Separate
Financial Statements of

Giełda Papierów Wartościowych w Warszawie S.A.

for the year ended on 31 December 2016

February 2017

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(all amounts in PLN'000 unless stated otherwise)

I. SEPARATE STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2016	As at 31 December 2015
Non-current assets		**472,942**	**472,253**
Property, plant and equipment	**4**	101,034	94,773
Intangible assets	**5**	75,918	81,601
Investment in associates	**7**	36,959	36,959
Investment in subsidiaries	**6**	254,985	254,985
Available-for-sale financial assets	**9**	288	282
Non-current prepayments	**10**	3,758	3,653
Current assets		**291,788**	**261,770**
Inventories		58	119
Trade and other receivables	**11**	23,941	26,091
Cash and cash equivalents	**12**	267,789	235,560
TOTAL ASSETS		**764,730**	**734,023**

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	
		2016	2015
Equity		**472,102**	**454,881**
Share capital	**13.1.**	63,865	63,865
Other reserves	**13.2.**	(114)	(304)
Retained earnings	**13.3.**	408,351	391,320
Non-current liabilities		**136,794**	**258,242**
Liabilities on bonds issue	**14**	123,459	243,800
Employee benefits payable	**15**	1,435	2,382
Deferred tax liability	**8**	9,676	12,060
Other non-current liabilities	**18**	2,224	-
Current liabilities		**155,834**	**20,900**
Liabilities on bonds issue	**14**	122,882	682
Trade payables	**17**	4,297	6,599
Employee benefits payable	**15**	6,490	7,023
Corporate income tax payable		14,445	1,976
Accruals and deferred income	**19**	1,712	1,776
Provisions for other liabilities and charges		317	-
Other current liabilities	**18**	5,691	2,844
TOTAL EQUITY AND LIABILITIES		**764,730**	**734,023**

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(all amounts in PLN'000 unless stated otherwise)

II. SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December	
		2016	2015
Revenue	**20**	175,454	191,781
Operating expenses	**21**	(100,070)	(120,354)
Other income	**22.1.**	680	497
Other expenses	**22.2.**	(4,330)	(1,345)
Operating profit		**71,734**	**70,579**
Financial income	**23.1.**	66,354	48,153
Financial expenses	**23.2.**	(8,073)	(8,965)
Profit before income tax		**130,015**	**109,768**
Income tax expense	**24**	(13,930)	(12,863)
Profit for the period		**116,085**	**96,905**
Net change of fair value of available-for-sale financial assets	**13.2.**	-	*(294)*
Effective portion of change of fair value of cash flow hedges	**13.2.**	-	*100*
Change of the net fair value of cash flow hedging instruments reclassified to the profit of the period		*163*	-
Items that may be reclassified to profit or loss		163	(194)
Actuarial gains / (losses) on provisions for employee benefits after termination	**13.2.**	*26*	*133*
Items that will not be reclassified to profit or loss		26	133
Other comprehensive income after tax		**189**	**(61)**
Total comprehensive income		**116,274**	**96,844**
Basic / Diluted earnings per share (PLN)	**13.5.**	**2.77**	**2.31**

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	
		2016	2015
Cash flows from operating activities:		**87,205**	**84,609**
Cash generated from operation before tax		91,093	84,003
Net profit of the period		116,085	96,905
Adjustments:		(24,992)	(12,902)
Income tax	**24**	13,930	12,863
Depreciation of property, plant and equipment	**21**	9,446	10,826
Amortisation of intangible assets	**21**	9,894	10,646
Foreign exchange (gains)/losses		10	(51)
(Profit) / Loss on sale of property, plant and equipment and intangible assets		355	379
(Profit) / Loss on sale of investment activity		-	80
Financial (income) / expense of available-for-sale financial assets		(7)	(485)
Financial income from dividends	**23.1.**	(61,590)	(43,072)
Income from interest on deposits	**23.1.**	(4,123)	(4,571)
Interest, cost and premium on issued bonds		7,629	6,633
Change of non-current prepayments		(105)	(192)
Change of other non-current liabilities		2,224	-
Other		(687)	81
Change in current assets and liabilities:		(1,968)	(6,038)
(Increase) / Decrease of inventories		*61*	*(5)*
(Increase) / Decrease of trade and other receivables		*2,150*	*(3,522)*
Increase / (Decrease) of trade payables		*(2,302)*	*(483)*
Increase / (Decrease) of employee benefits payable		*(533)*	*(3,697)*
Increase / (Decrease) of accruals and deferred income		*(64)*	*833*
Increase / (Decrease) of other liabilities (excluding investment liabilities and dividend payable)		*(1,597)*	*836*
Net change of provisions and other charges		317	-
Income tax (paid)/refunded		(3,888)	606

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(all amounts in PLN'000 unless stated otherwise)

SEPARATE STATEMENT OF CASH FLOWS (CONTINUED)

	Note	Year ended 31 December	
		2016	**2015**
Cash flows from investing activities:		**49,842**	**49,809**
Purchase of property, plant and equipment and advances for property, plant and equipment		(13,118)	(4,759)
Purchase of intangible assets and advances for intangible assets		(2,837)	(3,348)
Proceeds from sale of property, plant and equipment and intangible assets		84	79
Investment in subsidiaries		-	(2,311)
Sale of available-for-sale financial assets		-	10,000
Sale of held-for-sale financial assets		-	1,881
Loans granted		-	(100)
Repayment of loans granted		-	100
Interest received		4,123	5,196
Dividends received	**23.1.**	61,590	43,072
Cash flows from financing activities:		**(104,808)**	**(106,944)**
Paid dividend	**13.3.**	(99,037)	(100,715)
Paid interest		(5,771)	(6,713)
Proceeds from bond issue		-	125,000
Buy-back of bonds issued		-	(124,516)
Net (decrease) / increase in cash and cash equivalents		**32,239**	**27,473**
Impact of fx rates on cash balance in currencies		*(10)*	*51*
Cash and cash equivalents - opening balance		**235,560**	**208,035**
Cash and cash equivalents - closing balance		**267,789**	**235,560**

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 2015	**63,865**	**(304)**	**391,320**	**454,881**
Dividends	-	-	(99,054)	**(99,054)**
Transactions with owners recognised directly in equity	**-**	**-**	**(99,054)**	**(99,054)**
Profit for the year ended 31 December 2016	-	-	116,085	**116,085**
Other comprehensive income	-	189	-	**189**
Total comprehensive income for the year ended 31 December 2016	**-**	**189**	**116,085**	**116,274**
As at 31 December 2016	**63,865**	**(114)**	**408,351**	**472,102**

	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**

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

V. NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. General

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 in the Commercial Court in Warsaw on 25 April 1991, entry no. KRS 0000082312, Tax Identification Number 526-025-09-72, Regon 012021984. GPW has been listed on GPW's 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).

GPW is also present 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 the Management Board of GPW on 27 February 2017.

2. Summary of significant accounting policies

2.1. Basis of preparation of the separate 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 Group for the financial year started on 1 January 2016:

1) Amendments to IFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations;
2) Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation;
3) Improvements to IFRS (2012-2014);
4) Amendments to IAS 1 Presentation of Financial Statements – Disclosure initiative;
5) Amendments to IAS 27 Separate Financial Statements - Equity Method in Separate Financial Statements.

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 2016 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 2016;
- 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. 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 Company has performed a preliminary analysis of the impact of IFRS 15 on the existing accounting policy. The completed work identified no issues which could materially impact the revenue and profit presented in the consolidated financial statements of the Company. The new Standard requires the disclosure of much more extensive information about the revenue and profit in the financial statements; consequently, certain changes are expected. The implementation of the new Standard will also change the presentation of balance sheet lines by the Company. The Company is analysing all types of contracts.	1 January 2018
2. 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). A financial asset is classified as being subsequently measured at amortized cost if the following two conditions are met: • the asset 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	The Company does not expect the Amendments to have material impact on its financial standing and business results.	1 January 2018

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
	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.		

