Separate
Financial Statements of

Giełda Papierów Wartościowych w Warszawie S.A.

for the year ended on 31 December 2015

February 2016

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(all amounts in PLN'000 unless stated otherwise)

I. SEPARATE STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2015	As at 31 December 2014
Non-current assets		**472 253**	**480 087**
Property, plant and equipment	**4**	94 773	101 291
Intangible assets	**5**	81 601	85 496
Investment in associates	**7**	36 959	36 959
Investment in subsidiaries	**6**	254 985	252 673
Available-for-sale financial assets	**9**	282	207
Long-term prepayments	**11**	3 653	3 461
Current assets		**261 770**	**251 636**
Inventories		119	114
Corporate income tax receivable od osób prawnych		-	8 378
Trade and other receivables	**12**	26 091	22 569
Available-for-sale financial assets	**9**	-	10 503
Assets held for sale	**10**	-	2 037
Cash and cash equivalents	**13**	235 560	208 035
TOTAL ASSETS		**734 023**	**731 723**

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

(all amounts in PLN'000 unless stated otherwise)

SEPARATE STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	As at 31 December 2015	As at 31 December 2014
Equity		**454 881**	**458 769**
Share capital	**14.1**	63 865	63 865
Other reserves	**14.2**	(304)	(243)
Retained earnings	**14.3**	391 320	395 147
Non-current liabilities		**258 242**	**258 601**
Liabilities on bonds issue	**15**	243 800	244 078
Employee benefits payable	**16**	2 382	5 357
Deferred tax liability	**8**	12 060	9 166
Current liabilities		**20 900**	**14 353**
Liabilities on bonds issue	**15**	682	-
Trade payables	**18**	6 599	3 673
Employee benefits payable	**16**	7 023	7 745
Corporate income tax payable		1 976	-
Accruals and deferred income	**20**	1 776	943
Other liabilities	**19**	2 844	1 992
TOTAL EQUITY AND LIABILITIES		**734 023**	**731 723**

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(all amounts in PLN'000 unless stated otherwise)

II. Separate Statement of Comprehensive Income

	Note	Year ended 31 December 2015	Year ended 31 December 2014
Revenue	**21**	191 781	189 996
Operating expenses	**22**	(120 354)	(130 644)
Other income	**23.1**	497	580
Other expenses	**23.2**	(1 345)	(920)
Operating profit		**70 579**	**59 012**
Financial income	**24.1**	48 153	21 165
Financial expenses	**24.2**	(8 965)	(17 888)
Profit before income tax		**109 768**	**62 289**
Income tax expense	**25**	(12 863)	(9 382)
Profit for the period		**96 905**	**52 907**
Net change of fair value of available-for-sale financial assets	**14.2**	*(294)*	*(170)*
Effective portion of change of fair value of cash flow hedges	**14.2**	*100*	*195*
Income to be reclassified as gains or losses		(194)	25
Actuarial gains/ (losses) on provisions for employee benefits after termination	**14.2**	*133*	*(280)*
Income not to be reclassified as gains or losses		133	(280)
Other comprehensive income after tax		**(61)**	**(255)**
Total comprehensive income		**96 844**	**52 652**
Basic/ Diluted earnings per share (PLN)	**14.5**	**2,31**	**1,26**

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

(all amounts in PLN'000 unless stated otherwise)

III. Separate Statement of Cash Flows

	Note	Year ended 31 December 2015	Year ended 31 December 2014
Cash flows from operating activities:		**84 609**	**83 511**
Cash generated from operation before tax		84 003	83 511
Net profit of the period		96 905	52 907
Adjustments:		(12 902)	30 604
Income tax		12 863	9 382
Depreciation of property, plant and equipment	**4**	10 826	13 229
Amortisation of intangible assets	**5**	10 646	10 906
Foreign exchange (gains)/losses		(51)	(44)
(Profit)/ Loss on sale of property, plant and equipment and intangible assets		379	308
(Profit)/ Loss on sale of investment activity		80	-
Impairment loss on assets held for sale		-	7 695
Financial (income)/ expense of available-for-sale financial assets		(485)	(600)
Financial income from dividends		(43 072)	(14 819)
Income from interest on deposits		(4 571)	(5 499)
Interest income on loans		-	(9)
Interest, cost and premium on issued bonds		6 633	9 967
Change of long-term prepayments		(192)	(451)
Other		81	(232)
Change in current assets and liabilities:		(6 038)	771
(Increase)/ Decrease of inventories		(5)	*52*
(Increase)/ Decrease of trade and other receivables		(3 522)	*1 371*
Increase/ (Decrease) of trade payables		(483)	*489*
Increase/ (Decrease) of employee benefits payable		(3 697)	*(181)*
Increase/ (Decrease) of accruals and deferred income		833	*293*
Increase/ (Decrease) of other liabilities (other than dividend payable)		836	*(1 252)*
Income tax (paid)/ refunded		606	-

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

(all amounts in PLN'000 unless stated otherwise)

SEPARATE STATEMENT OF CASH FLOWS (CONTINUED)

	Note	Year ended 31 December 2015	Year ended 31 December 2014
Cash flows from investing activities:		**49 809**	**(6 711)**
Purchase of property, plant and equipment		(4 759)	(2 250)
Purchase of intangible assets		(3 348)	(1 281)
Proceeds from sale of property, plant and equipment and intangible assets		79	19
Investment in subsidiaries		(2 311)	(8 950)
Investment in associates		-	(15 202)
Sale of available-for-sale financial assets		10 000	-
Sale of financial assets held for sale		1 881	-
Loans granted		(100)	(1 080)
Repayment of loans granted		100	1 080
Interest received		5 196	6 124
Interest received on loans		-	9
Dividends received		43 072	14 819
Cash flows from financing activities:		**(106 944)**	**(59 734)**
Paid dividend		(100 715)	(50 228)
Paid interest		(6 713)	(9 506)
Proceeds from bond issue		125 000	-
Buy-back of bonds issued		(124 516)	-
Net (decrease)/ increase in cash and cash equivalents		**27 473**	**17 065**
Impact of fx rates on cash balance in currencies		*51*	*44*
Cash and cash equivalents - opening balance		**208 035**	**190 925**
Cash and cash equivalents - closing balance		**235 560**	**208 035**

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

(all amounts in PLN'000 unless stated otherwise)

IV. SEPARATE STATEMENT OF CHANGES IN EQUITY

	Share capital	Other reserves	Retained earnings	Total equity
As at 31 December 2014	**63 865**	**(243)**	**395 147**	**458 769**
Dividends	-	-	(100 733)	**(100 733)**
Transactions with owners recognised directly in equity	**-**	**-**	**(100 733)**	**(100 733)**
Profit for the year ended 31 December 2015	-	-	96 905	**96 905**
Other comprehensive income	-	(61)	-	**(61)**
Total comprehensive income for the year ended 31 December 2015	**-**	**(61)**	**96 905**	**96 844**
As at 31 December 2015	**63 865**	**(304)**	**391 320**	**454 881**

	Share capital	Other reserves	Retained earnings	Total equity
As at 31 December 2013	**63 865**	**12**	**392 606**	**456 483**
	-	-	-	**-**
Dividends	-	-	(50 366)	**(50 366)**
Transactions with owners recognised directly in equity	**-**	**-**	**(50 366)**	**(50 366)**
Profit for the year ended 31 December 2014	-	-	52 907	**52 907**
Other comprehensive income	-	(255)	-	**(255)**
Total comprehensive income for the year ended 31 December 2014	**-**	**(255)**	**52 907**	**52 652**
As at 31 December 2014	**63 865**	**(243)**	**395 147**	**458 769**

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

V. NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. General information

1.1. Legal status and scope of operations of the entity

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

The core activities of the Exchange include organising exchange trading in financial instruments and activities related to such trading. At the same time, the Exchange pursues activities in education, promotion and information concerning the capital market and organises an alternative trading system. The Company 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).

