MANAGEMENT BOARD REPORT ON ACTIVITY

GIEŁDA PAPIERÓW WARTOŚCIOWYCH W WARSZAWIE S.A. GROUP

IN THE NINE-MONTH PERIOD
ENDED 30 SEPTEMBER 2018

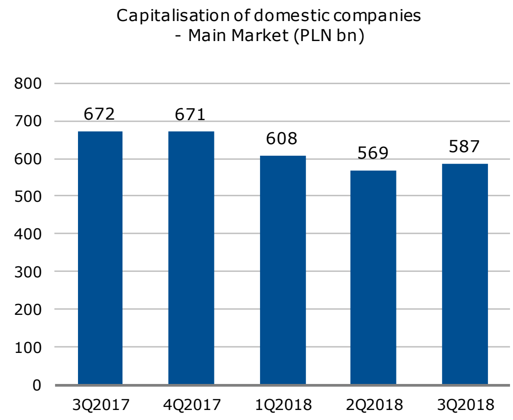
Warsaw, November 2018

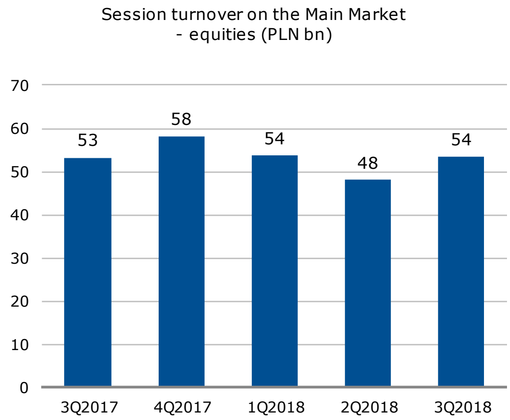
Management's statement

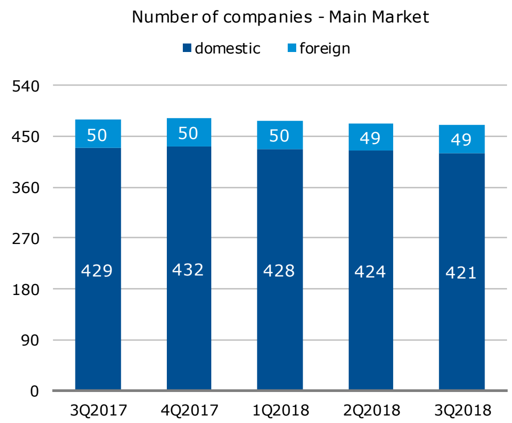
Giełda Papierów Wartościowych w Warszawie S.A. ("the Warsaw Stock Exchange, "GPW" or "Company") announces that as at the date of preparation of this report, the auditor ("KPMG") had completed its analysis of the recognition of the cost in respect of payments made by GPW to the Polish National Foundation ("Foundation" or "PNF"). Since the signing of the founding deed of the Foundation on 16 November 2016, GPW has made regular payments to PNF and recognised the payments in costs when such payments were made. According to the signed founding deed, the Company agreed to make payments to PNF according to a timetable, i.e., in the amount of PLN 3 million in each of the first two years and PLN 1.5 million in each of the subsequent years until 2026 inclusive, i.e., PLN 19.5 million in aggregate. The auditor was considering the option of a one-off recognition of all payments under the founding deed in the Company's statement of comprehensive income for 2016. Following its analysis of the consultations with the auditor, the Company has adjusted its financial statements accordingly. As a result, the net profit of the Group for the year ended 31 December 2016 was reduced by PLN 14.6 million equal to the discounted amount of all future liabilities of the Company as at that date. The net profit for the year ended 31 December 2017 was increased by PLN 2.6 million and the net profit for the nine-month period ended 30 September 2018 was increased by PLN 1.3 million.

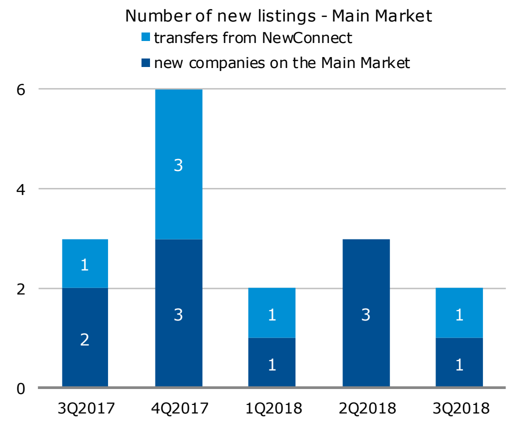
Table of contents

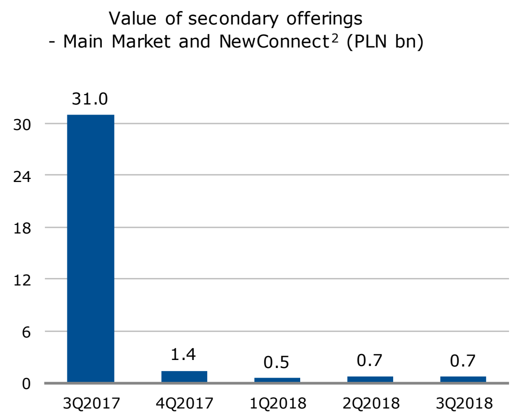
I. Selected market data[1]

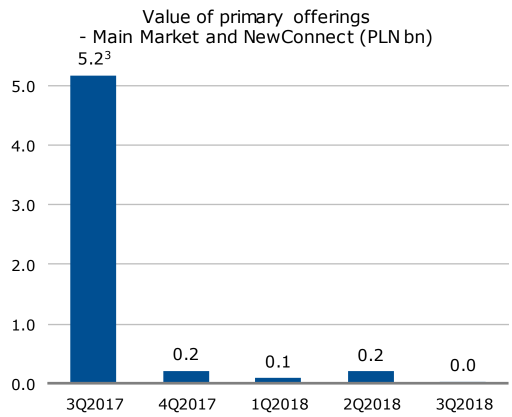




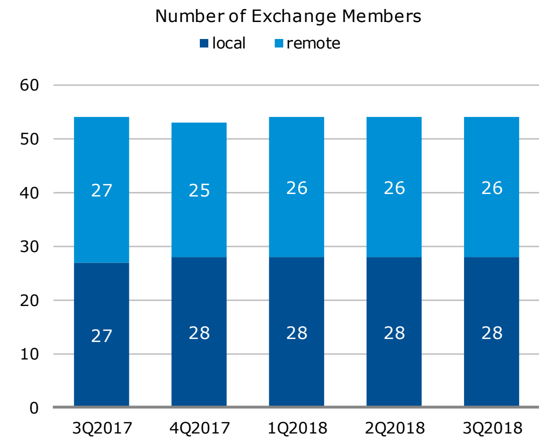


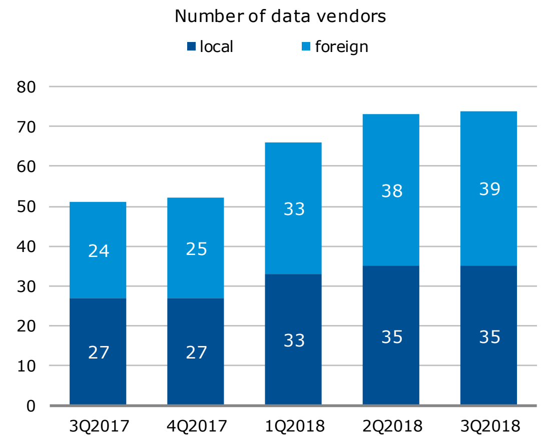


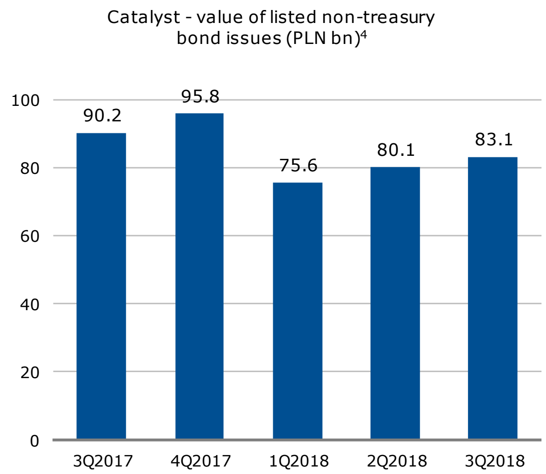


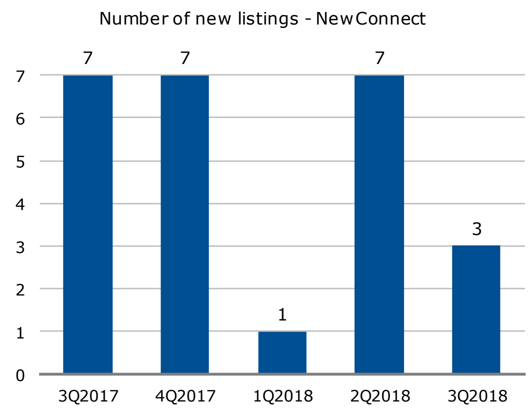


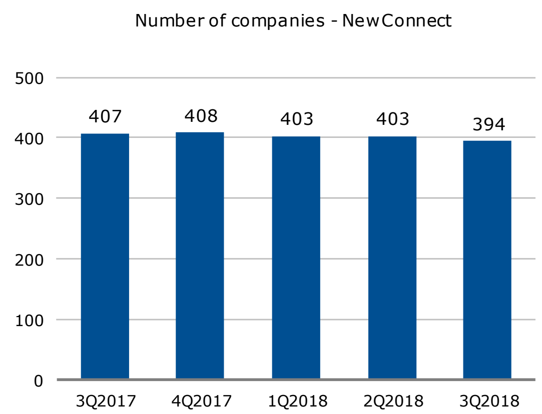
[1] All trading value and volume statistics presented in this Report are single-counted, unless indicated otherwise.
[2] Including offerings of dual-listed companies.
[3] Play Communications S.A. completed an IPO worth PLN 4.4 billion in Q3 2017.



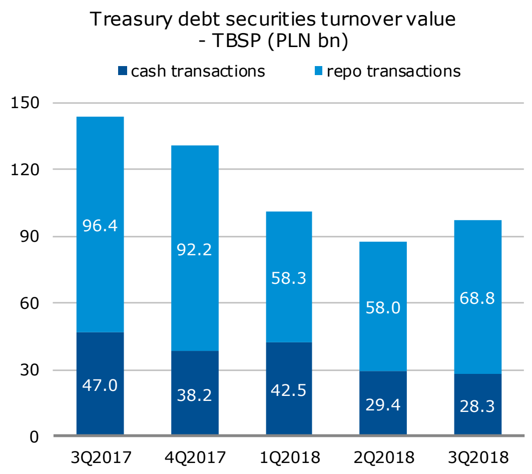


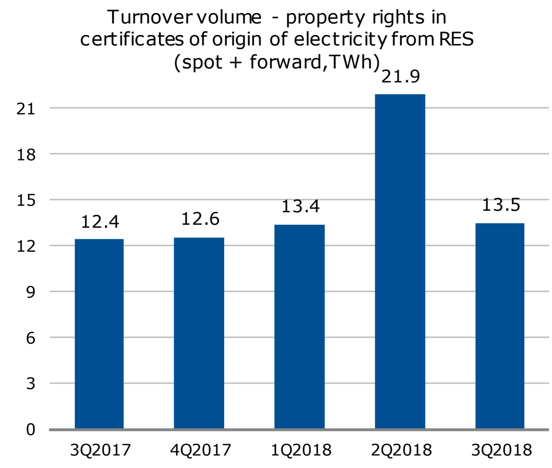


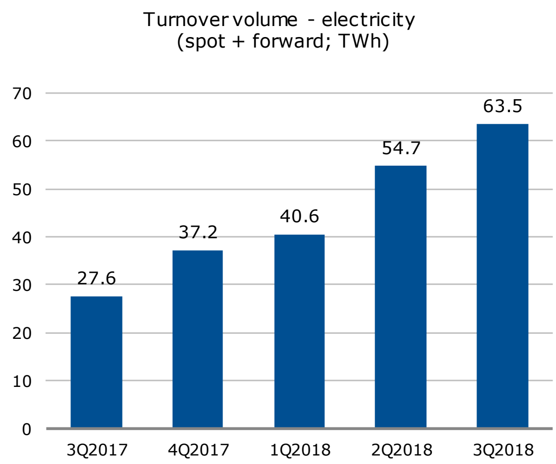


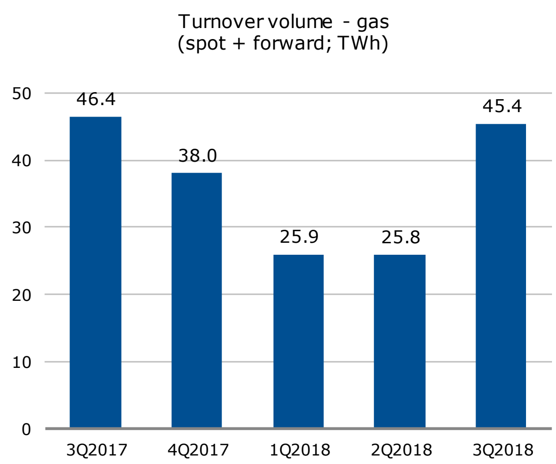


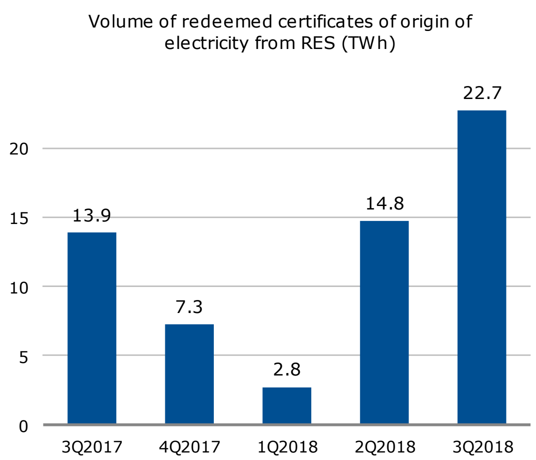
[4] As of January 2018, the value of non-Treasury bonds is presented according to the new classification of bonds under MiFID II. The 2017 figures are restated under the new classification.