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 2016;
- 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

(all amounts in PLN'000 unless stated otherwise)

Standard/ Interpretation	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 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.	The Company does not expect the new Standard to have material impact on the financial statements.	1 January 2016 *(The European Commission decided not to endorse this interim standard and to wait for the final standard)*
2. 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 Amendments will not have material impact on the financial statements of the Company as it applies only to consolidated financial statements.	1 January 2016 *(deferred adoption by the European Commission*
3. 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 Company is analysing the impact of IFRS 16 on the financial statements. However, none of the following key decisions on the implementation of IFRS 16 have yet been made: • method of adoption of IFRS 16: full retrospective or retrospective with the effect of first recognition (no restatement of comparative data); • (non-)application of a practical approach not to reassess whether a contract is a lease or contains a lease, i.e., application of the existing classification to contracts of the Company as at the date of application of IFRS 16, and concurrent recognition of assets and liabilities related to such contracts; • application of simplifications for short-term leases and leases of low-value assets; • separation of assets related to usufruct or their presentation in aggregation with other similar assets.	1 January 2019

(all amounts in PLN'000 unless stated otherwise)

Standard/ Interpretation	Nature of impending change in accounting policy	Possible impact on financial statements	Effective date for periods beginning as the date or after that date
		The management of the Company expects IFRS 16 to impact the financial statements of the Company; however, in view of the foregoing, the impact cannot be reliably estimated at this stage.	
4. Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 *Income Taxes*)	The amendments resolve a current inconsistency between IFRS 10 and IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. Nonmonetary assets contributed to an associate or joint venture are recognized to the extent of the other investors' interests in the associate or joint venture under IAS 28 whereas the full gain or loss on the contribution of the subsidiary is to be recognized under IFRS 10. Full gain or loss will be recognised by the investor where the nonmonetary assets constitute a 'business' within the meaning of IFRS 3 *Business Combinations* (whether it is housed in a subsidiary or not). A partial gain or loss is recognised (to the extent of the other investors' interests) when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.	The Company does not expect the Amendments to have material impact on the financial statements.	1 January 2017
5. Disclosure initiative (Amendments to IAS 7 *Statement of Cash Flows*)	Pursuant to the amendments, an entity shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. One way to fulfil the above disclosure requirement in is by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.	The Company does not expect the Amendments to have material impact on the financial statements.	1 January 2017
6. Amendments to IFRS 15 (*Revenue from Contracts with Customers*)	The amendments to IFRS 15 clarify some of the Standard's requirements and provide additional transitional relief for companies that are implementing the new Standard. The amendments clarify how to: • identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract; • determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and • determine whether the revenue from granting a licence should be recognised at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new Standard.	The Company has not yet estimated the impact of the Amendments on its future financial statements.	1 January 2018
7. Amendments to IFRS 2 (*Share-based Payment*)	The amendments, clarifying how to account for certain types of share-based payment transactions, provide requirements on the accounting for: • the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;	The Company does not expect the Amendments to have material impact on the financial statements.	1 January 2018

(all amounts in PLN'000 unless stated otherwise)

Standard/ Interpretation	Nature of impending change in accounting policy	Possible impact on financial statements	Effective date for periods beginning as the date or after that date
	• share-based payment transactions with a net settlement feature for withholding tax obligations; and • a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.		
8. Amendments to IFRS 4 (*Insurance contracts*)	The amendments provide two optional solutions, an overlay approach and a deferral approach, to reduce the impact of the differing effective dates of IFRS 9 *Financial Instruments* and the forthcoming insurance contract standard. These differing effective dates may result in temporary volatility of reported results and accounting mismatches. The amended Standard will: • give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts Standard is issued; and • give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply IAS 39 Financial Instruments.	The Company does not expect the Amendments to have material impact on the financial statements.	1 January 2018
9. Improvements to IFRS (2014-2016)	The Improvements to IFRSs (2014-2016) contain 3 amendments to standards. The main changes were to: • delete short-term exemptions for first-time adopters (IFRS 1 First-time Adoption of International Financial Reporting Standards) relating, inter alia, to transition provisions of IFRS 7 Financial Instruments - Disclosures regarding comparative disclosures and transfers of financial assets, and of IAS 19 Employee Benefits; • clarify that requirements of IFRS 12 Disclosure of Interest in Other Entities (with an exception of disclosure of summarized financial information in accordance with paragraphs B10-B16 of that standard) apply to entities that has an interest in subsidiaries, or joint arrangements, or associates, or unconsolidated structured entities, which are classified as held for sale or discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations; and • clarify that election of exemption from applying the equity method per IAS 28 Investments in Associates and Joint Ventures shall be made separately for each associate or joint venture, and to clarify date of such an election.	The Company does not expect the new Improvements to have material impact on the financial statements.	1 January 2018 (save for the changes to IFRS 12 that shall be applied for annual periods beginning on or after 1 January 2017)
10. IFRIC 22 *Foreign Currency Transactions and Advance Consideration*	IFRIC 22 provides requirements about which exchange rate to use in reporting foreign currency transactions (such as revenue transactions) when payment is made or received in advance and clarifies that the transaction date is the date on which the company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving	The Company does not expect the new Standard to have material impact on the financial statements.	1 January 2018

Standard/ Interpretation	Nature of impending change in accounting policy	Possible impact on financial statements	Effective date for periods beginning as the date or after that date
	multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.		
11. Amendments to IAS 40 (*Investment Property*)	The Amendments provide clarification on transfers to, or from, investment properties: • a transfer into, or out of investment property should be made only when there has been a change in use of the property; and • such a change in use would involve an assessment of whether the property qualifies as an investment property.	The Company does not expect the Amendments to have material impact on the financial statements.	1 January 2018

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 11.

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.

Additional information about impairment tests of investments in entities where there are indications of potential impairment is 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 15 and 16.

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

Information about business segments is presented only in the consolidated financial statements of the Warsaw Stock Exchange 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.

(all amounts in PLN'000 unless stated otherwise)

Table 1 Estimated useful life periods of property, plant 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 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 as net other profit/loss.

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, liabilities and identifiable contingent commitments. 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.

[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.

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 2.16.3) 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 as other income 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; and available-for-sale 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. 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 2.14.

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.

2.8.1.2. 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 financial assets 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 valuation of fair value 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**).

2.8.2. Impairment of financial assets

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

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 available-for-sale financial assets which are debt securities;
- through other comprehensive income – 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 comprehensive income 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. Cash and cash equivalents recognised in the statements of cash flows

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

2.13. 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 13.

2.14. 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.

2.15. 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.

2.16. Income tax

2.16.1. 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 was comprised of Giełda Papierów Wartościowych w Warszawie S.A. and GPW Centrum Usług S.A. until 31 December 2016.

On 28 September 2016, the following companies:

- Giełda Papierów Wartościowych w Warszawie S.A.,
- Towarowa Giełda Energii S.A.,
- BondSpot S.A. and
- GPW Centrum Usług S.A.

entered into a notarised agreement creating the GPW Tax Group ("GPW TG" or "TG") for a period of three tax years from 1 January 2017 to 31 December 2019.

The companies participating in TG are not treated individually but collectively as one corporate income taxpayer under the Corporate Income Tax Act. Such taxpayer's income is determined as the surplus of incomes of the companies participating in TG over the sum of their losses.

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

The deferred tax assets and liabilities in the separate financial statements of the companies participating in the Tax Group are recognised as if they were a separate taxpayer.

While income taxes of the companies participating in TG are no longer paid individually, the companies are still required to individually pay other taxes including VAT and local taxes.

2.16.2. Current income tax

Current income tax is calculated on the basis of net taxable income of the Company 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.

2.16.3. 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 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.

The Company uses no deferred tax assets or liabilities for the differences between the taxable and accounting investment in subsidiaries and associates because such differences are very unlikely to reverse in the foreseeable future.

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.

2.17. Employee benefits

2.17.1. 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 an additional 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.

2.17.2. 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 to the Employee Pension Scheme. These contributions are charged to costs of employee benefits as they are incurred. Paid pension benefits 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.

2.17.3. 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 benefits 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.

2.17.4. Share-based payments

In 2015 and 2016, the incentive scheme for the Management Board of the Exchange included a variable element known as the annual 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 was set by the Exchange Supervisory Board. The Exchange Supervisory Board could award a 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 bonus included three elements:

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

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

One element of the 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 Company listed on the exchange in 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.

2.18. 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.

2.19. Revenue

2.19.1. 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 (sales) 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 (sales) revenue is earned on other services provided by GPW including lease of office space, financial and accounting services for GPW Group companies, and services for the Polish Financial Supervision Authority including provision of an IT application supporting the use of data as well as technical and substantive support.

2.19.2. Other revenue

Other revenue includes received damages and donations, gains on the sale of property, plant and equipment, reversed impairment of receivables and investments, annual correction of the input VAT, services reinvoiced for employees.

2.19.3. 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 (IRR) method. Dividend income is recognised at the moment of establishing the shareholders' right to receive the payment.

2.20. 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.

2.21. 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.

2.22. 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.

Leases in which a significant portion of the risks and rewards of ownership is 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. 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.

(all amounts in PLN'000 unless stated otherwise)

3.2. Market risk

3.2.1. Cash flow and fair value interest risk

The Company is moderately exposed to interest rate risk.

