Separate

Financial Statements of

Giełda Papierów Wartościowych w Warszawie S.A.

for the year ended on 31 December 2017

February 2018

TABLE OF CONTENTS

(all amounts in PLN'000 unless stated otherwise)

I. SEPARATE STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December	
		2017	**2016**
Non-current assets		**462,760**	**472,942**
Property, plant and equipment	4	96,269	101,034
Intangible assets	5	68,963	75,918
Investment in associates	7	36,959	36,959
Investment in subsidiaries	6	254,985	254,985
Available-for-sale financial assets	9	271	288
Non-current prepayments	10	5,313	3,758
Current assets		**275,535**	**291,788**
Inventories		56	58
Trade and other receivables	11	26,272	23,941
Cash and cash equivalents	12	249,207	267,789
TOTAL ASSETS		**738,295**	**764,730**
Equity		**450,887**	**472,102**
Share capital	13.1.	63,865	63,865
Other reserves	13.2.	(125)	(114)
Retained earnings	13.3.	387,147	408,351
Non-current liabilities		**253,744**	**136,794**
Liabilities on bonds issue	14	243,573	123,459
Employee benefits payable	15	883	1,435
Deferred tax liability	8	7,064	9,676
Other non-current liabilities	17	2,224	2,224
Current liabilities		**33,664**	**155,834**
Liabilities on bonds issue	14	1,938	122,882
Trade payables	16	11,954	4,297
Employee benefits payable	15	8,481	6,490
Corporate income tax payable		5,685	14,445
Accruals and deferred income	18	21	1,712
Provisions for other liabilities and charges		211	317
Other current liabilities	18	5,374	5,691
TOTAL EQUITY AND LIABILITIES		**738,295**	**764,730**

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

(all amounts in PLN'000 unless stated otherwise)

II. SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December	
		2017	2016
Revenue	19	203,443	175,454
Operating expenses	20	(109,916)	(100,070)
Other income	21.1.	940	680
Other expenses	21.2.	(4,829)	(4,330)
Operating profit		**89,638**	**71,734**
Financial income	22.1.	5,042	66,354
Financial expenses	22.2.	(8,871)	(8,073)
Profit before income tax		**85,809**	**130,015**
Income tax expense	23	(16,776)	(13,930)
Profit for the period		**69,033**	**116,085**
Net change of fair value of cash flow hedges reclassified to profit or loss		-	*163*
Items that may be reclassified to profit or loss		-	163
Actuarial gains/(losses) on provisions for employee benefits after termination	13.2.	*(11)*	*26*
Items that will not be reclassified to profit or loss		(11)	26
Other comprehensive income after tax		**(11)**	**189**
Total comprehensive income		**69,022**	**116,274**
Basic/Diluted earnings per share (PLN)	13.5.	**1.64**	**2.77**

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	
		2017	2016
Cash flows from operating activities:		**84,014**	**87,205**
Cash generated from operation before tax		113,113	91,093
Net profit of the period		69,033	116,085
Adjustments:		44,080	(24,992)
Income tax	23	16,776	13,930
Depreciation of property, plant and equipment	4	9,395	9,446
Amortisation of intangible assets	5	10,077	9,894
Foreign exchange (gains)/losses		(423)	10
(Profit)/Loss on sale of property, plant and equipment and intangible assets		(264)	355
Revaluation of investments		17	-
Financial (income)/expense of available-for-sale financial assets		-	(7)
Financial income from dividends	22.1.	(1,266)	(61,590)
Income from interest on deposits	22.1.	(3,618)	(4,123)
Income from interest on loans	22.1.	(152)	-
Interest on issued bonds		7,624	7,629
Other		(272)	(687)
Change in current assets and liabilities:		6,186	151
(Increase)/Decrease of inventories		*2*	*61*
*(Increase)/Decrease of trade and other receivables**	11	*(1,411)*	*2,150*
Increase/(Decrease) of trade payables	16	*7,657*	*(2,302)*
Increase/(Decrease) of employee benefits payable	15	*1,439*	*(533)*
Increase/(Decrease) of prepayments	10	*(1,555)*	*(105)*
Increase/(Decrease) of accruals and deferred income	18	*(1,691)*	*(64)*
Increase/(Decrease) of other liabilities (excluding investment liabilities and dividend payable)		*1,851*	*627*
Net provisions for liabilities and other charges		*(106)*	*317*
Income tax payments from the subsidiaries within the Tax Group		10,466	-
Income tax (paid)/refunded		(39,565)	(3,888)

** Excluding change in income tax in the Tax Group*

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

(all amounts in PLN'000 unless stated otherwise)

SEPARATE STATEMENT OF CASH FLOWS (CONTINUED)

	Note	Year ended 31 December 2017	Year ended 31 December 2016
Cash flows from investing activities:		**(4,632)**	**49,842**
Purchase of property, plant and equipment and advances for property, plant and equipment		(6,393)	(13,118)
Purchase of intangible assets and advances for intangible assets		(4,002)	(2,837)
Proceeds from sale of property, plant and equipment and intangible assets		725	84
Loans granted		(10,000)	-
Repayment of loans granted		10,000	-
Interest received	22.1.	3,618	4,123
Interest received on loans granted	22.1.	152	-
Dividends received	22.1.	1,266	61,590
Other		2	-
Cash flows from financing activities:		**(98,387)**	**(104,808)**
Paid dividend		(90,190)	(99,037)
Paid interest		(7,642)	(5,771)
Proceeds from bond issue		119,929	-
Buy-back of bonds issued		(120,484)	-
Net (decrease)/increase in cash and cash equivalents		**(19,005)**	**32,239**
Impact of fx rates on cash balance in currencies		*423*	*(10)*
Cash and cash equivalents - opening balance		**267,789**	**235,560**
Cash and cash equivalents - closing balance		**249,207**	**267,789**

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 2016	**63,865**	**(114)**	**408,351**	**472,102**
Dividends	-	-	(90,239)	**(90,239)**
Transactions with owners recognised directly in equity	**-**	**-**	**(90,239)**	**(90,239)**
Profit for the year ended 31 December 2017	-	-	69,033	**69,033**
Other comprehensive income	-	(11)	-	**(11)**
Total comprehensive income for the year ended 31 December 2017	**-**	**(11)**	**69,033**	**69,022**
Other changes in equity	-	-	2	**2**
As at 31 December 2017	**63,865**	**(125)**	**387,147**	**450,887**

	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**

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 operates the following markets:

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

GPW also has a consultant in London 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 2018.

(all amounts in PLN'000 unless stated otherwise)

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 Company for the financial year started on 1 January 2017:

1) Disclosure initiative - Amendments to IAS 7 Statement of Cash Flows;
2) Amendments to IAS 12 Deferred Tax – recognition of deferred tax assets for unrealised losses,
3) Amendments to IFRS 12 Disclosure of Interest in Other Entities – clarification of the scope.

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 2017 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 2017;
- Type of the expected impact on accounting policies implemented by a new Standard/Interpretation;
- Impact of the changes described on the Company's financial statements;
- Effective date of the amendments.

