-	-	-	23 960
Listing fees	*19 049*	-	-	-	*19 049*
Introduction and admission fees, other fees	*4 911*	-	-	-	*4 911*
Information services	38 449	-	-	-	38 449
Real-time information	*36 129*	-	-	-	*36 129*
Historical and statistical information and indices	*2 320*	-	-	-	*2 320*
Commodity market	**-**	**114 801**	**-**	**-**	**114 801**
Trading	-	60 469	-	-	60 469
Electricity	-	14 455	-	-	14 455
Spot	-	*2 386*	-	-	*2 386*
Forward	-	*12 069*	-	-	*12 069*
Gas	-	7 385	-	-	7 385
Spot	-	*659*	-	-	*659*
Forward	-	*6 726*	-	-	*6 726*
Property rights in certificates of origin	-	31 003	-	-	31 003
Other fees paid by market participants	-	7 626	-	-	7 626
Register of certificates of origin	-	22 473	-	-	22 473
Clearing	-	31 859	-	-	31 859
Other revenue	**2 035**	**964**	**1 628**	**-**	**4 627**
Operating expenses	**(139 434)**	**(39 934)**	**(2 626)**	**394**	**(181 600)**
incl. depreciation and amortisat	(24 689)	(3 983)	(97)	-	(28 769)
Profit / (Loss) on sales	**61 776**	**75 402**	**(1 612)**	**394**	**135 961**

(Table continues overleaf)

(all amounts in PLN'000 unless stated otherwise)

Table 81 Business segments: Statement of comprehensive income

	Year ended 31 December 2014				
	Financial Market	Commodity Market	Other	Exclusions and adjustments	Total GPW Group
(continued from overleaf)					
Profit / (Loss) on sales	**61 776**	**75 402**	**(1 612)**	**394**	**135 961**
Profit / (Loss) on other operations	(233)	(689)	(1)	318	(605)
Operating profit (loss)	**61 543**	**74 713**	**(1 613)**	**712**	**135 356**
Profit / (Loss) on financial operations	3 812	3 274	42	(7 125)	4
including interest income	5 868	3 283	49	-	9 200
including interest expenses	(9 967)	-	-	-	(9 967)
Share of profit of associates	-	-	-	3 745	3 745
Profit before income tax	**65 355**	**77 987**	**(1 571)**	**(2 668)**	**139 105**
Income tax	(10 194)	(15 482)	-	(1 143)	(26 819)
Net profit	**55 161**	**62 506**	**(1 571)**	**(3 812)**	**112 286**

Table 82 Business segments: Statement of comprehensive income

	As at 31 December 2014				
	Financial Market	Commodity Market	Other	Exclusions and adjustments	Total GPW Group
Total assets	749 923	204 789	4 780	64 667	1 024 159
Total liabilities	275 293	47 685	289	426	323 693
Net assets (assets - liabilities)	**474 630**	**157 104**	**4 491**	**64 241**	**700 466**

(all amounts in PLN'000 unless stated otherwise)

33. WCCH Clearing Guarantee System

The clearing guarantee system operated by WCCH includes:

- **Transaction deposits** which cover cash settlement,
- **Margins** which cover positions in forward instruments,
- **Guarantee funds** which guarantee the clearing of transactions concluded on forward markets in the event of a shortage of transaction deposits and margins posted by a member,
- **Margin monitoring system** which compares the amount of liabilities of a WCCH clearing member under exchange transactions and margins with the amount of posted transaction deposits and margins.

Table 83 Amounts posted as transaction deposits and margins and contributions to the guarantee funds

	As at 31 December 2015		As at 31 December 2014	
	In WCCH accounts	In client accounts	In WCCH accounts	In client accounts
Transaction deposits	573 617	408 672	454 359	541 106
Margins	109 943	382 013	259 961	323 397
Guarantee funds	192 446	44 005	124 778	41 363
Total	**876 007**	**834 690**	**839 098**	**905 866**

Non-cash collateral credited to margins stood at PLN 325,988 thousand as at 31 December 2015 and PLN 331,980 thousand as at 31 December 2014.

Cash of guarantee funds and transaction deposits is not presented as assets in the Group's statement of financial position.

Benefits from the management of the resources of the guarantee system are added to contributions of members to individual elements of the clearing guarantee system. Such benefits are debited with management fees in amounts set by the WCCH Management Board.

Transaction deposits secure cash settlements for the delivery of exchange commodities. Transaction deposits include delivery deposits which secure transactions on forward markets and transaction limits which secure transactions on the spot market. Cash designated as transaction deposits is maintained in transaction deposit sub-accounts assigned to WCCH members in the WCCH Payment Bank or, in specific cases, in WCCH members' accounts. Similar to margins, cash in transaction deposit sub-accounts is the property of WCCH members. WCCH allows members to view the balances and statements of dedicated transaction deposit sub-accounts and to withdraw cash upon WCCH verification and authorisation.

Margins are part of the system which secures the clearing of transactions on the forward market, as are guarantee funds. Cash in margin sub-accounts is the property of WCCH members and is maintained in margin sub-accounts assigned to WCCH members in the WCCH Payment Bank or, in specific cases, in WCCH members' accounts. WCCH allows members to view all balances and operations in sub-accounts. The current margin update model supports automatic crediting and debiting of margin sub-accounts of individual WCCH members against their clearing accounts maintained in the Members' Payment Banks depending on the margin requirement.

Guarantee funds – WCCH creates guarantee funds which secure the execution of transactions on the energy market according to Article 15(5)(2)of the Act on Commodity Exchanges of 26 October 2000. Two guarantee funds are currently in operation: the fund for the forward market in electricity RTEE and the fund for the forward market in gas RTG. Liabilities of WCCH clearing members under the guarantee funds are updated on the first business day of each month according to the amount of margins at the last day of the previous month taking into account a multiplier set for each month in a resolution of the Management Board. Payments are made after three days from an update. Payments are made from and to separate bank accounts maintained for WCCH for the forward market in electricity RTEE and the forward market in gas RTG. In specific cases, cash may be maintained in WCCH members' bank accounts. Fund resources are managed by an Investment Committee which has 4 members according to the Exchange Clearing House Rules. Resources of the guarantee funds are deposited as term deposits with banks whose rating is at least BBB (Fitch), provided that no more than 30% of fund resources may be deposited in one bank.

Cash of the WCCH clearing guarantee system is not an asset of the Group and is not presented under cash of the Group.

34. Events after the balance sheet date

On 3 December 2015, Paweł Tamborski resigned from the function of President of the Management Board of the Warsaw Stock Exchange effective as of 31 December 2015.

On 12 January 2016, the Extraordinary General Meeting of GPW appointed Małgorzata Zaleska as President of the Management Board of the Warsaw Stock Exchange. The decision was conditional on the approval of the Polish Financial Supervision Authority for the change to the composition of the Exchange Management Board and on the delivery of the approval to the Company. The Polish Financial Supervision Authority at a meeting on 9 February 2016 approved the change to the composition of the Exchange Management Board appointing Małgorzata Zaleska as President of the Management Board of the Company. The decision was delivered to the Company on 10 February 2016.

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

Małgorzata Zaleska – President of the Management Board ....

Dariusz Kułakowski – Vice-President of the Management Board ....

Karol Półtorak – Vice-President of the Management Board ....

Grzegorz Zawada – Vice-President of the Management Board ....

Signature of the person responsible for keeping books of account:

Sylwia Sawicka – Chief Accountant ....

Warsaw, 22 February 2016