In 2015, the Company sold all Treasury bond held and currently only holds short-term deposits where the interest rate is fixed, negotiated and determined when contracted at levels close to market rates at contracting. If market rates rise, GPW will earn higher interest income; if market rates fall, the Company will earn lower interest income.

Based on a sensitivity analysis of market interest rates, an increase/(decrease) in the market interest rate by 0.50 percentage point (assuming no other changes) would result in a change in the Company's financial income causing:

- in 2016, a decrease/(increase) in the profit before tax and cash flows by PLN 1,039 thousand,
- in 2015, a decrease/(increase) in the profit before tax and cash flows by PLN 1,097 thousand.

The Company is also an issuer of bonds at floating interest rates based on WIBOR 6M. 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. The Company calculates sensitivity to the market interest rate WIBOR 6M using as input data the level of debt and interest rates in the current reporting period. 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 a change in the Company's financial costs causing:

- in 2016, a decrease/(increase) in the profit before tax and cash flows by PLN 1,225 thousand,
- in 2015, a decrease/(increase) in the profit before tax and cash flows by PLN 1,076 thousand.

The other financial assets, not represented in the table below, as well as financial liabilities (other than bond issue liabilities) bear no interest.

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

	As at 31 December 2016 Maturity / Interest reset date							
	up to 1 year							
	< 1 M	1-3 M	> 3 M	Total	1-2 Y	2-5 Y	> 5 Y	Total
Bank deposits and current accounts	187,763	20,020	60,005	**267,788**	-	-	-	267,788
Total financial assets	**187,763**	**20,020**	**60,005**	**267,788**	**-**	**-**	**-**	**267,788**
Liabilities on bonds issue - non-current	-	-	-	**-**	-	-	123,459	123,459
Liabilities on bonds issue - current	122,279	-	603	**122,882**	-	-	-	122,882
Total financial liabilities	**122,279**	**-**	**603**	**122,882**	**-**	**-**	**123,459**	**246,341**

(all amounts in PLN'000 unless stated otherwise)

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

	As at 31 December 2015 Maturity / Interest reset date							
	up to 1 year				1-2 Y	2-5 Y	> 5 Y	Total
	< 1 M	1-3 M	> 3 M	Total				
Bank deposits and current accounts	50,616	34,056	150,887	**235,559**	-	-	-	235,559
Total financial assets	**50,616**	**34,056**	**150,887**	**235,559**	**-**	**-**	**-**	**235,559**
Liabilities on bonds issue - non-current	-	-	120,257	**120,257**	-	-	123,543	243,800
Liabilities on bonds issue - current	-	-	682	**682**	-	-	-	682
Total financial liabilities	**-**	**-**	**120,939**	**120,939**	**-**	**-**	**123,543**	**244,482**

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 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 at the end of 2015 included cash for the planned acquisition of the UTP-Derivatives module. In 2016, the Company ceased the application of hedge accounting. The details are presented in Note 3.6.

Based on the results of an analysis of sensitivity as at 31 December 2016, a 10% change in the average exchange rate of PLN assuming no other changes would result in the following change in the profit before tax for 2016:

- EUR (decrease/increase of the exchange rate by PLN 0.4424) – decrease/increase in the profit before tax by PLN 2,090 thousand;
- GBP (increase/decrease of the exchange rate by PLN 0.5145) – decrease/increase in the profit before tax by PLN 8 thousand;
- USD (increase/decrease of the exchange rate by PLN 0.4179) – decrease/increase in the profit before tax by PLN 3 thousand.

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 the following change in the profit before tax for 2015:

- EUR (decrease/increase of the exchange rate by PLN 0.4262) – decrease/increase in the profit before tax by PLN 1,435 thousand;
- GBP (decrease/increase of the exchange rate by PLN 0.5786) – decrease/increase in the profit before tax 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.

(all amounts in PLN'000 unless stated otherwise)

Table 4 The Company's FX exposure

	As at 31 December 2016				
	PLN	EUR*	USD*	GBP*	Total carrying amount in PLN
Cash and cash equivalents	251,687	16,100	-	2	**267,789**
Trade receivables (net)	14,775	6,394	-	-	**21,169**
Total financial assets	**266,462**	**22,493**	**-**	**2**	**288,958**
Trade payables	2,588	1,597	25	87	**4,297**
Liabilities on bonds issue	246,341	-	-	-	**246,341**
Dividends payable	179	-	-	-	**179**
Total financial liabilities	**249,108**	**1,597**	**25**	**87**	**250,817**
Net balance (assets-liabilities)	**17,354**	**20,896**	**(25)**	**(85)**	**38,141**

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

Table 5 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-sheet date.*

3.2.3. Price risk

The Company is exposed to equity securities price risk because of investments held by the Company and classified as available-for-sale in the 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.

(all amounts in PLN'000 unless stated otherwise)

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 45 days.

The credibility of counterparties is verified in accordance with internal regulations of GPW and good practice of the capital market as applicable to issuers of securities and Exchange Members. In the verification, GPW reviews in detail the application documents including financial statements, copies of entries in the National Court Register, and notifications of the Polish Financial Supervision Authority.

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.

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	
	2016	**2015**
Trade receivables (net)	21,169	21,045
Bank deposits and current accounts (included in cash and cash equivalents)	267,788	235,559
Total	**288,957**	**256,604**

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 of the Company amounted to PLN 267,789 thousand as at 31 December 2016 (PLN 235,560 thousand as at 31 December 2015), representing 35.02% of the total assets as at 31 December 2016 (32.09% as at 31 December 2015).

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 61.73% of total liabilities and equity as at 31 December 2016 (61.97% as at 31 December 2015).

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 2016						
	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	187,764	20,020	60,005	-	-	-	**267,789**
Trade receivables (net)	17,919	3,250	-	-	-	-	**21,169**
Total assets	**205,683**	**23,270**	**60,005**	**-**	**-**	**-**	**288,958**
Trade payables	4,234	63	-	-	-	-	**4,297**
Liabilities on bonds issue	122,279	-	603	-	-	123,459	**246,341**
Dividends payable	179	-	-	-	-	-	**179**
Total liabilities	**126,692**	**63**	**603**	**-**	**-**	**123,459**	**250,817**
Liquidity surplus/gap	**78,991**	**23,207**	**59,402**	**-**	**-**	**(123,459)**	**38,141**

Table 8 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**

(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 472,102 thousand representing 61.73% of the total equity and liabilities of the Group as at 31 December 2016 and PLN 454,881 thousand representing 61.97% of the total equity and liabilities of the Group as at 31 December 2015. The Company paid a dividend of PLN 99,054 thousand in 2016 and PLN 100,733 thousand in 2015 (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 14).

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

Table 9 GPW capital management indicators

	As at/Year ended		Optimum
	31 December 2016	31 December 2015	
Debt and financing ratios:			
Net debt / EBITDA*	(0.2)	0.1	less than 3
Debt to equity**	52.2%	53.7%	not more than 50-100%
Liquidity ratios:			
Current liquidity***	1.9	12.5	more than 1.5
Coverage of interest on bonds****	12.0	12.0	more than 1.5

** Net debt = interest-bearing liabilities - liquid assets (as at balance-sheet date)*
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

In 2012, the Exchange Management Board 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 was held against future payables, the Company decided to recognise the cash held in the currency as a hedging instrument which hedged 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 covered cash for the planned acquisition of the UTP-Derivatives module which offers additional functionalities for derivatives trading: the hedging instrument value was PLN 5,536 thousand as at 31 December 2015.

On 28 June 2016, GPW and Euronext signed an agreement under which GPW will not buy the UTP-Derivatives module and will continue to use the existing version of UTP in the coming years. After that, the decision will be made whether to upgrade the existing system. Consequently, in 2016, GPW discontinued the classification of the dedicated EUR amount as an instrument hedging the risk of cash flows of a future liability.