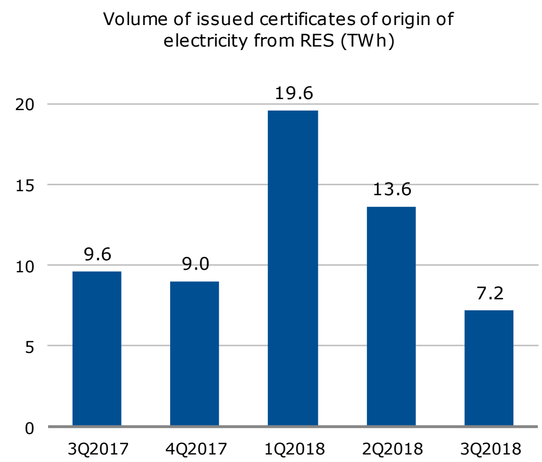

Treasury debt securities turnover value
- TBSP (PLN bn)
cash transactions
repo transactions
150
120
90
60
30
0
96.4
92.2
58.3
58.0
68.8
47.0
38.2
42.5
29.4
28.3
3Q2017
4Q2017
1Q2018
2Q2018
3Q2018


Turnover volume - property rights in
certificates of origin of electricity from RES
(spot + forward,TWh)
21
18
15
12
9
6
3
0
12.4
12.6
13.4
21.9
13.5
3Q2017
4Q2017
1Q2018
2Q2018
3Q2018

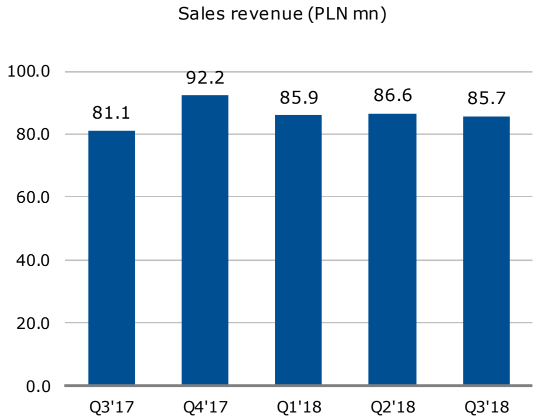

Turnover volume - electricity
(spot + forward; TWh)
70
60
50
40
30
20
10
0
27.6
37.2
40.6
54.7
63.5
3Q2017
4Q2017
1Q2018
2Q2018
3Q2018

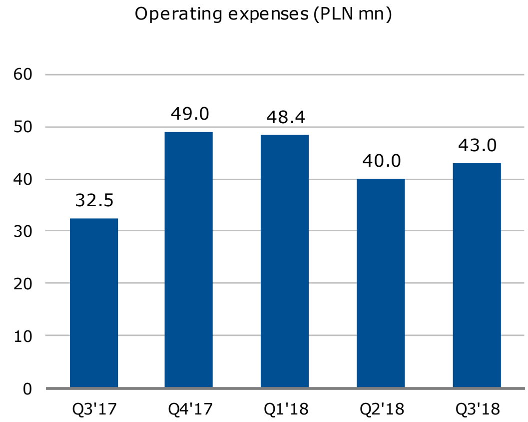

Turnover volume - gas
(spot + forward; TWh)
50
40
30
20
10
0
46.4
38.0
25.9
25.8
45.4
3Q2017
4Q2017
1Q2018
2Q2018
3Q2018

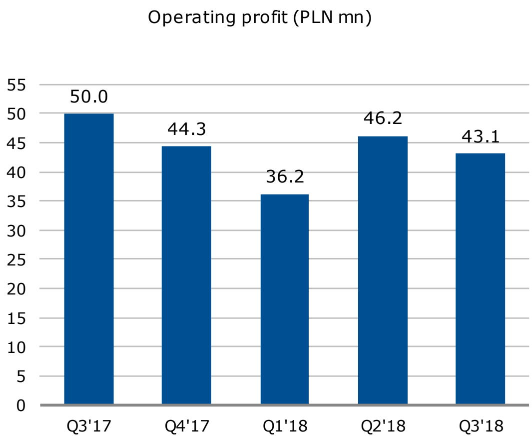

Volume of redeemed certificates of origin of
electricity from RES (TWh)
20
15
10
5
0
13.9
7.3
2.8
14.8
22.7
3Q2017
4Q2017
1Q2018
2Q2018
3Q2018

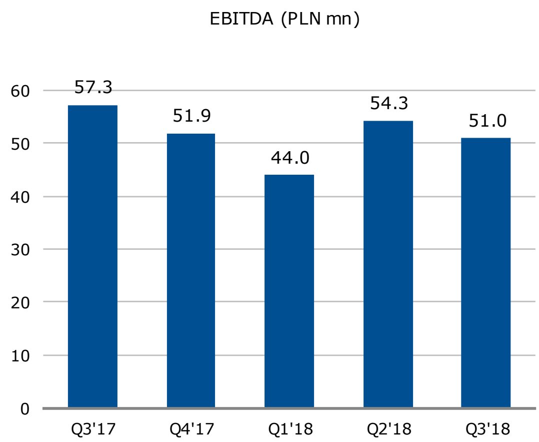

Volume of issued certificates of origin of
electricity from RES (TWh)
20
15
10
5
0
9.6
9.0
19.6
13.6
7.2
3Q2017
4Q2017
1Q2018
2Q2018
3Q2018

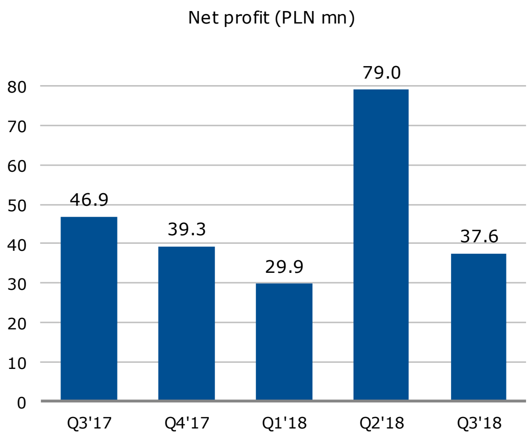
II. Selected financial data











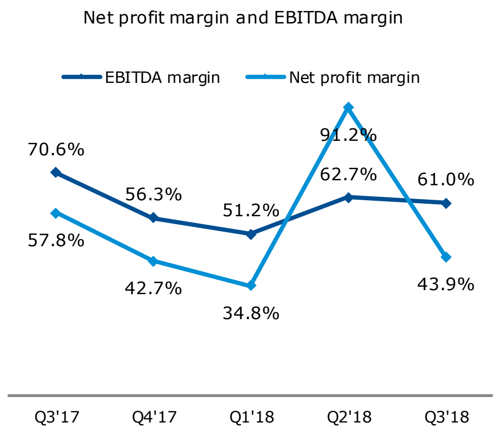


Table 1: Selected data in the consolidated statement of comprehensive income under IFRS, unaudited

	Nine-month period ended 30 September			
	2018	2017	2018	2017
	PLN'000		*EUR'000* [1]	
Sales revenue	**258,326**	**259,788**	**60,787**	**60,896**
Financial market	**143,769**	**156,974**	**33,830**	**36,796**
Trading	93,679	106,715	22,044	25,015
Listing	17,144	18,690	4,034	4,381
Information services and revenue from calculation of reference rates	32,946	31,569	7,753	7,400
Commodity market	**113,572**	**101,874**	**26,725**	**23,880**
Trading	57,728	49,922	13,584	11,702
Register of certificates of origin	22,598	22,665	5,318	5,313
Clearing	32,913	29,029	7,745	6,805
Information services	333	258	78	60
Other revenue	**985**	**940**	**232**	**220**
Operating expenses	**131,381**	**116,785**	**30,915**	**27,375**
Other income	1,421	2,092	334	490
Impairment losses	1,467	-	345	-
Other expenses	1,484	2,856	349	670
Operating profit	**125,415**	**142,239**	**29,511**	**33,342**
Financial income	51,847	4,266	12,200	1,000
Financial expenses	6,500	8,709	1,530	2,041
Share of profit of associates	8,630	8,149	2,031	1,910
Profit before income tax	**179,392**	**145,945**	**42,213**	**34,210**
Income tax expense	32,828	26,520	7,725	6,216
Profit for the period	**146,564**	**119,425**	**34,488**	**27,994**
Basic / Diluted earnings per share[2] (PLN, EUR)	3.49	2.84	0.82	0.67
EBITDA[3]	**149,280**	**162,998**	**35,127**	**38,208**

[1] Based on the 9M average EUR/PLN exchange rate published by the National Bank of Poland (1 EUR = 4.4297 PLN in 9M 2018 and 1 EUR = 4.2661 PLN in 9M 2017)

[2] Based on total net profit

[3] EBITDA = operating profit + depreciation and amortisation

Source: Condensed Consolidated Interim Financial Statements, Company

Note: For some items, the sum of the amounts in the columns or lines of the tables presented in this Report may not be exactly equal to the sum presented for such columns or lines due to rounding off. Some percentages presented in the tables in this Report have also been rounded off and the sums in such tables may not be exactly equal to 100%. Percentage changes between comparable periods were calculated on the basis of the original amounts (not rounded off).

Table 2: Selected data in the consolidated statement of financial position under IFRS, unaudited

	As at			
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	PLN'000		*EUR'000* [1]	
Non-current assets	**575,125**	**596,354**	**134,646**	**142,980**
Property, plant and equipment	106,156	110,784	24,853	26,561
Intangible assets	258,713	267,991	60,569	64,253
Investment in associates	203,273	207,389	47,589	49,723
Deferred tax assets	863	3,803	202	912
Available-for-sale financial assets	-	271	-	65
Financial assets measured at fair value through other comprehensive income	200	-	47	-
Prepayments	5,920	6,116	1,386	1,466
Current assets	**618,283**	**550,699**	**144,749**	**132,034**
Corporate income tax receivable	71	71	17	17
Trade and other receivables	78,747	64,096	18,436	15,367
Contract assets	2,122	-	497	-
Financial assets measured at amortised cost	101,000	-	23,646	-
Cash and cash equivalents	436,279	486,476	102,140	116,636
Other current assets	64	56	15	13
TOTAL ASSETS	**1,193,408**	**1,147,053**	**279,395**	**275,013**
Equity attributable to the shareholders of the parent entity	852,767	798,894	199,646	191,540
Non-controlling interests	588	573	138	137
Non-current liabilities	268,290	270,781	62,811	64,921
Current liabilities	71,763	76,805	16,801	18,415
TOTAL EQUITY AND LIABILITIES	**1,193,408**	**1,147,053**	**279,395**	**275,013**

[1] Based on the average EUR/PLN exchange rate of the National Bank of Poland as at 30.09.2018 (1 EUR = 4.2714 PLN) and 31.12.2017 (1 EUR = 4.1709 PLN).

Source: Condensed Consolidated Interim Financial Statements, Company

III. Information about the GPW Group

1. Information about the Group

1.1. Background information about the Group

The parent entity of the Giełda Papierów Wartościowych w Warszawie S.A. Group ("the Group", "the GPW Group") is Giełda Papierów Wartościowych w Warszawie Spółka Akcyjna ("the Warsaw Stock Exchange", "the Exchange", "GPW", "the Company" or "the parent entity") with its registered office in Warsaw, ul. Książęca 4.

The Warsaw Stock Exchange is a leading financial instruments exchange in Central and Eastern Europe (CEE)[5]. FTSE Russell announced the upgrade of Poland from Emerging Markets to Developed Markets. The decision took effect on 24 September 2018. Poland has all the features of a developed market, including secure trading and post-trade services, as well as an advanced infrastructure. The decision was largely driven by the functioning and status of the Warsaw Stock Exchange. GPW uses a state-of-the-art trading system and its listed companies meet the highest standards of corporate governance and disclosure requirements. The markets operated by GPW list stocks and bonds of more than a thousand local and international issuers. The Exchange also offers trade in derivatives and structured products, as well as information services. Its 25 years of experience, high safety of trading, operational excellence and a broad range of products make GPW one of the most recognised Polish financial institutions in the world.