	Standard/ Interpretation adopted by EU	Nature of impending change in accounting policy	Possible impact on financial statements	Effective date for periods beginning as the date or after that date
1	Amendments to 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	The Company does not expect the amendments to the Standard to have material impact on the financial statements.	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
	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*.		
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 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	The impact is described in Note 2.1.2.	1 January 2018

(all amounts in PLN'000 unless stated otherwise)

Standard/ Interpretation adopted by EU	Nature of impending change in accounting policy	Possible impact on financial statements	Effective date for periods beginning as the date or after that date
	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.		
3. IFRS 15 *Revenue from Contracts with Customers*	The new Standard provides a framework that replaces existing revenue recognition guidance in IFRS. In particular, the new Standard replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. Entities will adopt a five-step model to determine when to recognise revenue, and at what amount. The new model specifies that revenue should be recognised 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 recognised: ♦ 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. IFRS 15 also establishes the principles that an entity shall apply to provide qualitative and quantitative disclosures which provide useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.	The impact is described in Note 2.1.2.	1 January 2018
4. 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	The Company does not expect the Amendments to have material impact on its financial position and business results.	1 January 2018

(all amounts in PLN'000 unless stated otherwise)

Standard/ Interpretation adopted by EU	Nature of impending change in accounting policy	Possible impact on financial statements	Effective date for periods beginning as the date or after that date
	♦ determine whether the revenue from granting a license should be recognised at a point in time or over time. The amendments also provide entities with two additional practical expedients which facilitate initial application of the standard and reduce the related cost.		
5. 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 impact is described in Note 2.1.2.	1 January 2019
6. 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 Improvements to IFRS 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)

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 2017;
- 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 awaiting adoption by the 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 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 as it only applies to first time adopters.	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 Standard 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. 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; ♦ 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.	The Company does not expect the Amendments to have material impact on the financial statements.	1 January 2018
4. 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 multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.	The Company does not expect the new Standard to have material impact on the financial statements.	1 January 2018

(all amounts in PLN'000 unless stated otherwise)

Standard/ Interpretation awaiting adoption by the EU	Nature of impending change in accounting policy	Possible impact on financial statements	Effective date for periods beginning as the date or after that date
5. 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
6. IFRS 17 *Insurance Contracts*	IFRS 17 replaces IFRS 4 *Insurance Contracts* which was an interim standard. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. IFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards. IFRS 17 introduces a new comprehensive model (general model) which combines the currently applied treatment of technical insurance reserves in the statement of financial position with the recognition of profits in the period when insurance cover is provided and it has the following features: ♦ it is based on the concept of meeting liabilities under the contract and uses current assumptions; ♦ it provides for a single recognition of income to reflect provided services; ♦ it may be modified for some contracts.	The Company does not expect the new Standard to have material impact on the financial statements.	1 January 2021
7. IFRIC 23 *Uncertainty over Income Tax Treatments*	IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, whilst also aiming to enhance transparency. Under IFRIC 23, the key test is whether it is probable that the tax authority will accept the entity's chosen tax treatment. If it is probable that the tax authorities will accept the uncertain tax treatment then the tax amounts recorded in the financial statements are consistent with the tax return with no uncertainty reflected in measuring current and deferred taxes. Otherwise, the taxable income (or tax loss), tax bases and unused tax losses shall be determined in a way that better predicts the resolution of the uncertainty, using either the single most likely amount or expected (sum of probability weighted amounts) value. An entity must assume the tax authority will examine the position and will have full knowledge of all the relevant information.	The Company does not expect IFRIC 23 to have material impact on the financial statements.	1 January 2019
8. Amendments to IFRS 9 *Financial Instruments*	The amendment enables entities to measure financial assets with a prepayment option, which under contractual terms are instruments with cash flows that are solely payments of the principal and interest on the principal amount outstanding, for negative compensation, at amortized cost or at fair value through other comprehensive income instead of fair value through profit or loss if such financial assets meet the other applicable requirements of IFRS 9.	The Company does not expect the Amendments to have material impact on the financial statements.	1 January 2019
9. Amendments to IAS 28 *Long-term*	The Amendments clarify that an entity applies IFRS 9 Financial Instruments to interests in an	The Company does not expect the Amendments to have material impact on the financial statements.	1 January 2019

(all amounts in PLN'000 unless stated otherwise)

Standard/ Interpretation awaiting adoption by the 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
Interests in Associates and Joint Ventures	associate or joint venture to which the equity method is not applied.		
10. Annual Improvements to IFRS 2015-2017 Cycle	The Improvements to IFRSs (2015-2017) contains four amendments to standards. The main changes were to: ♦ clarify that the entity remeasures its previously held interest in a joint operation when it obtains control of the business in accordance with IFRS 3 *Business Combinations*; ♦ clarify that the entity does not remeasure its previously held interest in a joint operation when it obtains joint control of the joint operation in accordance with IFRS 11 *Joint Arrangements*; ♦ clarify that the entity should always accounts for income tax consequences of dividend payments in profit or loss, other comprehensive income or equity according to where the entity originally recognized past transactions or events that generated distributable profits; and ♦ clarify that the entity should exclude from the funds that the entity borrows generally borrowings made specifically for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare that asset for its intended use or sale are complete as borrowings made specifically for the purpose of obtaining a qualifying asset should not apply to a borrowing originally made specifically to obtain a qualifying asset if that asset is ready for its intended use or sale.	The Company does not expect the Improvements to have material impact on the financial statements.	1 January 2019

2.1.2. Impact of IFRS 9, IFRS 15 and IFRS 16 on future financial statements

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments is effective for annual periods beginning on or after 1 January 2018. The new Standard eliminates the existing categories of financial assets:

- held to maturity,
- available for sale, and
- loans and receivables

replacing them with a new classification:

- financial assets measured at amortized cost,
- financial assets measured at fair value through profit or loss, and
- financial assets measured at fair value through other comprehensive income.

Classification of financial assets depends on the business model of asset portfolio management and the contractual terms of the financial asset.

Financial assets held by the Company, i.e., minority interest in Sibex, Innex and IRK (previously recognised as available-for-sale financial assets), will be presented as of 1 January 2018 as financial assets measured at fair value through other comprehensive income because they are neither held for trading nor a conditional payment recognised by the acquiring entity in a business combination.

Financial assets held by the Company, i.e., loans granted to subsidiaries (previously recognised as other financial assets), will be presented as of 1 January 2018 as financial assets measured at amortized cost. The business model of the Company's management of such assets expects that they will be held in order to receive cash flows under the contract. The contractual terms of these assets generate cash flows at specific dates which are solely payments of principal and interest.

IFRS 9 introduces a fundamental change to the measurement of impairment of financial assets. Under the new Standard, entities will recognise and measure impairment under the "expected credit loss" model replacing the "incurred loss" impairment model. The amendment mainly affects the estimation of write-offs of debt. As at the date of preparation of these financial statements, the Company performed an initial analysis of the impact of IFRS 9 on the valuation of write-offs of debt.

Starting on 1 January 2018, the Company will estimate write-offs of debt according to expected credit loss based on historical data of debt that could not be collected from the Company's counterparties between 2014 and the end of H1 2017.

For this purpose, the Company performed a statistical analysis of trade receivables by category of clients as follows:

- Exchange Members,
- issuers, and
- other clients.

The Company performed a portfolio analysis and calculated, for each category of clients, a write-off matrix by age bracket on the basis of expected credit loss in the lifetime of debt. The Company concluded that default ratios estimated based on historical data represent the probability of default of trade receivables in the future and consequently the ratios were not adjusted. The estimated ratios are as follows:

- Exchange Members – from 0.02% for debt not yet due to 12.32% for debt overdue from 181 to 365 days,
- issuers – from 2.19% for debt not yet due to 88.52% for debt overdue from 181 to 365 days,
- other clients – from 1.28% for debt not yet due to 54.28% for debt overdue from 181 to 365 days.

The write-offs of debt not overdue for a category of clients in a default bracket is equal to:

- value of trade receivables at the balance sheet date, times
- client's probability of default.

As a result of the preliminary estimation, changes of the approach to the recognition and measurement of impairment resulted in an increase of impairment write-offs and a decrease of equity by PLN 260 thousand as at the date of initial adoption of IFRS 9 (1 January 2018).

The adoption of IFRS 9 is not expected to have an impact on the valuation and presentation of the Company's financial liabilities. The implementation of the new Standard will extend the scope of disclosures in the financial statements.

The Company decided to implement the Standard without a restatement of comparative data. Adjustments under IFRS 9 will be implemented as of 1 January 2018.

IFRS 15 Revenue from Contracts with Customers

The Standard provides a framework that replaces existing revenue recognition guidance in IFRS. In particular, the new Standard replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

The new Standard specifies that revenue should be recognised at transaction price when (or as) an entity transfers control of goods or services to a customer. All bundled goods or services that can be separated under the contract with the customer should be recognised separately. Any discounts and rebates of the transaction price should, as a rule, be allocated to individual components of bundled products or services. If revenue is variable, the variable amount is recognised as revenue if the recognised revenue is highly unlikely to be reversed as a result of revaluation. Depending on whether certain criteria are met, revenue is recognised:

- 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.