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 separate financial statements were authorised for issuance by GPW's Management Board on 22 February 2016.

(all amounts in PLN'000 unless stated otherwise)

2. Summary of significant accounting policies

2.1. Basis of preparation of the financial statements

2.1.1. Statement of compliance

These separate 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 Exchange 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 Company's assessment, the amendments to the standards have no material impact on the separate financial statements.

The key accounting policies applied in the preparation of these separate 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 Company 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 Company 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 Company'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 Company's financial statements. The Company 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 entity 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 entity 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 entity 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 entity does not expect the Amendments to have a material impact on its financial statements once applied. The entity 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 entity 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 loss and other comprehensive income (OCI) if this provides helpful information to users; and	The entity 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
	◦ 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 entity does not expect the Amendments to have material impact on its financial standing and business results as the entity 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 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; • financial assets measured at fair value through profit or loss; or • financial assets measured at fair value through other comprehensive income (OCI).	The entity 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
	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 entity'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 entity 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 entity 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 Entities* and IAS 28 *Investments in*	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 are to provide services that relate to the investment entity parent's activities.	The entity 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
Associates and Joint Ventures)	• 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 entity 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 separate financial statements are presented in the Polish zloty (PLN), which is the functional currency of the Company, 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 Exchange 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 Exchange 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 Company 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 Exchange 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 12.

2.1.4.3. Goodwill and investment in subsidiaries and associates impairment tests

A cash flow generating unit, to which goodwill has been allocated, is subject to annual impairment tests. Impairment of investments in subsidiaries and 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 Company.

The assumptions of impairment tests of investments in subsidiaries and associates where there are indications of potential impairment are described in Note 7.

2.1.4.4. Provisions

The Company creates provisions when the Company has 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 Company creates provisions based on the best estimates of the Management Board of the Exchange 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 Board of the Exchange is presented in Notes 16, 17 and 20.

2.2. 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.

2.3. 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 Company level. The Company's chief operating decision maker is the Management Board of the Exchange.

The Note on business segments is presented only in the consolidated financial statements of the Giełda Papierów Wartościowych w Warszawie S.A. Group.

2.4. 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 2.6).

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 subject to depreciation.

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 Company. 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

[1] The Company 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 Company are recognised as assets in the separate financial statements. The maintenance costs incurred in respect of the use of those areas of the building (such as current maintenance, repairs and refurbishments of technical equipment and installations included in common areas, electricity, security, administrative services, etc.) are recognised in the statement of comprehensive income at the time when they incurred.

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.

2.5. Intangible assets

2.5.1. Goodwill

Goodwill from acquisition is the difference between the purchase price and the fair value of the acquired net assets and identifiable contingent liabilities. After initial recognition, goodwill is disclosed at cost of purchase net of accumulated impairment losses (principle in Note 2.6). 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.

2.5.2. Other intangible assets

Other intangible assets are disclosed at cost of purchase or production net of accumulated amortisation and impairment losses (principle in Note 2.6)

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 Company. 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.

2.6. Impairment of non-financial assets

At each balance sheet date, the Company 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 Company 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 in the statement of comprehensive income.

Impairment of goodwill is not subject to reversal.

2.7. Investment in subsidiaries and associates

The Company measures investment in subsidiaries and associates at purchase cost less impairment losses.

2.8. Financial assets

2.8.1. Classification and valuation of financial assets

The Company 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 the Company transfers substantially all the risks and benefits of ownership.

2.8.1.1. Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments to hedge FX risk.

At initial recognition of a derivative financial instrument as a hedging instrument, the Company 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 the Company will use to evaluate the effectiveness of the hedging instrument. Both at establishment of a hedge and subsequently on a continuous basis, the 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 Company 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 Company 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 the Company does not exercise control or exert significant influence. They are disclosed as non-current assets unless the Exchange Management Board 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 the 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 is not active (also in respect of non-listed securities), the Company determines the fair value using valuation techniques. These include the use of recent arm's length transactions, reference to transactions in other virtually identical instruments, discounted cash flow analysis, using market information to the maximum extent and relying on information from the entity 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 Company classifies the fair value valuation of 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 Company must reclassify all held-to-maturity investments as available-for-sale investments and that the Company 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 Company 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 the 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

Non-current 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 Company 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 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.

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

The equity comprises:

- share capital 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 Company carries out its operations was a hyperinflationary economy, i.e., until 31 December 1996. The effect of recalculating the appropriate equity items using the inflation ratios was reflected in retained earnings and is presented in Note 14.

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 and liabilities 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 separate 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 Company 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 Company 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 parent entity has an incentive scheme, according to which employees have the right to an annual bonus dependent on GPW's sales profit and the implementation of bonus targets and a discretionary element linked to the employee's individual appraisal. The Company sets up provisions for bonuses in order to assign costs to the periods to which they relate. Provisions are estimated according to the best knowledge of the GPW Management Board concerning probable bonuses to be paid based on the framework of the incentive scheme.

2.18.2. Defined Contributions Scheme

The Exchange pays contributions to the Employee Pension Scheme, which employees join voluntarily based on an agreement. After payment of the contributions, the Company 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 Company 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 Company'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 Company 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 the Exchange includes a variable element known as the discretionary bonus awarded on the basis of the annual appraisal performed by the Exchange Supervisory Board as well as additional benefits. The maximum bonus amount for a year is set by the Exchange Supervisory Board. The Exchange 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 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 17.

One element of the discretionary bonus paid in phantom shares is a derivative financial instrument based on shares of the Company, 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, the Company shows the liability at fair value at every reporting date and at the settlement date, and takes 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 the Company has a current (legal or constructive) obligation resulting from past events and it is probable that settling the obligation will result in an outflow of resources embodying economic benefits and the amount of the liability 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 Exchange Management Board's best estimates of the expenditure necessary to settle the current obligation at the balance sheet date. If the effect of changes in the time value of money is material, the provision corresponds to the present value of 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 Company 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 Company's core activities are provided.

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

- Financial market revenue;
- Other revenue.

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 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.

- **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 introduction to trading as well as other fees are collected from issuers.

- **Revenue from information services**

  Revenue from information services consist of revenue earned on the sale of stock exchange information: real-time stock exchange data and statistical and historical data in the form of a statistical e-mail 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.

Other revenue is earned on other services provided by GPW 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, i.e., the activity for which the Company was established, which are recurring and not incidental. These include without limitation salaries and the cost of maintenance of the IT infrastructure of the trading system which supports trade in financial instruments and related activities, 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 Company 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 Company 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 Company 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 Company's activities expose it to a variety of financial risks. The Company 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 Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise any potential adverse effects on the Company's financial performance. The GPW Management Board is responsible for risk management. The Company 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 Company is moderately exposed to interest rate risk. The Company has short-term and long-term assets whose interest terms and profitability were determined at the inception of contracts.