The GPW Group conducts activity in the following segments:

- organising trade in financial instruments and conducting activities related to such trade;
- organising an alternative trading system;
- operating the wholesale Treasury bond market Treasury Bondspot Poland;
- operating a commodity exchange;
- operating a register of certificates of origin;
- providing the services of trade operator and entity responsible for balancing;
- operating a clearing house and settlement institution which performs the functions of an exchange clearing house for transactions in exchange commodities;
- organising reference rate WIBID and WIBOR fixings;
- conducting activities in capital market education, promotion and information.

Basic information about the parent entity:

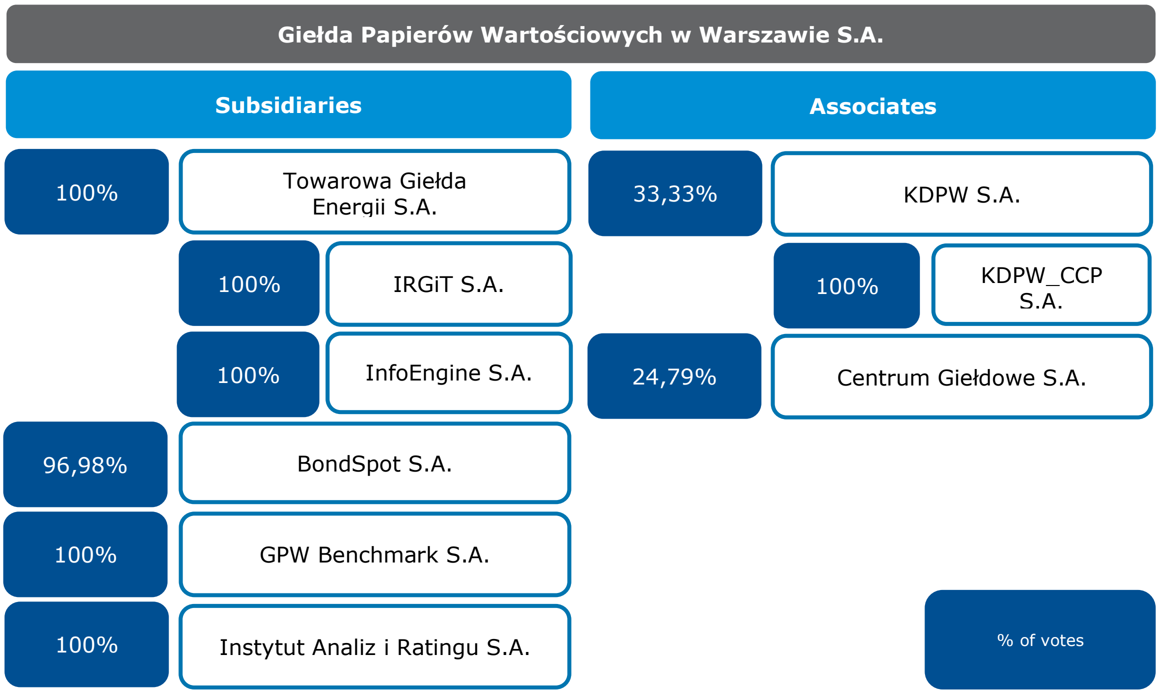
Name and legal status:	Giełda Papierów Wartościowych w Warszawie Spółka Akcyjna
Abbreviated name:	Giełda Papierów Wartościowych w Warszawie S.A.
Registered office and address:	ul. Książęca 4, 00-498 Warszawa, Poland
Telephone number:	+48 (22) 628 32 32
Telefax number:	+48 (22) 628 17 54, +48 (22) 537 77 90
Website:	www.gpw.pl
E-mail:	gpw@gpw.pl
KRS (registry number):	0000082312
REGON (statistical number):	012021984
NIP (tax identification number):	526-02-50-972

1.2. Organisation of the Group and the effect of changes in its structure

As at 30 September 2018, the parent entity and four consolidated subsidiaries comprised the Giełda Papierów Wartościowych w Warszawie S.A. Group. GPW held shares in two associates. GPW sold its stake in the associate Aquis Exchange Limited in June 2018.

[5] CEE – Central and Eastern Europe: Czech Republic, Hungary, Poland, Austria, Bulgaria, Romania, Slovakia, Slovenia.

Figure 1 GPW Group and associates



Source: Company

The subsidiaries are consolidated using full consolidation as of the date of taking control while the associates are consolidated using equity accounting.

GPW holds 19.98% of InfoStrefa S.A. in liquidation (formerly Instytut Rynku Kapitałowego WSE Research S.A.), 10% of the Ukrainian stock exchange INNEX PJSC and 1.3% of the Romanian stock exchange S.C. SIBEX – Sibiu Stock Exchange S.A. GPW has a permanent representative in London.

The Group does not hold any branches or establishments.

1.3. Ownership

As at the date of publication of this Report, the share capital of the Warsaw Stock Exchange was divided into 41,972,000 shares including 14,779,470 Series A preferred registered shares (one share gives two votes) and 27,192,530 Series B ordinary bearer shares.

As at the date of publication of this Report, according to the Company's best knowledge, the State Treasury holds 14,688,470 Series A preferred registered shares, which represent 35.00% of total shares and give 29,376,940 votes, which represents 51.76% of the total vote. The total number of votes from Series A and B shares is 56,751,470.

According to the Company's best knowledge, as at the date of publication of this Report, no shareholders other than the State Treasury hold directly or indirectly at least 5% of the total vote in the parent entity. The ownership structure of material blocks of shares (i.e., more than 5%) did not change since the publication of the previous periodic report.

The table below presents GPW shares and allotment certificates held by the Company's and the Group's supervising and managing persons.

Table 3: GPW shares, allotment certificates and bonds held by the Company's and the Group's managing and supervising persons as at 30 September 2018

	Number of shares held	Number of allotment certificates held	Number of bonds held
Exchange Management Board			
Marek Dietl	-	-	-
Jacek Fotek	-	-	-
Dariusz Kułakowski	25	-	-
Izabela Olszewska	-		
Wojciech Borowski	-		
Exchange Supervisory Board	-		
Jakub Modrzejewski	-	-	-
Bogusław Bartczak	-	-	-
Filip Paszke	-	-	-
Piotr Prażmo	-	-	-
Eugeniusz Szumiejko	-	-	-
Janusz Krawczyk	-	-	-

Source: Company

As at 30 September 2018, there were 25 shares held by the Company's and the Group's managing and supervising persons, all of which were held by GPW Management Board Member Dariusz Kułakowski.

2. Main risks and threats related to the remaining months of 2018

The operation of the Warsaw Stock Exchange and the GPW Group companies is exposed to external risks related to the market conditions, the legal and regulatory environment, as well as internal risks related to operating activities.

The risk factors presented below may impact the operation of GPW in the remaining months of 2018, however the order in which they are presented does not reflect their relative importance for the Group.

Risk factors related to the sector of the Group's business activity

The Group faces competition from other exchanges and alternative trading platforms; their entry to the Polish market may adversely impact the activity of the Exchange and its subsidiaries, their financial position and results of operations

The global exchange industry is strongly competitive. In the European Union, competition in the trade and post-trade sectors is amplified by legal amendments designed to harmonise legislation of the EU member states and integrate their financial markets. The GPW Group may face competition of multilateral trading facilities (MTF) and other venues of exchange and OTC trade. Their activity on the Polish market could take away part of the trading volumes handled by the platforms operated by the Group and exert additional pressures on the level of transaction fees.

Risk factors related to geopolitics and the global economic conditions

Adverse developments affecting the global economy may negatively affect the Group's business, financial condition and results of operations

The Group's business depends on conditions on the global financial markets. Economic trends in the global economy, especially in Europe and the USA, as well as the geopolitical situation in neighbouring countries impact investors' perception of risks and their activity on financial and commodity markets. As global investors evaluate geographic regions from the perspective of potential investment, their perception of Poland and GPW may decline in spite of a relatively stronger macroeconomic situation compared to other countries of the region. Less active trading by international investors on the markets operated by the GPW Group could make the markets less attractive to other market participants.

Risk factors relating to laws and regulations

Risk associated with amendments and interpretations of tax regulations

The Polish tax system is not stable. Tax regulations are frequently amended. The interpretations of regulations also change frequently. Such changes may impose higher tax rates, introduce new specific legal instruments, extend the scope of taxation, and even impose new levies. Tax changes may result from the mandatory implementation of new solutions under EU law following the adoption of new or amended tax regulations. Frequent amendments of corporate tax regulations and different interpretations of tax regulations issued by different tax authorities may have an adverse impact on the GPW Group and affect its business and financial position.

The GPW Group operates in a highly regulated industry and regulatory changes may have an adverse effect on the Group's business, financial position and results of operations

The GPW Group companies operate primarily in Poland but they must comply with both national law and EU legislation. The legal system and regulatory environment can be subject to significant unanticipated changes and Polish laws and regulations may be subject to conflicting official interpretations. The capital market and the commodity market are widely subject to government regulation and increasingly strict supervision. Regulatory change may affect GPW and its subsidiaries as well as existing and prospective customers of the GPW Group's services.

The European exchange industry including the Company will be largely impacted by MiFID II and its implementing regulations

MiFID II took effect in January 2018. MiFID II modifies the detailed requirements for the provision of investment services, the organisational requirements for investment firms and trading systems, providers of market data services, and access rights of supervision authorities.

There can be no guarantee that the cost to the Company in the implementation and application of MiFID II will have no material adverse impact on the activity of the Group, its financial position and results of operations.

Amendment of regulations reducing the activity of open-ended pension funds or replacing them with other collective investment undertakings which are less active as investors, and reducing or eliminating cash flows from and to open-ended pension funds, could reduce or eliminate their investment activity on GPW

Open-ended pension funds are an important group of participants in the markets operated by the Group. As at the end of September 2018, open-ended pension funds held shares representing 21.8% of the capitalisation of domestic companies and 42.1% of shares traded on the Main Market (among shareholders holding less than 5% of the shares of a public company or classified as financial investors). Open-ended pension funds generated 4.2% of trade in shares on the GPW Main Market in Q1 2018, ca. 4.3% in Q2 2018 and 3.2% in Q3 2018. They could also augment the risk of a large surplus of shares listed on GPW and curb the interest of other investors in such shares.

As a consequence, this could cause a decrease of trade in financial instruments including shares on GPW, a reduction of the number and value of issues of shares and bonds admitted and introduced to trading on GPW, and consequently a reduction of the Group's revenue and profit.

In July 2016, the Government published a proposal of a further reform of the pension system involving the nationalisation of a part of savings in open-ended pension funds and a transfer of 25% of liquid assets (cash, foreign stocks, bonds) to a Demographic Reserve Fund. The remaining 75% of the assets (Polish stocks) would remain in open-ended pension funds, which would eventually be transformed into investment funds. The details of the pension reform framework are still unknown. The reform was originally expected to take effect in 2018 but the deadline has been postponed.

Amendments of Polish energy laws concerning the obligation of selling electricity and natural gas on the public market could have an adverse impact on the business of the Polish Power Exchange, its financial position and results of operations

The Energy Law requires energy companies which generate electricity to sell at least 30% of electricity produced within a year among others on commodity exchanges. In late July 2018, the Ministry of Energy announced an upcoming draft legislative amendment introducing the obligation to sell 100% of electricity on the exchange excluding energy from cogeneration and renewable energy sources. The introduction of the maximum obligation level aims to improve the transparency of the energy market and curb unjustified rises of electricity prices. The Ministry of Energy expects that the improved liquidity and transparency on TGE and reduced impact of market participants in a strong position on prices will mitigate the risk of significant price rises. The draft law is scheduled to be approved by the Council of Ministers in Q4 2018.

Energy companies trading in gas fuels are required to sell at least 55% of high-methane natural gas introduced to the transmission grid within the year on an exchange. Amendments to or cancellation of these requirements could reduce the activity of certain participants of the Polish

Power Exchange, restrict the liquidity of trade in electricity and natural gas and the attractiveness of the commodity market for other participants.

Furthermore, the Energy Law requires energy companies which generate electricity and are entitled to compensation (to cover stranded costs) for early termination of long-term power and electricity contracts[6] to sell the remaining amount of generated electricity (not covered by the 30 percent obligation) in a way that ensures equal public access to energy in an open tender on a market organised by the operator of a regulated market in Poland or on commodity exchanges. The number of entities subject to the obligation decreases with time, which could reduce their activity on the Polish Power Exchange, the liquidity of trade in electricity, and the attractiveness of the commodity market for other participants.