Under IFRS 15, cost incurred to win and secure a contract with a customer should be recognised over time in the period when the benefits of the contract are available.

The Company performed a detailed analysis of the impact of IFRS 15 on the recognition of revenue from contracts of the Company, in particular contracts concerning complaints, licence fee holidays, services provided free of charge in the trial period, recognition of annual and quarterly fees, recognition of the cost of winning a contract, and recognition of revenue where the entity is likely to receive the fee.

In the opinion of the Company, IFRS 15 implemented as of 1 January 2018 will not have a material impact on the recognition of contracts with customers. In particular, the analysis shows that retrospective application of the Standard would not have a material impact on the revenue reported in 2017.

The Company's analysis suggests that the implementation of the Standard only impacts the presentation of data concerning annual and quarterly fees charged from customers under contracts and regulations in interim financial statements. Such fees were previously presented as "Accruals and deferred income" but will be presented under the new Standard as "Service payables".

The Standard requires qualitative and quantitative disclosures which provide useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.

According to IFRS 15 C3 (b), the Company's Management Board decided to implement the Standard retrospectively with the cumulative effect of initial application at initial application date, i.e., 1 January 2018, through equity according to C7-C8 of the Standard. The analysis did not identify any adjustment of equity on initial application.

The retrospective application with the cumulative effect of initial application at initial application date through equity (simplified approach) is based on the Management Board's general assessment of marginal impact of IFRS 15 on the existing recognition of revenue from contracts with customers combined with the option of using simplifications available in this approach which limit the scope of analysis of historical data without prejudice to the comparability of data presented in the Company's financial statements.

According to the simplification allowed by the Standard for retrospective application with the cumulative effect of initial application through equity, the Company's Management Board decided to use the simplification under C7 A (b), i.e., not to apply retrospective restatement of contracts which changed before the date of initial application (1 January 2018).

According to the Management Board, the impact of the simplification is marginal.

IFRS 16 Leases

The fundamental amendment under the new Standard introduces a new definition of leases based on the concept of control of the asset and the resulting obligation of the lessee to recognise in the balance sheets assets and liabilities under all leases which meet the criteria of the Standard (with a limited number of derogations and simplifications). For leases previously classified as operating leases, under IFRS 16, as at the date of the contract, the lessee recognises in the balance sheet assets and liabilities arising from future cash flows under the contract. Leases of office space or other space for business purposes and leases of transport vehicles and other assets are presented in the lessee's assets and liabilities in the amount of discounted expected cash flows under the contract. This amendment may have a material impact on the Company's financial position including its debt ratios and the assessment of conditions of other contracts related to external financing. It may also impact EBIT.

The Company's Management Board is performing a detailed analysis of the impact of IFRS 16 on the financial statements on the understanding that the implementation of IFRS 16 will have an impact on the financial statements of the Company. The analysis of the Company's contracts has identified the following contracts (groups of contracts) which could meet the criteria of leases or contain leases:

- Space lease contracts – contracts concluded for an undetermined period. Considering that space is leased from an associate of the Company, the Company uses a period of useful life which is directly related to the remaining period of depreciation of the leased assets. At the same time, the Company is transferring assets to subsidiaries for use under separate lease agreements and thus becomes a lessor in relation to the subsidiaries;
- Perpetual usufruct of land – a contract with a term of 99 years. The value of assets was estimated based on annual fees and the initial fee, which was previously treated as operating lease and presented in prepayments;
- Colocation contracts – contracts concluded for an undetermined period. The Company uses a period of useful life which is directly related to the remaining period of depreciation of the infrastructure.

Considering that some of those contracts are concluded for an undetermined period, the valuation of assets and related liabilities required and will require the Management Board to use / update judgments concerning the useful life of assets used under such contracts. Judgments and assumptions will at each time be disclosed in the Company's financial statements along with a range of other disclosures required under IFRS 16.

The current preliminary approach is as follows:

- to apply IFRS 16 to annual reporting periods beginning on or after 1 January 2019;
- to apply IFRS 16 retrospectively to each previous reporting period and to restate comparative data;
- not to reclassify lease contracts effective as at the initial application date;
- to apply simplifications for short-term leases and low-value leases;
- to change the presentation approach by including all assets under IFRS 16 as right-to-use assets.

With the implementation of the Standard, the Company will disclose in the statement of financial position right-to-use assets and lease liabilities from perpetual use of land and contracts with incorporate leases, active as at the balance sheet date, including space leases, colocation contracts and car lease contracts.

Considering the expected material impact of the new Standard on assets shown in the Company's statement of financial position, the Management Board intends to use retrospective application for each previous reporting period, which requires the restatement of comparative data.

The Company is planning to use a simplification, i.e., not to calculate lease assets/liabilities for short-term leases and low-value leases (e.g., coffee machines, low-value electronic equipment).

2.1.3. 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.

2.1.4. Basis of valuation

The financial statements have been prepared on the historical cost basis except for available-for-sale financial assets which are measured at fair value.

2.1.5. 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.

Judgments

2.1.5.1. Cash and cash equivalents

The Company performs a judgment to check whether deposits with original maturities up to one year fullfill the definition of cash and cash equivalents taking into account the liquidity of deposits, the market interest rates, the ease of conversion to a specific amount of cash, and exposure to material change of fair value.

Estimates

2.1.5.2. 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.

2.1.5.3. 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 or estimated fair value less cost of sale. 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 Notes 6 and 7.

2.1.5.4. 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.

2.2. Valuation 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.

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.

[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 "Książęca 4" Tenants Association 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.

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.

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 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.

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

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

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

- through the profit or loss of the current period – in the case of financial assets classified as 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

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 operating 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 which are highly liquid or easily convertible to a specific amount of cash and 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. (now GPW Benchmark 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. (now GPW Benchmark S.A.)

entered into a notarised agreement creating the GPW Tax Group ("GPW TG" or "TG") for a period of three 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.

In separate financial statements, the members of the Tax Group present income tax as if they were a separate taxpayer and present income tax payments to GPW within the Tax Group. GPW presents income tax payments from the subsidiaries within the Tax Group accordingly.

In the separate statement of cash flows, any change of such payments is presented in cash flows from operating activities as an (increase)/decrease of other receivables/payables and the corporate income tax paid by GPW in the amount determined for the Tax Group is presented in GPW's separate statement of cash flows under income tax (paid)/refunded. The subsidiaries do not present such payments under income tax (paid)/refunded in their separate statements of cash flows.

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 when the Company cannot control the date of reversal of termprary differences (for deferred tax liabilities) and such differences are 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

The present value of liabilities in respect of employee benefits 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.

2.17.4. *Management remuneration system*

As of April 2017, the remuneration of the Management Board is subject to the limitations and requirements of the Act of 9 June 2016 on the terms of determining remuneration of managers of certain companies ("New Remuneration Cap Act"). According to the New Remuneration Cap Act, the remuneration of the Company's management includes:

- a fixed monthly base salary determined depending on the scale of the Company's business, and
- a variable part ("bonus") which is supplementary remuneration for the financial year depending on the performance of management targets.

Depending on its appraisal of the performance of individual targets and the results of the Company, the Exchange Supervisory Board may award a bonus to Management Board members in the amount not greater than 100% of the base salary of the Management Board member in the previous financial year.

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 organisations, mainly financial institutions.

Other sales revenue is earned on other services provided by GPW including lease of office space, financial, accounting and HR 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

Operating expenses 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 on bonds is calculated using the effective interest rate method.

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 will be transferred to the lessee before the end of the lease term, 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.

3.2. Market risk

3.2.1. Cash flow and fair value interest risk

The Company is moderately exposed to interest rate risk.

