Consolidated

Financial Statements of

Giełda Papierów Wartościowych w Warszawie S.A. Group

for the year ended on 31 December 2016

February 2017

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(all amounts in PLN'000 unless stated otherwise)

I. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December		
		2016	2015 (restated)	2014 (restated)
Non-current assets		**597,287**	**580,645**	**572,710**
Property, plant and equipment	**4**	119,130	125,229	119,762
Intangible assets	**5**	273,815	261,728	261,019
Investment in associates	**6**	197,231	188,570	188,104
Deferred tax asset	**7**	1,809	-	-
Available-for-sale financial assets	**8**	288	282	207
Non-current prepayments	**9**	5,014	4,836	3,618
Current assets		**560,561**	**492,454**	**485,156**
Inventories		57	135	120
Corporate income tax receivable		428	369	8,378
Trade and other receivables	**10**	113,262	131,557	76,301
Available-for-sale financial assets	**8**	-	-	10,503
Assets held for sale		-	-	812
Cash and cash equivalents	**11**	446,814	360,393	389,042
TOTAL ASSETS		**1,157,848**	**1,073,099**	**1,057,866**

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

(all amounts in PLN'000 unless stated otherwise)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	As at 31 December		
		2016	2015 (restated)	2014 (restated)
Equity		**745,252**	**713,192**	**694,568**
Equity of the shareholders of the parent entity		**744,727**	**712,646**	**693,452**
Share capital	**12.1.**	63,865	63,865	63,865
Other reserves	**12.2.**	1,184	1,455	1,930
Retained earnings	**12.3.**	679,678	647,326	627,657
Non-controlling interests		**525**	**546**	**1,116**
Non-current liabilities		**143,422**	**258,930**	**259,423**
Liabilities on bonds issue	**13**	123,459	243,800	244,078
Employee benefits payable	**14**	1,832	4,046	5,562
Finance lease liabilities		32	84	205
Accruals and deferred income	**18**	6,200	-	-
Deferred tax liability	**7**	9,675	11,000	9,578
Other non-current liabilities	**17**	2,224	-	-
Current liabilities		**269,174**	**100,977**	**103,875**
Liabilities on bonds issue	**13**	122,882	682	-
Trade payables	**16**	6,387	8,597	10,017
Employee benefits payable	**14**	8,114	9,457	9,911
Finance lease liabilities		62	55	154
Corporate income tax payable	**24**	16,154	2,833	1,250
Accruals and deferred income	**18**	7,144	7,263	5,115
Provisions for other liabilities and charges	**19**	333	621	1,346
Other current liabilities	**17**	108,098	71,469	75,807
Liabilities held for sale		-	-	275
TOTAL EQUITY AND LIABILITIES		**1,157,848**	**1,073,099**	**1,057,866**

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(all amounts in PLN'000 unless stated otherwise)

II. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December	
		2016	2015 (restated)
Revenue	**20**	310,862	327,890
Operating expenses	**21**	(150,155)	(174,391)
Other income	**22.1**	1,736	1,962
Other expenses	**22.2**	(4,553)	(2,151)
Operating profit		**157,890**	**153,310**
Financial income	**23.1**	12,950	9,941
Financial expenses	**23.2**	(12,079)	(12,117)
Share of profit of associates		3,518	(1,530)
Profit before income tax		**162,279**	**149,604**
Income tax expense	**24**	(31,145)	(28,062)
Profit for the period		**131,134**	**121,542**
Net change of fair value of available-for-sale financial assets	**12.2.**	-	*(294)*
Effective portion of change of fair value of cash flow hedges	**12.2.**	-	*100*
Change of the net fair value of cash flow hedging instruments reclassified to the profit of the period	**12.2.**	*163*	-
Gains / (losses) on valuation of available-for-sale financial assets of associates	**12.2.**	*(514)*	*(405)*
Items that may be reclassified to profit or loss		(351)	(599)
Actuarial gains / (losses) on provisions for employee benefits after termination	**12.2.**	*79*	*125*
Items that will not be reclassified to profit or loss		79	125
Other comprehensive income after tax		**(272)**	**(475)**
Total comprehensive income		**130,862**	**121,067**
Profit for the period attributable to shareholders of the parent entity		*131,094*	*121,475*
Profit for the period attributable to non-controlling interests		*40*	*67*
Total profit for the period		131,134	121,542
Comprehensive income attributable to shareholders of the parent entity		*130,822*	*121,000*
Comprehensive income attributable to non-controlling interests		*40*	*67*
Total comprehensive income		130,862	121,067
Basic / Diluted earnings per share (PLN)	**12.5.**	**3.12**	**2.89**

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

(all amounts in PLN'000 unless stated otherwise)

III. CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December	
		2016	2015 *(restated)*
Cash flows from operating activities:		**205,813**	**93,090**
Cash generated from operation before tax		226,898	110,050
Net profit of the period		131,134	121,542
Adjustments:		95,764	(11,492)
Income tax	**24**	31,145	28,062
Depreciation of property, plant and equipment	**4**	13,964	14,996
Amortisation of intangible assets	**5**	11,829	11,841
Foreign exchange (gains)/losses		7	(55)
(Profit) / Loss on sale of property, plant and equipment and intangible assets		353	182
(Profit) / Loss on sale of investment activity		-	684
Impairment loss on goodwill		-	93
Financial (income) / expense of available-for-sale financial assets		(6)	(485)
Gain on dilution of shares of associate		(5,807)	(2,754)
Income from interest on deposits	**23.1.**	(6,405)	(6,206)
Interest, cost and premium on issued bonds		7,629	6,633
Change of non-current prepayments	**9**	(178)	(1,218)
Zmiana stanu pozostałych zobowiązań długoterminowych		2,224	-
Share of (profit)/loss of associates	**6**	(3,518)	1,530
Other		4,439	208
Change in current assets and liabilities:		40,088	(65,003)
(Increase) / Decrease of inventories		76	(15)
(Increase) / Decrease of trade and other receivables	**10**	18,295	(55,256)
Increase / (Decrease) of trade payables	**16**	(2,210)	(4,830)
Increase / (Decrease) of employee benefits payable	**14**	(1,343)	(1,969)
Increase / (Decrease) of accruals and deferred income	**18**	(119)	2,148
Increase / (Decrease) of other liabilities (excluding investment liabilities and dividend payable)		25,677	(4,356)
Net change other provisions for other liabilities and other charges		(288)	(725)
Income tax (paid)/refunded		(21,085)	(16,960)

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

(all amounts in PLN'000 unless stated otherwise)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Note	Year ended 31 December	
		2016	**2015** *(reststed)*
Cash flows from investing activities:		**(14,456)**	**(14,631)**
Purchase of property, plant and equipment and advances for property, plant and equipment		(13,699)	(23,891)
Purchase of intangible assets and advances for intangible assets		(9,910)	(6,906)
Proceeds from sale of property, plant and equipment and intangible assets		2,598	312
Investment in subsidiaries		-	(1,711)
Sale of available-for-sale financial assets		-	10,000
Sale of held-for-sale financial assets		-	382
Interest received		6,405	6,831
Dividends received	**23.1.**	150	352
Cash flows from financing activities:		**(104,930)**	**(107,163)**
Paid dividend	**12.4.**	(99,092)	(100,715)
Paid interest		(5,779)	(6,713)
Proceeds from bond issue		-	125,000
Buy-back of bonds issued		-	(124,516)
Payment of finance lease liabilities		(60)	(219)
Net (decrease) / increase in cash and cash equivalents		**86,427**	**(28,704)**
Impact of fx rates on cash balance in currencies		*(7)*	*55*
Cash and cash equivalents - opening balance		**360,393**	**389,042**
Cash and cash equivalents - closing balance		**446,814**	**360,393**

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

(all amounts in PLN'000 unless stated otherwise)

IV. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the shareholders of the parent entity				Non-controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Total		
As at 31 December 2015 *(audited)*	**63,865**	**1,455**	**655,401**	**720,721**	**546**	**721,267**
Impact on 2015	**-**	**-**	**(8,075)**	**(8,075)**	**-**	**(8,075)**
As at 31 December 2015 *(restated)*	**63,865**	**1,455**	**647,326**	**712,646**	**546**	**713,192**
Dividends	-	-	(99,054)	(99,054)	(61)	**(99,115)**
Transactions with owners recognised directly in equity	**-**	**-**	**(99,054)**	**(99,054)**	**(61)**	**(99,115)**
Profit for the year ended 31 December 2016	-	-	131,094	131,094	40	**131,134**
Other comprehensive income	-	(272)	-	(272)	-	**(272)**
Total comprehensive income for the year ended 31 December 2016	**-**	**(272)**	**131,094**	**130,822**	**40**	**130,862**
Other changes in equity	-	-	313	313	-	**313**
As at 31 December 2016	**63,865**	**1,184**	**679,678**	**744,727**	**525**	**745,252**

	Attributable to the shareholders of the parent entity				Non-controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Total		
As at 31 December 2014 *(audited)*	**63,865**	**1,930**	**633,555**	**699,350**	**1,116**	**700,466**
Impact on 2014	**-**	**-**	**(5,898)**	**(5,898)**	**-**	**(5,898)**
As at 31 December 2014 *(restated)*	**63,865**	**1,930**	**627,657**	**693,452**	**1,116**	**694,568**
Acquisition of non-controlling interests	-	-	(1,074)	**(1,074)**	(637)	**(1,711)**
Dividends	-	-	(100,733)	**(100,733)**	-	**(100,733)**
Transactions with owners recognised directly in equity	**-**	**-**	**(101,807)**	**(101,807)**	**(637)**	**(102,444)**
Profit for the year ended 31 December 2015 *(restated)*	-	-	121,475	**121,475**	67	**121,542**
Other comprehensive income	-	(475)	-	**(475)**	-	**(475)**
Total comprehensive income for the year ended 31 December 2015 *(restated)*	**-**	**(475)**	**121,475**	**121,000**	**67**	**121,067**
As at 31 December 2015 *(restated)*	**63,865**	**1,455**	**647,326**	**712,646**	**546**	**713,192**

The attached Notes are an integral part of these Consolidated Financial Statement

V. NOTES TO THE FINANCIAL STATEMENTS

1. General

1.1. Legal status and scope of operations of the Group

The parent entity of the Giełda Papierów Wartościowych w Warszawie S.A. Group ("the Group") is Giełda Papierów Wartościowych w Warszawie Spółka Akcyjna ("Warsaw Stock Exchange", "the Exchange", "GPW", "the Company" or "parent entity") with its registered office in Warsaw, ul. Książęca 4. The Company was established by Notarial Deed on 12 April 1991 and registered in the Commercial Court in Warsaw on 25 April 1991, entry no. KRS 0000082312, 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 Group include organising exchange trading in financial instruments and activities related to such trading. At the same time, the Group pursues activities in education, promotion and information concerning the capital market and organises an alternative trading system. The Group is active on the following markets:

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

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

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

On 27 February 2015, POLPX received a decision of the Minister of Finance authorising POLPX to operate an exchange and start trade on the Financial Instruments Market. The POLPX Financial Instruments Market opened on 4 November 2015.

The GPW Group also operates:

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

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

1.2. Approval of the financial statements

The consolidated financial statements were authorised for issuance by the Management Board of the parent entity on 27 February 2017.

1.3. Composition and activity of the Group

The Warsaw Stock Exchange and its following subsidiaries:

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

comprise the Warsaw Stock Exchange Group.

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

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

Name of the entity	Registered office of the entity	Scope of operations	GPW's % share in the share capital
		Parent entity	
Giełda Papierów Wartościowych w Warszawie S.A. ("Warsaw Stock Exchange", "GPW")	00-498 Warsaw ul. Książęca 4 Poland	• operating a financial instruments exchange through the organisation of public trading in securities • conducting educational, promotional and information activities regarding the functioning of the capital market • organising an alternative trading system	N/A
		Subsidiaries	

(all amounts in PLN'000 unless stated otherwise)

Name of the entity	Registered office of the entity	Scope of operations	GPW's % share in the share capital
Towarowa Giełda Energii S.A. ("Polish Power Exchange", "POLPX") *(parent entity of the Towarowa Giełda Energii S.A. Group)*	02-822 Warsaw ul. Poleczki 23 bud. H Poland	• operating a commodity exchange on which the following may be traded: electricity, liquid and gas fuels, production limits, pollution emission limits, property rights whose value depends directly or indirectly on the value of electricity, liquid or gas fuels, operation of a register of certificates of origin of energy from renewable energy sources and from cogeneration and agricultural biogas	100.00%
BondSpot S.A. *(formerly MTS-CeTO S.A.)*	00-609 Warsaw Al. Armii Ludowej 26 Poland	• operating an over-the-counter market and conducting other activities related to organising trading in securities and other financial instruments • organising an alternative trading system • organising and conducting all activities which supplement and support the functioning of the markets operated by BondSpot	96.98%
GPW Centrum Usług S.A. ("GPW CU") *(formerly WSE Services S.A. and WSE Commodities Sp. z o.o.)*	00-498 Warsaw ul. Książęca 4 Poland	• planned core business: organiser and administrator of WIBID and WIBOR reference rate fixings	100.00%
Instytut Analiz i Ratingu S.A. ("IAiR")	00-498 Warsaw ul. Książęca 4 Poland	• planned core business: non-Treasury debt rating services, in particular for small and medium-sized companies • IAiR did not launch operations up to and including 31 December 2016	100.00%
		Polish Power Exchange Group subsidiaries	
Izba Rozliczeniowa Giełd Towarowych S.A. ("Warsaw Commodity Clearing House", "IRGiT")	00-175 Warszawa al. Jana Pawła II 80 lok. F35 Polska	• operating a clearing house and a settlement system for transactions made on the regulated market • clearing transactions made on POLPX • other activities related to organising and conducting clearing or settlement of transactions	POLPX stake: 100.00%
InfoEngine S.A. ("IE") *(formerly WSEInfoEngine S.A)*	00-498 Warszawa ul. Książęca 4 Polska	• Trade Operator services on the electricity market • trade balancing services on the energy market	POLPX stake: 100.00%
		Associates	

Name of the entity	Registered office of the entity	Scope of operations	GPW's % share in the share capital
Krajowy Depozyt Papierów Wartościowych S.A. ("Central Securities Depository of Poland", "KDPW") *(parent entity of the Krajowy Depozyt Papierów Wartościowych S.A. Group)*	00-498 Warsaw ul. Książęca 4 Poland	• maintaining a depository for securities • clearing transactions made on financial instruments exchanges, commodity exchanges including energy exchanges, among others via the subsidiary KDPW_CCP S.A. • conducting other activities related to trading in securities and other financial instruments, • administering the Guarantee Fund • operating a trade repository and issuing LEI codes	33.33%
Centrum Giełdowe S.A. ("CG")	00-498 Warsaw ul. Książęca 4 Poland	• leasing of real estate on own account • real estate management activities in respect of building, urban and technological design • undertaking general building works related to constructing buildings	24.79%
Aquis Exchange Limited ("Aquis")	Becket House 36 Old Jewry EC2R 8DD, London United Kingdom	• trade in stocks of the biggest companies from 13 Western European financial markets on a multi-lateral trading platform	20.31%

2. Summary of significant accounting policies

2.1 Basis of preparation of the consolidated financial statements

2.1.1 Statement of compliance

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

The following amendments of existing standards adopted by the European Union are effective for the financial statements of the Group for the financial year started on 1 January 2016:

1) Amendments to IFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations;

2) Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation;

3) Improvements to IFRS (2012-2014);

4) Amendments to IAS 1 Presentation of Financial Statements – Disclosure initiative;

5) Amendments to IAS 27 Separate Financial Statements - Equity Method in Separate Financial Statements.