Changes to the cogeneration support system may have an adverse impact on the business of the Polish Power Exchange, its financial position and results of operations

The existing system of support for producers of electricity from cogeneration is based on transferrable certificates of origin (yellow and red certificates). The Property Rights Market in certificates of origin of electricity from high-efficiency cogeneration opened on TGE on 28 December 2007. The commodity exchange operates a central register of certificates of origin and offers trade in property rights to certificates of origin. Participation in the market allows energy producers to sell property rights at a good price and helps energy companies required to acquire property rights to meet the obligation. The model will be in operation until 31 December 2018.

The Ministry of Energy opened social consultations of a draft law on promotion of electricity from high-efficiency cogeneration on 5 April 2018. The Ministry of Energy proposed a new cogeneration support system in October 2018. The new cogeneration support system should be compliant with the European Commission guidelines, i.e., based on auctions. The system proposed by the Ministry is expected to launch in 2019.

These legislative changes will put an end to trading in yellow and red property rights after 31 December 2018. The existing rights will be cancelled in June 2019 at the latest.

The Renewable Energy Sources Act, effective as of May 2015, could have an adverse impact on the business of the Polish Power Exchange, its financial position and results of operations

The Renewable Energy Sources Act of 20 February 2015 implements a new support scheme for the production of energy from renewable energy sources (RES) based on auctions, effective as of 2016. The existing system of green certificates of origin will expire on or before 31 December 2035. The support scheme may be phased out even earlier as certificates of origin are available within 15 years after the first day of power generation in an installation (confirmed with an issued certificate of origin). For RES installations which were the first to produce energy eligible for green certificates of origin (in 2005), the period of 15 years under the Act will expire in 2020, after which the existing support scheme will be gradually phased out over the years. Furthermore, the Act allows market players eligible for support under certificates of origin to move to the auction system earlier than after 15 years. Consequently, some of them may move to the auction system early (before 2020), which could affect the results of the TGE Group.

Furthermore, the Renewable Energy Sources Act limits the group of entities eligible for support under green certificates (by excluding large hydropower installations over 5 MW) and imposes restrictions on the issuance of certificates of origin for multi-fuel combustion plants.

These modifications and other provisions of the Renewable Energy Sources Act of 20 February 2015 and its implementing regulations could affect the activity of participants of the Property Rights Market and the Register of Certificates of Origin operated by the Polish Power Exchange and thus affect the results of the TGE Group.

[6] Pursuant to the Act of 29 June 2007 on the terms of coverage of the cost of producers incurred due to early termination of long-term power and electricity contracts.

Risk factors related to the business activity of the Group

The Company cannot control regulatory fees which represent a significant share of the Group's expenses

The Act of 12 June 2015 amending the Capital Market Supervision Act and certain other Acts largely extended the list of entities required to finance supervision (by adding, among others, banks, insurers, investment funds, public companies, brokerage houses and foreign investment firms) and changed the amount of contributions of entities. As a result, the cost of fees paid by the GPW Group was reduced significantly in 2016 – 2017 (from PLN 22.0 million in 2015 to PLN 9.1 million in 2016 and PLN 5.6 million in 2017). The fees were raised to PLN 12.5 million in 2018. There is a risk of gradual increase of the cost in the coming years.

According to IFRIC 21, an entity recognises a liability for fees due to PFSA at the date of the obligating event. The obligating event is the fact of carrying out a business subject to fees due to PFSA as at 1 January of each year. Consequently, the estimated amount of the annual fees due to PFSA will be charged to the accounts of the GPW Group of the first quarter of each year.

However, the amount of the liability is not yet known at the time when it is recognised and charged because 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.

Consequently, the final amount of the fees due to the Polish Financial Supervision Authority may differ from the amount estimated by the GPW Group companies at the time of recognition.

The changes to the model of financing supervision on the Polish capital market resulted in a reduction of exchange fees as of the beginning of 2016 in order to offset the cost of supervision paid by other market participants as of 2016. The market could exert more pressures to reduce the exchange fees even further, which could reduce the revenue of the Group and have an adverse impact on the financial position of the Group and its financial results.

Risk of the take-over of the functions of fixing organiser

The GPW Group acting through its subsidiary GPW Benchmark decided to take over the responsibility for the WIBID and WIBOR reference rates from the Financial Markets Association ACI Polska as of 30 June 2017 and thus opened up to a new activity benefiting the financial market. GPW Benchmark now performs the functions of the organiser of WIBID and WIBOR reference rates fixings and the functions of the calculation agent previously performed by Thomson Reuters.

GPW Benchmark S.A. will apply for authorisation as an administrator of reference rates according to the requirements of Regulation 2016/1011. All costs related to the take-over of the function of organiser and harmonisation with the requirements of Regulation 2016/1011 will be financed with the Group's own funds and contributions of participating banks paid under applicable agreements. There is a potential risk that the authorisation for GPW Benchmark S.A. to operate as an administrator may be refused. GPW Benchmark S.A. is steadily working to mitigate that risk. The key objective of GPW Benchmark S.A. is to be authorised as the administrator of the WIBID and WIBOR reference rates within the time limit imposed by the Regulation. GPW Benchmark S.A. is developing competences in the provision of indices and reference rates in compliance with Regulation 2016/1011.

Potential disputes or reservations concerning the performance of the functions of fixing organiser by a Group company could have an adverse impact on its perception by market participants and entail third-party liability of the Group. Once the status of administrator is granted in connection with the application of Regulation 2016/1011 as of the beginning of 2018, any breach of the administrator's obligations could lead to civil, administrative or criminal liability.

IV. FINANCIAL POSITION AND ASSETS

1. Summary of results

The **GPW Group** generated EBITDA[7] of PLN 149.3 million in January-September 2018, a decrease of PLN 13.7 million compared to PLN 163.0 million in January-September 2017.

The **GPW Group** generated an operating profit of PLN 125.4 million in January-September 2018 compared to PLN 142.2 million in January-September 2017. The decrease of the operating profit by PLN 16.8 million year on year was mainly a result of a decrease of revenue by PLN 1.5 million and an increase of operating expenses by PLN 14.6 million. The decrease of the revenue by PLN 1.5 million was due to a decrease of the revenue from the financial market by PLN 13.2 million combined with an increase of the revenue from the commodity market by PLN 11.7 million. The decrease of the revenue from the financial market was mainly driven by a decrease of revenue from trading in equities and equity-related instruments. The increase of operating expenses was mainly driven by an increase of fees and charges by PLN 7.0 million, an increase of depreciation and amortisation charges by PLN 3.1 million and an increase of salaries and other employee costs by PLN 4.9 million.

The net profit of the **Group** stood at PLN 146.6 million in January-September 2018, an increase of 22.7% (PLN 27.1 million) compared to the net profit of the Group at PLN 119.4 million in January-September 2017. The increase of the net profit was driven by an increase of net financial income by PLN 49.8 million. The increase of net financial income was due to an increase of financial income by PLN 47.6 million, largely driven by the sale of the associate Aquis, and lower financial expenses in view of additional interest costs of TGE in 2017 charged by the tax office due to a correction of VAT following a change of the VAT policy applicable to services provided by TGE.

GPW's EBITDA amounted to PLN 72.1 million in January-September 2018, a decrease of PLN 17.7 million compared to PLN 89.8 million in January-September 2017. **GPW**'s operating profit stood at PLN 56.9 million in January-September 2018 compared to PLN 75.2 million in January-September 2017. The decrease of **GPW**'s operating profit year on year was driven by a decrease of revenue by PLN 9.2 million (6.0%) and an increase of operating expenses by PLN 9.0 million (11.8%) year on year.

GPW's net profit was PLN 138.2 million in January-September 2018 compared to PLN 59.1 million in January-September 2017. The increase of GPW's net profit by PLN 79.1 million year on year in January-September 2018 was driven mainly by an increase of financial income including a dividend of PLN 69.3 million paid by TGE and gains of PLN 32.2 million on the sale of the associate Aquis.

TGE's EBITDA stood at PLN 51.5 million in January-September 2018 compared to PLN 48.5 million in January-September 2017. Its operating profit was PLN 45.1 million in January-September 2018 compared to PLN 44.4 million in January-September 2017. The increase of the operating profit by PLN 0.7 million was mainly driven by an increase of revenue by PLN 7.0 million year on year. The net profit stood at PLN 52.1 million in January-September 2018 compared to PLN 54.8 million in January-September 2017. The decrease of the net profit in January-September 2018 was driven by a decrease of net financial income due to a lower dividend paid by IRGiT at PLN 14.9 million in 2018, down by PLN 5.1 million year on year.

IRGiT's EBITDA stood at PLN 25.2 million in January-September 2018 compared to PLN 22.2 million in January-September 2017. Its operating profit was PLN 23.8 million in January-September 2018 compared to PLN 20.8 million in January-September 2017. The increase of the operating profit in January-September 2018 was driven by an increase of revenue by 13.5%, i.e., PLN 4.2 million, which was higher than the increase of operating expenses by 13.5%, i.e., PLN 1.4 million. The net profit stood at PLN 19.8 million in January-September 2018 compared to PLN 17.2 million in January-September 2017.

[7] Operating profit before depreciation and amortisation.

BondSpot's EBITDA stood at PLN 1.1 million in January-September 2018 compared to PLN 3.3 million in January-September 2017. BondSpot's operating profit was PLN 0.4 million in January-September 2018 compared to PLN 2.8 million in January-September 2017. Its net profit stood at PLN 0.5 million in January-September 2018 compared to PLN 2.4 million in January-September 2017. The decrease of the net profit and the operating profit was driven by a decrease of revenue by 15.9%, i.e., PLN 1.6 million combined with an increase of operating expenses by 8.2%, i.e., PLN 0.6 million year on year in January-September 2018.

Detailed information on changes in revenues and expenses is presented in the sections below.

Table 4: Consolidated statement of comprehensive income of GPW Group by quarter in 2018 and 2017 and by nine-month period in 2018 and 2017

	2018			2017				2018	2017
PLN'000	Q3	Q2	Q1	Q4	Q3	Q2	Q1	9M	9M
Sales revenue	**85,743**	**86,647**	**85,936**	**92,169**	**81,119**	**87,635**	**91,034**	**258,326**	**259,788**
Financial market	**47,134**	**47,063**	**49,572**	**51,875**	**48,851**	**52,500**	**55,623**	**143,769**	**156,974**
Trading	30,679	30,103	32,897	34,621	31,903	35,966	38,846	93,679	106,715
Listing	5,385	5,835	5,924	6,278	6,278	6,065	6,347	17,144	18,690
Information services	11,070	11,126	10,750	10,976	10,670	10,469	10,430	32,946	31,569
Commodity market	**38,126**	**39,233**	**36,213**	**40,215**	**31,989**	**34,770**	**35,115**	**113,572**	**101,874**
Trading	20,344	19,646	17,738	20,170	16,699	17,643	15,580	57,728	49,922
Register of certificates of origin	6,549	8,923	7,126	7,963	5,768	7,783	9,114	22,598	22,665
Clearing	11,130	10,532	11,251	11,990	9,435	9,258	10,336	32,913	29,029
Information services	103	132	98	92	87	86	85	333	258
Other revenue	**483**	**351**	**151**	**79**	**279**	**365**	**296**	**985**	**940**
Operating expenses	**43,028**	**39,993**	**48,360**	**48,978**	**32,505**	**37,765**	**46,515**	**131,381**	**116,785**
Depreciation and amortisation	7,948	8,093	7,825	7,566	7,342	7,024	6,393	23,865	20,759
Salaries	13,230	13,218	13,630	14,122	12,239	11,897	12,506	40,078	36,642
Other employee costs	3,254	3,415	3,780	3,070	2,867	3,002	3,142	10,449	9,011
Rent and maintenance fees	2,299	1,945	2,506	2,098	2,187	2,613	2,607	6,750	7,407
Fees and charges	3,790	244	9,268	233	(5,524)	229	11,615	13,302	6,320
incl. PFSA fees	*3,506*	*5*	*9,023*	*3*	*(5,781)*	*-*	*11,357*	*12,534*	*5,576*
External service charges	11,149	11,507	9,923	20,347	12,183	11,650	9,014	32,579	32,847
Other operating expenses	1,357	1,571	1,430	1,544	1,209	1,350	1,238	4,358	3,797
Other income	284	293	844	1,767	1,731	31	330	1,421	2,092
Impairment losses	(384)	375	1,476	-	-	-	-	1,467	-
Other expenses	330	373	781	647	395	954	1,507	1,484	2,856
Operating profit	**43,053**	**46,199**	**36,163**	**44,310**	**49,950**	**48,947**	**43,342**	**125,415**	**142,239**
Financial income	1,789	48,191	1,867	1,284	1,334	1,538	1,394	51,847	4,266
Financial expenses	2,168	2,124	2,208	2,438	(1,339)	2,497	7,551	6,500	8,709
Share of profit of associates	3,412	4,472	746	1,910	3,609	3,045	1,495	8,630	8,149
Profit before income tax	**46,086**	**96,738**	**36,568**	**45,066**	**56,233**	**51,032**	**38,680**	**179,392**	**145,945**
Income tax expense	8,466	17,705	6,657	5,754	9,320	9,173	8,027	32,828	26,520
Profit for the period	**37,620**	**79,033**	**29,911**	**39,312**	**46,913**	**41,859**	**30,653**	**146,564**	**119,425**