(all amounts in PLN'000 unless stated otherwise)

4. Property, plant and equipment

Table 10 Change of the net carrying value of property, plant and equipment by category

	Year ended 31 December 2016				
	Land and buildings	Vehicles and machinery	Furniture, fittings and equipment	Property, plant and equipment under construction	Total
Net carrying value - opening balance	**81,092**	**10,456**	**366**	**2,857**	**94,773**
Additions	-	-	-	16,172	**16,172**
Reclassification	141	8,497	258	(8,896)	**-**
Disposals	(7)	(430)	(28)	-	**(465)**
Depreciation charge	(2,905)	(6,265)	(274)	-	**(9,446)**
Net carrying value - closing balance	**78,321**	**12,258**	**322**	**10,133**	**101,034**
As at 31 December 2016:					
Gross carrying value	120,273	69,000	4,284	10,133	**203,690**
Depreciation	(41,952)	(56,742)	(3,962)	-	**(102,656)**
Net carrying value	**78,321**	**12,258**	**322**	**10,133**	**101,034**

Table 11 Changes of the net carrying 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)	-	**(450)**
Depreciation charge	(2,943)	(7,643)	(241)	-	**(10,827)**
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**

(all amounts in PLN'000 unless stated otherwise)

5. Intangible assets

Table 12 Change of the net carrying value of intangible assets by category

	Year ended 31 December 2016			
	Licences	Copy-rights	Goodwill	Total
Net carrying value - opening balance	**81,375**	**226**	**-**	**81,601**
Additions	4,013	198	-	**4,211**
Amortisation charge	(9,801)	(93)	-	**(9,894)**
Net carrying value - closing balance	**75,587**	**331**	**-**	**75,918**
As at 31 December 2016				
Gross carrying value	177,573	3,820	7,946	**189,339**
Impairment	-	-	(7,946)	**(7,946)**
Amortisation	(101,987)	(3,489)	-	**(105,476)**
Net carrying value	**75,587**	**331**	**-**	**75,918**

Table 13 Change of the net carrying value of intangible assets by category

	Year ended 31 December 2015			
	Licences	Copy-rights	Goodwill	Total
Net carrying value - opening balance	**84,899**	**597**	**-**	**85,496**
Additions	6,729	28	-	**6,757**
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	**185,128**
Impairment	-	-	(7,946)	**(7,946)**
Amortisation	(92,186)	(3,396)	-	**(95,582)**
Net carrying value	**81,375**	**226**	**-**	**81,601**

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 2016 was PLN 64,012 thousand (as at 31 December 2015: 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 2016 and 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 ("GPW CU"),
- Instytut Analiz i Ratingu S.A. ("IAiR").

Table 14 GPW subsidiaries

	As at 31 December 2016				
	Towarowa Giełda Energii S.A.	BondSpot S.A	GPW CU S.A.	Instytut Analiz i Ratingu S.A.	Total
Value at cost	214,582	34,394	1,909	4,100	**254,985**
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	

Table 15 GPW subsidiaries

	As at 31 December 2015				
	Towarowa Giełda Energii S.A.	BondSpot S.A	GPW CU S.A.	Instytut Analiz i Ratingu S.A.	Total
Value at cost	214,582	34,394	1,909	4,100	**254,985**
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	

In 2015, the Company sold 80.02% of InfoStrefa S.A. ("InfoStrefa", formerly 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.

(all amounts in PLN'000 unless stated otherwise)

7. Investment in associates

As at 31 December 2016 and as at 31 December 2015, the Company held interest in the following associates:

- 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 2016			
	KDPW	Centrum Giełdowe S.A.	Aquis Exchange Limited	Total
Value at cost	7,000	4,652	25,307	**36,959**
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	22.99	
% of votes	33.33	24.79	20.31	

Table 17 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**
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	

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 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%.

(all amounts in PLN'000 unless stated otherwise)

Following an issue of a new tranche of shares in 2016, in which GPW did not participate, GPW's stake in the total number of shares of Aquis decreased from 31.01% as at 31 December 2015 to 22.99% as at 31 December 2016, and GPW's share in economic and voting rights decreased from 26.33% to 20.31%.

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 company launched, acquired first members, reported a high growth of turnover, and raised additional financing of GBP 3 million raised in 2015 and GBP 8 million in 2016. The price of Aquis shares issued in 2015 was GBP 16.93 per share and the price of shares issued in 2016 was GBP 18.50 per share. The price paid by GPW in 2013 was GBP 13.02 per share.

Aquis's share in equity trade on the European market increased from 0.5% as at 31 December 2015 to more than 1% as at 31 December 2016. The number of its members increased from 17 as at 31 December 2015 to 18 as at 31 December 2016. The operation of Aquis and the success of its business model depend mainly on attracting a sufficient number of members and subscription fees and sale of trading platform software enabling the company to break even, which is expected in 2018.

No indications of impairment were identified as at 31 December 2016 as the prices of the new share issues were much higher than the cost of the shares to GPW.

8. Deferred tax

Table 18 Deferred tax (assets) / liabilities after offset

	Deferred tax (assets)/liabilities					
				As at 31 December 2016		
	As at 1 January 2016	Recognition in the statement of comprehensive income	Recognition in other comprehensive income	*Net (assets) / liabilities*	*including: deferred tax assets*	*including: deferred tax liabilities*
Difference between accounting and tax value of property, plant and equipment and intangible assets	**14,558**	(1,873)	-	**12,685**	-	12,685
Impairment on investments	**(1,020)**	1	-	**(1,019)**	(1,019)	-
Annual awards	**(1,417)**	253	-	**(1,164)**	(1,164)	-
Retirement benefits	**(73)**	10	-	**(63)**	(63)	-
Unused holiday	**(261)**	11	-	**(250)**	(250)	-
Other	**273**	(830)	44	**(513)**	(1,043)	530
Tax (asset) / liability after compensation	**12,060**	**(2,428)**	**44**	**9,676**	**(3,539)**	**13,215**

(all amounts in PLN'000 unless stated otherwise)

Table 19 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	Recognition in other comprehensive income	*Net (assets) / liabilities*	*including: deferred tax assets*	*including: deferred tax liabilities*
Difference between accounting and tax value of property, plant and equipment and intangible assets	**13,919**	639	-	**14,558**	-	14,558
Impairment on investments	**(2,594)**	1,574	-	**(1,020)**	(1,020)	-
Annual awards	**(1,063)**	(355)	-	**(1,417)**	(1,417)	-
Retirement benefits	**(1,059)**	986	-	**(73)**	(73)	-
Unused holiday	**(299)**	38	-	**(261)**	(261)	-
Other	**262**	26	(14)	**273**	(575)	848
Tax (asset) / liability after compensation	**9,166**	**2,908**	**(14)**	**12,060**	**(3,346)**	**15,406**

9. Available-for-sale financial assets

Table 20 Changes of available-for-sale financial assets

	As at 31 December	
	2016	2015
Opening balance	**282**	**10,710**
Discount and interest	-	(625)
Disposals (sale/redemption of bonds)	-	(10,000)
Reclassified on sale of a controlling interest in a subdidiary	-	487
Change in fair value - recognised in total comprehensive income:	6	(291)
shares	*6*	*(413)*
Treasury bonds and bills	*-*	*122*
Closing balance	**288**	**282**

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.

(all amounts in PLN'000 unless stated otherwise)

Table 21 Equity financial assets

	As at 31 December 2016			
	InfoStrefa	Innex	Sibex	Total
Value at cost	487	3,820	1,343	**5,650**
Revaluation	-	-	(120)	**(120)**
Impairment	(411)	(3,820)	(1,011)	**(5,242)**
Carrying value	**76**	**-**	**212**	**288**

Table 22 Equity financial assets

	As at 31 December 2015			
	InfoStrefa	Innex	Sibex	Total
Value at cost	487	3,820	1,343	**5,650**
Revaluation	-	-	(127)	**(127)**
Impairment	(411)	(3,820)	(1,011)	**(5,242)**
Carrying value	**76**	**-**	**205**	**282**

Innex

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

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

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

The financial results of Innex for the previous periods do not meet the conditions of reversal of the impairment loss for the shares of Innex as at 31 December 2016.

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 2016 the fair value based on the share price was PLN 212 thousand.

InfoStrefa (formerly "IRK")

On 8 July 2015, GPW executed a conditional agreement to sell 80.02% of shares of InfoStrefa S.A. 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 InfoStrefa as at 31 December 2016. The carrying value of the investment was PLN 76 thousand. The investment was recognised under the available-for-sale financial assets.

(all amounts in PLN'000 unless stated otherwise)

Fair value hierarchy

The fair value of Sibex as at 31 December 2016 and as at 31 December 2015 was recognised at the share price (level 1 of the fair value hierarchy). The value of IRK was recognised at the selling price of InfoStrefa shares to PAP less a discount for loss of control (level 3 of the fair value hierarchy).

10. Non-current prepayments

As at 31 December 2016, non-current prepayments amounted to PLN 3,758 thousand (as at 31 December 2015: PLN 3,653 thousand).

Non-current prepayments related mainly to the right to perpetual usufruct of land (PLN 2,543 thousand as at 31 December 2016, PLN 2,649 thousand as at 31 December 2015).

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 2016 (PLN 106 thousand as at 31 December 2015) is included in prepayments in Note 11. Perpetual usufruct of land is deferred and amortised over 40 years.