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

(all amounts in PLN'000 unless stated otherwise)

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

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

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

A. Standards and Interpretations adopted by the European Union

Certain Standards, Interpretations and Amendments to published Standards are not yet mandatorily effective for the annual period ending on 31 December 2016 and have not been applied in preparing these financial statements. The Group plans to adopt these pronouncements when they become effective. The following table presents:

- Standards and Interpretations adopted by the EU that are not yet effective for the annual period ending on 31 December 2016;
- Type of the expected impact on accounting policies implemented by a new Standard/Interpretation;
- Impact of the changes described on the Group's financial statements;
- Effective date of the amendments.

Standard/ Interpretation adopted by EU	Nature of impending change in accounting policy	Possible impact on financial statements	Effective date for periods beginning as the date or after that date
1. IFRS 15 *Revenue from Contracts with Customers*	The Standard provides a framework that replaces existing revenue recognition guidance in IFRS. Specifically, it replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under the new standard, entities will apply a five-step model to determine when to recognize revenue, and at what amount. The model specifies that revenue should be recognized when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognized: • Over time, in a manner that depicts the entity's performance; or • At a point in time, when control of the goods or services is transferred to the customer. Included in the Standard are new qualitative and quantitative disclosure requirements to enable financial statements users to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.	The Company has performed a preliminary analysis of the impact of IFRS 15 on the existing accounting policy. The completed work identified no issues which could materially impact the revenue and profit presented in the consolidated financial statements of the Company. The new Standard requires the disclosure of much more extensive information about the revenue and profit in the financial statements; consequently, certain changes are expected. The implementation of the new Standard will also change the presentation of balance sheet lines by the Company. The Company is analysing all types of contracts	1 January 2018
2. IFRS 9 *Financial Instruments (2014)*	The new standard replaces the guidance included in IAS 39 Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets, including a model for calculating impairment. IFRS 9 eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables used to classify financial assets. Under the new standard, financial assets are to be classified on initial recognition into one of three categories: • financial assets measured at amortized cost; • financial assets measured at fair value through profit or loss; or	The Company does not expect the Amendments to have material impact on its financial standing and business results.	1 January 2018

Standard/ Interpretation adopted by EU	Nature of impending change in accounting policy	Possible impact on financial statements	Effective date for periods beginning as the date or after that date
	• 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 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		

(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
	expected credit losses is met when payments are more than 30 days past due.		

B. Standards and interpretations awaiting adoption by the European Union

The following table presents:

- Standards and Interpretations awaiting adoption by the EU that are not yet effective for the annual period ending on 31 December 2016;
- Type of the expected impact on accounting policies implemented by a new Standard/Interpretation;
- Impact of the changes described on the financial statements;
- Effective date of the amendments

Standard/ Interpretation	Nature of impending change in accounting policy	Possible impact on financial statements	Effective date for periods beginning as the date or after that date
1. IFRS 14 *Regulatory Deferral Accounts*	The interim Standard: • permits first time adopters of IFRS to continue to use its previous GAAP to account for regulatory deferral account balances both on initial adoption of IFRS and in subsequent financial statements; • requires entities to present regulatory deferral account balances and movements therein as separate line items on the face of the financial statements; and • requires specific disclosures to identify clearly the nature of, and risks associated with, the rate regulation that has resulted in the recognition of regulatory deferral account balances in accordance with this interim Standard.	The Company does not expect the new Standard to have material impact on the financial statements.	1 January 2016 *(The European Commission decided not to endorse this interim standard and to wait for the final standard)*
2. Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates*)	The Amendments address the acknowledged inconsistency between the requirements in IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. While IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint venture, IFRS 10 requires full profit or loss recognition on the loss of control of subsidiary. The Amendments require a full gain or loss to be recognised when the assets transferred meet the definition of a business under IFRS 3 Business Combinations (whether it is housed in a subsidiary or not). A partial gain or loss (only to the extent of unrelated investors' interests) shall be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.	The Company does not expect the Amendments to have material impact on the financial statements.	1 January 2016 *(deferred adoption by the European Commission)*

(all amounts in PLN'000 unless stated otherwise)

Standard/ Interpretation	Nature of impending change in accounting policy	Possible impact on financial statements	Effective date for periods beginning as the date or after that date
3. IFRS 16 *Leases*	IFRS 16 supersedes IAS 17 *Leases* and related interpretations. The Standard eliminates the current dual accounting model for lessees and instead requires companies to bring most leases on-balance sheet under a single model, eliminating the distinction between operating and finance leases. Bringing operating leases in balance sheet will result in recognizing a new asset – the right to use the underlying asset – and a new liability – the obligation to make lease payments. The right-of-use asset will be depreciated and the liability accrues interest. This will result in a front-loaded pattern of expense for most leases, even when they pay constant annual rentals. Lessor accounting, however, shall remain largely unchanged and the distinction between operating and finance leases will be retained.	The Company is analysing the impact of IFRS 16 on the financial statements. However, none of the following key decisions on the implementation of IFRS 16 have yet been made: • method of adoption of IFRS 16: full retrospective or retrospective with the effect of first recognition (no restatement of comparative data); • (non-)application of a practical approach not to reassess whether a contract is a lease or contains a lease, i.e., application of the existing classification to contracts of the Company as at the date of application of IFRS 16, and concurrent recognition of assets and liabilities related to such contracts; • application of simplifications for short-term leases and leases of low-value assets; • separation of assets related to usufruct or their presentation in aggregation with other similar assets. The management of the Company expects IFRS 16 to impact the financial statements of the Company; however, in view of the foregoing, the impact cannot be reliably estimated at this stage.	1 January 2019
4. Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 *Income Taxes*)	The amendments resolve a current inconsistency between IFRS 10 and IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. Nonmonetary assets contributed to an associate or joint venture are recognized to the extent of the other investors' interests in the associate or joint venture under IAS 28 whereas the full gain or loss on the contribution of the subsidiary is to be recognized under IFRS 10. Full gain or loss will be recognised by the investor where the nonmonetary assets constitute a 'business' within the meaning of IFRS 3 *Business Combinations* (whether it is housed in a subsidiary or not). A partial gain or loss is recognised (to the extent of the other investors' interests) when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.	The Company does not expect the Amendments to have material impact on the financial statements.	1 January 2017
5. Disclosure initiative (Amendments to IAS 7 *Statement of Cash Flows*)	Pursuant to the amendments, an entity shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. One way to fulfil the above disclosure requirement in is by providing a reconciliation between the opening and closing balances in	The Company does not expect the Amendments to have material impact on the financial statements.	1 January 2017

(all amounts in PLN'000 unless stated otherwise)

Standard/ Interpretation	Nature of impending change in accounting policy	Possible impact on financial statements	Effective date for periods beginning as the date or after that date
	the statement of financial position for liabilities arising from financing activities.		
6. Amendments to IFRS 15 (*Revenue from Contracts with Customers*)	The amendments to IFRS 15 clarify some of the Standard's requirements and provide additional transitional relief for companies that are implementing the new Standard. The amendments clarify how to: • identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract; • determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and • determine whether the revenue from granting a licence should be recognised at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new Standard.	The Company has not yet analysed the impact of the Amendments on its future financial statements.	1 January 2018
7. Amendments to IFRS 2 (*Share-based Payment*)	The amendments, clarifying how to account for certain types of share-based payment transactions, provide requirements on the accounting for: • the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; • 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
8. Amendments to IFRS 4 (*Insurance contracts*)	The amendments provide two optional solutions, an overlay approach and a deferral approach, to reduce the impact of the differing effective dates of IFRS 9 *Financial Instruments* and the forthcoming insurance contract standard. These differing effective dates may result in temporary volatility of reported results and accounting mismatches. The amended Standard will: • give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts Standard is issued; and • give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply IAS 39 Financial Instruments.	The Company does not expect the Amendments to have material impact on the financial statements.	1 January 2018
9. Improvements to IFRS (2014-2016)	The Improvements to IFRSs (2014-2016) contain 3 amendments to standards. The main changes were to: • delete short-term exemptions for first-time adopters (IFRS 1 First-time Adoption of International Financial Reporting Standards) relating, inter alia, to transition provisions of IFRS 7 Financial Instruments -	The Company does not expect the Amendments 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)

Standard/ Interpretation	Nature of impending change in accounting policy	Possible impact on financial statements	Effective date for periods beginning as the date or after that date
	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.		
10. IFRIC 22 *Foreign Currency Transactions and Advance Consideration*	IFRIC 22 provides requirements about which exchange rate to use in reporting foreign currency transactions (such as revenue transactions) when payment is made or received in advance and clarifies that the transaction date is the date on which the company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.	The Company does not expect the Amendments to have material impact on the financial statements.	1 January 2018
11. Amendments to IAS 40 (*Investment Property*)	The Amendments provide clarification on transfers to, or from, investment properties: • a transfer into, or out of investment property should be made only when there has been a change in use of the property; and • such a change in use would involve an assessment of whether the property qualifies as an investment property.	The Company does not expect the Amendments to have material impact on the financial statements.	1 January 2018

2.1.2 Functional and presentation currency

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

2.1.3 Basis of valuation

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

2.1.4 Critical judgments and estimates

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

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

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

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

2.1.4.2. Calculation of allowances for trade receivables

Detailed information on the method of calculation of allowances for trade receivables is presented in Note 2.8.2, and detailed information on allowances made for trade receivables is presented in Note 10. In view of changes to the VAT policy applicable to certain services of a subsidiary in 2011-2016, these consolidated financial statements present trade receivables resulting from corrections of payments from counterparties of the subsidiary, as described in Note 31.

2.1.4.3. Goodwill and investment in associates impairment tests

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

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

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

2.1.4.4. Provisions

The Group creates provisions when Group companies have a current legal or customarily expected obligation resulting from past events and it is likely that the performance of such obligation will require an outflow of resources containing economic benefits and the amount of such obligation can be reliably estimated. The Group creates provisions based on the best estimates of the Management Boards of Group companies in the amount of expenditures necessary to perform the current obligation as at the balance sheet date. If the effect of change of the value of money in time is significant, the amount of provisions corresponds to the present value of expenditures which are expected to be necessary to perform the obligation. Information on judgments and estimates of the Management Boards of Group companies is presented in Notes 14 and 15.

2.1.4.5. Presentation of cash in the clearing guarantee system

As described in Note 30, to secure transactions on the forward market in electricity and gas, the Group has set up a clearing guarantee system. The Group is not exposed to material risk of loss of cash contributed to the clearing guarantee system, and neither does it realise any benefits from the holding of such cash, other than the fee for management of the guarantee system resources.

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

2.2 The Scope and Methods of Consolidation

2.2.1 Subsidiaries

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

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

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

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

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

2.2.2 Associates

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

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

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

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

2.3 Evaluation of balances presented in foreign currencies

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

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

As at the balance sheet date:

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

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

2.4 Segment reporting

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

- which may earn revenues and incur expenses;
- whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

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

2.5 Property, plant and equipment

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

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

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

(all amounts in PLN'000 unless stated otherwise)

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

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

Land is not subject to depreciation.

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

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

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

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

2.6 Intangible assets

2.6.1 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.

2.6.2 Other intangible assets

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

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 in the parent entity which have an expected useful life of 12 years and know-how of the PCR project in the subsidiary POLPX which has an expected useful life of 20 years.

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

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

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

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

2.7 Impairment of non-financial assets

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

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

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

Impairment of goodwill is not subject to reversal.

2.8 Financial assets

2.8.1 Classification and valuation of financial assets

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

2.8.1.1 Loans and receivables

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

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

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

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

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

2.8.1.2 Available-for-sale financial assets

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

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

Interest on available-for-sale 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 a Group company acquires the rights to the respective payments.

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

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

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

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

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

Fair value hierarchy

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

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

2.8.2 Impairment of financial assets

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

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

- through the profit or loss of the current period – in the case of 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 Group 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.