**As of 1 January 2018, on the application of IFRS 9, the Group reports a line of impairment losses of receivables while comparative data have not been restated (exception under 7.2.15 of IFRS 9).*

Source: Condensed Consolidated Interim Financial Statements, Company

Table 5: Consolidated statement of financial position of GPW Group by quarter in 2017 and 2018

	2018			2017			
PLN'000	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Non-current assets	**575,125**	**578,568**	**580,697**	**596,354**	**594,774**	**597,220**	**597,334**
Property, plant and equipment	106,156	108,245	108,691	110,784	112,036	113,777	116,716
Intangible assets	258,713	262,542	265,140	267,991	268,916	271,380	272,490
Investment in associates	203,273	199,929	195,986	207,389	205,221	201,590	198,577
Deferred tax assets	863	1,800	4,472	3,803	1,796	3,349	3,261
Available-for-sale financial assets	-	-	-	271	280	278	278
Financial assets measured at fair value through other comprehensive income	200	204	197	-	-	-	-
Non-current prepayments	5,920	5,848	6,211	6,116	6,525	6,846	6,012
Current assets	**618,283**	**693,410**	**612,539**	**550,699**	**513,493**	**615,476**	**592,548**
Inventories	64	60	54	56	54	53	60
Corporate income tax receivable	71	71	71	71	95	71	559
Trade and other receivables	78,747	68,509	87,399	64,096	63,768	89,069	165,243
Contract assets	2,122	1,946	-	-	-	-	-
Financial assets measured at amortised cost	101,000	110,840	82,707	-	-	-	-
Assets held for sale	-	-	12,151	-	-	-	-
Cash and cash equivalents	436,279	511,984	430,157	486,476	449,576	526,283	426,686
Total assets	**1,193,408**	**1,271,978**	**1,193,236**	**1,147,053**	**1,108,267**	**1,212,696**	**1,189,882**
Equity	**853,355**	**815,827**	**829,346**	**799,467**	**759,686**	**712,752**	**761,096**
Share capital	63,865	63,865	63,865	63,865	63,865	63,865	63,865
Other reserves	1,126	1,194	1,349	1,347	1,128	1,106	1,035
Retained earnings	787,776	750,185	763,551	733,682	694,132	647,246	695,646
Non-controlling interests	588	583	581	573	561	535	550
Non-current liabilities	**268,290**	**265,955**	**264,884**	**270,781**	**271,200**	**269,452**	**269,111**
Liabilities under bond issue	243,864	243,767	243,670	243,573	243,475	243,378	243,281
Employee benefits payable	1,130	1,239	1,454	1,454	1,468	1,838	2,274
Finance lease liabilities	-	-	-	-	-	-	17
Accruals and deferred income	5,173	5,313	5,452	5,592	5,996	6,064	6,132
Deferred income tax liability	6,358	3,941	2,682	7,108	7,286	5,276	4,588
Other liabilities	11,765	11,695	11,626	13,054	12,975	12,896	12,819
Current liabilities	**71,763**	**190,196**	**99,006**	**76,805**	**77,381**	**230,492**	**159,675**
Liabilities under bond issue	2,099	1,899	2,070	1,938	2,100	1,896	2,069
Trade payables	7,905	18,775	23,849	21,303	6,169	3,496	6,199
Employee benefits payable	11,684	10,525	8,141	12,958	10,515	8,060	5,812
Finance lease liabilities	-	-	15	31	48	64	62
Corporate income tax payable	1,066	8,688	1,636	6,012	4,587	7,597	13,188
Credits and loans	-	-	-	-	20,021	59,958	59,798
Performance obligations	12,533	22,375	33,037	-	-	-	-
Accruals and deferred income *	559	563	559	7,386	15,641	37,194	41,722
Provisions for other liabilities and charges	68	68	67	210	191	318	317
Other current liabilities	35,849	127,303	29,632	26,967	18,109	111,909	30,508
Total equity and liabilities	**1,193,408**	**1,271,978**	**1,193,236**	**1,147,053**	**1,108,267**	**1,212,696**	**1,189,882**

** As of 2018, deferred income is presented under performance obligations*

Source: Condensed Consolidated Interim Financial Statements, Company

2. Presentation of the financials

REVENUE

The Group has three revenue-generating segments:

- financial market,
- commodity market,
- other revenues.

Revenues from the financial market include revenues from:

- trading,
- listing,
- information services.

Trading revenue includes fees paid by market participants in respect of:

- transactions on markets of equities and equity-related instruments,
- transactions in derivative financial instruments,
- transactions in debt instruments,
- transactions in other cash market instruments,
- other fees paid by market participants.

Revenues from transactions in equities and equity-related securities are the Group's main source of trading revenues and its main source of sales revenues in general.

Revenues from transactions in derivative financial instruments are the second biggest source of trading revenues on the financial market after revenues from transactions in equities. Transactions in WIG20 index futures account for the majority of revenues from transactions in derivatives.

Revenues from other fees paid by market participants include mainly fees for services providing access to the trading system.

Revenues from transactions in debt instruments were the third largest source of trading revenues on the financial market in January-September 2018. Revenues from transactions in debt instruments are generated by the Catalyst market as well as the Treasury BondSpot Poland market operated by BondSpot S.A., a subsidiary of GPW.

Revenues from transactions in other cash market instruments include fees for trading in structured products, investment certificates and ETF (Exchange Traded Fund) units.

Listing revenues include two elements:

- one-off fees paid for introduction of shares and other instruments to trading on the exchange,
- periodic listing fees.

Revenues from information services mainly include fees paid by data vendors for real-time market data as well as historical and statistical data. Real-time data fees include fixed annual fees and monthly fees based on the data vendor's number of subscribers and the scope of data feeds used by a subscriber. Revenue from real-time data fees includes revenue from WIBOR and WIBID reference rates.

Revenues of the Group in the commodity market segment include revenues of TGE and IRGiT as well as revenues of InfoEngine from its activity as a trade operator and the entity responsible for balancing.

Revenue on the commodity market includes the following:

- trading,
- operation of the Register of Certificates of Origin,
- clearing,
- information services.

Trading revenue on the commodity market includes:

- revenue from trading in electricity (spot and forward),
- revenue from trading in natural gas (spot and forward),
- revenue from trading in property rights,
- other fees paid by market participants (members).

Other fees paid by market participants include TGE fees, IRGiT fees, as well as revenues of InfoEngine as a trade operator and the entity responsible for balancing.

Revenues of the sub-segment "clearing" include revenues of the company IRGiT, which clears and settles exchange transactions concluded on TGE, manages the resources of the clearing guarantee system and determines the amount of credits and debits of IRGiT members resulting from their transactions.

The Group's other revenues include revenues of GPW and the TGE Group, among others, from office space lease, colocation, and promotion activities.

The **Group**'s sales revenues amounted to PLN 258.3 million in January-September 2018, a decrease of 0.6% (PLN 1.5 million) compared to PLN 259.8 million in January-September 2017.

The decrease in sales revenues year on year in January-September 2018 was driven by a decrease in revenues from the **financial market** segment by PLN 13.2 million or 8.4%, mainly from transactions in equities and equity-related instruments (down by PLN 13.0 million). Listing revenue also decreased by PLN 1.5 million or 8.3%. The revenue from information services and the calculation of reference rates increased by PLN 1.4 million year on year. The revenues from the **commodity market** increased by PLN 11.7 million or 11.5% year on year. The increase of the revenue from the commodity market was mainly driven by an increase of the revenue from trade in electricity by PLN 6.8 million or 113.9%, an increase of the revenue from trading in property rights to certificates of origin by PLN 1.0 million and an increase of the revenue from other fees paid by market participants by PLN 0.5 million year on year in January-September 2018. The revenue from information services on the commodity market increased by PLN 0.1 million or 29.2% year on year to PLN 0.3 million in January-September 2018. The revenue from the operation of the register of certificates of origin decreased by PLN 0.1 million year on year in January-September 2018.

The revenue of **GPW** was PLN 143.0 million in January-September 2018, a decrease of 6.0% or PLN 9.2 million year on year. The revenue of **TGE** stood at PLN 77.3 million in January-September 2018 compared to PLN 70.3 million in January-September 2017, representing an increase of PLN 7.0 million or 10.0% year on year in January-September 2018. The revenue of **IRGiT** was PLN 35.6 million in January-September 2018, an increase of PLN 4.2 million or 13.5% year on year. The revenue of **BondSpot** decreased and stood at PLN 8.3 million in January-September 2018 compared to PLN 9.9 million in January-September 2017.

The revenue of the GPW Group by segment is presented below.

Table 6: Consolidated revenues of GPW Group and revenue structure in the nine-month periods ended 30 September 2017 and 30 September 2018

PLN'000, %	Nine-month period ended				Change (9M 2018 vs 9M 2017)	Change (%) (9M 2018 vs 9M 2017)
	30 September 2018	%	30 September 2017	%		
Financial market	**143,769**	**56%**	**156,974**	**60%**	**(13,205)**	**-8.4%**
Trading revenue	93,679	36%	106,715	41%	(13,036)	-12.2%
Equities and equity-related instruments	71,572	28%	82,376	32%	(10,804)	-13.1%
Derivative instruments	8,853	3%	9,216	4%	(363)	-3.9%
Other fees paid by market participants	5,449	2%	5,649	2%	(200)	-3.5%
Debt instruments	7,535	3%	9,157	4%	(1,622)	-17.7%
Other cash instruments	270	0%	317	0%	(47)	-14.8%
Listing revenue	17,144	7%	18,690	7%	(1,546)	-8.3%
Listing fees	14,907	6%	15,030	6%	(123)	-0.8%
Introduction fees, other fees	2,237	1%	3,659	1%	(1,422)	-38.9%
Information services and revenue from calculation of reference rates	32,946	13%	31,569	12%	1,377	4.4%
Real-time information and revenue from calculation of reference rates	30,255	12%	29,303	11%	952	3.3%
Indices and historical and statistical information	2,691	1%	2,267	1%	424	18.7%
Commodity market	**113,572**	**44%**	**101,874**	**39%**	**11,698**	**11.5%**
Trading revenue	57,728	22%	49,922	19%	7,806	15.6%
Electricity	12,731	5%	5,951	2%	6,780	113.9%
Spot	2,119	1%	1,962	1%	157	8.0%
Forward	10,612	4%	3,989	2%	6,623	166.0%
Gas	7,339	3%	7,822	3%	(483)	-6.2%
Spot	1,800	1%	1,821	1%	(21)	-1.2%
Forward	5,539	2%	6,001	2%	(462)	-7.7%
Property rights in certificates of origin	29,146	11%	28,184	11%	962	3.4%
Other fees paid by market participants	8,512	3%	7,965	3%	547	6.9%
Register of certificates of origin	22,598	9%	22,665	9%	(67)	-0.3%
Clearing	32,913	13%	29,029	11%	3,884	13.4%
Information services	333	0%	258	0%	75	29.2%
Other revenue *	**985**	**0%**	**940**	**0%**	**45**	**4.8%**
Total	**258,326**	**100%**	**259,788**	**100%**	**(1,462)**	**-0.6%**

** Other revenues include the financial market and the commodity market.*

Source: Condensed Consolidated Interim Financial Statements, Company

The Group earns revenue both from domestic and foreign clients. The table below presents revenue by geographic segment.

Table 7: Consolidated revenues of the Group by geographical segment in the nine-month periods ended 30 September 2017 and 30 September 2018

PLN'000, %	Nine-month period ended				Change (9M 2018 vs 9M 2017)	Change (%) (9M 2018 vs 9M 2017)
	30 September 2018	%	30 September 2017	%		
Revenue from foreign customers	68,575	27%	62,248	24%	6,327	10.2%
Revenue from local customers	189,751	73%	197,540	76%	(7,789)	-3.9%
Total	**258,326**	**100%**	**259,788**	**100%**	**(1,462)**	**-0.6%**

Source: Condensed Consolidated Interim Financial Statements, Company

FINANCIAL MARKET

TRADING

The revenues of the Group from trading on the financial market stood at PLN 93.7 million in January-September 2018 compared to PLN 106.7 million in January-September 2017.

Equities and equity-related instruments

Revenues from trading in **equities and equity-related instruments** amounted to PLN 71.6 million in January-September 2018 and decreased by 13.1% or PLN 10.8 million year on year.

The decrease of the revenues from trading in equities was driven by a decrease of the value of trade on the Main Market. The total value of trade on the Main Market was PLN 162.2 billion in January-September 2018, a decrease of 18.9% year on year (including a decrease of trade on the electronic order book by 12.9% and a decrease of the value of block trades by 68.0%).