11. Trade and other receivables

Table 23 Trade and other receivables

	As at 31 December	
	2016	**2015**
Gross trade receivables	*23,067*	*22,756*
Impairment allowances for receivables	*(1,898)*	*(1,712)*
Total trade receivables	**21,169**	**21,044**
Current prepayments	2,480	3,481
Other receivables and advance payments	292	1,565
Total other receivables	**2,772**	**5,046**
Total trade and other receivables	**23,941**	**26,091**

(all amounts in PLN'000 unless stated otherwise)

Table 24 Trade receivables by credit quality

	As at 31 December	
	2016	2015
Receivables which are neither overdue nor impaired	**18,689**	**17,330**
Overdue receivables (no impairment)		
1 to 30 days overdue	*1,654*	*889*
31 to 61 days overdue	*161*	*616*
61 to 90 days overdue	*222*	*541*
90 to 180 days overdue	*167*	*873*
More than 180 days overdue	*276*	*795*
Total overdue receivables (no impairment)	**2,480**	**3,714**
Impaired and overdue receivables	**1,898**	**1,712**
Total gross trade receivables	**23,067**	**22,756**

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

Table 25 Trade receivables which are neither overdue nor impaired by type of debtor

	As at 31 December	
	2016	2015
Exchange Members / Members of markets operated by the GPW Group	14,981	13,461
Issuers*	197	354
Other*	3,512	3,516
Total gross trade receivables not overdue	**18,689**	**17,330**

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

Receivables from Exchange Members include receivables from Polish and foreign banks and brokerage houses, whose risk ratings 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.

(all amounts in PLN'000 unless stated otherwise)

Table 26 Receivables from Exchange Members by Moody's ratings

	As at 31 December	
	2016	**2015**
A	5,318	6,496
Baa	405	2,903
Ba	1,563	665
B and BB	3,823	1,406
No rating	3,871	1,991
Total trade receivables from Exchange Members / Members of markets operated by the GPW Group	**14,981**	**13,461**

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

Other trade receivables include mainly fees for information services.

As at 31 December 2016, trade receivables at PLN 4,378 thousand (31 December 2015 – PLN 5,426 thousand) were overdue. Of this amount, overdue receivables from debtors in bankruptcy or under creditor arrangements were PLN 1,328 thousand as at 31 December 2016 (31 December 2015 – PLN 1,136 thousand) and other past due receivables were PLN 3,050 thousand (31 December 2015 – PLN 4,290 thousand).

As at 31 December 2016, trade receivables which were overdue and impaired amounted to PLN 1,898 thousand (PLN 1,712 thousand as at 31 December 2015).

Table 27 Change of impairment loss on receivables

	As at 31 December	
	2016	**2015**
Opening balance	**1,712**	**1,511**
Initial impairment allowances	513	597
Receivables written off during the period as uncollectible	(217)	(63)
Reversal of impairment allowances	(110)	(332)
Closing balance	**1,898**	**1,712**

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 28 Gross trade receivables by geographical concentration

	As at 31 December	
	2016	**2015**
Domestic receivables	13,093	12,742
Foreign receivables	9,974	10,014
Total	**23,067**	**22,756**

(all amounts in PLN'000 unless stated otherwise)

In the opinion of the GPW Management Board, in view of the short due date of trade receivables (maximum 60 days), the carrying value of those receivables is similar to their fair value.

12. Cash and cash equivalents

Table 29 Cash and cash equivalents

	As at 31 December	
	2016	**2015**
Cash	1	1
Current accounts	175,658	11,825
Bank deposits	92,130	223,734
Total cash and cash equivalents	**267,789**	**235,560**

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 carrying value is similar to the fair value. The average maturity of the Company's deposits was 7 days in 2016 (11 days in 2015).

(all amounts in PLN'000 unless stated otherwise)

13. Equity

Table 30 Equity

	As at 31 December	
	2016	2015
Share capital	63,865	63,865
Other reserves	(114)	(304)
Retained earnings	408,351	391,320
Total equity	**472,102**	**454,881**

13.1. Share capital

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 2016, the share capital stood at PLN 41,972 thousand and the restatement of the share capital for inflation was PLN 21,893 thousand.

As at 31 December 2016, 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.

Table 31 Shareholders in the Company as at 31 December 2016 and as at 31 December 2015

	Value at par	% share	
		share capital	total vote
Registered shares:	**14,779**	**35.21%**	**52.08%**
State Treasury	14,688	35.00%	51.76%
Banks	56	0.13%	0.20%
Brokers	35	0.08%	0.12%
Bearer shares	**27,193**	**64.79%**	**47.92%**
Total	**41,972**	**100.00%**	**100.00%**

(all amounts in PLN'000 unless stated otherwise)

13.2. Other reserves

Table 32 Other reserves

	As at 31 December 2015	Revaluation and disposal	As at 31 December 2016
Capital arising from available-for-sale financial assets and other assets:	6	-	**6**
Capital arising from hedge accounting:	(163)	163	**-**
- (gains)/ losses on cash flow hedging instruments	*(201)*	*201*	**-**
- deferred tax	*38*	*(38)*	**-**
Capital arising from actuarial gains/losses:	(147)	26	**(120)**
- revaluation	*(181)*	*33*	***(148)***
- deferred tax	*35*	*(7)*	***28***
Total other reserves: from revaluation	**(304)**	**189**	**(114)**

13.3. Retained earnings

Table 33 Retained earnings

	Reserve capital	Other reserves	Retained earnings	Profit for the period	Total
As at 31 December 2015	**37,020**	**278,688**	**(21,293)**	**96,905**	**391,320**
Distribution of the profit for the year ended 31 December 2015	-	369	96,536	(96,905)	**-**
Dividend	-	(2,518)	(96,536)	-	**(99,054)**
Profit for the year ended 31 December 2016	-	-	-	116,085	**116,085**
As at 31 December 2016	**37,020**	**276,539**	**(21,293)**	**116,085**	**408,351**

Table 34 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**

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.

13.4. Dividend

On 22 June 2016, the Ordinary General Meeting of GPW passed a resolution concerning the distribution of the Company's profit earned in 2015, including the allocation of PLN 99,054 thousand to the payment of dividend. The dividend was PLN 2.36 per share. The dividend record date was set at 20 July 2016.

The dividend was paid out on 4 August 2016. The dividend paid to the State Treasury was PLN 34,665 thousand.

13.5. Earnings per share

Table 35 Calculation of earnings per share

	Year ended 31 December	
	2016	2015
Net profit for the period attributable to the shareholders of the parent entity	116,085	96,905
Weighted average number of ordinary shares (in thousands)	41,972	41,972
Basic and diluted earnings per share (in PLN)	**2.77**	**2.31**

(all amounts in PLN'000 unless stated otherwise)

14. Bond issue liabilities

Table 36 Bond issue liabilities

	As at 31 December	
	2016	2015
Liabilities under bond issue - non-current:	**123,459**	**243,800**
Series A and B bonds	-	120,257
Series C bonds	123,459	123,543
Liabilities under bond issue - current:	**122,882**	**682**
Series A and B bonds	122,279	-
Series C bonds	603	682
Total liabilities under bond issue	**246,341**	**244,482**

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.

The series A and B bonds were introduced to trading on the Catalyst market operated by GPW and Bondspot, which offers trade in corporate, municipal, co-operative, Treasury and mortgage bonds. The nominal value of the bonds was PLN 100 per bond. The GPW bonds are unsecured bonds at a floating interest rate. The interest rate is fixed within each interest period at WIBOR 6M plus a margin of 117 basis points.

The redemption date of the series A and B bonds is 2 January 2017. Series A and B bonds were partly redeemed before maturity in October 2015. The details are presented below.

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.

(all amounts in PLN'000 unless stated otherwise)

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

Series D and E bonds

On 13 October 2016, the GPW Management Board passed a resolution to issue 1,200,000 unsecured bearer bonds with a nominal value of PLN 100 per bond and a total nominal value of PLN 120,000 thousand. The bonds were issued in January 2017 in two series: series D bonds with a total nominal value of PLN 60,000 thousand and series E bonds with a total nominal value of PLN 60,000 thousand. The issue price of series D bonds addressed to institutional investors was PLN 100 per bond. The issue price of series E bonds addressed to individual investors was from PLN 99.88 to PLN 99.96 (depending on the date of subscription).

The bonds bear interest at a floating rate equal to WIBOR 6M plus a margin of 95 basis points. The interest on the bonds is paid semi-annually. The bonds are due for redemption on 31 January 2022.

The series D and E bonds were introduced to trading on the regulated market Catalyst operated by GPW and in the alternative trading system Catalyst operated by BondSpot.