In the case of rising interest rates, the Company'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 Company'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 Company 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 Company 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 bond issue liabilities) bear no interest.

(all amounts in PLN'000 unless stated otherwise)

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

	As at 31 December 2015 Maturity / Interest reset date							
		up to 1 year						
	Total	Total	< 1 M	1-3 M	> 3 M	1-2 Y	3-5 Y	> 5 Y
Bank deposits and current accounts	**235 559**	**235 559**	50 616	34 056	150 887	-	-	-
Total financial assets	**235 559**	**235 559**	**50 616**	**34 056**	**150 887**	**-**	**-**	**-**
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 based on interest rate reset dates and maturity of the assets, whichever is the earlier

	As at 31 December 2014 Maturity / Interest reset date							
		up to 1 year						
	Total	Total	< 1 M	1-3 M	> 3 M	1-5 Y	2-5 Y	> 5 Y
Short-term bonds (fixed-coupon, available-for-sale)	**10 503**	**10 503**	-	-	10 503	-	-	-
Bank deposits and current accounts	**208 034**	**208 034**	199 083	-	8 951	-	-	-
Total financial assets	**218 537**	**218 537**	**199 083**	**-**	**19 454**	**-**	**-**	**-**
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 Company is exposed to moderate foreign exchange risk. To minimise FX risk, the Company 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. Following the payment for the UTP system made in 2013 and an invoice received in 2015, hedge accounting includes cash for the planned acquisition of the UTP-Derivatives module. 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:

(all amounts in PLN'000 unless stated otherwise)

- EUR (decrease/increase of the exchange rate by PLN 0.4262) – decrease/increase in the net profit by PLN 1,435 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 1,699 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.

Table 4 The Company's FX exposure

	As at 31 December 2015				
	PLN	**EUR***	**USD***	**GBP***	**Total carrying amount in PLN**
Cash and cash equivalents	224 904	10 654	-	2	**235 560**
Trade receivables (net)	13 933	7 112	-	-	**21 045**
Total financial assets	**238 837**	**17 766**	**-**	**2**	**256 605**
Trade payables	3 106	3 422	-	71	**6 599**
Liabilities on bonds issue	244 482	-	-	-	**244 482**
Dividends payable	163	-	-	-	**163**
Total financial liabilities	**247 751**	**3 422**	**-**	**71**	**251 244**
Net balance (assets-liabilities)	**(8 914)**	**14 344**	**-**	**(69)**	**5 361**

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

(all amounts in PLN'000 unless stated otherwise)

Table 5 The Company'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	194 770	13 263	-	2	**208 035**
Trade receivables (net)	13 801	4 360	6	-	**18 167**
Total financial assets	**219 074**	**17 623**	**6**	**2**	**236 705**
Trade payables	2 584	636	351	102	**3 673**
Liabilities on bonds issue	244 078	-	-	-	**244 078**
Dividends payable	146	-	-	-	**146**
Total financial liabilities	**246 808**	**636**	**351**	**102**	**247 897**
Net balance (assets-liabilities)	**(27 734)**	**16 987**	**(345)**	**(100)**	**(11 192)**

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

3.2.3. Price risk

The Company is exposed to debt and equity securities price risk because of investments held by the Company and classified as available-for-sale in the separate statements of financial position. The Company is not exposed to any mass commodity price risk.

Debt securities purchased by the Company 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 the Company's counterparty's default of payments 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 Exchange Management Board by performing assessment of counterparties' credibility. In the opinion of the Exchange Management Board, there is no material concentration of credit risk of trade receivables within the Company. Resolutions of the Exchange Management Board, which are binding in the Company, 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 Exchange Management Board, the portfolio of debt securities comprises only securities issued or guaranteed by the State Treasury (rating A2 according to Moody's). In this way, exposure to the risk of potential loss is mitigated.

(all amounts in PLN'000 unless stated otherwise)

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 Company by diversifying banks in which free cash is deposited.

The maximum exposure of the Company 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 Company's exposure to credit risk

	As at	
	31 December 2015	31 December 2014
Trade receivables (net)	21 045	18 167
Debt securities (available-for-sale Treasury bonds and bills)	-	10 503
Bank deposits and current accounts (included in cash and cash equivalents)	235 559	208 034
Total	**256 603**	**236 704**

3.4. Liquidity risk

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

An analysis of the structure of the Company's assets shows a considerable share of liquid assets and, thus, a very good position in terms of liquidity. Cash and cash equivalents and debt securities of the Company amounted to PLN 235,560 thousand as at 31 December 2015 (PLN 218,538 thousand as at 31 December 2014), representing 32.14% of the total assets as at 31 December 2015 (29.87% as at 31 December 2014).

An analysis of the structure of liabilities shows the following share of equity in the financing of the operations of the Company: equity accounted for 61.98% of total liabilities and equity as at 31 December 2015 (62.63% as at 31 December 2014).

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

(all amounts in PLN'000 unless stated otherwise)

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	50 617	34 056	150 887	-	-	-	**235 560**
Trade receivables (net)	17 554	3 491	-	-	-	-	**21 045**
Total assets	**68 171**	**37 547**	**150 887**	**-**	**-**	**-**	**256 604**
Trade payables	6 576	22	-	-	-	-	**6 599**
Liabilities on bonds issue	-	-	682	-	120 257	123 543	**244 482**
Dividends payable	163	-	-	-	-	-	**163**
Total liabilities	**6 739**	**22**	**682**	**-**	**120 257**	**123 543**	**251 244**
Liquidity surplus/ gap	**61 432**	**37 525**	**150 205**	**-**	**(120 257)**	**(123 543)**	**5 361**

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	199 084	8 951	-	-	-	-	**208 035**
Trade receivables (net)	14 874	3 293	-	-	-	-	**18 167**
Total assets	**213 958**	**12 244**	**-**	**10 625**	**-**	**-**	**236 827**
Trade payables	3 575	98	-	-	-	-	**3 673**
Liabilities on bonds issue	-	-	-	-	244 078	-	**244 078**
Dividends payable	146	-	-	-	-	-	**146**
Total liabilities	**3 721**	**98**	**-**	**-**	**244 078**	**-**	**247 897**
Liquidity surplus/ gap	**210 237**	**12 146**	**-**	**10 625**	**(244 078)**	**-**	**(11 070)**

(all amounts in PLN'000 unless stated otherwise)

3.5. Capital management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide optimal returns to the shareholders and benefits to other stakeholders. The Company uses external capital (interest-bearing liabilities) in order to optimise the structure and cost of capital.

The equity of the Company was PLN 454,881 thousand representing 61.97% of the total equity and liabilities of the Group as at 31 December 2015 and PLN 458,769 thousand representing 62.70% of the total equity and liabilities of the Group as at 31 December 2014. The Company 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 series A, B and C corporate bonds (see Note 15).