The Company 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 2017, a decrease/(increase) in the profit before tax and cash flows by PLN 1,123 thousand.
- in 2016, a decrease/(increase) in the profit before tax and cash flows by PLN 1,039 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 2017, a decrease/(increase) in the profit before tax and cash flows by PLN 576 thousand;
- in 2016, a decrease/(increase) in the profit before tax and cash flows by PLN 1,225 thousand.

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

(all amounts in PLN'000 unless stated otherwise)

Table 2 Analysis of financial assets and liabilities based on maturity

	As at 31 December 2017 Maturity/Interest reset date						
	up to 1 year						
	< 1 M	1-3 M	> 3 M	Total	1-5 Y	> 5 Y	Total
Bank deposits and current accounts	102,999	146,207	-	**249,206**	-	-	**249,206**
Total financial assets	**102,999**	**146,207**	**-**	**249,206**	**-**	**-**	**249,206**
Liabilities on bonds issue - non-current	-	-	-	**-**	243,573	-	**243,573**
Liabilities on bonds issue - current	-	-	1,938	**1,938**	-	-	**1,938**
Total financial liabilities	**-**	**-**	**1,938**	**1,938**	**243,573**	**-**	**245,511**

Table 3 Analysis of financial assets and liabilities based on maturity

	As at 31 December 2016 Maturity/Interest reset date						
	up to 1 year						
	< 1 M	1-3 M	> 3 M	Total	1-5 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**

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.

Based on the results of an analysis of sensitivity as at 31 December 2017, 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 2017:

- EUR (decrease/increase of the exchange rate by PLN 0.4171) – decrease/increase in the net profit by PLN 1,413 thousand;
- GBP (increase/decrease of the exchange rate by PLN 0.4700) – decrease/increase in the net profit by PLN 18 thousand.

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 net profit by PLN 1,867 thousand;

(all amounts in PLN'000 unless stated otherwise)

- GBP (increase/decrease of the exchange rate by PLN 0.5145) – decrease/increase in the net profit by PLN 8 thousand;
- USD (increase/decrease of the exchange rate by PLN 0.4179) – decrease/increase in the net profit by PLN 3 thousand.

Table 4 The Company's FX exposure

	As at 31 December 2017				
	PLN	EUR*	USD*	GBP*	Total carrying amount in PLN
Cash and cash equivalents	237,695	11,510	-	2	**249,207**
Trade receivables (net)	16,130	6,067	-	-	**22,197**
Other receivables	1,166	-	-	-	**1,166**
Total financial assets	**254,991**	**17,577**	**-**	**2**	**272,570**
Trade payables	10,551	1,220	-	183	**11,954**
Liabilities on bonds issue	245,511	-	-	-	**245,511**
Dividends payable and other liabilities	1,956	2,224	-	-	**4,180**
Total financial liabilities	**258,018**	**3,444**	**-**	**183**	**261,645**
Net balance (assets-liabilities)	**(3,027)**	**14,133**	**-**	**(181)**	**10,925**

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

Table 5 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**
Other receivables	292	-	-	-	**292**
Total financial assets	**266,754**	**22,493**	**-**	**2**	**289,250**
Trade payables	2,588	1,597	25	87	**4,297**
Liabilities on bonds issue	246,341	-	-	-	**246,341**
Dividends payable and other liabilities	4,745	2,224	-	-	**6,969**
Total financial liabilities	**253,674**	**3,821**	**25**	**87**	**257,607**
Net balance (assets-liabilities)	**13,080**	**18,672**	**(25)**	**(85)**	**31,643**

** 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.

(all amounts in PLN'000 unless stated otherwise)

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.

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	
	2017	2016
Trade receivables (net)	22,197	21,169
Other receivables	1,166	292
Bank deposits and current accounts (included in cash and cash equivalents)	249,206	267,788
Total	**272,569**	**289,249**

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 249,207 thousand as at 31 December 2017 (PLN 267,789 thousand as at 31 December 2016), representing 33.75% of the total assets as at 31 December 2017 (35.02% as at 31 December 2016).

(all amounts in PLN'000 unless stated otherwise)

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 61.07% of total liabilities and equity as at 31 December 2017 (61.73% as at 31 December 2016).

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.

Table 7 Liquidity analysis

	As at 31 December 2017						
	< 1 M	1-3 M	3-6 M	6-12 M	1-5 Y	> 5 Y	Total
Bank deposits and current accounts and cash in hand	103,000	146,207	-	-	-	-	**249,207**
Trade receivables (net)	19,937	2,260	-	-	-	-	**22,197**
Other receivables	246	920	-	-	-	-	**1,166**
Total assets	**123,183**	**149,387**	**-**	**-**	**-**	**-**	**272,570**
Trade payables	11,890	64	-	-	-	-	**11,954**
Liabilities on bonds issue	-	-	682	1,256	243,573	-	**245,511**
Dividends payable and other liabilities	1,646	310	-	-	2,224	-	**4,180**
Total liabilities	**13,536**	**374**	**682**	**1,256**	**245,797**	**-**	**261,645**
Liquidity surplus/gap	**109,647**	**149,013**	**(682)**	**(1,256)**	**(245,797)**	**-**	**10,925**

Table 8 Liquidity analysis

	As at 31 December 2016						
	< 1 M	1-3 M	3-6 M	6-12 M	1-5 Y	> 5 Y	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**
Other receivables	292	-	-	-	-	-	**292**
Total assets	**205,975**	**23,270**	**60,005**	**-**	**-**	**-**	**289,250**
Trade payables	4,234	63	-	-	-	-	**4,297**
Liabilities on bonds issue	122,279	-	603	-	-	123,459	**246,341**
Dividends payable and other liabilities	4,745	-	-	-	2,224	-	**6,969**
Total liabilities	**131,258**	**63**	**603**	**-**	**2,224**	**123,459**	**257,607**
Liquidity surplus/gap	**74,717**	**23,207**	**59,402**	**-**	**(2,224)**	**(123,459)**	**31,643**

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

(all amounts in PLN'000 unless stated otherwise)

Company uses external capital (interest-bearing liabilities) in order to optimise the structure and cost of capital.

The equity of the Company was PLN 450,887 thousand representing 61.07% of the total equity and liabilities of the Company as at 31 December 2017 and PLN 472,102 thousand representing 61.73% of the total equity and liabilities of the Group as at 31 December 2016. The Company paid a dividend of PLN 90,239 thousand in 2017 and PLN 99,054 thousand in 2016 (see the statement of changes in equity). The external capital of the Group includes mainly liabilities in respect of the issuance of GPW series C, D and E 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 31 December		Optimum
	2017	**2016**	
Debt and financing ratios:			
Net debt / EBITDA*	(0.0)	(0.2)	less than 3
Debt to equity**	54.5%	52.2%	50-100%
Liquidity ratios:			
Current liquidity***	8.2	1.9	more than 1.5
Coverage of interest on bonds****	15.1	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*

(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 2017				
	Land and buildings	Vehicles and machinery	Furniture, fittings and equipment	Property, plant and equipment under construction	Total
Net carrying value - opening balance	**78,321**	**12,258**	**322**	**10,133**	**101,034**
Additions	-	-	-	4,630	**4,630**
Reclassification and other adjustments	1,040	11,309	378	(12,727)	**-**
Depreciation charge	(2,946)	(6,194)	(255)	-	**(9,395)**
Net carrying value - closing balance	**76,415**	**17,373**	**445**	**2,036**	**96,269**
As at 31 December 2017:					
Gross carrying value	121,313	79,841	3,865	2,036	**207,055**
Depreciation	(44,898)	(62,468)	(3,420)	-	**(110,786)**
Net carrying value	**76,415**	**17,373**	**445**	**2,036**	**96,269**

Table 11 Changes 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 and other adjustments	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**

(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 2017			
	Licences	Copyrights	Goodwill	Total
Net carrying value - opening balance	**75,587**	**331**	**-**	**75,918**
Additions	2,808	775	-	**3,583**
Disposals	(461)	-	-	**(461)**
Amortisation charge	(9,866)	(211)	-	**(10,077)**
Net carrying value - closing balance	**68,068**	**895**	**-**	**68,963**
As at 31 December 2017:				
Gross carrying value	179,242	4,595	7,946	**191,783**
Impairment	-	-	(7,946)	**(7,946)**
Amortisation	(111,174)	(3,700)	-	**(114,874)**
Net carrying value	**68,068**	**895**	**-**	**68,963**

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

	Year ended 31 December 2016			
	Licences	Copyrights	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**

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 2017 was PLN 56,253 thousand (as at 31 December 2016: PLN 64,012 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 2017 and as at 31 December 2016:

- Towarowa Giełda Energii S.A. ("TGE"), the parent entity of the Towarowa Giełda Energii S.A. Group ("TGE Group"),
- BondSpot S.A. ("BondSpot"),
- GPW Benchmark S.A. ("GPWB"),
- Instytut Analiz i Ratingu S.A. ("IAiR").