15. Employee benefits payable

Table 37 Employee benefits payable by short-term and long-term liabilities

	As at 31 December	
	2016	**2015**
Retirement benefits	428	404
Other	1,007	1,978
Non-current	**1,435**	**2,382**
Retirement benefits	51	158
Other	6,439	6,864
Current	**6,490**	**7,023**
Total	**7,925**	**9,405**

15.1 Liabilities under retirement benefits

The Company records provisions for retirement and pension benefits 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 38 Employee benefits recognised in the statement of comprehensive income according to actuarial valuation

	Year ended 31 December	
	2016	**2015***
Retirement benefits	103	(1,637)
Jubilee awards	-	(1,619)
Total benefits in operating expenses	**103**	**(3,256)**
Retirement benefits	(33)	(165)
Total benefits under other comprehensive income	**(33)**	**(165)**
Total benefits in statement of comprehensive income	**71**	**(3,421)**

** In February 2015, the remuneration rules were amended, including liquidation of jubilee awards and the retirement benefit fund. The negative amounts: PLN 1,637 thousand and PLN 1,619 thousand, represent release of provisions created against such benefits in previous years.*

Table 39 Change of liabilities under retirement benefits and jubilee awards

	Year ended 31 December 2016		
	Retirement benefits	**Jubilee awards**	**Total**
Opening balance	**562**	**-**	**562**
Current cost of employment	41	-	**41**
Interest cost	19	-	**19**
Cost of past employment and reduction of the benefit plan	43	-	**43**
Actuarial gains/(losses) recognised in other comprehensive income due to change of:	(33)	-	**(33)**
- financial assumptions	*30*	-	**30**
- other assumptions	*(63)*	-	**(63)**
Total recognised in comprehensive income	**70**	**-**	**70**
Benefits paid	**(153)**	**-**	**(153)**
Closing balance	**479**	**-**	**479**

(all amounts in PLN'000 unless stated otherwise)

Table 40 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)**
Total recognised in comprehensive income	**(160)**	**(1,235)**	**(1,395)**
Closing balance	**562**	**-**	**562**

Table 41 Main actuarial assumptions at dates ending the reporting periods

	2016	2015
Discount rate	3.5%	3.4%
Expected average annual increase of the base of retirement benefits and jubilee awards	3.5%	2.8%
Inflation p.a.	2.5%	1.8%
Weighted average employee mobility	4.5%	4.7%

(all amounts in PLN'000 unless stated otherwise)

15.2. Liabilities under other employee benefits

Table 42 Changes to short-term and long-term other employee benefits

	Year ended 31 December 2016					
	Opening balance	Set up	Used	Reclass-ified	Released	Closing balance
Annual and discretionary bonus	5,482	4,975	(4,557)	120	(898)	**5,121**
Unused holiday leave	1,373	-	-	-	(58)	**1,315**
Overtime	4	-	(4)	-	-	**-**
Car allowance	5	17	(20)	-	-	**2**
Reorganisation severance pay	-	1,498	(1,498)	-	-	**-**
Total current other employee benefits payable	**6,864**	**6,490**	**(6,079)**	**120**	**(956)**	**6,438**
Annual and discretionary bonus	1,978	887	-	(120)	(1,738)	1,007
Total non-current other employee benefits payable	**1,978**	**887**	**-**	**(120)**	**(1,738)**	**1,007**
Total other employee benefits payable	**8,842**	**7,377**	**(6,079)**	**-**	**(2,695)**	**7,445**

Table 43 Changes to short-term and long-term other employee benefits

	Year ended 31 December 2015					
	Opening balance	Set up	Used	Reclass-ified	Released	Closing balance
Annual and discretionary bonus	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 current other employee benefits payable	**6,840**	**5,242**	**(4,996)**	**307**	**(528)**	**6,864**
Annual and discretionary bonus	750	1,618	-	(307)	(84)	1,978
Reorganisation severance pay	133	-	-	-	(133)	-
Total non-current other employee benefits payable	**884**	**1,618**	**-**	**(307)**	**(217)**	**1,978**
Total other employee benefits payable	**7,724**	**6,860**	**(4,996)**	**-**	**(745)**	**8,842**

(all amounts in PLN'000 unless stated otherwise)

15.3. Sensitivity analysis

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

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

The benefits were determined on a case-by-case basis for each individual employee. The liability is based on the present value of future long-term liabilities of GPW in respect of retirement benefits. 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.

A sensitivity analysis was carried out as at 31 December 2016 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.

Table 44 Sensitivity analysis: change of the discount rate, salary growth rate and employee mobility

	Carrying value of provisions	Carrying value of provisions at change of indicator by	
		-0.5 p.p.	+0.5 p.p.
Discount rate	479	507	452
Change of carrying value		28	(27)
Salary growth rate	479	452	507
Change of carrying value		(27)	28
Employee mobility rate*	479	513	449
Change of carrying value		34	(30)

** For the employee mobility ratio: carrying value of provisions at +/- 1 p.p. change of the ratio*

16. Incentive programme

Under the incentive programme active in 2015 and 2016, the Supervisory Board could award an additional bonus to Management Board Members on the basis of its appraisal of individual performance and the Company's targets. The maximum amount of the annual bonus was capped as a percentage of the annual basic remuneration. Payments up to the maximum bonus amount are made as follows:

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

On 30 November 2016, the Extraordinary General Meeting of GPW adopted a new remuneration system for Management Board Members aligned with the requirements of the Act of 9 June 2016 concerning the rules of setting the remuneration of managers of certain companies. Under those provisions, the remuneration of Management Board Members will, as a target, comprise the following components:

- Base salary – between 4 and 8 times the average monthly salary in the enterprise sector;
- Variable remuneration – no more than 100% of the base salary.

(all amounts in PLN'000 unless stated otherwise)

Table 45 Details of the incentive scheme for the Exchange Management Board – phantom shares

	Phantom shares for bonus year	
	2016	**2015**
Award date	*1 January or employment agreement date*	
Transaction type under IFRS 2	*Cash-settled share-based payments*	
Number of instruments granted	*0*	*0*
Estimated number of instruments	*9714*	*0*
Conditions for vesting rights	*Employment with the Company in 2016, meeting Company targets and individual performance targets.*	*Employment with the Company in 2015, meeting Company targets and individual performance targets.*
Vesting date	*up to 30 days after Ordinary General Meeting after the bonus year*	
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 Company shares from 1 January to 31 March of the year of payment.*	
Maturity date	*1 year after the programme grant date (one-year holding period)*	
Programme valuation	*See Section 2.18.4 (Summary of Significant Accounting Policies)*	

Table 46 Phantom shares in the statement of comprehensive income

	Year ended 31 December	
	2016	**2015**
Cost / (cost reduction) for bonus year 2014	(27)	(51)
Cost / (cost reduction) for bonus year 2015	(723)	723
Cost / (cost reduction) for bonus year 2016	369	-
Total cost / (cost reduction) for the phantom shares period in the statement of comprehensive income	**(381)**	**672**

Table 47 Phantom shares in the statement of financial position

	As at 31 December	
	2016	**2015**
Provisions for bonus year 2014	-	256
Provisions for bonus year 2015	-	723
Provisions for bonus year 2016	369	-
Provisions for phantom shares in the statement of financial position	**369**	**979**

The Exchange Supervisory Board did not decide on the amount of the bonus for the Management Board Members for 2016 as at the date of publication of the financial statements.

(all amounts in PLN'000 unless stated otherwise)

17. Trade payables

Table 48 Trade payables

	As at 31 December	
	2016	2015
Trade payables to associates of GPW Group	102	147
Trade payables to subsidiaries	30	160
Trade payables to other parties	4,165	6,292
Total trade payables	**4,297**	**6,599**

In the opinion of the Exchange Management Board, due to the short due dates of trade payables, the carrying value of trade payables is similar to the fair value.