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

2.11 Inventories

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

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

2.12 Assets held for sale

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

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

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

2.13 Cash and cash equivalents recognised in the statements of cash flows

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

2.14 Equity of the Group

The Group's equity comprises:

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

Equity items (except for retained earnings and any surpluses on revaluation of assets) have been restated using the general price index beginning from the date on which a given equity item was contributed or otherwise formed, for the period in which the economy in which the Group carries out its operations was a hyperinflationary economy, i.e., until 31 December 1996. The effect of recalculating the appropriate equity items using the inflation ratios was reflected in retained earnings and is presented in Note 12.

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

2.15 Financial liabilities

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

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

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

2.16 Contingent liabilities

A contingent liability is:

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

2.17 Income tax

2.17.1 Tax Group

On 3 October 2013, the Head of the First Mazovian Tax Office in Warsaw issued a decision registering the Tax Group for a period of three tax years from 1 December 2013 to 31 December 2016. The Tax Group was comprised of Giełda Papierów Wartościowych w Warszawie S.A. and GPW Centrum Usług S.A. until 31 December 2016.

On 28 September 2016, the following companies:

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

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

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

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

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

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

2.17.2 Current income tax

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

2.17.3 Deferred income tax

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

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

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

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

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

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

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

2.18 Employee benefits

2.18.1 Current employee benefits

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

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

2.18.2 Defined contributions scheme

The parent entity pays contributions to the Employee Pension Scheme, which employees join voluntarily based on an agreement. After payment of the contributions, GPW has no further obligations to make payments 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 Group is required to charge and pay contributions to employees' pension benefits. Such benefits are a state scheme which is a defined contributions scheme. Consequently, the Group's obligation to pay contributions to the pension scheme for each period is recognised in the amount of contributions to be paid in the year.

2.18.3 Other non-current employee benefits

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

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

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

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

2.18.4 Share-based payments

In 2015 and 2016, the incentive scheme for the Management Boards of the Group companies included a variable element known as the annual bonus awarded on the basis of the annual appraisal performed by the Supervisory Board of the Group company as well as additional benefits. The maximum bonus amount for a year was set by the Supervisory Board. The Supervisory Board of the Group company could award a bonus to Management Board members on the basis of its appraisal of individual performance and the Company's targets up to the maximum bonus amount. The bonus included three elements:

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

The terms and conditions of the incentive scheme are described in Note 15.

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

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

2.19 Provisions for other liabilities and other charges

Provisions are recorded when Group companies have a current (legal or constructive) obligation resulting from past events and it is probable that settling the obligation will result in an outflow of resources embodying economic benefits and the amount of the 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 best estimates of the Management Boards of Group companies of the expenditure necessary to settle the current obligation at the balance sheet date. If the effect of changes in the time value of money is material, the provision corresponds to the present value of the expenditure which as expected would be necessary to settle the obligation.

2.20 Deferred income

- **Deferred income from sales**

Deferred income includes accrued income for services to be provided in future reporting periods (e.g., membership fees and fees for market participation paid by clients for the next financial year).

The Group's deferred income includes accrued income from the operator of the Polish power transmission system in the implementation of international projects aiming among other things to implement EU regulations on cross-border trade in electricity. Such income under agreements with the operator and letters of guarantee issued by the Polish energy regulator represents partial reimbursement of operating and capital expenditures of the Group in the implementation of such projects. Income from reimbursement of capital expenditures is recognised over time, i.e., it is gradually added to other sales revenue in proportion to depreciation charges of plant, property and equipment or amortisation charges of intangible assets created in such projects

- **Deferred income from government subsidies**

The Group's deferred income includes subsidies received for assets. Government subsidies are recognised if there is sufficient certainty that the Group will meet the associated conditions and that the subsidy will be received.

Subsidies for assets are presented in the statement of financial position as deferred income and recognised in profit (other income) systematically over the useful life of the asset covered by the subsidy.

Subsidies for revenue are shown in profit (other income) systematically over the period when the Group recognises relevant costs which are expected to be covered by the subsidy.

2.21 Revenue

2.21.1 Sales revenue

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

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

- Financial market,
- Commodity market,
- Other (sales) revenue.

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

- **Revenue from trading**

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

- **Revenue from listing**

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

- **Revenue from information services**

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

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

Revenue from the **commodity market** includes:

- **Revenue from trading**

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

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

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

- **Revenue from clearing**

Clearing revenue is the revenue of IRGiT including:

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

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

2.21.2 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, revenue from the operator of the Polish power transmission system as payment for the implementation of international projects (see Note 2.20).

2.21.3 Financial income

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

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

2.22 Expenses

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

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

The Group records expenses by type.

2.23 Bond issue expenses

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

2.24 Leases

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

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

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

2.25 Statement of cash flows

The statement of cash flows is prepared using the indirect method.

3. Financial risk management

3.1 Financial risk factors

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

3.2 Market risk

3.2.1. Cash flow and fair value interest risk

The Group is moderately exposed to interest rate risk.

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

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

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

The parent entity is also an issuer of bonds at floating interest rates based on WIBOR 6M. In the case of an increase in interest rates, the parent entity will be obligated to pay out interest coupons with a higher value; in the case of a decrease in interest rates, the value of those coupons will be lower. The Company calculates sensitivity to the market interest rate WIBOR 6M using as input data the level of debt and interest rates in the current reporting period. Based on a sensitivity analysis, an increase/(decrease) in the market interest rate by 0.50 percentage point (assuming no other changes) would result in a change in the Company's financial costs causing:

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

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

(all amounts in PLN'000 unless stated otherwise)

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

	As at 31 December 2016 Maturity / Interest reset date							
	up to 1 year				1-2 Y	2-5 Y	> 5 Y	Total
	< 1 M	1-3 M	> 3 M	Total				
Bank deposits and current accounts	356,742	25,539	64,517	**446,798**	-	-	-	446,798
Total financial assets	**356,742**	**25,539**	**64,517**	**446,798**	**-**	**-**	**-**	**446,798**
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**

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

	As at 31 December 2015 Maturity / Interest reset date							
	up to 1 year				1-2 Y	2-5 Y	> 5 Y	Total
	< 1 M	1-3 M	> 3 M	Total				
Bank deposits and current accounts	167,433	39,567	153,389	**360,389**	-	-	-	360,389
Total financial assets	**167,433**	**39,567**	**153,389**	**360,389**	**-**	**-**	**-**	**360,389**
Liabilities on bonds issue - non-current	-	-	120,257	**120,257**	-	-	123,543	243,800
Liabilities on bonds issue - current	-	-	682	**682**	-	-	-	682
Total financial liabilities	**-**	**-**	**120,939**	**120,939**	**-**	**-**	**123,543**	**244,482**

3.2.2 Foreign exchange risk

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

In view of the acquisition of the new trading system UTP, the GPW Management Board decided to hedge the cash flows related to the contract for the delivery of the system. Following the payment for the UTP system made in 2013 and an invoice received in 2015, hedge accounting at the end of 2015 included cash for the planned acquisition of the UTP-Derivatives module. In 2016, the parent entity ceased the application of hedge accounting. The details are presented in Note 3.6.

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

(all amounts in PLN'000 unless stated otherwise)

- EUR (decrease/increase of the exchange rate by PLN 0.4424) – decrease/increase in the net profit by PLN 2,153 thousand;
- GBP (increase/decrease of the exchange rate by PLN 0.5145) – decrease/increase in the net profit by PLN 41 thousand;
- USD (increase/decrease of the exchange rate by PLN 0.4179) – decrease/increase in the net profit by PLN 3 thousand.

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

- EUR (decrease/increase of the exchange rate by PLN 0.4262) – decrease/increase in the net profit by PLN 1,582 thousand;
- GBP (decrease/increase of the exchange rate by PLN 0.5465) – decrease/increase in the net profit by PLN 7 thousand;

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

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

Table 4 The Group's FX exposure

	As at 31 December 2016				
	PLN	EUR*	USD*	GBP*	Total carrying amount in PLN
Cash and cash equivalents	430,466	16,346	-	2	**446,814**
Trade receivables (net)	93,279	7,001	-	-	**100,280**
Total financial assets	**523,745**	**23,347**	**-**	**2**	**547,094**
Trade payables	4,127	1,822	25	413	**6,387**
Liabilities on bonds issue	246,341	-	-	-	**246,341**
Finance lease liabilities	94	-	-	-	**94**
Dividends payable	214	-	-	-	**214**
Total financial liabilities	**250,776**	**1,822**	**25**	**413**	**253,036**
Net FX balance	**272,969**	**21,525**	**(25)**	**(411)**	**294,058**

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

(all amounts in PLN'000 unless stated otherwise)

Table 5 The Group's FX exposure

	As at 31 December 2015 *(restated)*				
	PLN	EUR*	USD*	GBP*	Total carrying amount in PLN
Cash and cash equivalents	348,700	11,691	-	2	**360,393**
Trade receivables (net)	80,050	7,683	-	-	**87,732**
Total financial assets	**428,750**	**19,374**	**-**	**2**	**448,125**
Trade payables	4,971	3,555	-	71	**8,597**
Liabilities on bonds issue	244,482	-	-	-	**244,482**
Finance lease liabilities	139	-	-	-	**139**
Dividends payable	192	-	-	-	**192**
Total financial liabilities	**249,784**	**3,555**	**-**	**71**	**253,410**
Net FX balance	**178,966**	**15,819**	**-**	**(69)**	**194,715**

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

Table 6 The Group's FX exposure

	As at 31 December 2014 *(restated)*				
	PLN	EUR*	USD*	GBP*	Total carrying amount in PLN
Available-for-sale Treasury bonds**	10,503	-	-	-	**10,503**
Cash and cash equivalents	374,585	14,455	-	2	**389,042**
Trade receivables (net)	65,296	4,812	6	-	**70,114**
Total financial assets	**450,384**	**19,267**	**6**	**2**	**469,659**
Trade payables	7,798	1,766	351	102	**10,017**
Liabilities on bonds issue	244,078	-	-	-	**244,078**
Finance lease liabilities	359	-	-	-	**359**
Dividends payable	175	-	-	-	**175**
Total financial liabilities	**252,410**	**1,766**	**351**	**102**	**254,629**
Net FX balance	**197,974**	**17,501**	**(345)**	**(100)**	**215,030**

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

(all amounts in PLN'000 unless stated otherwise)

3.2.3 Price risk

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

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

3.3 Credit risk

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

Credit risk connected with trade receivables is mitigated by the Management Board of the parent entity by performing on-going assessment of counterparties' credibility. In the opinion of the Management Board of the parent entity, there is no material concentration of credit risk of trade receivables within the Group. Resolutions of the Management Board of the parent entity, which are binding in the Group, set payment dates that differ depending on groups of counterparties. These payment dates amount to 21 days for most counterparties, however, for data vendors, they are most often 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 Management Board of the parent entity, the portfolio of debt securities comprises only securities issued or guaranteed by the State Treasury (rating A2 according to Moody's). In this way, exposure to the risk of lost benefits or loss is mitigated.

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

The maximum exposure of the Group to credit risk is reflected in the carrying value of trade receivables (including VAT receivables – see Note 31), bank deposits held and the value of the portfolio of purchased debt securities.

Table 7 The Group's exposure to credit risk

	As at 31 December		
	2016	**2015** *(restated)*	**2014** *(restated)*
Trade receivables (net)	100,280	87,732	70,114
Debt securities (available-for-sale Treasury bonds and bills)	-	-	10,503
Bank deposits and current accounts (included in cash and cash equivalents)	446,798	360,389	389,026
Total	**547,078**	**448,121**	**469,643**

(all amounts in PLN'000 unless stated otherwise)

3.4 Liquidity risk

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

An analysis of the structure of the Group's assets shows a considerable share of liquid assets and, thus, a very good position of the Group in terms of liquidity. Cash and cash equivalents of the Group amounted to PLN 446,814 thousand as at 31 December 2016 (PLN 360,393 thousand as at 31 December 2015), representing 38.59% of the total assets as at 31 December 2016 (33.58% as at 31 December 2015). An analysis of the structure of liabilities shows the following share of equity in the financing of the operations of the Group: equity accounted for 64.37% of total liabilities and equity as at 31 December 2016 (66.46% as at 31 December 2015).