Table 14 GPW subsidiaries

	As at 31 December 2017				
	Towarowa Giełda Energii S.A.	BondSpot S.A	GPW Benchmark 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 2016				
	Towarowa Giełda Energii S.A.	BondSpot S.A	GPW Benchmark 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	

Evaluation of impairment indicators of BondSpot

In view of delayed implementation of the financial plans of BondSpot, in particular the expected increase of traging in the TBSP cash market segment, the GPW Management Board reviews indications of potential impaitment of the investment in BondSpot S.A. as at 31 December 2017.

The investment of BondSpot S.A. was tested for impairment as at 31 December 2017 by estimating the value in use under the discounted cash flows (DCF) method according to the financial assumptions for 2018-2022 including the expected growth of the Treasury debt market and the company's market share as well as operating expenses and capital expenditure. The main assumptions of the impairment test are presented below.

- weighted average cost of capital (WACC): 9% (based on: market data of the yield of 10-year bonds; beta of comparable companies; risk premium: 0.7);
- growth rate of cash flows in the time horizon of the projection: 2% (based on the estimated long-tyerm GDPW growth in Poland).

(all amounts in PLN'000 unless stated otherwise)

The following other assumptions were used:

- CAGR of sales revenue in the five-year period under review: 6%
- CAGR of operating expenses in the five-year period under review: 2%

The amount by which the recoverable amount exceeds the carrying amount of the investment in BondSpot S.A. is PLN 30,655 thousand. The GPW Management Board identified no key assumptions whose change in a reasonably expected degree would cause impairment.

Following the analysis, the GPW Management Board identified no circumstances indicating impairment of the investment in BondSpot S.A. as at 31 December 2017.

7. Investment in associates

As at 31 December 2017 and as at 31 December 2016, 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 2017			
	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 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	

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%.

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%.

As at 31 December 2017, GPW's share in economic and voting rights remained unchanged at 20.31%.

Evaluation of impairment indicators 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.

Despite the improved position and financial results of Aquis after 2016, the operation of Aquis and the success of its business model still depend mainly on attracting a sufficient number of members and subscription fees and sale of trading platform software enabling the company to break even in the future, which is not expected until 2019.

Due to incurred losses, delayed implementation of the strategy, in particular the pace of acquisition of new members and the growth of revenue of Aquis, the GPW Management Board decided to test potential impairment of the investment in Aquis.

The impairment test of the investment in Aquis was performed as at 31 December 2017 by estimating the realisable amount based on the fair value of the investment less the selling cost. The fair value was determined using a comparative method based on the average P/S of exchanges whose expected revenue CAGR 2017-2019 is 44-99% (average 68%). The minimum growth rate of revenue of Aquis in that period if 86%. In the opinion of the GPW Management Board, the population of operators of exchanges with a high CAGR of revenue seems comparable to Aquis in terms of activities, business models and growth rates. In the opinion of the GPW Management Board, P/S seems to be the most useful ratio to determine the value of the investment in Aquis considering its growth stage, current financial results and growth potential.

The calculations were based on the following key assumptions:

- P/S expected in 2018: 13.2;
- expected growth of Aquis revenue YoY in 2018: 52%.

The realisable amount is PLN 7,741 thousand higher than the net book value of the investment in Aquis.

The values of the key assumptions required for the realisable amount to be equal to the net book value of the investment in Aquis are as follows:

- P/S: down by 23.6%, i.e., P/S of 10.1;
- expected decrease of Aquis revenue YoY in 2018: 23.6%.

GPW also obtained an independent valuation of Aquis commissioned by the Management of Aquis in December 2017 in connection with a potential IPO under consideration. The valuation was provided by an authorised independent advisor (NOMAD) on London's AIM and it showed a fair value of Aquis greater than the net book value of the investment in Aquis presented in the separate financial statements of GPW. The fair value was determined by the independent advisor using a P/S which was comparable to that used by the GPW Management Board in the Aquis impairment test.

Based on the analysis, the GPW Management Board identified no impairment of the investment in Aquis as at 31 December 2017.

(all amounts in PLN'000 unless stated otherwise)

8. Deferred tax

Table 18 Deferred tax (assets)/liabilities after offset

	Deferred tax (asset)/liability					
				As at 31 December 2017		
	As at 1 January 2017	(Credited)/ Debited in profit	(Credited)/ Debited in other comprehensive income	(Asset)/ Liability	Deferred tax asset	Deferred tax liability
Difference between accounting and tax value of property, plant and equipment and intangible assets	**12,685**	(1,390)	-	**11,295**	-	11,295
Impairment allowance for receivables	**(1,019)**	(3)	-	**(1,022)**	(1,022)	-
Annual and discretionary awards	**(1,164)**	(200)	-	**(1,364)**	(1,364)	-
Retirement benefits	**(63)**	(33)	(3)	**(99)**	(99)	-
Unused holiday	**(250)**	(23)	-	**(273)**	(273)	-
Other	**(513)**	(960)	-	**(1,473)**	(2,065)	592
Total deferred tax (asset)/liability	**9,676**	**(2,609)**	**(3)**	**7,064**	**(4,823)**	**11,887**

Table 19 Deferred tax (assets)/liabilities after offset

	Deferred tax (asset)/liability					
				As at 31 December 2016		
	As at 1 January 2016	(Credited)/ Debited in profit	(Credited)/ Debited in other comprehensive income	(Asset)/ Liability	Deferred tax asset	Deferred tax liability
Difference between accounting and tax value of property, plant and equipment and intangible assets	**14,558**	(1,873)	-	**12,685**	-	12,685
Impairment allowance for receivables	**(1,020)**	1	-	**(1,019)**	(1,019)	-
Annual and discretionary 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
						-
Total deferred tax (asset)/liability	**12,060**	**(2,428)**	**44**	**9,676**	**(3,539)**	**13,215**

(all amounts in PLN'000 unless stated otherwise)

9. Available-for-sale financial assets

Table 20 Non-current available-for-sale financial assets

	As at 31 December 2017			
	InfoStrefa	Innex	Sibex	Total
Value at cost	487	3,820	1,343	**5,650**
Revaluation	-	-	(137)	**(137)**
Impairment	(411)	(3,820)	(1,011)	**(5,242)**
Carrying value	**76**	**-**	**195**	**271**

Table 21 Non-current available-for-sale 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**

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.

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 2017.

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 2017 the fair value based on the share price was PLN 195 thousand (as at 31 December 2016: 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"). The final selling price was PLN 382 thousand.

GPW held 19.98% of shares of InfoStrefa as at 31 December 2017 and as at 31 December 2016. The carrying value of the investment was PLN 76 thousand.

(all amounts in PLN'000 unless stated otherwise)

Fair value hierarchy

The fair value of Sibex as at 31 December 2017 and as at 31 December 2016 was recognised at the share price (level 1 of the fair value hierarchy). The value of InfoStrefa 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 2017, non-current prepayments amounted to PLN 5,313 thousand (as at 31 December 2016: PLN 3,758 thousand).

Non-current prepayments related mainly to the right to perpetual usufruct of land (PLN 2,437 thousand as at 31 December 2017, PLN 2,543 thousand as at 31 December 2016) and to the IT infrastructure support services (PLN 2,766 thousand as at 31 December 2017, PLN 857 thousand as at 31 December 2016).