18. Other liabilities

Table 49 Other liabilities by short-term and long-term liabilities

	As at 31 December	
	2016	2015
Other liabilities	2,224	-
Total other non-current liabilities	**2,224**	**-**
Dividend payable	179	163
Liabilities in respect of tax settlements	946	2,040
including: VAT	*38*	*839*
Other liabilities (including investment commitments)	4,566	641
Total other current liabilities	**5,691**	**2,844**
Total other liabilities	**7,915**	- **2,844**

19. Accruals and deferred income

Table 50 Accruals and deferred income

	As at 31 December	
	2016	2015
Deferred income	**300**	**279**
Audit	97	109
Promotion	102	29
Advisory	637	32
Other services	576	1,327
Accruals	**1,412**	**1,497**
Total accruals and deferred income	**1,712**	**1,776**

(all amounts in PLN'000 unless stated otherwise)

20. Sales revenue

Table 51 Sales revenue by business segment

	Year ended 31 December	
	2016	2015
Financial market	**173,226**	**188,730**
Trading	109,328	126,562
Equities and equity-related instruments	89,520	107,941
Derivative instruments	12,202	11,578
Other fees paid by market participants	6,835	6,383
Debt instruments	361	283
Other cash instruments	410	376
Listing	23,167	23,652
Listing fees	19,508	18,862
Introduction and admission fees, other fees	3,659	4,790
Information services	40,731	38,516
Real-time information	38,070	36,133
Historical and statistical information and indices	2,661	2,383
Other revenue	**2,228**	3,052
Total sales revenue	**175,454**	**191,781**

Table 52 Revenue by geographic distribution

	Year ended 31 December			
	2016	Share (%)	2015	Share (%)
Revenue from foreign customers	63,887	36.4%	62,782	32.7%
Revenue from local customers	111,567	63.6%	128,999	67.3%
Total	**175,454**	**100.0%**	**191,781**	**100.0%**

(all amounts in PLN'000 unless stated otherwise)

21. Operating expenses

Table 53 Operating expenses by category

	Year ended 31 December	
	2016	2015
Depreciation and amortisation	19,340	21,472
Salaries	29,089	30,398
Other employee costs	7,281	7,602
Rent and other maintenance fees	6,347	7,108
Fees and charges	6,212	21,815
including fees paid to PFSA	*5,460*	*21,094*
External service charges	28,055	27,646
Other operating expenses	3,746	4,313
Total operating expenses	**100,070**	**120,354**

21.1. Salaries and other employee costs

Table 54 Salaries by category

	Year ended 31 December	
	2016	2015
Salaries:	**28,421**	**29,450**
Gross remuneration	23,966	25,427
Annual and discretionary bonuses	2,557	5,704
Jubilee awards	-	(1,619)
Retirement benefits	102	(1,929)
Reorganisation severance pay	1,558	720
Non-competition	217	884
Other (including: unused holiday leave, overtime)	21	263
Supplementary payroll	**668**	**948**
Total employee costs	**29,089**	**30,398**

Table 55 Other employee costs by category

	Year ended 31 December	
	2016	2015
Social security costs	4,254	4,440
Employee Pension Plan	361	448
Other benefits (including medical services, lunch subsidies, sports, insurance, etc.)	2,666	2,715
Total other employee costs	**7,281**	**7,602**

(all amounts in PLN'000 unless stated otherwise)

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

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 base salary and a variable component (the details are described in Note 16).

GPW offers the employees an incentive program consisting of a fixed part (base salary) and a variable component (annual bonus as well as a bonus). The variable component of the incentive system – the annual bonus – is based on the employee's individual appraisal and tied to the results of GPW. The additional 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 additional bonus (fixed as a percentage of the amount of remuneration paid).

21.2. External service charges

Table 56 External service charges by category

	Year ended 31 December	
	2016	**2015**
IT cost:	15,668	14,275
IT infrastructure maintenance	*9,331*	*9,746*
Data transmission lines	*4,508*	*4,416*
Software modification	*1,829*	*113*
Office and office equipment maintenance:	2,244	2,260
Repair and maintenance of installations	*863*	*875*
Security	*735*	*675*
Cleaning	*370*	*372*
Phone and mobile phone services	*276*	*338*
Leasing, rental and maintenance of vehicles	*135*	*225*
Transportation services	81	100
Promotion, education, market development	4,381	4,298
Market liquidity support	564	920
Advisory (including: legal services, business consulting, audit)	2,301	2,633
Information services	1,348	1,132
Training	540	823
Mail fees	44	40
Bank fees	48	52
Translation	177	185
Other	524	703
Total external service charges	**28,055**	**27,646**

(all amounts in PLN'000 unless stated otherwise)

21.3. Other operating expenses

Table 57 Other operating expenses by category

	Year ended 31 December	
	2016	**2015**
Consumption of materials and energy, including:	2,411	2,347
Power and heat	*1,384*	*1,199*
Other	*1,027*	*1,148*
Membership fees	382	520
Property insurance	249	296
Impairment of perpetual usufruct	106	106
Business trips	555	764
Conferences	35	139
Other	8	142
Total other operating expenses	**3,746**	**4,313**

22. Other income and expenses

22.1. Other income

Table 58 Other income by category

	Year ended 31 December	
	2016	**2015**
Medical services reinvoiced for employees	296	205
Annual correction of input VAT	67	67
Other	317	225
Total other income	**680**	**497**

22.2. Other expenses

Table 59 Other expenses by category

	Year ended 31 December	
	2016	**2015**
Donations	3,110	648
Loss on sale of property, plant and equipment	355	379
Impairment allowance for receivables	356	245
Other	509	73
Total other expenses	**4,330**	**1,345**

(all amounts in PLN'000 unless stated otherwise)

In 2016, donations were made by the Company to:

- Polish National Foundation – PLN 3,000 thousand;
- Lesław A. Paga Foundation – PLN 34.4 thousand;
- Polish-Chinese Cooperation Forum Association – PLN 28,5 thousand;
- GPW Foundation – PLN 27.5 thousand (in kind);
- Youth Entrepreneurship Foundation – PLN 10.0 thousand;
- Caritas Diecezji Łowickiej – PLN 10 thousand.

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.

23. Financial income and expenses

23.1. Financial income

Table 60 Financial income by category

	Year ended 31 December	
	2016	2015
Interest on bank deposits and current accounts	4,123	4,571
Interest on available-for-sale financial assets	-	625
Gains / (Losses) on sale of available-for-sale financial assets	-	(140)
Dividends	61,590	43,072
Other	641	25
Total financial income	**66,354**	**48,153**

In 2016, GPW received dividends in the total amount of PLN 61,590 thousand from the following companies:

- BondSpot S.A. – dividend of PLN 1,940 thousand paid on 19 July 2016,
- Centrum Giełdowe S.A. – dividend of PLN 150 thousand paid on 30 June 2016,
- Towarowa Giełda Energii S.A. – dividend of PLN 59,500 thousand paid on 29 July 2016.

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.

(all amounts in PLN'000 unless stated otherwise)

23.2. Financial expenses

Table 61 Financial expenses by category

	Year ended 31 December	
	2016	2015
Interest on bonds, including:	8,046	8,411
Accrued	*3,211*	*1,698*
Paid	*4,835*	*6,713*
Other	27	554
Total financial expenses	**8,073**	**8,965**

24. Income tax

Table 62 Income tax by current and deferred tax

	Year ended 31 December	
	2016	2015
Current income tax	16,358	9,955
Deferred tax	(2,428)	2,908
Total income tax	**13,930**	**12,863**

As required by the Polish tax regulations, the tax rate applicable in 2016 and 2015 is 19%.

Table 63 Reconciliation of the theoretical amount of tax arising from profit before tax and the statutory tax rate with the income tax expense presented in the statement of comprehensive income

	Year ended 31 December	
	2016	2015
Profit before income tax	130,015	109,768
Income tax rate	19%	19%
Income tax at the statutory tax rate	**24,703**	**20,856**
Tax effect:	**(10,773)**	**(7,993)**
Non-tax-deductible expenses	929	191
Non-taxable dividend income	(11,702)	(8,184)
Total income tax	**13,930**	**12,863**

25. Contracted investments

Contracted investments in plant, property and equipment were PLN 811 thousand as at 31 December 2016 including mainly acquisition of new servers and reconstruction of office space (PLN 1,094 thousand as at 31 December 2015).

Contracted investments in intangible assets were PLN 527 thousand as at 31 December 2016 including mainly investments in the financial and account system and document flow system (PLN 6,512 million as at 31 December 2015).

26. 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 2016),
- 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.

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

Companies with a stake held by 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.

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

Of the biggest clients of the 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 into individually material transactions. The total sale to that company was PLN 10,663 thousand in 2016 and PLN 11,434 thousand in 2015.

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 12-month period ended on 31 December 2016.

Polish Financial Supervision Authority

The Act of 12 June 2015 amending the Capital Market Supervision Act and certain other Acts has largely extended the list of entities required to finance supervision (to include among others banks, insurers, investment fund companies, public companies, brokers and foreign investment firms) and changed the amount of contributions of entities. As a result, the cost paid by GPW was reduced significantly in 2016 year on year.

