



Giełda Papierów Wartościowych w Warszawie S.A.

**Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2016**

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

OPINION OF THE INDEPENDENT AUDITOR

To the General Meeting of Giełda Papierów Wartościowych w Warszawie S.A.

Opinion on the Separate Financial Statements

We have audited the accompanying separate financial statements of Giełda Papierów Wartościowych w Warszawie S.A., with its registered office in Warsaw, ul. Książęca 4 (“the Company”), which comprise the separate statement of financial position as at 31 December 2016, the separate statement of comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

Management’s and Supervisory Board’s Responsibility for the Financial Statements

Management of the Company is responsible for the preparation, on the basis of properly maintained accounting records, of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, as adopted by the European Union and with other applicable regulations. Management of the Company is also responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

According to the Accounting Act dated 29 September 1994 (Official Journal from 2016, item 1047 with amendments) (“the Accounting Act”), Management of the Company and members of the Supervisory Board are required to ensure that the financial statements are in compliance with the requirements set forth in the Accounting Act.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with section 7 of the Accounting Act and International Standards on Auditing as adopted by the resolution dated 10 February 2015 of the National Council of Certified Auditors as National Standards on Assurance. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management of the Company, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the accompanying separate financial statements of Giełda Papierów Wartościowych w Warszawie S.A.:

- give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2016 and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union;
- comply, in all material respects, with the applicable regulations and the provisions of the Company's separate articles of association that apply to the Company's financial statements; and
- have been prepared from accounting records, that, in all material respects, have been properly maintained.

Specific Comments on Other Legal and Regulatory Requirements

Report on the Company's Activities

Management of the Company is responsible for the report on the Company's activities.

Our opinion on the separate financial statements does not cover the report on the Company's activities.

As required by the Accounting Act, and the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent of information required by the laws of a non-member state (Official Journal from 2014, item 133 with amendments) (the "Decree") we report that the accompanying report on the Giełda Papierów Wartościowych w Warszawie S.A. activities includes the information required by Art. 49 of the Accounting Act and the Decree and the information is consistent, in all material respects, with the separate financial statements. Furthermore, based on our knowledge about the Company and its environment obtained in the audit, we have not identified material misstatements in the report on the Company's activities.

As required by the Accounting Act and the Decree we report that the statement of corporate governance, which is a separate part of the report on the Group's activities, includes the information required by paragraph 91 subparagraph 5 point 4 letter a, b, j and k of the Decree. Furthermore we report that the information identified in paragraph 91 subparagraph 5 point 4 letter c, d, e, f, h and i of the Decree, included in the statement of corporate governance, in all material respects:

- has been prepared in accordance with the applicable regulations; and
- is consistent with the information contained in the consolidated financial statements.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Registration No. 3546
ul. Inflancka 4A
00-189 Warsaw

Signed on the Polish original

.....
Miroslaw Matusik
Key Certified Auditor
Registration No. 90048
Limited Liability Partner
with power of attorney

27 February 2017



Giełda Papierów Wartościowych w Warszawie S.A.

**Report on the audit
of the separate financial statements**

Financial year ended

31 December 2016



Giełda Papierów Wartościowych w Warszawie S.A.

The report on the audit of the separate financial statements
for the financial year ended 31 December 2016

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1. General

1.1. General information about the Company

1.1.1. Company name

Giełda Papierów Wartościowych w Warszawie S.A.

1.1.2. Registered office

ul. Książęca 4
00-498 Warsaw

1.1.3. Registration in the register of entrepreneurs of the National Court Register

Registration court:	District Court for the Capital City of Warsaw in Warsaw, XII Commercial Department of the National Court Register
Date:	17 January 2002
Registration number:	KRS 0000082312
Share capital as at the end of the reporting period:	PLN 41,972,000.00

1.1.4. Management of the Company

The Management Board is responsible for management of the Company.

As at 31 December 2016, the Management Board of the Company was comprised of the following members:

- Małgorzata Zaleska – President of the Management Board,
- Paweł Dziekoński – Vice President of the Management Board,
- Michał Cieciorński – Vice President of the Management Board,
- Dariusz Kułakowski – Member of the Management Board.

According to the resolution of the General Meeting dated 12 January 2016, Ms. Małgorzata Zaleska was appointed to the position of President of the Management Board.

On 16 March 2016, Mr. Karol Pótorak resigned from the position of Vice President of the Management Board.

According to the resolution of the Supervisory Board dated 16 March 2016, Mr. Paweł Dziekoński was appointed to the position of Vice President of the Management Board.

On 23 May 2016, Mr. Grzegorz Zawada resigned from the position of Vice President of the Management Board.