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 2017 (PLN 106 thousand as at 31 December 2016) is included in prepayments in Note 11. Perpetual usufruct of land is deferred and amortised over 40 years.

11. Trade and other receivables

Table 22 Trade and other receivables

	As at 31 December	
	2017	**2016**
Gross trade receivables	*24,421*	*23,067*
Impairment allowances for receivables	*(2,224)*	*(1,898)*
Total trade receivables	**22,197**	**21,169**
Current prepayments	2,909	2,480
Other receivables and advance payments	1,166	292
incl.: payables from subsidiaries in respect of income tax in the Tax Group	*920*	-
Total other receivables	**4,075**	**2,772**
Total trade and other receivables	**26,272**	**23,941**

(all amounts in PLN'000 unless stated otherwise)

Table 23 Trade receivables by credit quality

	As at 31 December	
	2017	2016
Receivables which are neither overdue nor impaired	**19,135**	**18,689**
1 to 30 days overdue	*871*	*1,654*
31 to 61 days overdue	*1,021*	*161*
61 to 90 days overdue	*-*	*222*
90 to 180 days overdue	*576*	*167*
More than 180 days overdue	*594*	*276*
Total overdue receivables (no impairment)	**3,062**	**2,480**
Impaired and overdue receivables	**2,224**	**1,898**
Total gross trade receivables	**24,421**	**23,067**

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

	As at 31 December	
	2017	2016
Exchange Members/Members of markets operated by the GPW Group	14,029	14,981
Issuers*	300	197
Other*	4,806	3,512
Total gross trade receivables not overdue	**19,135**	**18,689**

** 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 25 Receivables from Exchange Members by Moody's ratings

	As at 31 December	
	2017	**2016**
Aa	630	-
A	7,816	5,318
Baa	1,875	405
Ba	-	1,563
B, BB, BBB, Caa	1,998	3,823
No rating	1,710	3,871
Total trade receivables from Exchange Members/ Members of markets operated by the GPW Group	**14,029**	**14,981**

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

Other trade receivables include mainly fees for information services.

As at 31 December 2017, trade receivables at PLN 5,286 thousand (31 December 2016 – PLN 4,378 thousand) were overdue. Of this amount, overdue receivables from debtors in bankruptcy or under creditor arrangements were PLN 1,322 thousand as at 31 December 2017 (31 December 2016 – PLN 1,328 thousand) and other past due receivables were PLN 3,964 thousand (31 December 2016 – PLN 3,050 thousand).

As at 31 December 2017, trade receivables which were overdue and impaired amounted to PLN 2,224 thousand (PLN 1,898 thousand as at 31 December 2016).

Table 26 Change of impairment loss on receivables

	As at 31 December	
	2017	**2016**
Opening balance	**1,898**	**1,712**
Initial impairment allowances	855	513
Receivables written off during the period as uncollectible	(272)	(217)
Reversal of impairment allowances	(257)	(110)
Closing balance	**2,224**	**1,898**

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.

(all amounts in PLN'000 unless stated otherwise)

Table 27 Gross trade receivables by geographical concentration

	As at 31 December	
	2017	2016
Domestic receivables	14,120	13,093
Foreign receivables	10,301	9,974
Total	**24,421**	**23,067**

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 28 Cash and cash equivalents

	As at 31 December	
	2017	2016
Cash	1	1
Current accounts	32,728	175,658
Bank deposits	216,478	92,130
Total cash and cash equivalents	**249,207**	**267,789**

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 2017 and in 2016.

13. Equity

Table 29 Equity

	As at 31 December	
	2017	2016
Share capital	63,865	63,865
Other reserves	(125)	(114)
Retained earnings	387,147	408,351
Total equity	**450,887**	**472,102**

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

(all amounts in PLN'000 unless stated otherwise)

464.9%). As at 31 December 2017, 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 2017, 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. Each series A share gives 2 votes.

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

Table 30 Shareholders in the Company

	As at 31 December 2017			As at 31 December 2016		
	Value at par	% share: share capital	% share: total vote	Value at par	% share: share capital	% share: total vote
Registered shares:	**14,779**	**35.21%**	**52.08%**	**14,779**	**35.21%**	**52.08%**
State Treasury	14,688	35.00%	51.76%	14,688	35.00%	51.76%
Banks	56	0.13%	0.20%	56	0.13%	0.20%
Brokers	35	0.08%	0.12%	35	0.08%	0.12%
Other	-	0.00%	0.00%	-	0.00%	0.00%
Bearer shares	**27,193**	**64.79%**	**47.92%**	**27,193**	**64.79%**	**47.92%**
Total	**41,972**	**100.00%**	**100.00%**	**41,972**	**100.00%**	**100.00%**

13.2. Other reserves

Table 31 Other reserves

	As at 31 December 2016	Revaluation and disposal	As at 31 December 2017
Capital arising from available-for-sale financial assets and other assets:	**6**	**-**	**6**
Capital arising from actuarial gains/losses:	**(120)**	**(11)**	**(131)**
- revaluation	*(148)*	(14)	***(162)***
- deferred tax	*28*	3	***31***
Total other reserves: from revaluation	**(114)**	**(11)**	**(125)**

(all amounts in PLN'000 unless stated otherwise)

13.3. Retained earnings

Table 32 Retained earnings

	Reserve capital	Other reserves	Retained earnings	Profit for the period	Total
As at 31 December 2016	**37,020**	**276,539**	**(21,293)**	**116,085**	**408,351**
Distribution of the profit for the year ended 31 December 2016	-	25,846	90,239	(116,085)	**-**
Dividend	-	-	(90,239)	-	**(90,239)**
Other changes in equity	1	1	-	-	**2**
Profit for the year ended 31 December 2017	-	-	-	69,033	**69,033**
As at 31 December 2017	**37,021**	**302,386**	**(21,293)**	**69,033**	**387,147**

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**

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.

On 19 June 2017, the Ordinary General Meeting of GPW passed a resolution concerning the distribution of the Company's profit earned in 2016, including the allocation of PLN 90,239 thousand to the payment of dividend. The dividend was PLN 2.15 per share. The dividend record date was set at 19 July 2017. The dividend was paid out on 2 August 2017. The dividend paid to the State Treasury was PLN 31,580 thousand.

13.5. Earnings per share

Table 34 Calculation of earnings per share

	Year ended 31 December	
	2017	2016
Net profit for the period attributable to the shareholders of the parent entity	69,033	116,085
Weighted average number of ordinary shares (in thousands)	41,972	41,972
Basic and diluted earnings per share (in PLN)	**1.64**	**2.77**

14. Bond issue liabilities

Table 35 Bond issue liabilities

	As at 31 December	
	2017	2016
Liabilities under bond issue - non-current:	**243,573**	**123,459**
Series C bonds	124,050	123,459
Series D and E bonds	119,523	-
Liabilities under bond issue - current:	**1,938**	**122,882**
Series A and B bonds	-	122,279
Series C bonds	682	603
Series D and E bonds	1,256	-
Total liabilities under bond issue	**245,511**	**246,341**

Series A and B bonds

Series A and B bonds in a total nominal amount of PLN 245,484 thousand were redeemed on 6-12 October 2016 and 2 January 2017.

Series C bonds

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.

(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 36 Employee benefits payable by short-term and long-term liabilities

	As at 31 December	
	2017	2016
Retirement benefits	475	428
Other	408	1,007
Non-current	**883**	**1,435**
Retirement benefits	44	51
Other	8,437	6,439
Current	**8,481**	**6,490**
Total benefits in statement of financial position	**9,364**	**7,925**

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.