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

Table 8 Liquidity analysis

	As at 31 December 2016						
	Up to 1 month	1-3 months	3-6 months	6-12 months	1-5 years	> 5 years	Total
Bank deposits and current accounts and cash in hand	356,758	25,539	64,517	-	-	-	**446,814**
Trade receivables (net)	29,527	3,336	-	67,417	-	-	**100,280**
Total assets	**386,285**	**28,875**	**64,517**	**67,417**	**-**	**-**	**547,094**
Trade payables	6,317	70	-	-	-	-	**6,387**
Liabilities on bonds issue	122,279	-	603	-	-	123,459	**246,341**
Finance lease liabilities	5	10	16	32	31	-	**94**
Dividends payable	214	-	-	-	-	-	**214**
Total liabilities	**128,815**	**80**	**619**	**32**	**31**	**123,459**	**253,036**
Liquidity surplus/gap	**257,470**	**28,795**	**63,898**	**67,385**	**(31)**	**(123,459)**	**294,058**

(all amounts in PLN'000 unless stated otherwise)

Table 9 Liquidity analysis

	As at 31 December 2015 *(restated)*						
	Up to 1 month	**1-3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**> 5 years**	**Total**
Bank deposits and current accounts and cash in hand	167,437	39,567	153,389	-	-	-	**360,393**
Trade receivables (net)	33,957	3,491	-	-	50,284	-	**87,732**
Total assets	**201,394**	**43,058**	**153,389**	**-**	**50,284**	**-**	**448,124**
Trade payables	8,574	22	-	-	-	-	**8,597**
Liabilities on bonds issue	-	-	682	-	120,257	123,543	**244,482**
Finance lease liabilities	5	13	12	25	85	-	**139**
Dividends payable	192	-	-	-	-	-	**192**
Total liabilities	**8,771**	**35**	**694**	**25**	**120,342**	**123,543**	**253,410**
Liquidity surplus/gap	**192,623**	**43,023**	**152,695**	**(25)**	**(70,058)**	**(123,543)**	**194,714**

Table 10 Liquidity analysis

	As at 31 December 2014 *(restated)*						
	Up to 1 month	**1-3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**> 5 years**	**Total**
Available-for-sale Treasury bonds and bills	-	-	-	10,625	-	-	**10,625**
Bank deposits and current accounts and cash in hand	328,420	52,374	8,248	-	-	-	**389,042**
Trade receivables (net)	33,114	3,293	-	-	33,707	-	**70,114**
Total assets	**361,534**	**55,667**	**8,248**	**10,625**	**33,707**	**-**	**469,780**
Trade payables	9,919	98	-	-	-	-	**10,017**
Liabilities on bonds issue	-	-	-	-	244,078	-	**244,078**
Finance lease liabilities	16	34	41	63	205	-	**359**
Dividends payable	175	-	-	-	-	-	**175**
Total liabilities	**10,110**	**132**	**41**	**63**	**244,283**	**-**	**254,629**
Liquidity surplus/gap	**351,424**	**55,535**	**8,207**	**10,562**	**(210,576)**	**-**	**215,152**

(all amounts in PLN'000 unless stated otherwise)

3.5 Capital management

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

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

The equity of the Group was PLN 745,252 thousand representing 64.37% of the total equity and liabilities of the Group as at 31 December 2016 and PLN 713,192thousand representing 66.46% of the total equity and liabilities of the Group as at 31 December 2015. The parent entity of the Group paid a dividend of PLN 99,054 thousand in 2016 and PLN 100,733 thousand in 2015 (see the statement of changes in equity).

The external capital of the Group includes mainly liabilities in respect of the issuance of GPW S.A. series A, B and C corporate bonds (see Note 13).

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

Table 11 Group's capital management indicators

	As at/Year ended 31 December			Optimum
	2016	2015 *(after restatement)*	2014 *(after restatement)*	
Debt and financing ratios:				
Net debt / EBITDA*	(1.1)	(0.6)	(1.0)	under 3
Debt to equity**	33.1%	34.3%	35.2%	no more than 50-100%
Liquidity ratios:				
Current liquidity***	2.1	4.9	4.7	more than 1.5
Coverage of interest on bonds****	24.3	23.5	17.0	more than 1.5

** Net debt = interest-bearing liabilities - liquid assets (as at balance-sheet date)*
EBITDA = operating profit + depreciation and amortisation (for a period of 12 months)
*** Debt to equity = interest-bearing liabilities / equity (as at balance-sheet date)*
**** Current liquidity = current assets / current liabilities (as at balance-sheet date)*
***** Coverage of interest on bonds = EBITDA / interest on bonds*

3.6 Hedge accounting

In 2012, the Management Board of the parent entity decided to hedge cash flows under the agreement for the delivery of a new trading system to GPW. As at 1 January 2012, the Company held the full amount in EUR against future payables for the acquisition of the new trading system.

Considering that the cash in EUR was held against future payables, the Company decided to recognise the cash held in the currency as a hedging instrument which hedged the cash flow risk of future payables arising from foreign exchange differences. Following the payment for UTP made in 2013 and an invoice received in 2015, hedge accounting covered cash for the planned acquisition of the UTP-Derivatives module which offers additional functionalities for derivatives trading: the hedging instrument value was PLN 5,536 thousand as at 31 December 2015.

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

(all amounts in PLN'000 unless stated otherwise)

4. Property, plant and equipment

Table 12 Change of the net carrying value of property, plant and equipment by category

	Year ended 31 December 2016				
	Land and buildings	Vehicles and machinery	Furniture, fittings and equipment	Property, plant and equipment under construction	Total
Net carrying value - opening balance	**81,459**	**12,818**	**10,783**	**20,170**	**125,229**
Additions	-	-	65	17,165	**17,230**
Reclassification and other adjustments	142	27,006	(9,185)	(26,748)	**(8,785)**
Disposals	(7)	(508)	(28)	(38)	**(581)**
Depreciation charge	(3,119)	(10,313)	(532)	-	**(13,964)**
Net carrying value - closing balance	**78,475**	**29,003**	**1,103**	**10,549**	**119,130**
As at 31 December 2016:					
Gross carrying value	121,001	99,134	6,761	10,549	**237,445**
Depreciation	(42,526)	(70,131)	(5,658)	-	**(118,315)**
Net carrying value	**78,475**	**29,003**	**1,103**	**10,549**	**119,130**

Table 13 Change of the net carrying value of property, plant and equipment by category

	Year ended 31 December 2015				
	Land and buildings	Vehicles and machinery	Furniture, fittings and equipment	Property, plant and equipment under construction	Total
Net carrying value - opening balance	**84,671**	**16,793**	**4,447**	**13,852**	**119,762**
Additions	-	1,508	261	22,044	**23,813**
Reclassification and other adjustments	223	2,761	9,863	(15,424)	**(2,577)**
Disposals	(353)	(31)	(86)	(302)	**(773)**
Depreciation charge	(3,082)	(8,213)	(3,702)	-	**(14,996)**
Net carrying value - closing balance	**81,459**	**12,818**	**10,783**	**20,170**	**125,229**
As at 31 December 2015:					
Gross carrying value	121,073	74,745	21,549	20,170	**237,537**
Depreciation	(39,614)	(61,927)	(10,766)	-	**(112,307)**
Net carrying value	**81,459**	**12,818**	**10,783**	**20,170**	**125,229**

(all amounts in PLN'000 unless stated otherwise)

5. Intangible assets

Table 14 Change of the net carrying value of intangible assets by category

	Year ended 31 December 2016				
	Licences	Copy-rights	Know-how	Goodwill	Total
Net carrying value - opening balance	**90,529**	**229**	**-**	**170,970**	**261,728**
Additions	15,889	198	1,436	-	**17,523**
Reclassification and other adjustments	3,269	153	5,553	-	**8,975**
Disposals	(2,370)	-	-	-	**(2,370)**
Amortisation charge	(11,884)	(128)	(29)	-	**(12,041)**
Net carrying value - closing balance	**95,433**	**452**	**6,960**	**170,970**	**273,815**
As at 31 December 2016:					
Gross carrying value	220,569	4,465	6,989	172,374	**404,397**
Impairment	-	-	-	(1,404)	**(1,404)**
Amortisation	(125,136)	(4,013)	(29)	-	**(129,178)**
Net carrying value	**95,433**	**452**	**6,960**	**170,970**	**273,815**

Table 15 Change of the net carrying value of intangible assets by category

	Year ended 31 December 2015				
	Licences	Copy-rights	Know-how	Goodwill	Total
Net carrying value - opening balance	**89,357**	**599**	**-**	**171,063**	**261,019**
Additions	10,286	28	-	-	**10,314**
Reclassification and other adjustments	2,655	-	-	-	**2,655**
Impairment	-	-	-	(93)	**(93)**
Disposals	(327)	-	-	-	**(327)**
Amortisation charge	(11,442)	(399)	-	-	**(11,841)**
Net carrying value - closing balance	**90,529**	**229**	**-**	**170,970**	**261,728**
As at 31 December 2015:					
Gross carrying value	204,566	3,622	-	172,374	**380,562**
Impairment	-	-	-	(1,404)	**(1,404)**
Amortisation	(114,037)	(3,393)	-	-	**(117,430)**
Net carrying value	**90,529**	**229**	**-**	**170,970**	**261,728**

UTP

The UTP trading system licence presented under licences was commissioned on 15 April 2013. The useful life of the UTP trading system was determined at 12 years (until 31 March 2025). The net value of the UTP trading system as at 31 December 2016 was PLN 64,012 thousand (as at 31 December 2015: PLN 71,771 thousand).

PCR Project

The Group holds intangible assets (know-how) in a net amount of PLN 6,960 thousand relating to the PCR (Price Coupling of Regions) project. PCR ensures co-ownership of system software of the day-ahead market by seven European energy exchanges. The project is aimed at harmonisation of the European market using a shared calculation algorithm. The Group's participation (via POLPX) in the project relates mainly to the required implementation of European regulations and the special role of the energy exchange supporting the development of the energy market. The project will provide financial benefits to POLPX market participants by maximising the benefits of cross-border trade in electricity.

In 2016, POLPX received a partial reimbursement of the PCR implementation cost from the Polish power transmission system operator (Polish Power Grid Company, PSE S.A.) in the implementation of international projects aimed among others at the implementation of European regulations concerning cross-border exchange of electricity (see Note 18). The refund resulted from agreements with the operator and guarantee letters from the Polish energy regulator; it is a partial refund of costs and capital expenditures incurred by the Group in the implementation of the project.

Goodwill

Goodwill was PLN 170,970 thousand as at 31 December 2016 and included the following:

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

As at 31 December 2016, impairment of the goodwill from taking control of the PolPX Group was tested by estimating the use value based on the discounted cash flows (DCF) method according to a financial plan for 2017-2021 developed for the test. The main parameters of the impairment test are presented in the table below. The recovery value of POLPX's goodwill is greater than the carrying value by PLN 517,503 thousand (2015: PLN 695,854 thousand). The Management identified no key assumptions whose reasonable expected change would cause impairment.

Based on the analysis, the GPW Management Board identified no impairment of goodwill of the POLPX Group as at 31 December 2016.

As at 31 December 2016, impairment of the goodwill from the acquisition of the controlling interest in BondSpot S.A. was tested by estimating the use value based on the discounted cash flows (DCF) method according to the financial plan for 2017-2021 developed for the test. The main parameters of the impairment test are presented in the table below. The recovery value of the goodwill of the cash-generating unit which comprises BondSpot is greater than the carrying value by PLN 1,062 thousand (2015: PLN 67 thousand). For the recovery value of the BondSpot goodwill to become equal to the carrying value, the key assumptions must change as follows:

- WACC: +0.3% percentage points (2015: +0.01 percentage points),
- CAGR of sales revenues: -0.2 percentage points (2015: -0.01 percentage points),
- CAGR of operating expenses: +0.3 percentage points (2015: +0.02 percentage points),
- Growth rate after the projection period: -0.4 percentage points (2015: -0.01 percentage points).

Based on the analysis, the GPW Management Board identified no impairment of goodwill of BondSpot S.A. as at 31 December 2016.

(all amounts in PLN'000 unless stated otherwise)

Table 16 Key assumptions of the valuation of the recovery value of goodwill

	Goodwill			Main assumptions of the impairment test				
	Initial recognition	Impair-ment	Goodwill net of impairment	Projection years	WACC	Annual average change of revenue	Annual average change of expenses	Growth rate at the end of forecast horizon
Goodwill from:								
GPW taking control of POLPX	147,792	-	**147,792**	*5*	*9%*	*-5%*	*-1%*	*2%*
GPW taking control of BondSpot	22,986	-	**22,986**	*5*	*9%*	*3%*	*2%*	*2%*
InfoEngine acquisition of Electricity Trading Platform (poee)	1,589	(1,404)	**185**	-	-	-	-	-
GPW taking control of GPW CU	8	-	**8**	-	-	-	-	-
Total goodwill at 31 December 2016:	**172,374**	**(1,404)**	**170,970**	-	-	-	-	-
Goodwill from:								
GPW taking control of POLPX	147,792	-	**147,792**	*5*	*8%*	*0%*	*3%*	*2%*
GPW taking control of BondSpot	22,986	-	**22,986**	*5*	*8%*	*5%*	*0%*	*2%*
InfoEngine acquisition of Electricity Trading Platform (poee)*	1,589	(1,404)	**185**	-	-	-	-	-
GPW taking control of GPW CU	8	-	**8**	-	-	-	-	-
Total goodwill at 31 December 2015:	**172,374**	**(1,404)**	**170,970**	**-**	**-**	**-**	**-**	**-**

** Tested for impairment by comparing the carrying value of the cash-generating unit to which goodwill is allocated and fair value (price of InfoEngine shares sold by GPW to POLPX)*

6. Investment in associates

As at 31 December 2016 and as at 31 December 2015, the parent entity 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.

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.

(all amounts in PLN'000 unless stated otherwise)

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

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%.