However, it should be noted that 2017 was a record year in terms of the value of trade on the stock market, where the average monthly turnover was PLN 19.8 billion. The monthly turnover dropped to PLN 17.3 billion in January-September 2018 but remained higher than PLN 17.1 billion in 2015 and PLN 14.9 billion 2016. The drivers of the decrease of turnover year on year included:

- changes of market conditions and drop of GPW's main indices. WIG20 gained more than 26% in 2017 but lost more than 7% year to date in 2018. Market conditions do not favour investments in stocks so investors opt for other asset classes which can generate positive returns;
- less active trading by domestic institutional investors: investment funds and pension funds.

Table 8: Data for the markets in equities and equity-related instruments

	Nine-month period ended		Change (9M 2018 vs 9M 2017)	Change (%) (9M 2018 vs 9M 2017)
	30 September 2018	30 September 2017		
Financial market, trading revenue: equities and equity-related instruments *(PLN million)*	**71.6**	**82.4**	**(10.8)**	**-13.1%**
Main Market:				
Value of trading (PLN billion)	162.2	199.9	(37.7)	-18.9%
Volume of trading (billions of shares)	9.0	12.0	(3.0)	-24.7%
NewConnect:				
Value of trading (PLN billion)	1.1	1.2	(0.1)	-7.6%
Volume of trading (billions of shares)	1.2	2.1	(0.9)	-41.8%

Source: Condensed Consolidated Interim Financial Statements, Company

Derivatives

Revenues of the Group from transactions in **derivatives** on the financial market amounted to PLN 8.9 million in January-September 2018 compared to PLN 9.2 million in January-September 2017, representing a decrease of PLN 0.4 million or 3.9%.

The total volume of trade in derivatives was stable year on year in January-September 2018. The volume of trade in WIG20 futures, which account for the major part of the revenues from transactions in derivatives, decreased by 6.9% year on year in January-September 2018. The volume of trade in currency futures increased by 79.5% from 0.8 million in 2017 to 1.5 million in 2018, which levelled off the total volume of trade. However, since fees on currency futures are the lowest, their impact on revenue is much lower.

Table 9: Data for the derivatives market

	Nine-month period ended		Change (9M 2018 vs 9M 2017)	Change (%) (9M 2018 vs 9M 2017)
	30 September 2018	30 September 2017		
Financial market, trading revenue: derivatives *(PLN million)*	**8.9**	**9.2**	**(0.4)**	**-3.9%**
Volume of trading in derivatives (millions of contracts):	5.9	5.9	0.1	1.0%
incl.: Volume of trading in WIG20 futures (millions of contracts)	3.3	3.5	(0.2)	-6.9%

Source: Condensed Consolidated Interim Financial Statements, Company

Other fees paid by market participants

Revenues of the Group from **other fees** paid by market participants stood at PLN 5.4 million in January-September 2018, a decrease of 3.5% or PLN 0.2 million year on year. The fees mainly include fees for access to and use of the trading system (among others, licence fees, connection fees and maintenance fees).

Debt instruments

Revenues of the Group from transactions in **debt instruments** stood at PLN 7.5 million in January-September 2018 compared to PLN 9.2 million in January-September 2017. The majority of the Group's revenues from the debt instruments segment is generated by Treasury BondSpot Poland (TBSP).

The year-on-year decrease of the revenues on TBSP in January-September 2018 was driven by a decrease of the value of transactions on TBS Poland, including both cash and conditional trades.

The value of trade in Polish Treasury securities on TBSP was PLN 285.3 billion in January-September 2018, a decrease of 29.4% year on year. The decrease of the value of trade was reported in both market segments. Conditional transactions stood at PLN 185.1 billion in January-September 2018, a decrease of 24.8% year on year. Cash transactions stood at PLN 100.2 billion in January-September 2018, a decrease of 36.5% year on year.

The decrease of turnover in Q3 2018 was driven mainly by low volatility on the market, which adversely impacts the activity of banks on TBSP (while favouring their competitors: voice brokers) caused by market factors impacting the local interest rate market, which affected the yields and prices on the local Treasury bond market. Those factors included relatively low inflation readings and the plans of the Polish Monetary Policy Council (RPP) to keep the rates unchanged by the end of 2020, as well as a limited supply of bonds at auctions held by the Ministry of Finance, mainly due to a strong public budget. In addition, turnover on the market is adversely impacted by the bank tax, which severely limits the scope of transactions executed by TBSP participants not only in the repo segment but also indirectly in outright trade, as well as the discourages banks from selling Treasury securities, which reduce the value of assets used in the calculation of the bank tax.

The value of trading on Catalyst was PLN 1.6 billion in January-September 2018, which was stable year on year. Revenues from Catalyst have a small share in the Group's total revenues from transactions in debt instruments.

Table 10: Data for the debt instruments market

	Nine-month period ended		Change (9M 2018 vs 9M 2017)	Change (%) (9M 2018 vs 9M 2017)
	30 September 2018	30 September 2017		
Financial market, trading revenue: debt instruments *(PLN million)*	**7.5**	**9.2**	**(1.6)**	**-17.7%**
Catalyst:				
Value of trading (PLN billion)	2.1	2.1	(0.0)	0.0%
incl.: Value of trading in non-Treasury instruments (PLN billion)	1.6	1.4	0.2	17.1%
Treasury BondSpot Poland, value of trading:				
Conditional transactions (PLN billion)	185.1	246.3	(61.2)	-24.8%
Cash transactions (PLN billion)	100.2	158.0	(57.7)	-36.5%

Source: Condensed Consolidated Interim Financial Statements, Company

Other cash market instruments

Revenues from transactions in **other cash market instruments** stood at PLN 270.0 thousand in January-September 2018 compared to PLN 317 thousand in January-September 2017, a decrease of 14.8%. The revenues include fees for trading in structured products, investment certificates, and ETF units (Exchange-Traded funds).

LISTING

Listing revenues on the financial market amounted to PLN 17.1 million in January-September 2018 compared to PLN 18.7 million in January-September 2017.

Revenues from **listing fees** amounted to PLN 14.9 million in January-September 2018, a decrease of PLN 0.1 million or 0.8% year on year. The main driver of revenues from listing fees is the number of issuers listed on the GPW markets and their capitalisation at the year's end.

Revenues from **fees for introduction and other fees** decreased and amounted to PLN 2.2 million in January-September 2018 compared to PLN 3.7 million in January-September 2017, a decrease of PLN 1.4 million. The revenues are driven mainly by the number and value of new listings of shares and bonds on the GPW markets. The value of IPOs and SPOs decreased significantly year on year in January-September 2018. The value of IPOs on the Main Market and NewConnect dropped from PLN 7.5 billion to PLN 0.3 billion. The value of SPOs dropped from PLN 89.4 billion to PLN 1.9 billion. The SPO of UniCredit worth PLN 55.9 billion in Q1 2017 and the SPO of Banco Santander S.A. worth PLN 30.1 billion in Q3 2017 largely contributed to the value of SPOs in January-September 2017.

Listing revenues on the GPW Main Market decreased by 9.6% year on year in January-September 2018. The table below presents the key financial and operating figures. Seven companies were newly listed on the Main Market and 19 companies were delisted in January-September 2018. The capitalisation of the delisted companies was PLN 17.9 billion, adding to the decrease of trading in January-September 2018.

Table 11: Data for the GPW Main Market

	Nine-month period ended		Change (9M 2018 vs 9M 2017)	Change (%) (9M 2018 vs 9M 2017)
	30 September 2018	30 September 2017		
Main Market				
Listing revenue (PLN million)	**13.8**	**15.2**	**(1.5)**	**-9.6%**
Total capitalisation of listed companies *(PLN billion)*	1,198.6	1,428.5	(229.9)	-16.1%
including: Capitalisation of listed domestic companies	587.3	672.1	(84.8)	-12.6%
including: Capitalisation of listed foreign companies	611.3	756.5	(145.1)	-19.2%
Total number of listed companies	470	479	(9.0)	-1.9%
including: Number of listed domestic companies	421	429	(8.0)	-1.9%
including: Number of listed foreign companies	49	50	(1.0)	-2.0%
Value of offerings *(IPO and SPO) (PLN billion)* *	2.1	96.7	(94.6)	-97.8%
Number of new listings *(in the period)*	7	9	(2.0)	-22.2%
Capitalisation of new listings *(PLN billion)*	1.6	15.9	(14.2)	-89.7%
Number of delistings	19	17	2.0	11.8%
Capitalisation of delistings** (PLN billion)	17.9	7.9	9.9	125.0%

** including SPO of UniCredit S.p.A. at PLN 55,9 billion in Q1 2017 and SPO of Banco Santander S.A. at PLN 30,1 billion in Q3 2017*

*** based on market capitalisation at the time of delisting*

Source: Company

Listing revenues from NewConnect were stable year on year and stood at PLN 1.6 million in January-September 2018. The table below presents the key financial and operating figures.

Table 12: Data for NewConnect

	Nine-month period ended		Change (9M 2018 vs 9M 2017)	Change (%) (9M 2018 vs 9M 2017)
	30 September 2018	30 September 2017		
NewConnect				
Listing revenue *(PLN million)*	**1.6**	**1.6**	**(0.0)**	**-2.7%**
Total capitalisation of listed companies *(PLN billion)*	7.8	10.0	-2.2	-22.3%
including: Capitalisation of listed domestic companies	7.6	9.8	-2.2	-22.2%
including: Capitalisation of listed foreign companies	0.2	0.3	-0.1	-28.4%
Total number of listed companies	394	407	-13	-3.2%
including: Number of listed domestic companies	388	400	-12	-3.0%
including: Number of listed foreign companies	6	7	-1	-14.3%
Value of offerings *(IPO and SPO) (PLN billion)*	0.1	0.2	-0.1	-31.4%
Number of new listings *(in the period)*	11	12	-1	-8.3%
Capitalisation of new listings *(PLN billion)*	0.4	0.5	-0.1	-17.0%
Number of delistings*	25	9	16	177.8%
Capitalisation of delistings** (PLN billion)	0.8	0.8	0.0	1.3%

** includes companies which transferred to the Main Market*

*** based on market capitalisation at the time of delisting*

Source: Company

Listing revenues from Catalyst stood at PLN 1.8 million in January-September 2018 and increased were stable year on year. The table below presents the key financial and operating figures.

Table 13: Data for Catalyst

	Nine-month period ended		Change (9M 2018 vs 9M 2017)	Change (%) (9M 2018 vs 9M 2017)
	30 September 2018	30 September 2017		
Catalyst				
Listing revenue *(PLN million)*	**1.8**	**1.8**	**0.0**	**-2.6%**
Number of issuers	149	167	(18)	-10.8%
Number of issued instruments	587	610	(23)	-3.8%
including: non-Treasury instruments	539	569	(30)	-5.3%
Value of issued instruments *(PLN billion)*	778.6	747.3	31.3	4.2%
including: non-Treasury instruments	83.1	90.2	-7.0	-7.8%

Source: Company

INFORMATION SERVICES

Revenues from **information services** including the financial market and the commodity market amounted to PLN 33.3 million in January-September 2018 compared to PLN 31.8 million in January-September 2017.

Table 14: Data for information services

	Nine-month period ended		Change (9M 2018 vs 9M 2017)	Change (%) (9M 2018 vs 9M 2017)
	30 September 2018	30 September 2017		
Revenues from information services and WIBID and WIBOR reference rate services * *(PLN million)*	**33.3**	**31.8**	**1.5**	**4.6%**
Number of data vendors	74	51	23	45.1%
Number of subscribers ('000 subscribers)	247.9	245.7	2.2	0.9%

** revenues from information services contein financial market data and commodity market data*

Source: Condensed Consolidated Interim Financial Statements, Company

The increase of the revenue from information services in 2018 was driven by:

- start of the sale of WIBID/WIBOR data (as of 1 July 2017);
- acquisition of new customers of GPW Group data (data vendors, non-display data users);
- increase in the number of TGE and BondSpot data subscribers;
- introduction (as of 1 January 2018) of fees for the distribution of delayed data from GPW and for the use of GPW data by Service Facilitators who co-operate with data vendors in the distribution of data to subscribers.

COMMODITY MARKET

Revenues on the commodity market include the revenues of the TGE Group.

Revenues of the TGE Group are driven mainly by the volume of transactions in electricity, natural gas and property rights, the volume of certificates of origin issued and cancelled by members of the Register of Certificates of Origin, as well as revenues from clearing and settlement of transactions in exchange-traded commodities in the clearing sub-segment operated by IRGiT.

Revenues of the GPW Group on the commodity market stood at PLN 113.6 million in January-September 2018 compared to PLN 101.9 million in January-September 2017.

The year-on-year increase of revenues on the commodity market in January-September 2018 was mainly driven by an increase in revenues from trade in electricity, which stood at PLN 12.7 million compared to PLN 6.0 million in January-September 2017, representing an increase of 113.9% or PLN 6.8 million. Revenues from trading in property rights in certificates of origin increased by PLN 1.0 million while revenues from other fees paid by market participants increased by 0.5 million. Revenues from clearing on the commodity market increased by a high 13.4% or PLN 3.9 million. Revenues from transactions in gas decreased by 6.2% and revenues from the operation of the register of certificates of origin decreased by 0.3% year on year in January-September 2018.