According to the resolution of the Supervisory Board dated 23 May 2016, Mr. Michał Cieciorński was appointed to the position of Member of the Management Board.

According to the resolution of the Supervisory Board dated 16 December 2016, Mr. Jacek Fotek was appointed to the position of Vice President of the Management Board. As of the date of this report, the Polish Financial Supervision Authority (KNF) has not as yet approved the above change in the Management Board.

According to the resolution of the Extraordinary General Meeting dated 4 January 2017, Mrs. Małgorzata Zaleska was recalled from the position of President of the Management Board.



Giełda Papierów Wartościowych w Warszawie S.A.

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As of the date of this report, the Polish Financial Supervision Authority (KNF) has not as yet approved the above change in the Management Board.

According to the resolution of the Extraordinary General Meeting dated 4 January 2017, Mr. Rafał Antczak was appointed to the position of President of the Management Board. As of the date of this report, the Polish Financial Supervision Authority (KNF) has not as yet approved the above change in the Management Board.

1.2. Key Certified Auditor and Audit Firm Information

1.2.1. Key Certified Auditor information

Name and surname: Mirośław Matusik
Registration number: 90048

1.2.2. Audit Firm information

Name: KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Address of registered office: ul. Inflancka 4A, 00-189 Warsaw
Registration number: KRS 0000339379
Registration court: District Court for the Capital City of Warsaw in Warsaw,
XII Commercial Department of the National Court Register
NIP number: 527-26-15-362

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. is entered into the register of audit firms, maintained by the National Council of Certified Auditors, under number 3546.

1.3. Prior period financial statements

The separate financial statements as at and for the financial year ended 31 December 2015 were audited by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. and received an unmodified opinion.

The separate financial statements were approved at the General Meeting on 22 June 2016 where it was resolved to distribute the net profit for the prior financial year of PLN 96,905 thousand as follows:

- PLN 96,536 thousand to be paid as a dividend,
- PLN 369 thousand to reserve capital.

The separate financial statements were submitted to the Registration Court on 1 July 2016.



Giełda Papierów Wartościowych w Warszawie S.A.

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1.4. Audit scope and responsibilities

The audited Company prepares its separate financial statements in accordance with International Financial Reporting Standards as adopted by the European Union on the basis of the decision of General Meeting dated 30 July 2010.

The separate financial statements were audited in accordance with the contract dated 21 October 2015, concluded on the basis of the resolution of the Supervisory Board dated 2 July 2015 on the appointment of the auditor.

We conducted our audit in accordance with section 7 of the Accounting Act dated 29 September 1994 (Official Journal from 2016, item 1047 with amendments) ("the Accounting Act") and International Standards on Auditing as adopted by the resolution dated 10 February 2015 of the National Council of Certified Auditors as National Standards on Assurance.

We audited the separate financial statements at the Company during the period from 25 January 2017 to 24 February 2017.

Management of the Company is responsible for the preparation, on the basis of properly maintained accounting records, of separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations. Management of the Company is also responsible for the Report on the Company's activities.

Our responsibility is to express an opinion and to prepare a report on the audit of the separate financial statements based on our audit.

Management of the Company submitted a statement, dated as at the same date as this report, as to the preparation of the separate financial statements that give a true and fair view, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the separate financial statements.

All required statements, explanations and information were provided to us by Management of the Company and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of the Audit Firm.

The Key Certified Auditor and the Audit Firm are independent of the Company in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants' as adopted by the resolution of National Council of Certified Auditors dated 13 June 2011 ("IESBA Code") and the impartiality and independence requirements as described in Art. 56 points 3 and 4 of the Act on Certified Auditors and their Self-Governance, Audit Firms authorized to Audit Financial Statements and Public Oversight dated 7 May 2009 (Official Journal from 2016, item 1000) and have fulfilled other ethical responsibilities in accordance with these regulations and the IESBA Code.



Giełda Papierów Wartościowych w Warszawie S.A.
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2. Financial analysis of the Company