Table 37 Employee benefits recognised in the statement of comprehensive income according to actuarial valuation

	As at 31 December	
	2017	2016
Total benefits in operating expenses	75	103
Total benefits in other comprehensive income	14	(33)
Total benefits in statement of comprehensive income	**89**	**70**

(all amounts in PLN'000 unless stated otherwise)

Table 38 Change of liabilities under retirement benefits and jubilee awards

	Year ended 31 December	
	2017	2016
Opening balance	**479**	**562**
Current cost of employment	58	41
Interest cost	17	19
Cost of past employment and reduction of the benefit plan	-	43
Actuarial gains/(losses) recognised in other comprehensive income due to change of:	14	(33)
- financial assumptions	*18*	*30*
- demographic assumptions	*(12)*	*-*
- other assumptions	*8*	*(63)*
Total recognised in comprehensive income	**89**	**70**
Benefits paid	**(49)**	**(153)**
Closing balance	**519**	**479**

Table 39 Main actuarial assumptions at dates ending the reporting periods

	2017	2016
Discount rate	3.2%	3.5%
Expected average annual increase of the base of retirement benefits and jubilee awards	3.5%	3.5%
Inflation p.a.	2.5%	2.5%
Weighted average employee mobility	5.1%	4.5%

(all amounts in PLN'000 unless stated otherwise)

15.2. Liabilities under other employee benefits

Table 40 Changes to short-term and long-term other employee benefits

	Year ended 31 December 2017					
	Opening balance	Set up	Used	Reclass-ified	Released	Closing balance
Annual and discretionary bonuses	5,121	7,250	(4,818)	157	(938)	**6,772**
Unused holiday leave	1,315	433	-	-	(310)	**1,438**
Overtime	-	227	-	-	-	**227**
Car allowance	2	-	-	-	(2)	**-**
Total current other employee benefits payable	**6,438**	**7,910**	**(4,818)**	**157**	**(1,250)**	**8,437**
Annual and discretionary bonuses	1,007	253	-	(157)	(695)	408
Total non-current other employee benefits payable	**1,007**	**253**	**-**	**(157)**	**(695)**	**408**
Total other employee benefits payable	**7,445**	**8,163**	**(4,818)**	**-**	**(1,945)**	**8,845**

Table 41 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 bonuses	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 bonuses	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**

(all amounts in PLN'000 unless stated otherwise)

16. Trade payables

Table 42 Trade payables

	As at 31 December	
	2017	2016
Trade payables to associates	197	102
Trade payables to subsidiaries	255	30
Trade payables to other parties*	11,502	4,165
Total trade payables	**11,954**	**4,297**

** As of 2017, trade payables include accruals.*

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.

17. Other liabilities

Table 43 Other liabilities by short-term and long-term liabilities

	As at 31 December	
	2017	2016
Other liabilities	2,224	2,224
Total non-current liabilities	**2,224**	**2,224**
Dividend payable	194	179
Liabilities in respect of tax settlements (including VAT)	3,418	946
Other liabilities (including mainly investment commitments)	1,762	4,566
Total current liabilities	**5,374**	**5,691**
Total other liabilities	**7,598**	**7,915**

(all amounts in PLN'000 unless stated otherwise)

18. Accruals and deferred income

Table 44 Accruals and deferred income

	As at 31 December	
	2017	2016
Other revenue	21	300
Deferred income	21	300
Accruals*	-	1,412
Current accruals and deferred income	**21**	**1,712**
Total accruals and deferred income	**21**	**1,712**

** As of 2017, accruals are presented in trade payables.*

19. Sales revenue

Table 45 Sales revenue by business segment

	Year ended 31 December	
	2017	2016
Financial market	**196,229**	**172,899**
Trading	129,749	109,328
Listing	24,027	23,167
Information services and calculation of reference rates	42,453	40,404
Commodity market	**348**	**327**
Information services	348	327
Other revenue	**6,866**	**2,228**
Total sales revenue	**203,443**	**175,454**

Table 46 Revenue by geographic distribution

	Year ended 31 December			
	2017	Share (%)	2016	Share (%)
Revenue from foreign customers	75,610	37.2%	63,887	36.4%
Revenue from local customers	127,833	62.8%	111,567	63.6%
Total	**203,443**	**100.0%**	**175,454**	**100.0%**

(all amounts in PLN'000 unless stated otherwise)

20. Operating expenses

Table 47 Operating expenses by category

	Year ended 31 December	
	2017	2016
Depreciation and amortisation	19,472	19,340
Salaries	29,391	29,089
Other employee costs	7,968	7,281
Rent and other maintenance fees	7,472	6,347
Fees and charges	3,865	6,212
including fees paid to PFSA	*3,099*	*5,460*
External service charges	37,783	28,055
Other operating expenses	3,965	3,746
Total operating expenses	**109,916**	**100,070**

20.1. Salaries and other employee costs

Table 48 Salaries by category

	Year ended 31 December	
	2017	2016
Salaries:	**28,784**	**28,421**
Gross remuneration	22,304	23,966
Annual and discretionary bonuses	5,244	2,557
Retirement benefits	75	102
Reorganisation severance pay and other	192	1,558
Non-competition	-	217
Other (including: unused holiday leave, overtime)	969	21
Supplementary payroll	**607**	**668**
Total employee costs	**29,391**	**29,089**

Table 49 Other employee costs by category

	Year ended 31 December	
	2017	2016
Social security costs	4,553	4,254
Employee Pension Plan	486	361
Other benefits (including medical services, lunch subsidies, sports, insurance, etc.)	2,929	2,666
Total other employee costs	**7,968**	**7,281**

(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 the Remuneration Cap Act (the details are described in Note 2.17.4).

GPW offers the employees an incentive program consisting of a fixed part (base salary) and a variable component (annual bonus as well as an additional 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).

20.2. External service charges

Table 50 External service charges by category

	Year ended 31 December	
	2017	**2016**
IT cost:	23,722	15,668
IT infrastructure maintenance	*10,018*	*9,331*
Data transmission lines	*4,218*	*4,508*
Software modification	*9,486*	*1,829*
Office and office equipment maintenance:	2,768	2,244
Repair and maintenance of installations	*870*	*863*
Security	*1,181*	*735*
Cleaning	*449*	*370*
Phone and mobile phone services	*268*	*276*
Leasing, rental and maintenance of vehicles	159	135
Transportation services	91	81
Promotion, education, market development	3,804	4,381
Market liquidity support	521	564
Advisory (including: audit, legal services, business consulting)	2,918	2,301
Information services	2,212	1,348
Training	621	540
Mail fees	40	44
Bank fees	42	48
Translation	318	177
Other	567	524
Total external service charges	**37,783**	**28,055**

(all amounts in PLN'000 unless stated otherwise)

20.3. Other operating expenses

Table 51 Other operating expenses by category

	Year ended 31 December	
	2017	2016
Consumption of materials and energy	2,436	2,411
Membership fees	390	382
Property insurance	232	249
Impairment of perpetual usufruct	106	106
Business trips	641	555
Conferences	142	35
Other	18	8
Total other operating expenses	**3,965**	**3,746**

21. Other income and expenses

21.1. Other income

Table 52 Other income by category

	Year ended 31 December	
	2017	2016
Damages received	3	3
Gains on sale of property, plant and equipment	264	-
Medical services reinvoiced for employees	268	296
Annual correction of input VAT	112	67
Other	293	314
Total other income	**940**	**680**

** Other operating income in 2016 and 2017 includes refund of surplus withholding tax and reimbursement of expenses of the Książęca 4 Housing Cooperative.*

21.2. Other expenses

Table 53 Other expenses by category

	Year ended 31 December	
	2017	2016
Donations	3,579	3,110
Loss on sale of property, plant and equipment	-	355
Impairment allowance for receivables	497	356
Other	753	509
Total other expenses	**4,829**	**4,330**

(all amounts in PLN'000 unless stated otherwise)

In 2017, donations were made by the Company to:

- Polish National Foundation – PLN 3,000 thousand;
- GPW Foundation – PLN 414 thousand;
- Archdiocese of Warsaw – PLN 140 thousand;
- Wolność i Demokracja Foundation – PLN 25 thousand.

In 2016, donations were made by the Company to:

- Polish National Foundation – PLN 3,000 thousand;
- Lesław A. Paga Foundation – PLN 34 thousand;
- Polish-Chinese Cooperation Forum Association – PLN 29 thousand;
- GPW Foundation – PLN 28 thousand (in kind);
- Youth Entrepreneurship Foundation – PLN 10 thousand;
- Caritas Diecezji Łowickiej – PLN 10 thousand.