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

Table 9 GPW capital management indicators

	As at/ For the year ended		Optimum
	31 December 2015	31 December 2014	
Debt and financing ratios:			
Net debt / EBITDA*	0,1	0,3	under 3
Debt to equity**	53,7%	53,2%	no more than 50-100%
Liquidity ratios:			
Current liquidity***	12,5	17,5	more than 1.5
Coverage of interest on bonds****	12,0	8,7	more than 1.5

** Net debt = interest-bearing liabilities - liquid assets*
EBITDA = operating profit + depreciation and amortisation (for a period of 12 months)

*** 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 Exchange Management Board 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 the 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 planned acquisition of 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	**84 388**	**15 369**	**632**	**902**	**101 291**
Additions	-	-	-	4 759	**4 759**
Reclassification	-	2 761	42	(2 803)	**-**
Disposals	(353)	(31)	(66)	-	**(451)**
Depreciation charge	(2 943)	(7 643)	(241)	-	**(10 826)**
Net carrying value - closing balance	**81 092**	**10 456**	**366**	**2 857**	**94 773**
As at 31 December 2015:					
Gross carrying value	120 171	69 243	4 308	2 857	**196 580**
Depreciation	(39 079)	(58 787)	(3 942)	-	**(101 807)**
Net carrying value	**81 092**	**10 456**	**366**	**2 857**	**94 773**

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	**87 212**	**24 060**	**916**	**91**	**112 279**
Additions	-	-	-	2 250	**2 250**
Reclassification	170	1 247	22	(1 440)	**-**
Disposals	-	(6)	(4)	-	**(10)**
Depreciation charge	(2 995)	(9 932)	(302)	-	**(13 229)**
Net carrying value - closing balance	**84 388**	**15 369**	**632**	**902**	**101 291**
As at 31 December 2014:					
Gross carrying value	121 095	72 598	4 906	902	**199 501**
Depreciation	(36 707)	(57 229)	(4 275)	-	**(98 211)**
Net carrying value	**84 388**	**15 369**	**632**	**902**	**101 291**

(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	**84 899**	**597**	**-**	**85 496**
Additions	6 729	28	-	6 758
Reclassification	-	-	-	-
Disposals	(7)	-	-	(7)
Amortisation charge	(10 247)	(399)	-	(10 646)
Net carrying value - closing balance	**81 375**	**226**	**-**	**81 601**
As at 31 December 2015:				
Gross carrying value	173 560	3 622	7 946	185 129
Impairment	-	-	(7 946)	(7 946)
Amortisation	(92 186)	(3 396)	-	(95 581)
Net carrying value	**81 375**	**226**	**-**	**81 601**

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	**94 477**	**961**	**-**	**95 439**
Additions	1 083	198	-	**1 281**
Disposals	(318)	-	-	**(318)**
Amortisation charge	(10 344)	(562)	-	**(10 906)**
Net carrying value - closing balance	**84 899**	**597**	**-**	**85 496**
As at 31 December 2014:				
Gross carrying value	166 841	3 594	7 946	**178 380**
Impairment	-	-	(7 946)	**(7 946)**
Amortisation	(81 941)	(2 997)	-	**(84 938)**
Net carrying value	**84 899**	**597**	**-**	**85 496**

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.

(all amounts in PLN'000 unless stated otherwise)

6. Investment in subsidiaries

The Company held investments in the following subsidiaries as at 31 December 2015:

- Towarowa Giełda Energii S.A. ("Polish Power Exchange", "PolPX"), the parent entity of the Towarowa Giełda Energii S.A. Group ("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").

In 2015, the Company 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 Company sold 100% of the subsidiary InfoEngine S.A. ("IE", formerly WSE InfoEngine S.A.) to Towarowa Giełda Energii S.A. ("PolPX") for PLN 1,500 thousand.

Table 14 GPW subsidiaries

	As at 31 December 2015				
	Towarowa Giełda Energii S.A.	BondSpot S.A	GPW Centrum Usług S.A. *(formerly WSE Services S.A.)*	Instytut Analiz i Ratingu S.A.	Total
Value at cost	214 582	34 394	1 909	4 100	**254 985**
Revaluation	-	-	-	-	**-**
Impairment	-	-	-	-	**-**
Carrying value	**214 582**	**34 394**	**1 909**	**4 100**	**254 985**
Number of shares	1 450 000	9 698 123	38 000	4 100 000	
% of share capital	100,00	96,98	100,00	100,00	
% of votes	100,00	96,98	100,00	100,00	

The Company held investments in the following subsidiaries as at 31 December 2014:

- Towarowa Giełda Energii S.A., the parent entity of the Towarowa Giełda Energii S.A. Group,
- BondSpot S.A.,
- GPW Centrum Usług S.A.,
- Instytut Analiz i Ratingu S.A.,
- InfoEngine S.A.,
- Instytut Rynku Kapitałowego – WSE Research S.A.

As at 31 December 2014, the investments in IE and IRK were moved to assets held for sale. The details are presented in Note 10.

(all amounts in PLN'000 unless stated otherwise)

Table 15 GPW subsidiaries

	As at 31 December 2014				
	Towarowa Giełda Energii S.A.	BondSpot S.A	GPW Centrum Usług S.A. (*formerly WSE Services S.A.*)	Instytut Analiz i Ratingu S.A.	Total
Value at cost	214 582	32 683	1 309	4 100	**252 673**
Revaluation	-	-	-	-	**-**
Impairment	-	-	-	-	**-**
Carrying value	**214 582**	**32 683**	**1 309**	**4 100**	**252 673**
Number of shares	1 450 000	9 295 679	26 000	4 100 000	
% of share capital	100,00	92,26	100,00	100,00	
% of votes	100,00	92,26	100,00	100,00	

7. Investment in associates

The Company held investments in the following associates as at 31 December 2015 and as at 31 December 2014:

- 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.

Table 16 GPW associates

	As at 31 December 2015			
	KDPW	Centrum Giełdowe S.A.	Aquis Exchange Limited	Total
Value at cost	7 000	4 652	25 307	**36 959**
Revaluation	-	-	-	**-**
Impairment	-	-	-	**-**
Carrying value	**7 000**	**4 652**	**25 307**	**36 959**
Number of shares	7 000	46 506	384 025	
% of share capital	33,33	24,79	31,01	
% of votes	33,33	24,79	26,33	

(all amounts in PLN'000 unless stated otherwise)

Table 17 GPW associates

	As at 31 December 2014			
	KDPW	Centrum Giełdowe S.A.	Aquis Exchange Limited	Total
Value at cost	7 000	4 652	25 307	**36 959**
Revaluation	-	-	-	**-**
Impairment	-	-	-	**-**
Carrying value	**7 000**	**4 652**	**25 307**	**36 959**
Number of shares	7 000	46 506	384 025	
% of share capital	33,33	24,79	36,23	
% of votes	33,33	24,79	30,00	

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%.

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).

(all amounts in PLN'000 unless stated otherwise)

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.