2.1. Summary analysis of the separate financial statements

2.1.1. Separate statement of financial position

ASSETS	31.12.2016	% of total	31.12.2015	% of total
	PLN '000		PLN '000	
Non-current assets				
Property, plant and equipment	101,034	13.2	94,773	12.9
Intangible assets	75,918	9.9	81,601	11.1
Investments in associates	36,959	4.8	36,959	5.0
Investments in subsidiaries	254,985	33.4	254,985	34.7
Available-for-sale financial assets	288	-	282	0.1
Non-current prepayments	3,758	0.5	3,653	0.5
Total non-current assets	472,942	61.8	472,253	64.3
Current assets				
Inventories	58	-	119	-
Trade and other receivables	23,941	3.2	26,091	3.6
Cash and cash equivalents	267,789	35.0	235,560	32.1
Total current assets	291,788	38.2	261,770	35.7
TOTAL ASSETS	764,730	100.0	734,023	100.0
EQUITY AND LIABILITIES				
	31.12.2016	% of total	31.12.2015	% of total
	PLN '000		PLN '000	
Equity				
Share capital	63,865	8.3	63,865	8.7
Other reserve capital	(114)	-	(304)	-
Retained earnings	408,351	53.4	391,320	53.3
Total equity	472,102	61.7	454,881	62.0
Liabilities				
Liabilities on bonds issue	123,459	16.2	243,800	33.2
Employee benefits payable	1,435	0.2	2,382	0.3
Deffered tax liability	9,676	1.3	12,060	1.7
Other non-current liabilities	2,224	0.3	-	-
Total non-current liabilities	136,794	17.9	258,242	35.2
Current liabilities				
Liabilities on bonds issue	122,882	16.1	682	0.1
Trade payables	4,297	0.6	6,599	0.9
Employee benefits payable	6,490	0.9	7,023	0.9
Corporate income tax payable	14,445	1.9	1,976	0.3
Accruals and deferred income	1,712	0.2	1,776	0.2
Provisions for other liabilities and charges	317	0.1	-	0.1
Other current liabilities	5,691	0.7	2,844	0.4
Total current liabilities	155,834	20.4	20,900	2.8
Total liabilities	292,628	38.3	279,142	38.0
TOTAL EQUITY AND LIABILITIES	764,730	100.0	734,023	100.0



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2.1.2. Separate statement of comprehensive income

	1.01.2016 - 31.12.2016	% of total	1.01.2015 - 31.12.2015	% of total
	PLN '000	sales	PLN '000	sales
Revenue	175,454	100.0	191,781	100.0
Operating expenses	(100,070)	57.0	(120,354)	62.7
Other operating income	680	0.4	497	0.2
Other operating expenses	(4,330)	2.5	(1,345)	0.7
Results from operating activities	71,734	40.9	70,579	36.8
Finance income	66,354	37.8	48,153	25.1
Finance expenses	(8,073)	4.6	(8,965)	4.7
Profit before income tax	130,015	74.1	109,768	57.2
Income tax expense	(13,930)	7.9	(12,863)	6.7
Profit for the period	116,085	66.2	96,905	50.5
Net change in fair value of available-for-sale financial assets	-	-	(294)	0.2
Effective portion of changes in fair value of cash flow hedges	-	-	100	0.1
Cash flow hedges reclassified to profit or loss	163	0.1	-	-
Items that can be transferred to profit or loss	163	0.1	(194)	0.1
Post-employment provisions actuarial gains/(losses)	26	-	133	0.1
Items that are not reclassified to profit or loss	26	-	133	0.1
Other comprehensive income for the period, net of income tax	189	0.1	(61)	0.1
Total comprehensive income	116,274	66.3	96,844	50.5
Basic/diluted earnings per share (in PLN)	2.77		2.31	



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2.2. Selected financial ratios

	2016	2015	2014
1. Return on sales			
$\frac{\text{profit for the period} \times 100\%}{\text{revenue}}$	66.2%	50.5%	27.8%
2. Return on equity			
$\frac{\text{profit for the period} \times 100\%}{\text{equity} - \text{profit for the period}}$	32.6%	27.1%	13.0%
3. Debtors' days			
$\frac{\text{average trade receivables (gross)} \times 365 \text{ days}}{\text{revenue}}$	48 days	40 days	42 days
4. Debt ratio			
$\frac{\text{liabilities} \times 100\%}{\text{equity and liabilities}}$	38.3%	38.0%	37.3%
5. Current ratio			
$\frac{\text{current assets}}{\text{current liabilities}}$	1.9	12.5	17.4

- Revenue includes revenue from sales of finished products, merchandise and raw materials.
- Average trade receivables represent the average of trade receivables at the beginning and at the end of the period, with no deduction made for allowances.



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3. Detailed report

3.1. Accounting system

The Company maintains current documentation describing the applied accounting principles adopted by the Management Board to the extent required by Art. 10 of the Accounting Act.

On the basis of the work performed, we have not identified any material irregularities in the accounting system which have not been corrected and that could have a material effect on the separate financial statements. Our audit was not conducted for the purpose of expressing a comprehensive opinion on the operation of the accounting system.

On behalf of KPMG Audyty Spółka z ograniczoną odpowiedzialnością sp.k.
Registration No. 3546
ul. Inflancka 4A
00-189 Warsaw

Signed on the Polish original

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Miroslaw Matusik
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27 February 2017