The Regulation of the Minister of Finance which determines among others the calculation method as well as the terms and conditions of the payment of fees by relevant entities took effect as of 1 January 2016. According to the Regulation, the Chairperson of the Polish Financial Supervision Authority publishes the rates and the indicators necessary to calculate the fees in a public communique promulgated in the Official Journal of the Polish Financial Supervision Authority by 31 August of each calendar year. On that basis, the entities obliged to pay the fee will calculate the final amount of the annual fee due for the year and pay the fee by 30 September of the calendar year.

(all amounts in PLN'000 unless stated otherwise)

Following an amendment of regulations governing fees paid to cover the cost of supervision of the capital market and in view of the provisions of an interpretation of the International Financial Reporting Interpretations Committee (IFRIC 21), GPW has decided to change the timing of recognition of liabilities in respect of fees due to PFSA and of charging the fees to costs. Previously, GPW recognised 1/12 of the annual fee due to PFSA in each month of the year. According to IFRIC 21, the entity should recognise liabilities in respect of fees due to PFSA at the date of the obligating event. The obligating event is the business subject to the fees due to PFSA carried out as at the 1 January of each year. Consequently, the total estimated amount of the annual fees due to PFSA will be charged to the results of the GPW's results in the first quarter of each year.

Until the end of 2015, according to the Regulation of the Minister of Finance of 16 March 2010 concerning fees paid to the Polish Financial Supervision Authority ("KNF") by supervised entities operating on the capital market, GPW paid to the State Treasury fees in an amount determined by the Polish Financial Supervision Authority. The Company paid monthly advance fees due to PFSA for supervision of the capital market. PFSA cleared the final amount of annual fees by 10 February of the next year.

Fees paid to PFSA stood at PLN 5,460 thousand in 2016 and PLN 21,094 thousand in 2015.

Tax Office

The Company is subject to taxation under Polish law. Consequently, the Company pays taxes to the State Treasury, which is a related party. The rules and regulations applicable to the Company are the same as those applicable to other entities which are not related parties.

26.2. 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 64 Transactions with subsidiaries

	As at 31 December 2016		Year ended 31 December 2016	
	Receivables	Liabilities	Sales revenue	Operating expenses
TGE S.A.	259	25	834	213
BondSpot S.A.	47	5	232	444
GPW Centrum Usług S.A.	2	-	9	144
Instytut Analiz i Ratingu S.A.	3	-	32	-
Total	**311**	**30**	**1,108**	**802**

(all amounts in PLN'000 unless stated otherwise)

Table 65 Transactions with subsidiaries

	As at 31 December 2015		Year ended 31 December 2015	
	Receivables	Liabilities	Sales revenue	Operating expenses
TGE S.A.	315	29	1,049	117
BondSpot S.A.	75	27	189	334
InfoStrefa S.A.	n/d	n/d	110	211
GPW Centrum Usług S.A.	1	105	3	283
Instytut Analiz i Ratingu S.A.	9	-	34	-
Total	**400**	**161**	**1,384**	**944**

The tables above do not include the dividends, disclosed in Note 23.1.

Receivables from subsidiaries were not written off as uncollectible from subsidiaries or provided for in the year ended on 31 December 2016 and 31 December 2015.

26.3. Transactions with associates

Table 66 Transactions of GPW with associates

	As at 31 December 2016		Year ended 31 December 2016	
	Receivables	Liabilities	Sales revenue	Operating expenses
KDPW S.A. Group	-	-	-	46
Centrum Giełdowe S.A.	-	102	46	728
Aquis Exchange Limited	-	-	21	-
Total	**-**	**102**	**67**	**773**

Table 67 Transactions of GPW 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**

On 22 June 2016, the Ordinary General Meeting of Centrum Giełdowe decided to allocate PLN 606 thousand of the company's profit earned in 2015 to dividend. The dividend amount due to the Company was PLN 150 thousand. The dividend was paid on 30 June 2016. In 2015, Centrum Giełdowe paid a dividend for 2014 in a total amount of PLN 1,420 thousand, of which the dividend amount due to the Company was PLN 352 thousand.

Receivables from associates were not written off as uncollectible from associates or provided for in the year ended on 31 December 2016 and 31 December 2015.

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

(all amounts in PLN'000 unless stated otherwise)

26.4. Other transactions

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 3,452 thousand in 2016 and PLN 3,539 thousand in 2015. 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 153 thousand in 2016 and PLN 29 thousand in 2015.

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

The management personnel of the Company includes the Exchange Management Board and the Exchange Supervisory Board. The data presented in the table below are for all (current and former) members of the Exchange Management Board and the Exchange Supervisory Board who were in office in 2015 and 2016, respectively.

The table does not present social security contributions paid by the employer.

Table 68 Cost of remuneration and benefits of GPW's key management personnel (paid and due for 2015 and 2016, as presented in the statement of comprehensive income)

	Year ended 31 December	
	2016	2015
Base salary	2,999	3,345
Holiday leave equivalent	80	63
Bonus - bonus bank*	(362)	887
Bonus - one-off payment*	(354)	915
Bonus - phantom shares*	(153)	672
Other benefits	100	193
Benefits after termination	217	884
Total remuneration of the Exchange Management Board	**2,527**	**6,959**
Remuneration of the Exchange Supervisory Board	**527**	**543**
Total remuneration of the key management personnel	**3,054**	**7,502**

** Negative bonus amounts in 2016 represent release of provisions for bonuses of the Exchange Management Board for 2015 at PLN 2.4 million (including one-off payment of PLN 0.7 million, bonus bank of PLN 1.0 million, phantom shares of PLN 0.7 million).*
In 2015, the corresponding provisions released amounted to PLN 0.4 million.

As at 31 December 2016, due (not paid) remuneration and benefits of the key management personnel stood at PLN 1,452 thousand including bonuses for 2014 and 2016 (no bonus was due for 2015). The cost of bonuses due for 2014 and 2016 was shown in the statement of comprehensive income for 2014 and 2016, respectively.

As at 31 December 2015, due (not paid) remuneration and benefits stood at PLN 2,999 thousand including bonuses for 2015 and 2014 (shown in costs of 2014 and 2015).

(all amounts in PLN'000 unless stated otherwise)

28. Future minimum lease payments

Table 69 Total future minimum lease payments under non-cancellable operating leases

	Future minimum lease payments under non-cancellable operating lease			
	< 1 Y	1-5 Y	> 5 Y	Total
As at 31 December 2016	3,530	6,422	8,466	**18,419**
As at 31 December 2015	3,006	4,157	8,584	**15,747**

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 21.

29. Events after the balance sheet date

On 16 December 2016, the Exchange Supervisory Board decided to appoint Jacek Fotek as Vice-President of the Exchange Management Board. The Polish Financial Supervision Authority did not yet approve the change on the Management Board until the date of approval of these financial statements.

On 4 January 2017, the Extraordinary General Meeting of GPW passed a resolution dismissing Małgorzata Zaleska as President of the Management Board of the Warsaw Stock Exchange. The Polish Financial Supervision Authority did not yet approve the change on the Management Board until the date of approval of these financial statements.

On 4 January 2017, the Extraordinary General Meeting of GPW passed a resolution appointing Rafał Antczak as President of the Management Board of the Warsaw Stock Exchange. The Polish Financial Supervision Authority did not yet approve the change on the Management Board until the date of approval of these financial statements.

GPW issued series D bonds on 2 January and series E bonds on 18 January, in an aggregate amount of PLN 120 million. The details of the bond issue are presented in Note 14 of these financial statements.

The Exchange Management Board was informed by the POLPX Management Board on 25 January 2017 about the decision of the POLPX Management Board to change the tax policy regarding certain services as of 1 January 2017 and to correct the relevant VAT payments for the years 2011-2016. The decision requires the issuance of correction invoices to POLPX's counterparties, requesting them to pay the VAT not previously charged for tax liabilities which are not overdue as a result of the fees (for the period from December 2011 to December 2016, inclusive) in the total amount of PLN 69.8 million. At the same time, POLPX will be required to pay to the account of the tax office an amount of the resulting tax debit under correction invoices to be issued to POLPX's counterparties plus interest on the tax debit in the amount of PLN 10.2 million (as at 25 January 2017, i.e., the date of Current Report No. 13/2017).

As POLPX is required to pay the tax debit and interest within 7-14 days after the submission of the corrected tax returns to the tax office and in view of the expected longer period of payment of liabilities under correction invoices by contractors, GPW is considering to grant a loan to the subsidiary POLPX.

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

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

Michał Cieciórski – Vice-President of the Management Board ....

Paweł Dziekoński – Vice-President of the Management Board ....

Dariusz Kułakowski – Member of the Management Board ....

Signature of the person responsible for keeping books of account:

Sylwia Sawicka – Chief Accountant ....

Warsaw, 27 February 2017