8. Deferred tax

Table 18 Deferred tax (assets) / liabilities after offset

	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	**(299)**	38	-	**(261)**	(261)	-
Jubilee bonuses and retirement benefits	**(1 059)**	986	-	**(73)**	(73)	-
Annual and discretionary	**(1 063)**	(355)	-	**(1 417)**	(1 417)	-
Impairment on investments	**(2 594)**	1 574	-	**(1 020)**	(1 020)	-
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	**(96)**	(11)	-	**(107)**	(107)	-
Advisory services	**(37)**	36	-	**(1)**	(1)	-
Hedge accounting	**(61)**	-	23	**(38)**	(38)	-
Actuarial gains/ (losses) on provisions against employee benefits after termination	**(66)**	-	31	**(35)**	(35)	-
Financial income	**296**	39	-	**335**	-	335
Fair value of debt securities	**69**	-	(69)	**-**	-	-
Cost of bonds issue	**175**	193	-	**368**	-	368
Other	**9**	(259)	-	**(250)**	(395)	145
Net deferred tax (asset)/ liability	**9 166**	**2 908**	**(14)**	**12 060**	**(3 346)**	**15 406**

(all amounts in PLN'000 unless stated otherwise)

Table 19 Deferred tax (assets) / liabilities after offset

	Deferred tax (assets) / liabilities					
				As at 31 December 2014		
	As at 1 January 2014	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	**(292)**	(7)	-	**(299)**	(299)	-
Jubilee bonuses and retirement benefits	**(973)**	(86)	-	**(1 059)**	(1 059)	-
Annual and discretionary	**(1 225)**	163	-	**(1 063)**	(1 063)	-
Impairment on investments	**(1 127)**	(1 466)	-	**(2 594)**	(2 594)	-
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)**	283	-	**(96)**	(96)	-
Advisory services	**-**	(37)	-	**(37)**	(37)	-
Hedge accounting	**(108)**	-	46	**(61)**	(61)	-
Actuarial gains/ (losses) on provisions against employee benefits after termination	**-**	-	(66)	**(66)**	(66)	-
Financial income	**310**	(14)	-	**296**	-	296
Fair value of debt securities	**109**	-	(40)	**69**	-	69
Cost of bonds issue	**263**	(88)	-	**175**	-	175
Other	**(736)**	745	-	**9**	(146)	155
Net deferred tax (asset)/ liability	**1 973**	**7 252**	**(59)**	**9 166**	**(5 448)**	**14 614**

(all amounts in PLN'000 unless stated otherwise)

9. Available-for-sale financial assets

Table 20 Changes of available-for-sale financial assets

	Year ended	
	31 December 2015	31 December 2014
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	**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**

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 WSE 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.

(all amounts in PLN'000 unless stated otherwise)

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**

Table 26 Fair value hierarchy

	As at 31 December 2014					
	Carrying value	Fair value	Goodwill hierarchy			
			Level 1	Level 2	Level 3	Total
Treasury bonds	**10 503**	**10 503**	**10 503**	**-**	**-**	**10 503**
Sibex	207	207	207	-	-	**207**
Innex	-	-	-	-	-	**-**
Total equity financial assets	**207**	**207**	**207**	**-**	**-**	**207**
Total	**10 710**	**10 710**	**10 710**	**-**	**-**	**10 710**

(all amounts in PLN'000 unless stated otherwise)

10. Financial assets held for sale

In 2015, 100% of shares or IE was sold to PolPX (for details see Note 27.2) and 80.02% of shares of IRK was sold to PAP (for details see Note 9). As a result of the transactions, the Company had no financial assets held for sale as at 31 December 2015.

As at 31 December 2014, the Exchange Management Board was planning to sell IE and IRK. As a result, GPW's investment in IE and IRK was presented in the statement of financial position as financial assets held for sale.

Due to negative financial results of IE in 2013-2014 and lack of prospects of profits that would justify the original carrying value of the GPW's investment in IE, impairment of the investment at PLN 6,795 thousand was recognised as at 31 December 2014. The impairment was presented in the financial expenses of the Company in 2014.

Due to long-term negative financial results and lack of prospects of profits that would justify the original carrying value of the GPW's investment in IRK, impairment of the investment at PLN 1,900 thousand was recognised as at 31 December 2014. The impairment was presented in the financial expenses of the Company in 2012 (PLN 1,000 thousand) and 2014 (PLN 900 thousand).

Table 27 Financial assets held for sale

	As at 31 December 2014		
	IE	IRK	Total
Value at cost	8 295	2 437	**10 732**
Revaluation	-	-	**-**
Impairment	(6 795)	(1 900)	**(8 695)**
Carrying value	**1 500**	**537**	**2 037**
Number of shares	8 295	4 874	
% of share capital	100,00	100,00	
% of votes	100,00	100,00	
Net profit/ (loss) for the year ended 31 December 2014	**(2 990)**	**(429)**	**(3 419)**

The assets and liabilities held for sale were stated at fair value estimated by the Exchange Management Board (input data for the calculation not based on observable market data).

Table 28 Fair value hierarchy

	As at 31 December 2014					
	Carrying value	Fair value	Goodwill hierarchy			
			Level 1	Level 2	Level 3	Total
IE	1 500	1 500	-	-	1 500	**1 500**
IRK	537	537	-	-	537	**537**
Total	**2 037**	**2 037**	**-**	**-**	**2 037**	**2 037**

(all amounts in PLN'000 unless stated otherwise)

11. Non-current prepayments

As at 31 December 2015, non-current prepayments amounted to PLN 3,653 thousand (as at 31 December 2014: PLN 3,461 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 12. Perpetual usufruct of land is deferred and amortised over 40 years.

12. Trade and other receivables

Table 29 Trade and other receivables

	As at	
	31 December 2015	31 December 2014
Gross trade receivables	*22 756*	*19 678*
Impairment allowances for receivables	*(1 712)*	*(1 511)*
Total trade receivables	**21 045**	**18 167**
Short-term prepayments	3 481	2 846
Other receivables and advance payments	1 565	1 556
Total other receivables	**5 046**	**4 402**
Total trade and other receivables	**26 091**	**22 569**

Table 30 Trade receivables by credit quality

	As at	
	31 December 2015	31 December 2014
Current receivables (no impairment)	**17 330**	**16 499**
Overdue receivables (no impairment)		
1 to 30 days overdue	889	768
31 to 61 days overdue	616	324
61 to 90 days overdue	541	208
More than 90 days overdue	1 668	368
Total overdue receivables (no impairment)	**3 714**	**1 668**
Impaired and overdue receivables	**1 712**	**1 511**
Total gross trade receivables	**22 756**	**19 678**

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.

(all amounts in PLN'000 unless stated otherwise)

Table 31 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	13 461	12 620
Issuers*	354	591
Other*	3 516	3 288
Total gross trade receivables not overdue	**17 330**	**16 499**

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 Company 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.

Table 32 Receivables from Exchange Members by Moody's ratings

	As at	
	31 December 2015	31 December 2014
Aa	-	109
A	6 496	3 358
Baa	2 903	5 231
Ba	665	854
B	1 406	15
No rating	1 991	3 053
Total trade receivables from Exchange Members/ Members of markets operated by the GPW Group	**13 461**	**12 620**

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

Other trade receivables include mainly fees for information services.

As at 31 December 2015, gross trade receivables at PLN 5,426 thousand (31 December 2014 – PLN 3,179 thousand) were overdue. Of this amount, overdue receivables from debtors in bankruptcy were PLN 1,136 thousand (31 December 2014 – PLN 991 thousand) and other past due receivables were PLN 4,290 thousand (31 December 2014 – PLN 2,188 thousand).

As at 31 December 2015, trade receivables which were overdue and impaired amounted to PLN 1,712 thousand (PLN 1,511 thousand as at 31 December 2014).