Revenue from information services on the commodity market includes information services sold via GPW's channels. Revenue from information services on the commodity market stood at PLN 333 thousand in January-September 2018.

TRADING

Revenues of the GPW Group from trading on the commodity market stood at PLN 57.7 million in January-September 2018, including PLN 2.1 million of revenues from spot transactions in electricity, PLN 10.6 million of revenues from forward transactions in electricity, PLN 1.8 million of revenues from spot transactions in gas, PLN 5.5 million of revenues from forward transactions in gas, PLN 29.1 million of revenues from transactions in property rights in certificates of origin of electricity, and PLN 8.5 million of other fees paid by market participants. Revenues from trading increased by 15.6% or PLN 7.8 million year on year in January-September 2018.

The Group's revenues from **trade in electricity** amounted to PLN 12.7 million in January-September 2018 compared to PLN 6.0 million in January-September 2017. The total volume of trading on the energy markets operated by TGE amounted to 158.8 TWh in January-September 2018 compared to 74.5 TWh in January-September 2017.

The year-on-year increase of the revenues from trade in electricity was driven by a much higher volume of forward transactions. The volume of forward transactions increased by 148.1% year on year. The volume of forward transactions in electricity on TGE was the highest in history (January-September).

The electricity market is sensitive to changes in the legal and international environment. The increase in trade on the gas market was driven by the amendment of the obligation to sell electricity on the exchange under the Energy Law, which took effect in December 2017. The amendment raised the mandatory volume of sale on a commodity exchange to not less than 30% of electricity produced during the year, as compared to 15% in 2017. On 8 May 2018, the Council of Ministers published a draft Act amending the Energy Law, which raises the mandatory sale of generated electricity on the exchange from 30% to 100%. The amendments aim to reduce potential rises of electricity prices on the wholesale market. The modification of the mandatory level of sales will impact the turnover on the exchange. The modification is scheduled for implementation in Q4 2018.

The Market in Financial Instruments Directive (MiFID II) took effect in January 2018. MiFID II gives a new status to such derivatives and imposes new obligations on organisers and participants in trade in such instruments. The uncertainty around MiFID II and doubts about its impact on the energy market probably impacted the volume of trade on the commodity exchange in 2017. TGE implemented the Act on MiFID II in January 2018. The stability and clarity of market regulation could encourage companies to trade on the forward market, which could drive the volume of trade in 2018.

The Group's revenues from **trade in gas** amounted to PLN 7.3 million in January-September 2018 compared to PLN 7.8 million in January-September 2017. The volume of trade in natural gas on TGE was 97.2 TWh in January-September 2018 compared to 100.7 TWh in January-September 2017. The volume of trade on the Day-ahead and Intraday Market in gas was 16.7 TWh in January-September 2018 compared to 17.9 TWh in January-September 2017. The volume of trade on the Commodity Forward Instruments Market was 80.5 TWh in January-September 2018, a decrease of 2.8% year on year.

Gas prices for industrial clients were deregulated in October 2017. This has a positive effect on TGE as wholesale market organiser because its role in the process of setting prices for industrial clients will grow.

The Group's revenue from the operation of **trading in property rights** stood at PLN 29.1 million in January-September 2018 compared to PLN 28.2 million in January-September 2017. The volume of trading in property rights stood at 49.0 TWh in January-September 2018, an increase of 4.9% year on year. Changes in revenue from trading in property rights are not proportionate to changes in the volume of trade due to different fees for different types of property rights.

Revenues of the Group from **other fees paid by commodity market participants** amounted to PLN 8.5 million in January-September 2018 compared to PLN 8.0 million in January-September 2017. Other fees paid by commodity market participants included fees paid by TGE market participants at PLN 4.6 million, revenues of InfoEngine from the activity of trade operator at PLN 1.5 million, and revenues of IRGiT at PLN 2.4 million including participation fees, fees for participation in TGE markets, and other fees.

Other fees paid by market participants are driven mainly by revenues from fixed market participation fees, fees for cancellation of transactions, fees for position transfers, fees for trade reporting in the RRM (Registered Reporting Mechanism), fees for access to the system, and fees for management of the resources of the guarantee fund. Other fees paid by market participants depend mainly on the activity of IRGiT members, in particular the number of transactions, the number of new clients of brokerage houses, and the number of new users accessing the clearing system.

TGE's revenue from exchange fees had the biggest share of all these. The main contribution to the revenue from other fees paid by commodity market participants was that of annual fees, accounting for 66.4% of revenue from other fees. Revenue from annual fees stood at PLN 3.1 million in January-September 2018, an increase of 5.0% year on year. The Exchange Commodity Market had 77 members as at 30 September 2018, seven more than a year earlier.

Table 15: Data for the commodity market

	Nine-month period ended		Change (9M 2018 vs 9M 2017)	Change (%) (9M 2018 vs 9M 2017)
	30 September 2018	30 September 2017		
Commodity market - trading revenue (PLN million)	**57.7**	**49.9**	**7.8**	**15.6%**
Volume of trading in electricity				
Spot transactions *(TWh)*	19.9	18.5	1.4	7.7%
Forward transactions *(TWh)*	138.8	56.0	82.9	148.1%
Volume of trading in gas				
Spot transactions *(TWh)*	16.7	17.9	(1.2)	-6.7%
Forward transactions *(TWh)*	80.5	82.8	(2.3)	-2.8%
Volume of trading in property rights (TGE) (TWh)	49.0	46.8	2.3	4.9%

Source: Condensed Consolidated Interim Financial Statements, Company

REGISTER OF CERTIFICATES OF ORIGIN

Revenues from the operation of the **Register of Certificates of Origin** amounted to PLN 22.6 million in January-September 2018 compared to PLN 22.7 million in January-September 2017. The year-on-year decrease of the revenues by PLN 0.1 million was mainly driven by a decrease of revenues from cancellations of green certificates of origin from PLN 15.8 million to PLN 14.1 million, an increase of revenues from cancellations of cogeneration property rights from PLN 5.5 million to PLN 6.3 million, an increase of revenues from cancellations of energy efficiency property rights from PLN 1.2 million to PLN 1.7 million, and an increase of revenues from cancellations of guarantees of origin from PLN 0.2 million to PLN 0.4 million.

Table 16: Data for the Register of Certificates of Origin

	Nine-month period ended		Change (9M 2018 vs 9M 2017)	Change (%) (9M 2018 vs 9M 2017)
	30 September 2018	30 September 2017		
Commodity market - revenue from operation of the Register of Certificates of Origin of electricity (PLN million)	**22.6**	**22.7**	**(0.1)**	**-0.3%**
Issued property rights *(TWh)*	40.6	39.6	0.9	2.3%
Cancelled property rights *(TWh)*	40.6	45.0	(4.4)	-9.8%

Source: Condensed Consolidated Interim Financial Statements, Company

CLEARING

The Group earns revenue from the **clearing activities** of IRGiT, which is a subsidiary of TGE. The revenue stood at PLN 32.9 million in January-September 2018 compared to PLN 29.0 million in January-September 2017. The revenue increased by 13.4% or PLN 3.9 million year on year in January-September 2018 due to an increase of the volumes of transactions on the commodity exchange.

OTHER REVENUES

The Group's other revenues amounted to PLN 1.0 million in January-September 2018 compared to PLN 0.9 million in January-September 2017. The Group's other revenues include mainly revenues from colocation, office space lease and sponsorship.

OPERATING EXPENSES

The total operating expenses of the **GPW Group** amounted to PLN 131.4 million in January-September 2018, representing an increase of PLN 14.6 million or 12.5% year on year. The increase of operating expenses was driven by an increase of depreciation and amortisation charges by PLN 3.1 million, mainly due to the implementation of TGE's trading systems X-Stream and Sapri, an increase of salaries and other employee costs by PLN 4.9 million or 10.7%, an increase of fees and charges by PLN 7.0 million or 110.5%, and an increase of other operating expenses by PLN 0.6 million. Fees paid to PFSA in January-September 2018 stood at PLN 12.5 million compared to PLN 5.6 million in 2017.

Separate operating expenses of **GPW** amounted to PLN 84.9 million in January-September 2018, representing an increase of PLN 9.0 million or 11.8% year on year. All of GPW's cost categories increased year on year in January-September 2018 and GPW's fees paid to PFSA increased by PLN 3.8 million.

Operating expenses of **TGE** amounted to PLN 32.3 million in January-September 2018 compared to PLN 26.9 million in January-September 2017. The year-on-year increase of the operating expenses in January-September 2018 was mainly driven by an increase of depreciation and amortisation charges by 56.2% or PLN 2.3 million, an increase of fees and charges by PLN 1.8 million or 125.7%, and the annual PFSA fee at PLN 3.2 million in 2018 compared to PLN 1.4 million paid in 2017.

Operating expenses of **IRGiT** stood at PLN 11.9 million in January-September 2018, representing an increase of PLN 1.4 million year on year. Similar to the other GPW Group companies, IRGiT paid higher fees to PFSA: PLN 2.4 million in 2018 compared to PLN 1.1 million in 2017.

Operating expenses of **BondSpot** stood at PLN 7.8 million in January-September 2018 compared to PLN 7.2 million in January-September 2017, representing an increase of 8.2% or PLN 0.6 million. The increase was mainly driven by an increase of external service charges by PLN 0.6 million.

Table 17: Consolidated operating expenses of the Group and structure of operating expenses in the nine-month periods ended 30 September 2017 and 30 September 2018

PLN'000, %	Nine-month period ended				Change (9M 2018 vs 9M 2017)	Change (%) (9M 2018 vs 9M 2017)
	30 September 2018	%	30 September 2017	%		
Depreciation and amortisation	23,865	18%	20,759	18%	3,106	15.0%
Salaries	40,078	31%	36,642	31%	3,436	9.4%
Other employee costs	10,449	8%	9,011	8%	1,438	16.0%
Rent and other maintenance fees	6,750	5%	7,407	6%	(657)	-8.9%
Fees and charges	13,302	10%	6,320	5%	6,982	110.5%
including: PFSA fees	*12,534*	*10%*	*5,576*	*5%*	*6,958*	*124.8%*
External service charges	32,579	25%	32,847	28%	(268)	-0.8%
Other operating expenses	4,358	3%	3,797	3%	561	14.8%
Total	**131,381**	**100%**	**116,785**	**100%**	**14,596**	**12.5%**

Source: Condensed Consolidated Interim Financial Statements, Company

The table above presents changes in the structure of expenses in January-September 2018 and January-September 2017 and changes between January-September 2018 and January-September 2017.

Table 18: Separate operating expenses of GPW and structure of operating expenses in selected periods of 2017 and 2018

PLN'000, %	Nine-month period ended				Change (9M 2018 vs 9M 2017)	Change (%) (9M 2018 vs 9M 2017)
	30 September 2018	%	30 September 2017	%		
Depreciation and amortisation	15,190	18%	14,596	19%	594	4.1%
Salaries	23,330	27%	21,240	28%	2,090	9.8%
Other employee costs	7,062	8%	5,845	8%	1,217	20.8%
Rent and other maintenance fees	6,007	7%	5,593	7%	414	7.4%
Fees and charges	7,457	9%	3,689	5%	3,768	102.1%
including: PFSA fees	*6,862*	*8%*	*3,100*	*4%*	*3,762*	*121.4%*
External service charges	22,614	27%	22,087	29%	527	2.4%
Other operating expenses	3,221	4%	2,852	4%	369	12.9%
Total	**84,881**	**100%**	**75,902**	**100%**	**8,979**	**11.8%**

Source: Company

The comments below concerning operating expenses items are based on **consolidated figures of the GPW Group.**

Depreciation and amortisation

Depreciation and amortisation charges stood at PLN 23.9 million in January-September 2018 compared to PLN 20.8 million in January-September 2017. The increase in depreciation and amortisation charges year on year in January-September 2018 was driven by an increase of depreciation and amortisation charges in GPW by PLN 0.6 million, an increase of depreciation and amortisation charges in TGE by PLN 2.3 million and an increase of depreciation and amortisation charges in BondSpot and GPW Benchmark by PLN 0.1 million. The depreciation and amortisation charges in other subsidiaries were stable year on year. The high increase of depreciation and amortisation charges in TGE was driven by the implementation of the new trading system X-Stream in May 2017 and the Sapri system in November 2017.

Salaries and other employee costs

Salaries and other employee costs amounted to PLN 50.5 million in January-September 2018 compared to PLN 45.7 million in January-September 2017, representing an increase of 10.7% or PLN 4.9 million.

The increase of salaries and other employee costs in the GPW Group year on year in January-September 2018 was driven by an increase of salaries and other employee costs in GPW by PLN 3.3 million, GPW Benchmark by PLN 0.7 million, IRGiT by PLN 0.4 million, and TGE by PLN 0.4 million.