Table 17 Change of investment in associates

	As at/Year ended 31 December	
	2016	2015
Opening balance	**188,570**	**188,104**
Gain on dilution of shares of Aquis Exchange Limited	5,807	2,754
Dividends	(150)	(352)
Share of profit (after tax)	3,518	(1,530)
Share in other comprehensive income	(514)	(405)
Closing balance	**197,231**	**188,570**

Table18 Investment in associates

	As at 31 December	
	2016	2015
KDPW S.A. Group	164,549	157,365
Centrum Giełdowe S.A.	16,383	16,261
Aquis Exchange Limited	16,299	14,944
Total	**197,231**	**188,570**

(all amounts in PLN'000 unless stated otherwise)

Table 19 Data of associates in 2016

	As at/Year ended 31 December 2016			
	KDPW Group*	**Centrum Giełdowe S.A.**	**Aquis Exchange Limited****	**Total**
Current assets:	1,922,516	3,459	42,329	*n/d*
including cash and cash equivalents	*94,093*	*2,499*	*39,716*	*n/d*
Non-current assets	219,958	68,994	334	*n/d*
Current liabilities	1,633,825	6,222	550	*n/d*
Non-current liabilities	15,860	143	-	*n/d*
Sales revenue	117,544	14,598	6,521	*n/d*
Depreciation and amortisation	15,428	2,906	1,009	*n/d*
Income tax	5,854	267	(1,415)	*n/d*
Dividend due to GPW S.A. in the 12-month period ended 31 December 2016	-	150	-	*n/d*
Net profit / (loss) for the year ended 31 December 2016	**23,829**	**1,100**	**(18,996)**	*n/d*
Group's share in profit / (loss)**	33.33%	24.79%	20.31%	*n/d*
Group's share in the profit / (loss) for the year ended 31 December 2016	**7,698**	**273**	**(4,453)**	**3,518**

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

*** The equity of Aquis was increased several times in 2016 without the participation of GPW. Consequently, GPW's share in Aquis changed in 2016. GPW's share of property and voting rights was 20.31% as at 31 December 2016.*

(all amounts in PLN'000 unless stated otherwise)

Table 20 Data of associates in 2015

	As at/Year ended 31 December 2015			
	KDPW Group*	Centrum Giełdowe S.A.	Aquis Exchange Limited**	Total
Current assets:	1,713,813	4,845	19,089	n/d
including cash and cash equivalents	*214,309*	*4,098*	*17,116*	*n/d*
Non-current assets	197,694	71,565	1,331	n/d
Current liabilities	1,424,919	5,966	752	n/d
Non-current liabilities	15,282	4,849	-	n/d
Sales revenue	125,503	14,948	3,051	n/d
Depreciation and amortisation	16,964	2,896	2,220	n/d
Income tax	4,046	348	-	n/d
Dividend due to GPW S.A. in the 12-month period ended 31 December 2015	-	352	-	n/d
Net profit / (loss) for the year ended 31 December 2015	**13,752**	**1,422**	**(23,093)**	n/d
Group's share in profit / (loss)**	33.33%	24.79%	26.33%	n/d
Group's share in the profit / (loss) for the year ended 31 December 2015	**4,584**	**353**	**(6,467)**	**(1,530)**

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

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

Agreement on conditional sale of Aquis shares

On 10 June 2016, GPW and the other shareholders of Aquis signed an agreement concerning shares of Aquis Exchange Limited. Under an annex to the agreement, GPW agreed to conditionally sell the entire package of Aquis shares at GBP 37 per share. The call option may be exercised by the shareholders of Aquis Exchange upon a negative decision of GPW concerning a potential initial public offering of Aquis Exchange or a negative decision of GPW concerning potential restructuring of Aquis Exchange or its equity structure necessary to complete an initial public offering. The call option is valid until the end of November 2017 and then expires.

Dilution of investment in Aquis

In 2015 and 2016, Aquis Exchange Limited issued shares without the participation of GPW. The price of the new issue shares was GPW 16.93 per share in 2015 and GBP 18.50 per share in 2016, which was more than the price paid by GPW for Aquis shares (GBP 13.02 per share). As the price of the new issue shares was significantly higher than the price paid for the shares by GPW, the value of GPW's investment in Aquis increased and the company realised gains on dilution at PLN 5,807 thousand in 2016 and PLN 2,754 thousand in 2015. The increase took place even though GPW's stake in the company decreased. Following the share issues without the participation of GPW, GPW's share in Aquis measured by the number of shares 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%.

(all amounts in PLN'000 unless stated otherwise)

Table 21 Dilution of GPW's investment in Aquis

	As at/Year ended 31 December	
	2016	2015
GPW's share in economic and voting rights in Aquis:		
before new share issue	26.33%	30.00%
after new share issue	20.31%	26.33%
Cash contributed by Aquis's new shareholders	42,322	4,740
GPW's gains on dilution of Aquis shares	**5,807**	**2,754**

Evaluation of indications of impairment of Aquis

Aquis launched its operation on 26 November 2013. It is now posting losses. The business model of Aquis is based on subscription fees charged for generated traffic rather than on the value of trade as do other trading platforms. The company launched, acquired first members, reported a high growth of turnover, and raised additional financing of GBP 3 million in 2015 and GBP 8 million in 2016. The price of Aquis shares issued in 2015 was GBP 16.93 per share and the price of shares issued in 2016 was GBP 18.50 per share. The price paid by GPW in 2013 was GBP 13.02 per share.

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

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

(all amounts in PLN'000 unless stated otherwise)

7. Deferred tax

Table 22 Deferred tax assets and liabilities

	Deferred tax (assets)/liabilities					
	As at 1 January 2016	Recognition in the statement of compreh-ensive income	Recognition in other comprehe-nsive income	As at 31 December 2016		
				Net (assets) / liabilities	*including: deferred tax assets*	*including: deferred tax liabilities*
Difference between accounting and tax value of property, plant and equipment and intangible assets	**14,558**	(1,852)	-	**12,706**	-	12,706
Impairment on investments	**(1,289)**	1	-	**(1,288)**	(1,286)	-
Annual and discretionary awards	**(1,921)**	606	-	**(1,315)**	(1,325)	-
Jubilee bonuses and retirement benefits	**(7)**	17	-	**10**	(102)	-
Unused holiday	**(479)**	46	-	**(433)**	(417)	-
Other	**139**	(1,993)	40	**(1,814)**	(2,687)	977
Deferred tax (asset)/liability before compensation	**11,000**	**(3,175)**	**40**	**7,866**	**(5,817)**	**13,683**
Compensation					*4,008*	*(4,008)*
Net deferred tax (asset)/liability					**(1,809)**	**9,675**

(all amounts in PLN'000 unless stated otherwise)

Table 23 Deferred tax assets and liabilities

	Deferred tax (assets)/liabilities *(restated)*					
	As at 1 January 2015 r.	Recognition in the statement of comprehensive income	Recognition in other comprehensive income	As at 31 December 2015 r.		
				Net (assets) / liabilities	*including: deferred tax assets*	*including: deferred tax liabilities*
Difference between accounting and tax value of property, plant and equipment and intangible assets	**13,919**	639	-	**14,558**	-	14,558
Impairment on investments	**(1,452)**	163	-	**(1,289)**	(1,289)	-
Annual and discretionary awards	**(1,316)**	(605)	-	**(1,921)**	(1,921)	-
Jubilee bonuses and retirement benefits	**(991)**	984	-	**(7)**	(7)	-
Unused holiday	**(441)**	(38)	-	**(479)**	(479)	-
Other	**(141)**	296	(16)	**139**	(848)	985
Net deferred tax (asset)/liability	**9,578**	**1,439**	**(16)**	**11,000**	**(4,544)**	**15,543**

Table 24 Deferred tax assets and liabilities

	Deferred tax (assets)/liabilities (restated)					
	As at 1 January 2014 r.	Recognition in the statement of comprehensive income	Recognition in other comprehensive income	As at 31 December 2014 r.		
				Net (assets) / liabilities	*including: deferred tax assets*	*including: deferred tax liabilities*
Difference between accounting and tax value of property, plant and equipment and intangible assets	**6,158**	7,761	-	**13,919**	-	13,919
Impairment on investments	**(1,127)**	(325)	-	**(1,452)**	(1,452)	-
Annual and discretionary awards	**(1,670)**	354	-	**(1,316)**	(1,317)	-
Jubilee bonuses and retirement benefits	**(1,004)**	11	2	**(991)**	(991)	-
Unused holiday	**(292)**	(149)	-	**(441)**	(441)	-
Pozostałe	**(876)**	703	32	**(141)**	(848)	708
Net deferred tax (asset)/liability	**1,189**	**8,355**	**34**	**9,578**	**(5,049)**	**14,627**

(all amounts in PLN'000 unless stated otherwise)

8. Available-for-sale financial assets

Table 25 Changes of available-for-sale financial assets

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

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

Table 26 Equity financial assets

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

Table 27 Equity financial assets

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

Innex

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

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

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

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

Sibex

S.C. SIBEX – Sibiu Stock Exchange S.A. (SIBEX) with its registered office in Romania has been listed on S.C. SIBEX – Sibiu Stock Exchange S.A. (SIBEX) since 2010. The purchase price of SIBEX shares was PLN 1,343 thousand, while as at 31 December 2016 the fair value based on the share price was PLN 212 thousand.

InfoStrefa (formerly "IRK")

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

GPW held 19.98% of shares of InfoStrefa as at 31 December 2016. The carrying value of the investment was

Fair value hierarchy

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

9. Non-current prepayments

As at 31 December 2016, non-current prepayments amounted to PLN 5,014 thousand (as at 31 December 2015: PLN 4,836 thousand).

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

The current portion of prepayments in respect of the right to perpetual usufruct of land in the amount of PLN 106 thousand as at 31 December 2016 (PLN 106 thousand as at 31 December 2015) is included in prepayments in Note 10.

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

(all amounts in PLN'000 unless stated otherwise)

10. Trade and other receivables

Table 28 Trade and other receivables

	As at 31 December		
	2016	2015 (restated)	2014 (restated)
*Gross trade receivables**	*102,221*	*89,448*	*71,671*
Impairment allowances for receivables	*(1,941)*	*(1,716)*	*(1,557)*
Total trade receivables	**100,280**	**87,732**	**70,114**
Current prepayments	3,837	4,203	3,957
Other receivables and advance payments	9,094	1,655	1,683
including: receivables from PSE S.A. in respect of a refund of the costs of the PCR project (see Notes 5 and 20)	*8,608*	-	-
Receivables in respect of tax settlements**	51	37,967	547
Total other receivables	**12,982**	**43,825**	**6,187**
Total trade and other receivables	**113,262**	**131,557**	**76,301**

** Gross trade receivables include receivables in respect of corrections of payments from counterparties (Note 31) in the amount of PLN 66,246 thousand as at 31 December 2016, PLN 50,284 thousand as at 31 December 2015, PLN 33,708 thousand as at 31 December 2014.*
*** The POLPX Group's VAT receivable was PLN 37,841 thousand as at 31 December 2015.*

(all amounts in PLN'000 unless stated otherwise)

Table 29 Trade receivables by credit quality

	As at 31 December		
	2016	2015 *(restated)*	2014 *(restated)*
Receivables which are neither overdue nor impaired	**92,654**	**82,839**	**68,021**
Overdue receivables (no impairment)			
1 to 30 days overdue	*6,451*	*1,646*	*1,067*
31 to 61 days overdue	*298*	*683*	*419*
61 to 90 days overdue	*362*	*673*	*239*
90 to 180 days overdue	*239*	*963*	*117*
More than 180 days overdue	*276*	*928*	*251*
Total overdue receivables (no impairment)	**7,626**	**4,893**	**2,093**
Impaired and overdue receivables	**1,941**	**1,716**	**1,557**
Total gross trade receivables	**102,221**	**89,448**	**71,671**

Trade receivables which are neither overdue nor impaired include mainly receivables from other debtors resulting from the tax adjustment (see Note 31), receivables from Exchange Members (banks and brokerage houses) and receivables from issuers of securities as well as receivables for other services.

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

	As at 31 December		
	2016	2015 *(restated)*	2014 *(restated)*
Exchange Members / Members of markets operated by the GPW Group	17,856	27,945	30,424
Issuers*	260	374	636
Other*	74,538	54,520	36,961
Total gross trade receivables not overdue	**92,654**	**82,839**	**68,021**

** 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. Trade receivables in respect of VAT payments are presented under receivables from other clients.*

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 Group does not have its own credit rating system, external credit ratings were used. If a single debtor had no credit rating, the rating of the parent company of the debtor was used.

(all amounts in PLN'000 unless stated otherwise)

Table 31 Receivables from Exchange Members by Moody's ratings

	As at 31 December		
	2016	2015 *(restated)*	2014 *(restated)*
Aa	-	45	192
A	5,818	6,793	3,576
Baa	405	5,128	6,029
Ba	1,641	683	5,257
B and BB	4,553	2,597	15
No rating	5,439	12,699	15,355
Total trade receivables from Exchange Members / Members of markets operated by the GPW Group	**17,856**	**27,945**	**30,424**

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

Other trade receivables include mainly receivables in respect of corrections of VAT payments (Note 31) and fees for information services.

As at 31 December 2016, the GPW Group's trade receivables at PLN 9,567 thousand (31 December 2015 – PLN 6,609 thousand) were overdue, including PLN 4,378 thousand in the parent entity. Of this amount, overdue receivables of the parent entity from debtors in bankruptcy or under creditor arrangements were PLN 1,328 thousand as at 31 December 2016 (31 December 2015 – PLN 1,136 thousand) and other past due receivables were PLN 3,050 thousand (31 December 2015 – PLN 4,290 thousand).

As at 31 December 2016, trade receivables which were overdue and impaired amounted to PLN 1,941 thousand (PLN 1,716 thousand as at 31 December 2015).

Table 32 Change of impairment loss on receivables

	As at 31 December		
	2016	2015 *(restated)*	2014 *(restated)*
Opening balance	**1,716**	**1,557**	**2,479**
Initial impairment allowances	552	554	1,017
Receivables written off during the period as uncollectible	(217)	(63)	(1,348)
Reversal of impairment allowances	(110)	(332)	(591)
Closing balance	**1,941**	**1,716**	**1,557**

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

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

(all amounts in PLN'000 unless stated otherwise)

Table 33 Gross trade receivables by geographical concentration

	As at 31 December		
	2016	2015 *(restated)*	2014 *(restated)*
Domestic receivables	91,253	78,218	63,408
Foreign receivables	10,968	11,230	8,263
Total	**102,221**	**89,448**	**71,671**

In view of the short due date of trade receivables, the carrying value of those receivables is similar to their fair value.

11. Cash and cash equivalents

Table 34 Cash and cash equivalents

	As at 31 December	
	2016	2015
Cash	16	4
Current accounts	265,502	123,066
Bank deposits	181,296	237,323
Total cash and cash equivalents	**446,814**	**360,393**

Cash and cash equivalents include bank deposits up to twelve months, 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 parent entity's deposits was 7 days in 2016 (11 days in 2015).