(all amounts in PLN'000 unless stated otherwise)

Table 33 Change of impairment loss on receivables

	As at	
	31 December 2015	31 December 2014
Opening balance	**1 511**	**2 448**
Initial impairment allowances	597	987
Receivables written off during the period as uncollectible	(63)	(1 348)
Reversal of impairment allowances	(332)	(576)
Closing balance	**1 712**	**1 511**

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

Table 34 Gross trade receivables by geographical concentration

	As at	
	31 December 2015	31 December 2014
Domestic receivables	12 742	12 885
Foreign receivables	10 014	6 793
Total	**22 756**	**19 678**

In the opinion of the GPW Management Board, 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.

13. Cash and cash equivalents

Table 35 Cash and cash equivalents

	As at	
	31 December 2015	31 December 2014
Cash	1	1
Current accounts	11 825	27 439
Bank deposits	223 734	180 595
Total cash and cash equivalents	**235 560**	**208 035**

(all amounts in PLN'000 unless stated otherwise)

Cash and cash equivalents include short-term bank deposits, 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 Company's deposits was 11 days in 2015 (12 days in 2014).

14. Equity

Table 36 Equity

	As at	
	31 December 2015	31 December 2014
Share capital	63 865	63 865
Other reserves	(304)	(243)
Retained earnings	391 320	395 147
Total equity	**454 881**	**458 769**

14.1. Share capital

Table 37 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 GPW 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.

(all amounts in PLN'000 unless stated otherwise)

Table 38 Shareholders in the Company

	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%**

14.2. Other reserves

Table 39 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:	300	(294)	6
- revaluation	*369*	*(363)*	*6*
- deferred tax	*(69)*	*69*	*-*
Capital arising from hedge accounting:	(263)	100	(163)
- revaluation	*(324)*	*123*	*(201)*
- deferred tax	*61*	*(23)*	*38*
Capital arising from actuarial gains/losses:	(280)	133	(147)
- revaluation	*(346)*	*164*	*(181)*
- deferred tax	*66*	*(31)*	*35*
Total other reserves: from revaluation	**(243)**	**(61)**	**(304)**

(all amounts in PLN'000 unless stated otherwise)

14.3. Retained earnings

Table 40 Retained earnings

	Reserve capital	Other reserves	Retained earnings	Profit for the period	Total
As at 31 December 2014	**37 020**	**326 513**	**(21 293)**	**52 907**	**395 147**
Distribution of the profit for the year ended 31 December 2014	-	23	52 885	(52 907)	**-**
Dividend	-	(47 848)	(52 885)	-	**(100 733)**
Profit for the year ended 31 December 2015	-	-	-	96 905	**96 905**
As at 31 December 2015	**37 020**	**278 688**	**(21 293)**	**96 905**	**391 320**

Table 41 Retained earnings

	Reserve capital	Other reserves	Retained earnings	Profit for the period	Total
As at 31 December 2013	**37 020**	**275 494**	**(21 293)**	**101 385**	**392 606**
Distribution of the profit for the year ended 31 December 2013	-	51 019	50 366	(101 385)	**-**
Dividend	-	-	(50 366)	-	**(50 366)**
Profit for the year ended 31 December 2014	-	-	-	52 907	**52 907**
As at 31 December 2014	**37 020**	**326 513**	**(21 293)**	**52 907**	**395 147**

As required by the Commercial Companies Code, which is binding upon the Company, the amounts to be divided between the shareholders may not exceed the net profit reported for the last financial year plus retained earnings, less 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 GPW, reserve capital is earmarked for covering losses that may arise in the operations of the Company 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 Company to ensure the ability of financing investments and other expenses connected with the operations of the Company. Reserves can be used towards share capital or payment of dividends.

14.4. 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.

14.5. Earnings per share

Table 42 Calculation of earnings per share

	Year ended 31 December	
	2015	2014
Net profit for the period attributable to the shareholders of the parent entity	96 905	52 907
Weighted average number of ordinary shares (in thousands)	41 972	41 972
Basic and diluted earnings per share (in PLN)	**2,31**	**1,26**

15. Bond issue liabilities

Table 43 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**

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. The 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.

16. Employee benefits payable

Table 44 Employee benefits payable by short-term and long-term liabilities

	As at	
	31 December 2015	31 December 2014
Retirement benefits (Note 16.1)	404	2 339
Jubilee awards (Note 16.1)	-	2 134
Other (Note 16.2)	1 978	884
Long-term	**2 382**	**5 357**
Retirement benefits (Note 16.1)	158	185
Jubilee awards (Note 16.1)	-	720
Other (Note 16.2)	6 864	6 840
Short-term	**7 023**	**7 745**
Total	**9 405**	**13 102**

16.1. Liabilities under retirement benefits and jubilee awards

The Company records provisions for retirement and pension benefits and jubilee awards based on the actuarial valuation prepared as at the balance sheet date by an independent actuarial advisor. The Company also had a system of jubilee awards based on seniority until February 2015.

(all amounts in PLN'000 unless stated otherwise)

Table 45 Employee benefits recognised in the statement of comprehensive income according to actuarial valuation

	Year ended	
	31 December 2015	**31 December 2014**
Retirement benefits*	(1 636)	273
Jubilee awards*	(1 619)	788
Total benefits under operating expenses	**(3 255)**	**1 061**
Retirement benefits	(164)	346
Total benefits under other comprehensive income	**(164)**	**346**
Total benefits in the statement of comprehensive income	**(3 419)**	**1 407**

** In February 2015, the Company changed its remuneration rules, including liquidation of jubilee awards and the retirement benefit fund. The negative amounts: PLN 1,636 thousand and PLN 1,619 thousand, represent release of provisions created against such benefits in previous years.*

Table 46 Change of liabilities under retirement benefits and jubilee awards

	Year ended 31 December 2015		
	Retirement benefits	**Jubilee awards**	**Total**
Opening balance	**2 524**	**2 854**	**5 378**
Current cost of employment	266	-	**266**
Interest cost	58	-	**58**
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:	(165)	-	**(165)**
- *financial assumptions*	(121)	-	**(121)**
- *other assumptions*	(44)	-	**(44)**
Total recognised in comprehensive income	**(1 802)**	**(1 619)**	**(3 421)**
Benefits paid	(160)	(1 235)	**(1 395)**
Closing balance	**562**	**-**	**562**

** In February 2015, the Company changed its remuneration rules, including liquidation of jubilee awards and the retirement benefit fund. The negative amounts: PLN 1,961 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 47 Change of liabilities under retirement benefits and jubilee awards

	Year ended 31 December 2014		
	Retirement benefits	Jubilee awards	Total
Opening balance	**1 959**	**3 162**	**5 121**
Current cost of employment	195	416	**611**
Interest cost	78	126	**205**
Actuarial gains/(losses) recognised in other comprehensive income due to change of:	346	245	**591**
- *financial assumptions*	513	189	**702**
- *demographic assumptions*	-	-	**-**
- *other assumptions*	(167)	56	**(111)**
Total recognised in comprehensive income	620	788	**1 407**
Benefits paid	**(55)**	**(1 096)**	**(1 150)**
Closing balance	2 524	2 854	**5 378**

Table 48 The main actuarial assumptions at dates ending the reporting periods

	2015	2014
Stopa dyskonta	3,4%	2,3%
Średni zakładany roczny wzrost podstaw kalkulacji rezerwy na odprawy emerytalno-rentowe, nagrody jubileuszowe	2,8%	3,5%
Inflacja (rocznie)	1,8%	2,5%
Średni ważony współczynnik mobilności pracowniczej	4,7%	4,0%

(all amounts in PLN'000 unless stated otherwise)