22. Financial income and expenses

22.1. Financial income

Table 54 Financial income by category

	Year ended 31 December	
	2017	**2016**
Interest on bank deposits and current accounts	3,618	4,123
Interest on granted loans	152	-
Dividends	1,266	61,590
Other	6	641
Total financial income	**5,042**	**66,354**

In 2017, GPW received dividends in the total amount of PLN 1,266 thousand from the following companies:

- BondSpot S.A. – dividend of PLN 1,164 thousand paid on 21 July 2017,
- Centrum Giełdowe S.A. – dividend of PLN 102 thousand paid on 31 May 2017.

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.

(all amounts in PLN'000 unless stated otherwise)

22.2. Financial expenses

Table 55 Financial expenses by category

	Year ended 31 December	
	2017	**2016**
Interest on bonds, including:	7,624	8,046
Accrued	*2,712*	*3,211*
Paid	*4,912*	*4,835*
Other	1,247	27
Total financial expenses	**8,871**	**8,073**

23. Income tax

Table 56 Income tax by current and deferred tax

	Year ended 31 December	
	2017	**2016**
Current income tax	19,385	16,358
Deferred tax	(2,609)	(2,428)
Total income tax	**16,776**	**13,930**

As required by the Polish tax regulations, the tax rate applicable in 2017 and 2016 is 19%.

Table 57 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	
	2017	**2016**
Profit before income tax	85,809	130,015
Income tax rate	19%	19%
Income tax at the statutory tax rate	**16,304**	**24,703**
Tax effect:	**472**	**(10,773)**
Non-tax-deductible expenses	713	929
Non-taxable dividend income	(241)	(11,702)
Total income tax	**16,776**	**13,930**

24. Contractual commitments

Contracted investments in plant, property and equipment were PLN 77 thousand as at 31 December 2017 including mainly reconstruction of office space (PLN 811 thousand as at 31 December 2016).

Contracted investments in intangible assets were PLN 1,203 thousand as at 31 December 2017 including mainly Microsoft licences and the trading surveillance system (PLN 527 thousand as at 31 December 2016).

25. 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 2017),
- 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.

25.1. 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).

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.

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.

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.

Fees paid to PFSA stood at PLN 3,082 thousand in 2017 and PLN 5,460 thousand in 2016.

(all amounts in PLN'000 unless stated otherwise)

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.

25.2. Transactions with subsidiaries

Revenue from transactions with subsidiaries in 2017 includes revenue from lease of office space at PLN 1,859 thousand (PLN 34 thousand in 2016) and revenue from other services provided to group members (including accounting, administrative, IT, marketing and other services) in a total amount of PLN 3,236 thousand (PLN 338 thousand in 2016).

Table 58 Transactions with subsidiaries

	As at 31 December 2017		Year ended 31 December 2017	
	Receivables*	Liabilities**	Sales revenue	Operating expenses
TGE S.A.	1,704	15	3,241	233
IRGiT S.A.	249	-	1,813	1
BondSpot S.A.	136	63	924	467
GPW Benchmark S.A.	27	192	879	679
InfoEngine S.A.	6	-	56	11
Instytut Analiz i Ratingu S.A.	6	-	35	-
Total	**2,128**	**270**	**6,948**	**1,391**

** Including trade and other receivables (including income tax in the Tax Group).*

*** Including trade and other payables.*

Table 59 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 Benchmark S.A.	2	-	9	144
Instytut Analiz i Ratingu S.A.	3	-	32	-
Total	**311**	**30**	**1,108**	**802**

The tables above do not include the dividends, disclosed in Note 22.1.

Receivables from subsidiaries were not written off as uncollectible from subsidiaries or provided for in the year ended on 31 December 2017 and 31 December 2016.

(all amounts in PLN'000 unless stated otherwise)

25.3. Transactions with associates

Table 60 Transactions of GPW with associates

	As at 31 December 2017		Year ended 31 December 2017	
	Receivables	Liabilities*	Sales revenue	Operating expenses
KDPW S.A. Group	-	-	20	62
Centrum Giełdowe S.A.	-	244	-	2,012
Aquis Exchange Limited	9	20	14	20
Total	**9**	**264**	**34**	**2,094**

** Including trade and other payables.*

Table 61 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**

On 18 May 2017, the Ordinary General Meeting of Centrum Giełdowe decided to allocate PLN 413 thousand of the company's profit earned in 2016 to dividend. The dividend amount due to the Company was PLN 102 thousand. The dividend was paid on 31 May 2017. In 2016, Centrum Giełdowe paid a dividend for 2015 in a total amount of PLN 606 thousand, of which the dividend amount due to the Company was PLN 150 thousand.

Receivables from associates were not written off as uncollectible from associates or provided for in the year ended on 31 December 2017 and 31 December 2016.

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.

25.4. Other transactions

Książęca 4 Street Tenants Association

In 2017, GPW concluded transactions with the Książęca 4 Street Tenants Association of which it is a member. The expenses amounted to PLN 4,023 thousand in 2017 and PLN 3,452 thousand in 2016. Moreover, when the Tenants Association 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 surplus payment amounted to PLN 75 thousand in 2017 and the additional payment was PLN 153 thousand in 2016.

(all amounts in PLN'000 unless stated otherwise)

26. 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 2017 and 2016, respectively.

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

Table 62 Cost of remuneration and benefits of GPW's key management personnel (paid and due for 2015, 2016 and 2017, as presented in the statement of comprehensive income)

	Year ended 31 December	
	2017	2016
Base salary	1,879	2,999
Holiday leave equivalent	177	80
Bonus - bonus bank*	(245)	(362)
Bonus - one-off payment*	784	(354)
Bonus - phantom shares*	(184)	(153)
Other benefits	38	100
Benefits after termination	-	217
Total remuneration of the Exchange Management Board	**2,449**	**2,527**
Remuneration of the Exchange Supervisory Board	**524**	**527**
Total remuneration of the key management personnel	**2,973**	**3,054**

** Negative bonus amounts in 2017 represent release of provisions for bonuses of the Exchange Management Board for 2016 at PLN 947 thousand (including one-off payment of PLN 284 thousand, bonus bank of PLN 379 thousand, phantom shares of PLN 284 thousand).*
In 2016, the corresponding provisions released amounted to 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).

As at 31 December 2017, due (not paid) remuneration and benefits of the key management personnel stood at PLN 1,617 thousand including bonuses for 2014, 2016 and 2017. The cost of bonuses due for 2016 and 2017 was shown in the statement of comprehensive income for 2014, 2016 and 2017, respectively.

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.

27. Future minimum lease payments

Operating lease payments are charged to costs on a straight-line basis throughout the term of the leases.

GPW is a party to office space and server room rental agreements for a determined period (until 2018 and 2019) and for an undetermined period (with a termination notice of a three months and twelve months).

(all amounts in PLN'000 unless stated otherwise)

Table 63 Total future minimum lease payments under non-cancellable operating leases – lessee

	Future minimum lease payments under non-cancellable operating lease			
	< 1 Y	1-5 Y	> 5 Y	Total
As at 31 December 2017	4,236	3,015	8,347	**15,598**
As at 31 December 2016	3,530	6,422	8,466	**18,419**

Table 64 Total future minimum lease payments under non-cancellable operating leases – lessor

	Future minimum lease payments under non-cancellable operating lease			
	< 1 Y	1-5 Y	> 5 Y	Total
As at 31 December 2017	1,471	349	-	**1,820**
As at 31 December 2016	-	-	-	**-**

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) and perpetual usufruct of land are presented in Note 20.

28. Events after the balance sheet date

There were no significant events after the balance sheet date, i.e., 31 December 2017, that could impact the separate financial statements of the Company for the twelve-month period ended 31 December 2017.

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

Marek Dietl – President of the Management Board ....

Jacek Fotek – Vice-President of the Management Board ....

Michał Cieciórski – 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 2018