12. Equity

Table 35 Equity of the shareholders of the parent entity

	As at 31 December		
	2016	2015 *(restated)*	2014 *(restated)*
Share capital	63,865	63,865	63,865
Other reserves	1,184	1,455	1,930
Retained earnings	679,678	647,326	627,657
Total equity	**744,727**	**712,646**	**693,452**

(all amounts in PLN'000 unless stated otherwise)

12.1 Share capital

The share capital from before the year 1996 with a nominal value of PLN 6,000 thousand was restated by applying the general price index (compound inflation for the period from April 1991 to December 1996 at 464.9%). As at 31 December 2016, the share capital stood at PLN 41,972 thousand and the restatement of the share capital for inflation was PLN 21,893 thousand.

As at 31 December 2016, the share capital of GPW stood at PLN 41,972 thousand and was divided into 41,972,000 shares with a nominal value of PLN 1 per share including:

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

The Company's shares were fully paid up.

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

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

Table 36 Shareholders in the parent entity as at 31 December 2016 and as at 31 December 2015

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

(all amounts in PLN'000 unless stated otherwise)

12.2 Other reserves

Table 37 Other reserves

	As at 31 December 2015	Revaluation and disposal	As at 31 December 2016
Capital arising from available-for-sale financial assets and other assets:	**1,810**	**(514)**	**1,296**
Parent entity	6	-	**6**
- revaluation	*6*	-	***6***
Associate	1,804	(514)	***1,290***
Capital arising from hedge accounting:	**(163)**	**163**	**-**
- (gains)/ losses on cash flow hedging instruments	*(201)*	*201*	**-**
- deferred tax	*38*	*(38)*	**-**
Capital arising from actuarial gains/losses:	**(191)**	**79**	**(112)**
- revaluation	*(236)*	95	***(141)***
- deferred tax	*45*	(16)	***29***
Total other reserves: from revaluation	**1,455**	**(272)**	**1,184**

12.3 Retained earnings

Table 38 Retained earnings in 2016

	Reserve capital	Other reserves	Retained earnings	Profit for the period	Total
As at 31 December 2015 *(restated)*	**84,759**	**281,688**	**159,403**	**121,475**	**647,326**
Distribution of the profit for the year ended 31 December 2015	14,493	369	106,613	(121,475)	**-**
Dividend	-	(2,518)	(96,536)	-	**(99,054)**
Other changes	484	-	(171)	-	**313**
Profit for the year ended 31 December 2016	-	-	-	131,094	**131,094**
As at 31 December 2016	**99,736**	**279,539**	**169,309**	**131,094**	**679,678**

(all amounts in PLN'000 unless stated otherwise)

Table 39 Retained earnings in 2015

	Reserve capital	Other reserves	Retained earnings	Profit for the period	Total
As at 31 December 2014 *(restated)*	**62,048**	**326,513**	**131,836**	**107,260**	**627,657**
Distribution of the profit for the year ended 31 December 2014	23,785	3,023	80,452	(107,260)	**-**
Dividend	-	(47,848)	(52,885)	-	**(100,733)**
Acquisition of non-controlling interests	(1,074)	-	-	-	**(1,074)**
Profit for the year ended 31 December 2015 *(restated)*	-	-	-	121,475	**121,475**
As at 31 December 2015 *(restated)*	**84,759**	**281,688**	**159,403**	**121,475**	**647,326**

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

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

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

12.4 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 (PLN 96,536 thousand from the 2015 profit and PLN 2,518 from other reserves). 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.

12.5 Earnings per share

Table 40 Earnings per share

	Year ended 31 December	
	2016	2015 *(restated)*
Net profit for the period attributable to the shareholders of the parent entity	131,094	121,475
Weighted average number of ordinary shares (in thousands)	41,972	41,972
Basic and diluted earnings per share (in PLN)	**3.12**	**2.89**

13. Bond issue liabilities

Table 41 Bond issue liabilities

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

Series A and B bonds

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

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

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

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

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

(all amounts in PLN'000 unless stated otherwise)

Series C bonds

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

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

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

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

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.

14. Employee benefits payable

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

	As at 31 December	
	2016	**2015**
Retirement benefits	620	646
Other	1,212	3,400
Non-current	**1,832**	**4,046**
	-	-
Retirement benefits	114	186
Other	8,000	9,271
Current	**8,114**	**9,457**
Total	**9,946**	**13,503**

(all amounts in PLN'000 unless stated otherwise)

14.1 Liabilities under retirement benefits and jubilee awards

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

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

	As at 31 December	
	2016	2015*
Retirement benefits	150	(1,606)
Jubilee awards	-	(1,619)
Total benefits in operating expenses	**150**	**(3,225)**
Retirement benefits	(95)	(154)
Total benefits in other comprehensive income	**(95)**	**(154)**
Total benefits in statement of comprehensive income	**55**	**(3,379)**

** In February 2015, the remuneration rules were amended, including liquidation of jubilee awards and the retirement benefit fund. The negative amounts: PLN 1,606 thousand and PLN 1,619 thousand, represent release of provisions created against such benefits in previous years.*

Table 44 Change of liabilities under retirement benefits and jubilee awards in 2016

	Year ended 31 December 2016		
	Retirement benefits	Jubilee awards	Total
Opening balance	**833**	**-**	**833**
	-	**-**	**-**
Current cost of employment	76	-	**76**
Interest cost	26	-	**26**
Cost of past employment and reduction of the benefit plan	48	-	**48**
Actuarial gains/(losses) recognised in other comprehensive income due to change of:	(95)	-	**(95)**
- financial assumptions	*10*	-	**10**
- demographic assumptions	*(5)*	-	**(5)**
- other assumptions	*(100)*	-	**(100)**
Total recognised in comprehensive income	**55**	**-**	**55**
Benefits paid	**(153)**	-	**(153)**
Closing balance	**734**	**-**	**734**

(all amounts in PLN'000 unless stated otherwise)

Table 45 Change of liabilities under retirement benefits and jubilee awards in 2015

	Year ended 31 December 2015		
	Retirement benefits	Jubilee awards	Total
Opening balance	**2,753**	**2,854**	**5,607**
Current cost of employment	290	-	**290**
Interest cost	65	-	**65**
Cost of past employment and reduction of the benefit plan	(1,961)	-	**(1,961)**
Gains and losses on the benefit plan	-	(1,619)	**(1,619)**
Actuarial gains/(losses) recognised in other comprehensive income due to change of:	(154)	-	**(154)**
- financial assumptions	*(135)*	-	**(135)**
- demographic assumptions	*(12)*	-	**(12)**
- other assumptions	*(7)*	-	**(7)**
Total recognised in comprehensive income	**(1,760)**	**(1,619)**	**(3,379)**
Benefits paid	**(160)**	**(1,235)**	**(1,395)**
Closing balance	**833**	**-**	**833**

Table 46 Main actuarial assumptions at dates ending the reporting periods

	2016	2015
Discount rate	3.5%	2,9% - 3,4%
Expected average annual increase of the base of retirement benefits and jubilee awards	2,3% - 3,5%	2,6% - 2,8%
Inflation p.a.	2.5%	1,8% - 2,5%
Weighted average employee mobility	4,5% - 9,9%	4,7% - 10%

(all amounts in PLN'000 unless stated otherwise)

14.2 Liabilities under other employee benefits

Table 47 Changes to short-term and long-term other employee benefits in 2016

	Year ended 31 December 2016					
	Opening balance	Set up	Used	Reclass-ified	Released	Closing balance
Annual and discretionary bonus	6,657	7,925	(7,671)	279	(1,529)	**5,661**
Unused holiday leave	2,605	59	(87)	-	(241)	**2,336**
Overtime	4	-	(4)	-	-	**-**
Car allowance	5	18	(20)	-	-	**3**
Reorganisation severance pay	-	1,498	(1,498)	-	-	**-**
Total current other employee benefits payable	**9,271**	**9,500**	**(9,280)**	**279**	**(1,770)**	**8,000**
Annual and discretionary bonus	3,400	1,608	-	(279)	(3,517)	1,212
Total non-current other employee benefits payable	**3,400**	**1,608**	**-**	**(279)**	**(3,517)**	**1,212**
Total other employee benefits payable	**12,671**	**11,108**	**(9,280)**	**-**	**(5,287)**	**9,212**

Table 48 Changes to short-term and long-term other employee benefits in 2015

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

(all amounts in PLN'000 unless stated otherwise)

14.3 Sensitivity analysis

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

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

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

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

A sensitivity analysis was carried out as at 31 December 2016 to measure the sensitivity of the results of the actuarial valuation to changes of valuation assumptions including the discount rate and the expected change of the base of benefits on retirement benefits.

Table 49 Sensitivity analysis: change of the discount rate

	Carrying value of provisions	Carrying value of provisions at change of indicator by	
		-0.5 p.p.	+0.5 p.p.
Discount rate	734	763	689
Change of carrying value		29	(45)
Salary growth rate	734	688	765
Change of carrying value		(46)	31
Employee mobility rate*	734	561	490
Change of carrying value		(173)	(244)

** For the employee mobility ratio: carrying value of provisions at +/- 1 p.p. change of the ratio (sensitivity to the ratio only for provisions of the parent entity)*

15. Incentive programme

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

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

The same incentive scheme was implemented in 2015 in the companies: POLPX, IRGiT, and BondSpot.

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

(all amounts in PLN'000 unless stated otherwise)

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

Table 50 Details of the incentive scheme for the Management Board of GPW, POLPX, IRGIT, and BondSpot – phantom shares

	2016	2015
Award date	*1 January or employment agreement date*	
Transaction type under IFRS 2	*Cash-settled share-based payments*	
Number of instruments granted	**-**	**4,285**
Estimated number of instruments	**10,762**	N/A
Conditions for vesting rights	*Employment with the Company in 2016, meeting Company targets and individual performance targets.*	*Employment with the Company in 2015, meeting Company targets and individual performance targets.*
Vesting date	*up to 30 days after Ordinary General Meeting after the bonus year*	
Programme settlement	*The participant will receive cash in the amount equal to the number of phantom shares held by the participant times the median closing price of Company shares from 1 January to 31 March of the year of payment.*	
Maturity date	*1 year after the programme grant date (one-year holding period)*	
Programme valuation	*See Section 2.18.4 (Summary of Significant Accounting Policies)*	

Table 51 Phantom shares in the statement of comprehensive income

	Year ended 31 December	
	2016 r.	2015 r.
Cost / (cost reduction) for bonus year 2014	(27)	307
Cost / (cost reduction) for bonus year 2015	(1,084)	1,279
Cost / (cost reduction) for bonus year 2016	409	-
Total cost / (cost reduction) for the phantom shares period in the statement of comprehensive income	**(702)**	**1,586**

(all amounts in PLN'000 unless stated otherwise)

Table 52 Phantom shares in the statement of financial position

	As at 31 December	
	2016 r.	2015 r.
Provisions for bonus year 2014	-	256
Provisions for bonus year 2015	194	1,330
Provisions for bonus year 2016	409	-
Provisions for phantom shares in the statement of financial position	**603**	**1,586**

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

16. Trade payables

Table 53 Trade payables

	As at 31 December	
	2016	2015
Trade payables to associates	102	147
Trade payables to other parties	6,285	8,449
Total trade payables	**6,387**	**8,597**

In the opinion of the Management Board of the parent entity, 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 54 Other liabilities by short-term and long-term liabilities

	As at 31 December		
	2016	2015 *(restated)*	2014 *(restated)*
Other non-current liabilities	2,224	-	-
Total other non-current liabilities	**2,224**	**-**	**-**
Dividend payable	214	192	175
Liabilities in respect of tax settlements (including mainly VAT)	96,923	70,469	75,534
Other liabilities (including mainly investment commitments)	10,961	807	98
Total current liabilities	**108,098**	**71,469**	**75,807**
Total other liabilities	**110,322**	**71,469**	**75,807**

(all amounts in PLN'000 unless stated otherwise)

Liabilities in respect of VAT result from a change of the tax policy in POLPX. The impact of the adjustment was as follows: PLN 77,397 thousand as at 31 December 2016, PLN 58,228 thousand as at 31 December 2015, PLN 39,601 thousand as at 31 December 2014 (see Note 31).

18. Accruals and deferred income

Table 55 Accruals and deferred income

	As at 31 December	
	2016	**2015**
Deferred income	6,200	-
Non-current accruals and deferred income	**6,200**	**-**
Commodity market*	4,300	4,461
Other income	571	286
Deferred income	4,871	4,747
	-	-
Audit	156	217
Promotion	102	39
Advisory	637	44
Other services	1,378	2,216
Accruals	2,273	2,516
Current accruals and deferred income	**7,144**	**7,263**
Total accruals and deferred income	**13,344**	**7,263**

** Membership fees for participation in markets operated by the POLPX Group paid for the next financial year.*

As at 31 December 2016, the Group recognised deferred income of PLN 11,071 thousand, including PLN 6,200 thousand of non-current items and PLN 4,871 thousand of current items.

The main item of deferred income is a subsidy for assets received from PSE S.A. as a partial refund of the cost of the PCR project, referred to in Note 5, recognised at a carrying value of PLN 6,471 thousand as at 31 December 2016.

The refund was granted in 2016 subject to POLPX's fulfilment of conditions set in the agreement; the cash was received in January 2017. The total refund was PLN 6,998 thousand including:

- subsidies for assets – property, plant and equipment at PLN 538 thousand and intangible assets at PLN 5,995 thousand (including know-how referred to in Note 5) – this part of the subsidy was initially recognised in deferred income at PLN 6,493 thousand, including PLN 22 thousand in profit until 31 December 2016;
- subsidies for revenue at PLN 505 thousand – covering the cost of salaries of employees participating in the PCR project, recognised in other income of the period.