16.2. Liabilities under other employee benefits

Table 49 Changes to short-term and long-term other employee benefits

	Year ended 31 December 2015					
	Opening balance	Set up	Used	Reclassified	Released	Closing balance
Annual and discretionary bonuses	4 843	5 233	(4 532)	307	(368)	**5 482**
Unused holiday leave	1 575	-	(202)	-	-	**1 373**
Overtime	2	4	(2)	-	-	**4**
Car allowance	12	5	(12)	-	-	**5**
Reorganisation severance pay	408	-	(248)	-	(160)	**-**
Total short-term other employee benefits payable	**6 840**	**5 242**	**(4 996)**	**307**	**(528)**	**6 864**
Annual and discretionary bonuses	750	1 618	-	(307)	(84)	1 978
Reorganisation severance pay	133	-	-	-	(133)	-
Total long-term other employee benefits payable	**884**	**1 618**	**-**	**(307)**	**(217)**	**1 978**
Total other employee benefits payable	**7 724**	**6 861**	**(4 996)**	**-**	**(745)**	**8 842**

Table 50 Changes to short-term and long-term other employee benefits

	Year ended 31 December 2014					
	Opening balance	Set up	Used	Reclassified	Released	Closing balance
Annual and discretionary bonuses	6 043	4 837	(6 037)	-	-	**4 843**
Benefits after termination	165	-	(165)	-	-	**-**
Unused holiday leave	1 538	37	-	-	-	**1 575**
Overtime	-	2	-	-	-	**2**
Car allowance	10	12	(10)	-	-	**12**
Reorganisation severance pay	-	408	-	-	-	**408**
Total short-term other employee benefits payable	**7 757**	**5 296**	**(6 212)**	**-**	**-**	**6 840**
Annual and discretionary bonuses	405	750	-	-	(405)	**750**
Reorganisation severance pay	-	133	-	-	-	**133**
Total long-term other employee benefits payable	**405**	**884**	**-**	**-**	**(405)**	**884**
Total other employee benefits payable	**8 162**	**6 179**	**(6 212)**	**-**	**(405)**	**7 724**

(all amounts in PLN'000 unless stated otherwise)

16.3. 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 51 Sensitivity analysis: 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	562	592	536
Total	**562**	**592**	**536**
Change of carrying value		**30**	**(25)**

Table 52 Sensitivity analysis: 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	562	536	594
Total	**562**	**536**	**594**
Change of carrying value		**(25)**	**32**

(all amounts in PLN'000 unless stated otherwise)

17. Incentive programme

In 2014, following the appointment of the new 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.

Table 53 Details of the incentive scheme for the Exchange Management Board – phantom shares

	2015	2014
Programme announcement date	*December 2014*	
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	*1 January 2015*	*1 January 2014*
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 54 Valuation of the incentive scheme for the Exchange Management Board – phantom shares

	Phantom shares for bonus year	
	2015	**2014**
Date of allocation of phantom shares for the year	*N/A**	2 July 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	723	256
Cost of phantom shares in the period shown in the shatement of total comprehensive income	672	307

** No phantom shares for 2015 were allocated to the Management Board of GPW for 2015 until the date of publication of this report*

The Exchange Supervisory Board 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 723 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 Company. 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 672 thousand, presented under salaries and other employee costs of the period (Note 22.1).

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.

18. Trade payables

Table 55 Trade payables

	As at	
	31 December 2015	**31 December 2014**
Trade payables to associates	147	24
Trade payables to subsidiaries	160	126
Trade payables to other parties	6 292	3 523
Total trade payables	**6 599**	**3 673**

In the opinion of the Exchange Management Board, 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)

19. Other liabilities

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

	As at	
	31 December 2015	31 December 2014
Dividend payable	163	146
Liabilities in respect of tax settlements*	2 040	1 764
Other liabilities	641	82
Total current liabilities	**2 844**	**1 992**
Total other liabilities	**2 844**	**1 992**

** Liabilities in respect of VAT, corporate income tax and social security contributions.*

20. Accruals and deferred income

Table 57 Accruals and deferred income

	As at	
	31 December 2015	31 December 2014
Accruals	**279**	**279**
Audit	109	110
Promotion	29	20
Advisory	32	415
Other services	1 327	120
Total accruals	**1 497**	**664**
Total accruals and deferred income	**1 776**	**943**

(all amounts in PLN'000 unless stated otherwise)

21. Sales revenue

Table 58 Sales revenue by business segment

	Year ended	
	31 December 2015	31 December 2014
Financial market	**188 730**	**187 973**
Trading	126 562	126 472
Equities and equity-related instruments	107 941	105 295
Derivative instruments	11 578	14 821
Other fees paid by market participants	6 383	5 795
Debt instruments	283	298
Other cash instruments	376	263
Listing	23 652	23 297
Listing fees	18 862	18 848
Introduction fees, other fees	4 790	4 449
Information services	38 516	38 204
Real-time information	36 133	35 964
Historical and statistical information and indices	2 383	2 240
Other revenue	**3 052**	**2 023**
Total sales revenue	**191 781**	**189 996**

Table 59 Revenue by geographic distribution

	Year ended 31 December 2015	Share (%)	Year ended 31 December 2014	Share (%)
Revenue from foreign customers	62 782	32,7%	55 237	29,1%
Revenue from local customers	128 999	67,3%	134 760	70,9%
Total	**191 781**	**100,0%**	**189 996**	**100,0%**

22. Operating expenses

Table 60 Operating expenses by category

	Year ended	
	31 December 2015	31 December 2014
Depreciation and amortisation	21 472	24 135
Salaries	30 398	33 774
Other employee costs	7 602	9 401
Rent and other maintenance fees	7 108	8 327
Fees and charges	21 815	20 516
including fees paid to PFSA	*21 094*	*21 054*
External service charges	27 646	30 292
Other operating expenses	4 313	4 200
Total operating expenses	**120 354**	**130 644**

(all amounts in PLN'000 unless stated otherwise)

22.1. Salaries and other employee costs

Table 61 Salaries by category

	Year ended	
	31 December 2015	31 December 2014
Salaries:	**29 450**	**33 165**
Gross remuneration	25 427	24 954
Annual and discretionary bonuses	5 704	4 733
Jubilee awards*	(1 619)	788
Retirement benefits and reorganisation severance pay*	(1 210)	1 299
Non-competition	884	628
Other (including: unused holiday leave, overtime)	263	763
	-	-
Supplementary payroll	**948**	**609**
Total employee costs	**30 398**	**33 774**

** Negative awards and benefits are due to release of provisions following amendment of the remuneration rules.*

Table 62 Other employee costs by category

	Year ended	
	31 December 2015	31 December 2014
Social security costs	4 440	4 358
Employee Pension Plan	448	1 384
Other benefits (including medical services, lunch subsidies, sports, insurance, etc.)	2 715	3 659
Total other employee costs	**7 602**	**9 401**

The Company offers its employees who retire a benefit equal to one month's salary (Note 16).

The Company 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 Exchange Management Board 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 17) as well as fringe benefits defined by the Exchange Supervisory Board. The bonus depends on annual appraisal by the Exchange Supervisory Board.

GPW 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)

22.2. External service charges

Table 63 External service charges by category

	Year ended	
	31 December 2015	**31 December 2014**
IT cost:	14 275	15 239
IT infrastructure maintenance	*9 746*	*9 723*
Data transmission lines	*4 416*	*4 908*
Software modification	*113*	*608*
Office and office equipment maintenance:	2 260	2 663
Repair and maintenance of installations	*875*	*866*
Security	*675*	*993*
Cleaning	*372*	*372*
Phone and mobile phone services	*338*	*433*
Leasing, rental and maintenance of vehicles	225	438
Transportation services	100	82
Promotion, education, market development	4 298	4 905
Market liquidity support	920	836
Advisory (including: audit, legal services, business consulting)	2 633	3 726
Information services	1 132	962
Training	823	294
Mail fees	40	46
Bank fees	52	44
Translation	185	225
Other	703	833
Total external service charges	**27 646**	**30 292**

22.3. Other operating expenses

Table 64 Other operating expenses by category

	Year ended	
	31 December 2015	**31 December 2014**
Consumption of materials and energy	2 347	2 302
Membership fees	520	294
Property insurance	296	247
Impairment of perpetual usufruct	106	106
Business trips	764	853
Conferences	139	172
Other	142	226
Total other operating expenses	**4 313**	**4 200**

(all amounts in PLN'000 unless stated otherwise)

23. Other income and expenses

23.1. Other income

Table 65 Other income by category

	Year ended	
	31 December 2015	31 December 2014
Damages received	2	106
Other*	495	474
Total other income	**497**	**580**

** 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".*

23.2. Other expenses

Table 66 Other expenses by category

	Year ended	
	31 December 2015	31 December 2014
Donations	648	114
Loss on sale of property, plant and equipment	379	308
Impairment allowance for receivables	245	416
Other	73	83
Total other expenses	**1 345**	**920**

In 2015, donations were made by the Company 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 Company 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.

(all amounts in PLN'000 unless stated otherwise)

24. Financial income and expenses

24.1. Financial income

Table 67 Financial income by category

	Year ended	
	31 December 2015	31 December 2014
Interest on bank deposits and current accounts	4 571	5 499
Interest on available-for-sale financial assets	625	625
Gains/ (Losses) on sale of available-for-sale financial assets	(140)	(25)
Dividends	43 072	14 819
Other	25	247
Total financial income	**48 153**	**21 165**

In 2015, GPW received dividends in the total amount of PLN 43,072 thousand from the following companies:

- Centrum Giełdowe S.A. – dividend of PLN 352 thousand paid on 30 April 2015,
- Towarowa Giełda Energii S.A. – dividend of PLN 42,720 thousand paid on 30 July 2015.

In 2014, GPW received dividends in the total amount of PLN 14,819 thousand from the following companies:

- BondSpot S.A. – dividend of PLN 2,789 thousand paid on 16 May 2014,
- Centrum Giełdowe S.A. – dividend of PLN 430 thousand paid on 30 April 2014,
- Towarowa Giełda Energii S.A. – dividend of PLN 11,600 thousand paid on 16 May 2014.

24.2. Financial expenses

Table 68 Financial expenses by category

	Year ended	
	31 December 2015	31 December 2014
Interest on bonds, including:	8 411	9 967
Accrued	*1 698*	*461*
Paid	*6 713*	*9 506*
Other*	554	7 921
Total financial expenses	**8 965**	**17 888**

** In 2014, "Other" included an impairment loss on IE and IRK at PLN 7,695 thousand.*

(all amounts in PLN'000 unless stated otherwise)

25. Income tax

Table 69 Income tax by current and deferred tax

	Year ended	
	31 December 2015	31 December 2014
Current income tax	9 955	2 130
Deferred tax	2 908	7 252
Total income tax	**12 863**	**9 382**

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

Table 70 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

	Year ended	
	31 December 2015	31 December 2014
Profit before income tax	109 768	62 289
Income tax rate	19%	19%
Income tax at the statutory tax rate	**20 856**	**11 835**
Tax effect:	**(7 993)**	**(2 453)**
Non-tax-deductible expenses	191	363
Non-taxable dividend income	(8 184)	(2 816)
Total income tax	**12 863**	**9 382**

26. 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 6,512 thousand as at 31 December 2015 including mainly the UTP-Derivatives system, the Electronic Document Flow system and Microsoft product licences (PLN 8.9 million as at 31 December 2014 including mainly the UTP-Derivatives system).

27. Related party transactions

Related parties of the Company include:

- the subsidiaries,
- 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.

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

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

Of the biggest clients of the Company, Powszechna Kasa Oszczędności Bank Polski S.A. was the only entity with a stake held by the State Treasury with which the Company 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.

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

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 Company'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, the Company is subject to tax obligations. Hence, the Company pays tax to the State Treasury, which is its related party. The rules and regulations applicable to the Company 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 Company incurs costs of fees paid to the State Treasury in the amount set by the Polish Financial Supervision Authority. The Company 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 Company amounted to PLN 21,094 thousand in 2015 (PLN 21,054 thousand in 2014).

(all amounts in PLN'000 unless stated otherwise)

27.2. Transactions with subsidiaries

In 2015, the Company sold 100% of the subsidiary InfoEngine S.A. (formerly WSE InfoEngine S.A.) to Towarowa Giełda Energii S.A. ("PolPX") for PLN 1,500 thousand.

Table 71 Transactions with subsidiaries

	As at 31 December 2015		Year ended 31 December 2015	
	Receivables	Liabilities	Sales revenue	Operating expenses
PolPX Group	277	29	1 085	116
BondSpot S.A.	75	27	189	334
Instytut Rynku Kapitałowego - WSE Research S.A.	n/a	n/a	110	211
GPW Centrum Usług S.A.	1	105	3	283
Instytut Analiz i Ratingu S.A.	9	-	34	-
Total	**362**	**160**	**1 420**	**943**

Table 72 Transactions with subsidiaries

	As at 31 December 2014		Year ended 31 December 2014	
	Receivables	Liabilities	Sales revenue	Operating expenses
PolPX Group	92	29	422	34
BondSpot S.A.	22	12	44	232
InfoEngine S.A.	8	39	31	378
Instytut Rynku Kapitałowego - WSE Research S.A.	20	64	195	457
GPW Centrum Usług S.A.	-	12	-	53
Instytut Analiz i Ratingu S.A.	40	-	105	-
Total	**182**	**156**	**797**	**1 154**

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

(all amounts in PLN'000 unless stated otherwise)

27.3. Transactions with associates

Table 73 GPW'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	-	1 079
Aquis Exchange Limited	7	-	16	-
Total	**8**	**147**	**141**	**1 117**

Table 74 GPW'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.

27.4. Other transactions

GPW Foundation

On 17 June 2015, the Company together with PolPX and BondSpot 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. GPW allocated PLN 600 thousand to the mission of the Foundation as its endowment. The amount was shown under other expenses in the statement of comprehensive income.

(all amounts in PLN'000 unless stated otherwise)

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.

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

The management personnel of the Company 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 GPW'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**

(all amounts in PLN'000 unless stated otherwise)

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.

29. Future minimum lease payments

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	3 006	4 157	8 584	**15 747**
As at 31 December 2014	3 855	3 759	8 703	**16 317**

The amounts above include VAT. All operating lease payments are denominated in PLN. GPW's annual fees for perpetual usufruct of land are PLN 118 thousand. The costs of operating leases (space rentals) are presented in Note 22.

30. 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 separate 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