(all amounts in PLN'000 unless stated otherwise)

19. Provisions for other liabilities and charges

Table 56 Provisions for other liabilities and charges by short-term and long-term items

	As at 31 December	
	2016	2015
Current	333	621
Total provisions for other liabilities and other charges	**333**	**621**

Table 57 Change of provisions for other liabilities and charges

	Provisions for litigations and disputes	Other provisions	Total
As at 1 January 2015	**1,194**	**152**	**1,346**
- set up	177	444	**621**
- released	(1,194)	(2)	**(1,196)**
- used	-	(150)	**(150)**
As at 31 December 2015	**177**	**444**	**621**
As at 1 January 2016	177	444	**621**
- set up	317	-	**317**
- released	(57)	(2)	**(59)**
- used	(120)	(426)	**(546)**
As at 31 December 2016	**317**	**16**	**333**

Provisions in the amount of PLN 317 thousand are for disputes arising out of employment claims. According to the Management Board of the parent entity, supported by a legal opinion, assertion of such claims will not cause significant losses in excess of the amount of provisions created as at 31 December 2016.

(all amounts in PLN'000 unless stated otherwise)

20. Sales revenue

Table 58 Sales revenue by business segment

	Year ended 31 December	
	2016	2015
Financial market	**184,025**	**199,955**
Trading	119,079	136,948
Listing	23,930	24,497
Information services	41,016	38,510
Commodity market	**124,927**	**125,193**
Trading	60,857	62,552
Register of certifcicates of origin	24,907	24,166
Clearing	39,163	38,475
Other revenue	**1,910**	**2,743**
Total sales revenue	**310,862**	**327,890**

Table 59 Revenue by geographic distribution

	Year ended 31 December			
	2016	Share (%)	2015	Share (%)
Revenue from foreign customers	71,917	23.1%	73,308	22.4%
Revenue from local customers	238,945	76.9%	254,582	77.6%
Total	**310,862**	**100.0%**	**327,890**	**100.0%**

(all amounts in PLN'000 unless stated otherwise)

21. Operating expenses

Table 60 Operating expenses by category

	Year ended 31 December	
	2016	2015
Depreciation and amortisation*	25,793	26,837
Salaries	49,860	56,662
Other employee costs	11,300	11,426
Rent and other maintenance fees	9,444	9,785
Fees and charges	10,009	23,627
including fees paid to PFSA	*9,121*	22,047
External service charges	38,587	39,621
Other operating expenses	5,162	6,433
Total operating expenses	**150,155**	**174,391**

** Amortisation at PLN 212 thousand capitalised for intangible assets : Licences (POLPX's new trading system X-Stream). Total depreciation of property, plant and equipment and amortisation of intangible assets for 2016 was PLN 26,005 thousand.*

21.1. Salaries and other employee costs

Table 61 Salaries by category

	Year ended 31 December	
	2016	2015
Salaries:	**48,398**	**55,391**
Gross remuneration	42,115	45,720
Annual and discretionary bonuses	4,211	10,869
Jubilee awards	-	(1,619)
Retirement benefits	165	(1,919)
Reorganisation severance pay	1,602	720
Non-competition	322	884
Other (including: unused holiday leave, overtime)	(17)	736
Supplementary payroll	**1,462**	1,271
Total employee costs	**49,860**	**56,662**

(all amounts in PLN'000 unless stated otherwise)

Table 62 Other employee costs by category

	Year ended 31 December	
	2016	2015
Social security costs	7,502	7,792
Employee Pension Plan	361	448
Other benefits (including medical services, lunch subsidies, sports, insurance, etc.)	3,437	3,186
Total other employee costs	**11,300**	**11,426**

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

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

The remuneration system for the members of the Management Boards of Group companies is defined on the basis of a long-term incentive scheme. It consists of a fixed part (base salary) and a variable component (incentive system, i.e., bonus, described in Note 15).

The parent entity 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).

(all amounts in PLN'000 unless stated otherwise)

21.2. External service charges

Table 63 External service charges by category

	Year ended 31 December	
	2016	2015
IT cost:	22,161	19,498
IT infrastructure maintenance	*12,395*	*11,813*
TBSP maintenance services	*1,453*	*1,185*
Data transmission lines	*5,924*	*5,704*
Software modification	*2,389*	*796*
Office and office equipment maintenance:	2,860	2,749
Repair and maintenance of installations	*1,038*	*938*
Security	*904*	*820*
Cleaning	*495*	*483*
Phone and mobile phone services	*423*	*508*
International (energy) market services	*399*	711
Leasing, rental and maintenance of vehicles	*527*	437
Transportation services	125	195
Promotion, education, market development	5,392	6,155
Market liquidity support	583	930
Advisory (including: audit, legal services, business consulting)	3,716	5,474
Information services	892	823
Training	700	1,147
Mail fees	78	86
Bank fees	135	115
Translation	224	260
Other	795	1,041
Total external service charges	**38,587**	**39,621**

21.3. Other operating expenses

Table 64 Other operating expenses by category

	Year ended 31 December	
	2016	2015
Consumption of materials and energy	3,131	3,199
Membership fees	585	721
Property insurance	290	405
Impairment of perpetual usufruct	106	106
Business trips	831	1,391
Conferences	80	333
Other	139	279
Total other operating expenses	**5,162**	**6,433**

(all amounts in PLN'000 unless stated otherwise)

22. Other income and expenses

22.1. Other income

Other income in 2015 and 2016 included an annual correction of VAT, medical services reinvoiced for employees, the refund of overpaid tax at source, final clearing of costs of the Książęca 4 Housing Cooperative, revenue from the distribution of assets of companies in bankruptcy (trade receivables of the Group) and revenue from the Polish power transmission system operator as a payment for the implementation of international projects (see Note 18).

22.2. Other expenses

Table 65 Other expenses by category

	Year ended 31 December	
	2016	2015
Donations	3,116	728
Loss on sale of property, plant and equipment	362	182
Impairment allowance for receivables	395	245
Other	680	995
Total other expenses	**4,553**	**2,151**

In 2016, donations were made by the Group to:

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

In 2015, donations were made by the Group to:

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

(all amounts in PLN'000 unless stated otherwise)

23. Financial income and expenses

23.1. Financial income

Table 66 Financial income by category

	Year ended 31 December	
	2016	2015
Interest on bank deposits and current accounts	6,405	6,206
Gains on dilution of investment in an associate	5,807	2,754
Interest on available-for-sale financial assets	-	625
Gains / (Losses) on sale of available-for-sale financial assets	-	(140)
Other	738	496
Total financial income	**12,950**	**9,941**

23.2. Financial expenses

Table 67 Financial expenses by category

	Year ended 31 December	
	2016	2015 *(restated)*
Interest on bonds, including:	8,046	8,416
Accrued	*3,211*	*1,698*
Paid	*4,835*	*6,718*
Other (including interest on tax liabilities)	4,033	3,701
Total financial expenses	**12,079**	**12,117**

24. Income tax

Table 68 Income tax by current and deferred tax

	Year ended 31 December	
	2016	2015 *(restated)*
Current income tax	34,320	26,623
Deferred tax	(3,175)	1,439
Total income tax	**31,145**	**28,062**

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

(all amounts in PLN'000 unless stated otherwise)

Table 69 Reconciliation of the theoretical amount of tax arising from profit before tax and the statutory tax rate with the income tax expense presented in the statement of comprehensive income

	Year ended 31 December	
	2016	**2015** *(restated)*
Profit before income tax	162,279	149,604
Income tax rate	19%	19%
Income tax at the statutory tax rate	**30,833**	**28,425**
	-	-
Tax effect:	**313**	**(363)**
Non-tax-deductible expenses	1,384	254
Adjustments for sale of subsidiaries by the parent entity	-	(1,445)
Additional taxable income	6	10
Gains on dilution of investment in Aquis	(1,103)	(523)
Tax losses of subsidiaries not recognised in deferred tax	307	464
Non-taxable share of profit of associates	(668)	291
Other adjustments	387	586
Total income tax	**31,145**	**28,062**

25. Contracted investments and contingent liabilities

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

Contracted investments in intangible assets were PLN 527 thousand as at 31 December 2016 including mainly the financial and accounting system and document flow system in GPW. Contracted investments were PLN 13,884 thousand as at 31 December 2015 including mainly the UTP-Derivatives system, the billing system in BondSpot, the AX system in GPW CU and the new X-Stream Trading system in POLPX.

As at 31 December 2016, the subsidiary POLPX held a bank guarantee of EUR 7.8 million issued to NordPool by a bank in respect of payments between POLPX and NordPool in the Market Coupling process in the period from 1 January 2017 to 30 June 2017.

26. Related party transactions

Related parties of the Group include:

- the associates,
- the State Treasury as the parent entity (holding 35.00% of the share capital and 51.76% of the total number of voting rights as at 31 December 2016),
- entities controlled and jointly controlled by the State Treasury and entities over which the State Treasury has significant influence,
- members of the key management personnel of the Company: the Exchange Management Board and the Exchange Supervisory Board.

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

Companies with a stake held by the State Treasury

The Group 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, with which the parent entity enters into transactions, include issuers (from which GPW charges introduction and listing fees) and Exchange Members (from which GPW charges fees for access to trade on the exchange market, fees for access to the GPW IT systems, and fees for trade in financial instruments).

Of the biggest clients of the Company, Powszechna Kasa Oszczędności Bank Polski S.A. was the only entity with a stake held by the State Treasury with which the Company entered into individually material transactions. The total sale to that company was PLN 10,663 thousand in 2016 and PLN 11,434 thousand in 2015.

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

Of the biggest clients of the POLPX Group, the following companies with a stake held by the State Treasury entered individually into material transactions with the POLPX Group: Polskie Górnictwo Naftowe i Gazownictwo S.A. (Polish Oil and Gas Company, "PGNiG"). The total revenue of POLPX and IRGiT from PGNiG was PLN 12,258 thousand in 2016 and PLN 9,961 thousand in 2015. PGNiG is a member of the markets operated by POLPX and a member of IRGiT.

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

All trade transactions with entities with a stake held by the State Treasury are concluded in the normal course of business and are carried out on an arm's length basis. According to the Group's estimates, the individual and aggregate impact of other trade transactions with entities with a stake held by the State Treasury was immaterial in the 12-month period ended on 31 December 2016.

Polish Financial Supervision Authority

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

(all amounts in PLN'000 unless stated otherwise)

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.

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

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

Fees paid to PFSA stood at PLN 9,121 thousand in 2016 and PLN 22,047 thousand in 2015.

Tax Office

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

26.2. Transactions with associates

Table 70 Group's transactions with associates

	As at 31 December 2016		Year ended 31 December 2016	
	Receivables	Liabilities	Sales revenue	Operating expenses
KDPW S.A. Group	-	-	-	61
Centrum Giełdowe S.A.	-	102	46	729
Aquis Exchange Limited	-	-	21	-
Total	**-**	**102**	**67**	**790**

Table 71 Group's transactions with associates

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

On 22 June 2016, the Ordinary General Meeting of Centrum Giełdowe decided to allocate PLN 606 thousand of the company's profit earned in 2015 to dividend. The dividend amount due to the parent entity was PLN

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150 thousand. The dividend was paid on 30 June 2016. In 2015, Centrum Giełdowe paid a dividend for 2014 at PLN 1,420 thousand, of which PLN 352 thousand was due to the Company.

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

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

26.3. Other transactions

Wspólnota Lokalowa „Książęca 4"

In 2016, GPW also concluded transactions with the Książęca 4 Street Housing Cooperative of which it is a member. The expenses amounted to PLN 3,452 thousand in 2015 and PLN 3,539 thousand in 2015. Moreover, when the Housing Cooperative generates a surplus during a year, the Company receives refunds, and where there is a shortage, the Company is obliged to contribute an additional payment. The additional payment amounted to PLN 153 thousand in 2016 and the refund was PLN 29 thousand in 2015.

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

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

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

Table 72 Cost of remuneration and benefits of the Group's key management personnel (paid and due for 2015 and 2016)

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

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

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

(all amounts in PLN'000 unless stated otherwise)

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

28. Future minimum lease payments

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

GPW is a party to office space and server room rental agreements for a determined period (until 2018 and 2019) and for an undetermined period (with a termination notice of a three months and twelve months). POLPX, IRGiT and BondSpot are a party to lease contracts of office space ending in 2017 which will not be extended.

Table 73 Total future minimum lease payments under non-cancellable operating leases

	Future minimum lease payments under non-cancellable operating lease			
	< 1 Y	1-5 Y	> 5 Y	Total
As at 31 December 2016	4,759	6,422	8,466	**19,647**
As at 31 December 2015	5,378	6,344	8,584	**20,306**

The amounts above include VAT. GPW's annual fees for perpetual usufruct of land are PLN 118 thousand. The costs of operating leases (space rentals) are presented in Note 21.

29. Segment reporting

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

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

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

   The Financial Market includes three subsegments:

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

   The Financial Market segment includes the companies GPW and BondSpot.

2) **Commodity Market** segment, which covers the activity of the Group including organising trade in commodities as well as related activities. The Group provides clearing and settlement on the commodity market through the company Warsaw Commodity Clearing House ("IRGiT") and offers

exchange trade in commodities (electricity, gas) and operates the Register of Certificates of Origin of electricity through the company POLPX. The GPW Group also earns revenues from the activity of a trade operator on the electricity market.

The Commodity Market includes the following sub-segments:

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

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

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

The segment provides the following:

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

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

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

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

Exclusions include consolidation exclusions.

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

The tables below present a reconciliation of the data analysed by the Management Board of the parent entity with the data shown in these consolidated financial statements.

(all amounts in PLN'000 unless stated otherwise)

Table 74 Business segments: Statement of comprehensive income

	Year ended 31 December 2016					
	Financial Market	Commodity Market	Other	Total segments	Exclusions and adjustments	Total segments and exclusions
Sales revenue:	184,406	124,927	4,364	**313,697**	(2,835)	**310,862**
To third parties	*184,025*	*124,927*	*1,910*	**310,862**	-	**310,862**
Sales between segments and intragroup transactions	*381*	-	*2,454*	**2,835**	*(2,835)*	**-**
Operating expenses:	(109,754)	(42,556)	(678)	**(152,988)**	2,833	**(150,155)**
including depreciation and amortisation	*(20,203)*	*(5,495)*	*(97)*	**(25,795)**	-	**(25,795)**
Profit / (Loss) on sales	**74,652**	**82,371**	**3,686**	**160,709**	**(2)**	**160,707**
Profit / (Loss) on other operations	(3,615)	797	39	**(2,779)**	(38)	**(2,817)**
Operating profit (loss)	**71,037**	**83,168**	**3,725**	**157,930**	**(40)**	**157,890**
Profit / (Loss) on financial operations:	58,580	9,538	36	**68,154**	(67,283)	**871**
interest income	*4,345*	*2,024*	*36*	**6,405**	-	**6,405**
dividend received	*61,590*	*11,500*	-	**73,090**	*(73,090)*	**-**
gains/(losses) on dilution of investment in a subsidiary	-	-	-	**-**	*5,807*	**5,807**
interest cost	*(8,059)*	*(1)*	-	**(8,060)**	-	**(8,060)**
Share of profit of associates	-	-	-	**-**	3,518	**3,518**
Profit before income tax	**129,617**	**92,706**	**3,761**	**226,084**	**(63,805)**	**162,279**
Income tax	(14,255)	(16,890)	-	**(31,145)**	-	**(31,145)**
Net profit	**115,362**	**75,816**	**3,761**	**194,939**	**(63,805)**	**131,134**

Table 75 Business segments: Statement of financial position

	As at 31 December 2016					
	Financial Market	Commodity Market	Other	Total segments	Exclusions and adjustments*	Total segments and exclusions
Total assets	783,586	343,360	3,763	**1,130,709**	27,139	**1,157,848**
Total liabilities	294,079	119,644	15	**413,738**	(1,142)	**412,596**
Net assets (assets - liabilities)	**489,507**	**223,716**	**3,748**	**716,971**	**28,281**	**745,252**

** The amount of "exclusions and adjustments" includes mainly the adjustment of the value of investments in associates recognised at cost in the financial segment to equity method accounting (PLN 160 million) less impact of consolidation adjustments (PLN 132 million).*

(all amounts in PLN'000 unless stated otherwise)

Table 76 Business segments: Statement of comprehensive income

	Year ended 31 December 2015					
	Financial Market	Commodity Market *(restated)*	Other	Total segments *(restated)*	Exclusions and adjustments	Total segments and exclusions *(restated)*
Sales revenue:	200,303	125,193	4,797	**330,293**	(2,403)	**327,890**
To third parties	*199,955*	*125,193*	*2,742*	**327,890**	-	**327,890**
Sales between segments and intragroup transactions	*348*	-	*2,055*	**2,403**	*(2,403)*	**-**
Operating expenses:	(129,826)	(44,575)	(2,526)	**(176,927)**	2,535	**(174,391)**
including depreciation and amortisation	*(22,081)*	*(4,566)*	*(190)*	**(26,837)**	-	**(26,837)**
Profit / (Loss) on sales	**70,477**	**80,618**	**2,271**	**153,366**	**132**	**153,499**
Profit / (Loss) on other operations	(825)	550	25	**(250)**	61	**(189)**
	-	-	-	**-**	-	**-**
Operating profit (loss)	**69,652**	**81,168**	**2,296**	**153,116**	**193**	**153,310**
Profit / (Loss) on financial operations:	39,848	(1,753)	47	**38,142**	(40,318)	**(2,176)**
interest income	*5,455*	*1,326*	*(227)*	**6,554**	-	**6,554**
dividend received	-	-	*43,072*	**43,072**	*(43,072)*	**-**
gains/(losses) on dilution of investment in a subsidiary	-	-	-	**-**	*2,754*	**2,754**
interest cost	*8,421*	*(349)*	-	**8,072**	-	**8,072**
Share of profit of associates	-	-	-	**-**	(1,530)	**(1,530)**
Profit before income tax	**109,500**	**79,415**	**2,343**	**191,258**	**(41,655)**	**149,604**
Income tax	(13,439)	(16,033)	-	**(29,472)**	1,410	**(28,062)**
Net profit	**96,061**	**63,382**	**2,343**	**161,786**	**(40,245)**	**121,542**

Table 77 Business segments: Statement of comprehensive income

	As at 31 December 2015					
	Financial Market	Commodity Market *(restated)*	Other	Total segments *(restated)*	Exclusions and adjustments*	Total segments and exclusions *(restated)*
Total assets	753,251	252,287	4,270	**1,009,807**	63,292	**1,073,099**
Total liabilities	280,584	81,377	75	**362,036**	(2,129)	**359,907**
Net assets (assets - liabilities)	**472,667**	**170,910**	**4,195**	**647,771**	**65,421**	**713,192**

** The amount of "exclusions and adjustments" includes mainly the adjustment of the value of investments in associates recognised at cost in the financial segment to equity method accounting (PLN 152 million) less impact of consolidation adjustments (PLN 87 million).*

30. IRGiT Clearing Guarantee System

(all amounts in PLN'000 unless stated otherwise)

The clearing guarantee system operated by IRGiT includes:

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

Table 78 Amounts posted as transaction deposits and margins and contributions to the guarantee funds

	As at 31 December 2016		As at 31 December 2015	
	In IRGiT accounts	In client accounts	In IRGiT accounts	In client accounts
Transaction deposits	474,858	321,745	573,617	408,672
Margins	333,094	59,381	109,943	382,013
Guarantee funds	102,742	19,842	192,446	44,005
Total	**910,694**	**400,968**	**876,007**	**834,690**

Non-cash collateral credited to margins stood at PLN 123,979 thousand as at 31 December 2016 and PLN 325,988 thousand as at 31 December 2015.

Cash of guarantee funds and transaction deposits is not presented as assets in the Group's statement of financial position as substantially all risks and benefits of cash deposited in the clearing guarantee system remain with IRGiT members.

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

31. Change of the VAT policy for services provided by the subsidiary POLPX

In 2011 – 2016, POLPX considered fees from Exchange Members on transactions concluded on the Property Rights Market, the Electricity and Gas Forward Instruments Market and fees for maintenance of the Register of Certificates of Origin (jointly "Fees") to be fees exempt from VAT.

POLPX's previous approach relied on the opinion of an independent advisor received in the prior years which supported the VAT exemption of the above Fees.

Following a detailed analysis of the issue in question, the POLPX Management Board has decided to modify its tax policy applicable to the Fees by treating them as subject to VAT at the basic rate, to correct VAT payments for the period from December 20122 to December 2016, and to treat income from such fees as of January 2017 as taxable.

As a result of the decision, POLPX was required to pay to the account of the tax office the amount of outstanding VAT to the extent of those tax liabilities which are not overdue, for the Fees in that period, in a total amount of PLN 69.8 million, as well as interest on outstanding tax liabilities, which stood at PLN 9.9 million as at 31 December 2016 (including PLN 3.6 million for 2016, PLN 2.7 million for 2015 and PLN 3.6 million for previous periods). At the same time, POLPX is eligible to adjust up to 100% of the amount of input VAT for the period from December 2011 to December 2016 with the VAT which was not deducted due to the applied sales ratio. The estimated total adjustment of the input VAT is PLN 2.2 million (including PLN 0.4 million for 2016, PLN 0.7 million for 2015 and PLN 1.2 million for previous periods).

The above decision will also result in the issuance of correction invoices to POLPX's counterparties, requesting them to pay the VAT which was not previously charged for the period from December 2011 to December 2016 (inclusive) in total value of PLN 69.8 million.

Following discussions carried by the POLPX Management Board, POLPX's major counterparties declared the intention to pay the correction invoices after obtaining a tax ruling confirming that they are eligible to deduct the input VAT resulting from the correction invoices. Other counterparties should, as a rule, also be eligible to deduct input VAT from the correction invoices in the current or future settlement periods. Consequently, the correction is expected to be neutral to POLPX's clients as the VAT from the correction invoices issued by POLPX should be fully deductible by the vast majority of POLPX's clients.

Furthermore, the POLPX Management Board assessed the probability of receiving the payment of receivables from the correction invoices considering that some entities no longer maintain ongoing trading relationship with POLPX or have discontinued their economic activity.

As a result of the above analyses, as at 31 December 2016, the Group recognised trade receivables resulting from the above tax adjustment in the amount of PLN 66.2 million. This amount is the best estimate of the Management Board as at the reporting date, in particular based on the assumption that POLPX will be in a position to receive the payments from its counterparties. In view of the extraordinary nature of this event, the estimate of the Management Board is subject to higher uncertainty.

The Management Board of the parent entity decided that the adjustment arising from the change of the VAT policy applicable to services provided by POLPX will be retrospectively restated in the consolidated financial statements in order to ensure comparability of financial information from prior periods. As a result of the correction, the financial expenses in the statement of comprehensive income for the financial year ended on 31 December 2015 were increased by PLN 2,716 thousand in respect of recognised interest on overdue tax liabilities while other income was increased by PLN 666 thousand in respect of deductions of the input VAT which was not previously deducted due to the applied sales ratio. Furthermore, as a result of the correction, the equity as at 31 December 2014 was reduced by PLN 5,898 thousand, mainly as a result of recognised interest on overdue tax liabilities at PLN 3,577 thousand for the period from 1 December 2011 to 31 December 2014, costs of PLN 3,512 thousand in respect of the part of tax liabilities which POLPX is not expecting to recover, less other income of PLN 1,195 thousand in respect of deductions of the input VAT for the period.

(all amounts in PLN'000 unless stated otherwise)

The tables below present the impact of the adjustments on the statement of financial position and the statement of comprehensive income for the prior periods.

Table 79 Impact of corrections on selected items of assets

	Note	As at 31 December					
		2015 (restated)	impact on 2015	2015 audited	2014 (restated)	impact on 2014	2014 audited
Current assets		**492,454**	**50,284**	**442,170**	**485,156**	**33,707**	**451,449**
Trade and other receivables	**10**	131,557	50,284	81,273	76,301	33,707	42,594

Table 80 Impact of corrections on selected items of equity and liabilities

	Note	As at 31 December					
		2015 (restated)	impact on 2015	2015 audited	2014 (restated)	impact on 2014	2014 audited
Equity		**713,192**	**(8,075)**	**721,267**	**694,568**	**(5,898)**	**700,466**
Equity of the shareholders of the parent entity		**712,646**	**(8,075)**	**720,721**	**693,452**	**(5,898)**	**699,350**
Share capital	**12.1.**	63,865	-	63,865	63,865	-	63,865
Other reserves	**12.2.**	1,455	-	1,455	1,930	-	1,930
Retained earnings	**12.3.**	647,326	(8,075)	655,401	627,657	(5,898)	633,555
supplementary capital		*84,760*	*-*	*84,760*	*62,048*	*-*	*62,048*
reserves		*281,688*	*-*	*281,688*	*326,513*	*-*	*326,513*
retained earnings		*159,403*	*(5,898)*	*165,301*	*131,836*	*(1,079)*	*132,915*
net profit of the period		*121,475*	*(2,177)*	*123,652*	*107,260*	*(4,819)*	*112,079*
Non-current liabilities		**258,930**	**131**	**258,799**	**259,423**	**4**	**259,419**
Deferred tax liability		11,000	131	10,869	9,578	4	9,574
Current liabilities		**100,977**	**58,228**	**42,749**	**103,875**	**39,601**	**64,274**
Other current liabilities including:	**17**	71,469	58,228	13,241	75,807	39,601	36,206
Liability in respect of tax settlements (including VAT)		70,470	58,228	12,242	75,534	39,601	35,933
TOTAL EQUITY AND LIABILITIES		**1,073,099**	**50,284**	**1,022,815**	**1,057,866**	**33,707**	**1,024,159**

(all amounts in PLN'000 unless stated otherwise)

Table 81 Impact of corrections on selected items of the statement of comprehensive income

	Note	Year ended 31 December		
		2015 (restated)	impact on 2015	2015 audited
Sales revenue	20	327,890	-	327,890
Operating expenses	21	(174,391)	-	(174,391)
Other income	22.1	1,962	666	1,296
Other expenses	22.2	(2,151)	-	(2,151)
Operating profit		**153,310**	**666**	**152,644**
Financial income	23.1	9,941	-	9,941
Financial expenses	23.2	(12,117)	(2,716)	(9,401)
Share of profit of associates		(1,530)	-	(1,530)
Profit before income tax		**149,604**	**(2,050)**	**151,654**
Income tax expense	24	(28,062)	(127)	(27,935)
Profit for the period		**121,542**	**(2,177)**	**123,719**
Basic and diluted earnings per share (in PLN)		**2.89**		**2.95**

32. Events after the balance sheet date

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

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

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

GPW issued series D bonds on 2 January and series E bonds on 18 January, in an aggregate amount of PLN 120 million. The details of the bond issue are presented in Note 13 of these financial statements.

The Exchange Management Board was informed by the POLPX Management Board on 25 January 2017 about the decision of the POLPX Management Board to change the tax policy regarding certain services as of 1 January 2017 and to correct the relevant VAT payments for the years 2011-2016. The details are presented in Note 31.

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

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

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

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

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

Signature of the person responsible for keeping books of account:

Sylwia Sawicka – Chief Accountant ....

Warsaw, 27 February 2017