The increase of salaries in GPW year on year in January-September 2018 was mainly driven by an increase of basic salaries by PLN 1.5 million, an increase of supplementary remuneration by PLN 0.6 million and an increase of other personnel costs including social security contributions by PLN 1.2 million. The increase of salaries was driven by an upgrade of remuneration in H2 2017 and a gradual increase in the headcount necessary to restore part of the Company’s human resources reduced during the restructuring in 2016. The increase of supplementary remuneration was driven by short-term contracts in the development of the strategy.

The increase of salaries in GPW Benchmark by PLN 0.7 million was due to the fact that the company did not yet organise reference rate fixings in H1 2017. This business was launched on 30 June 2017 and the company hired expert staff. The increase of salaries in IRGiT was driven by an increase of gross salaries by PLN 0.2 million and an increase of annual bonuses by PLN 0.1 million. The increase of salaries in IRGiT was driven by an increase of the headcount. The changes of salaries in other companies were driven by employee absenteeism due to long-term sick leaves in 2017, which implies a lower reference base for January-September 2018.

The headcount of the Group was 340 FTEs as at 30 September 2018.

Table 19: Employment in GPW Group

# FTEs	As at		
	30 September 2018	**31 December 2017**	**30 September 2017**
GPW	196	189	183
Subsidiaries	144	139	139
Total	**340**	**328**	**322**

Source: Company

Rent and other maintenance fees

Rent and other maintenance fees amounted to PLN 6.8 million in January-September 2018 compared to PLN 7.4 million in January-September 2017. The decrease of the cost was driven by completed relocation of all companies of the GPW Group to a shared head office in order to optimise the cost of rent of the leased office space within the GPW Group. Following the integration, GPW's subsidiaries use office space owned by GPW. The physical integration of the GPW Group was completed in Q1 2018.

Fees and charges

Fees and charges stood at PLN 13.3 million in January-September 2018 compared to PLN 6.3 million in January-September 2017. The main component of fees and charges are fees paid to the Polish Financial Supervision Authority (PFSA) for capital market supervision (PLN 12.5 million in January-September 2018). Following the change of the system of financing the cost of market supervision and of the range of entities participating in the financing as of the beginning of 2016, the full estimated amount of the annual PFSA fee is recognised early in the year. It should be noted, however, that the fee may vary year to year depending on a range of factors. The exact, final amount of the annual fee may only be calculated after the Chairperson of the Polish Financial Supervision Authority publishes the fees 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. The calculated fee is to be paid by 30 September of the calendar year.

The final PFSA fee calculated in 2018 was PLN 12.5 million in the GPW Group, representing an increase of PLN 7.0 million or 124.8% year on year.

External service charges

External service charges amounted to PLN 32.6 million in January-September 2018 compared to PLN 32.8 million in January-September 2017, representing a decrease of 0.8% or PLN 0.3 million.

Table 20: Consolidated external service charges of the Group and structure of external service charges in the nine-month periods ended 30 September 2017 and 30 September 2018

PLN'000, %	Nine-month period ended				Change (9M 2018 vs 9M 2017)	Change (%) (9M 2018 vs 9M 2017)
	30 September 2018	%	30 September 2017	%		
IT cost:	17,316	53%	18,442	56%	(1,126)	-6.1%
IT infrastructure maintenance	*12,092*	*37%*	*11,556*	*35%*	*536*	*4.6%*
TBSP maintenance service	*1,095*	*3%*	*809*	*2%*	*286*	*35.4%*
Data transmission lines	*3,875*	*12%*	*3,935*	*12%*	*(60)*	*-1.5%*
Software modification	*253*	*1%*	*2,142*	*7%*	*(1,889)*	*-88.2%*
Office and office equipment maintenance:	2,284	7%	2,376	7%	(93)	-3.9%
Repair and maintenance of installations	*559*	*2%*	*637*	*2%*	*(78)*	*-12.3%*
Security	*1,036*	*3%*	*1,042*	*3%*	*(6)*	*-0.6%*
Cleaning	*392*	*1%*	*408*	*1%*	*(16)*	*-4.0%*
Phone and mobile phone services	*297*	*1%*	*289*	*1%*	*8*	*2.9%*
International (energy) market services	*1,681*	*5%*	*1,439*	*4%*	*242*	*16.8%*
Leasing, rental and maintenance of vehicles	*506*	2%	*469*	1%	37	7.9%
Transportation services	83	0%	91	0%	(8)	-8.8%
Promotion, education, market development	3,938	12%	3,607	11%	330	9.2%
Market liquidity support	605	2%	408	1%	197	48.3%
Advisory (including: audit, legal services, business consulting)	4,672	14%	3,884	12%	788	20.3%
Information services	209	1%	760	2%	(550)	-72.5%
Training	415	1%	245	1%	170	69.4%
Mail fees	54	0%	71	0%	(17)	-23.9%
Bank fees	98	0%	98	0%	-	0.0%
Translation	287	1%	254	1%	33	13.0%
Other	432	1%	702	2%	(271)	-38.6%
Total	**32,579**	**100%**	**32,847**	**100%**	**(268)**	**-0.8%**

Source: Condensed Consolidated Interim Financial Statements

The decrease of external service charges year on year in January-September 2018 was mainly driven by changes of the following cost items:

1/ infrastructure maintenance – an increase of PLN 0.5 million due to the cost of IT hardware and software maintenance services. The increase of the Group's IT infrastructure maintenance costs was driven by an increase in TGE by PLN 1.0 million or 33.8% due to the commissioning of two new systems, X-Stream and Sapri, in 2017. The cost of system licences and support in 2017 was low because X-Stream was rolled out in May 2017 and Sapri in November 2017. The maintenance cost of both systems in 2018 was charged throughout the year.

2/ TBSP market maintenance – an increase of PLN 0.3 million due to a change of maintenance fees of the trading system TradeImpact in 2018.

3/ international energy market services – an increase of PLN 0.2 million due to TGE's participation in European projects in support of market consolidation and efficient competition in electricity generation, trade and supply in the EU.

4/ market liquidity support – an increase of PLN 0.2 million in market making. As of the beginning of 2018, GPW aligned all market maker agreements with the MiFID II requirements, discontinued bilateral agreements with market makers and launched programmes open to all market makers. In addition, the SuperAnimator TOP7 programme was extended to include all WIG20 companies; under the programme, market makers ranking in the top 3 by value of turnover in a given month are eligible to use specific fee reductions.

5/ advisory – an increase of PLN 0.8 million, mainly driven by the cost of support in the strategy update and the cost of review of the valuation of the associate Aquis.

6/ Costs of IT modifications decreased by PLN 1.9 million following the completion of modifications to GPW systems in 2017 as required by the implementation of MiFID II.

Other operating expenses

Other operating expenses amounted to PLN 4.4 million in January-September 2018 compared to PLN 3.8 million in January-September 2017, representing an increase of PLN 0.6 million or 14.8%. Other operating expenses in January-September 2018 included the cost of material and energy consumption at PLN 2.3 million, industry organisation membership fees at PLN 0.5 million, insurance at PLN 0.2 million, business travel at PLN 0.9 million and conference participation at PLN 0.2 million. The cost of business travel reported the highest increase year on year in January-September 2018 by 67.7% or PLN 0.4 million, mainly due to the cost of international travel. The increase in the cost of business travel follows from a focus on the development of relations with counterparties and investors and from GPW's efforts to identify new opportunities of development.

OTHER INCOME AND EXPENSES

Other income of the Group amounted to PLN 1.4 million in January-September 2018 compared to PLN 2.1 million in January-September 2017. Other income includes damages received, gains on the sale of property, plant and equipment (PLN 0.2 million), medical services reinvoiced to employees (PLN 0.3 million), an annual correction of input VAT at PLN 0.4 million, as well as other income at PLN 0.6 million including mainly TGE's revenue from PSE in respect of the PCR (Price Coupling of Regions) project at PLN 0.4 million.

Other expenses of the Group amounted to PLN 1.5 million in January-September 2018 compared to PLN 2.9 million in January-September 2017, representing a decrease of PLN 1.4 million. Other expenses include donations paid, losses on the sale of property, plant and equipment, revaluation write-downs of receivables, and provisions against damages. Donations stood at PLN 0.6 million in January-September 2018 compared to PLN 0.6 million in January-September 2017. Donations included GPW's donation of PLN 396 thousand to the GPW Foundation, PLN 10.3 thousand to the University of Warsaw Foundation, PLN 1 thousand to Caritas, as well as PLN 4 thousand to the Single Mothers' House.

As a co-founder of the Polish National Foundation ("Foundation" or "PNF") established in 2016, GPW agreed to pay annual contributions towards the statutory activity of the Foundation (split into 11 payments) from the date of inception of the Foundation. The Company's total commitment to PNF according to the founding deed is PLN 19.5 million. Up to 30 September 2018, the Company paid PLN 7.5 million towards the endowment of the Foundation, including PLN 3.0 million paid in the first two years each (i.e., in 2016 and in 2017, accordingly) and PLN 1.5 million paid in the nine-month period ended 30 September 2018. Payments to the Foundation were recognised in the Company's statement of comprehensive income when paid.

As at 30 September 2018, the management of the Group reviewed the presentation of donations paid to PNF in the Group's financial statements for the years 2016-2018 under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The review indicated that the payments to PFN are a donation and that the commitment of GPW to make all payments to PFN under the founding deed of the Foundation arose when GPW joined the Foundation and signed the founding deed.

Consequently, the accounting treatment of payments to PNF was modified retrospectively by discounting future payments committed by GPW as at 31 December 2016 and their one-off recognition under other expenses in the Group's statement of comprehensive income for the year ended 31 December 2016 and, on the other hand, under other liabilities in the Group's statement of financial position as at 31 December 2016 (PLN 12.0 million non-current and PLN 2.6 million current). The liability stood at PLN 12.0 million as at 31 December 2017 (PLN 10.8 million non-current and PLN 1.2 million current). The Company adjusted the presentation of the payments to PFN in the statement of comprehensive income of the Group for 2016 and 2017 accordingly. As a result of the adjustment, the Group's equity was reduced by PLN 14.7 million as at 31 December 2016 and by PLN 12.0 million as at 31 December 2017 (presented accordingly in the statement of changes in equity). The net profit for the year ended 31 December 2016 was reduced by PLN 14.7 million and the net profit for the year ended 31 December 2017 was increased by PLN 2.5 million. The net profit for the nine-month period ended 30 September 2017 was increased by PLN 2.7 million and the net profit for the three-month period ended 30 September 2017 was reduced by PLN 87 thousand. The net profit for the nine-month period ended 30 September 2018 was increased by PLN 1.3 million in comparison with the net profit under the previous accounting treatment.

As of 1 January 2018, following alignment with IFRS 9, the Group recognises a separate profit and loss account line: impairment losses on receivables, without a restatement of comparative figures (the GPW Group's Management Board decided to use the exemption under IFRS 9 7.2.15). Impairment losses on receivables are measured on the basis of expected credit loss in the lifetime of debt; the detailed description of the valuation of expected credit loss is presented in the financial section of the separate report for the nine-month period ended 30 September 2018. The expected credit loss charged to the Group's results was PLN 1.5 million in January-September 2018 compared to receivables write-downs of PLN 0.6 million in January-September 2017.

FINANCIAL INCOME AND EXPENSES

Financial income of the Group amounted to PLN 51.8 million in January-September 2018, representing an increase of PLN 47.6 million compared to PLN 4.3 million in January-September 2017. The financial income in January-September 2018 was driven by GPW's sale of the stakes in the associate Aquis.

On 8 June 2018, in connection with an IPO, shares of the associate Aquis Exchange Limited were allocated. GPW held 20.31% of votes and economic rights. As a result, GPW sold Aquis shares at GBP 2.69 per share on 14 June 2018. The value of the sale of GPW's stake in Aquis was GBP 12,396,327 gross. The sale of the stake was shown in GPW's accounts at the FX rate of GBP/PLN 4.8582. The financial income on the transaction recognised in the consolidated accounts was PLN 45.4 million.

In addition, financial income includes mainly interest on bank deposits and positive FX differences. Income from interest on bank deposits and current accounts stood at PLN 4.4 million in January-September 2018, an increase of PLN 0.3 million year on year. The Group earned an income from Treasury bonds held at PLN 0.3 million.

Financial expenses of the Group amounted to PLN 6.5 million in January-September 2018 compared to PLN 8.7 million in January-September 2017, representing a decrease of PLN 2.2 million.

The decrease of financial expenses year on year in January-September 2018 was due to the recognition of PLN 0.7 million of interest on outstanding VAT in TGE for 2011-2016 in January-September 2017.

Interest cost of GPW's C, D and E series bonds (including the cost of the issue recognised over time) was the biggest item of financial expenses and stood at PLN 5.8 million in January-September 2018 compared to PLN 5.7 million in January-September 2017.

The series C bonds are fixed-rate bonds at an interest rate of 3.19% p.a. The series D and E bonds are floating-rate bonds whose interest rate is equal to WIBOR 6M plus a margin. The margin on the series D and E bonds is 0.95%. Interest on the bonds is paid semi-annually. The series D and E bonds are due for redemption on 31 January 2022.

The interest rate on the series D and E bonds was 2.73% in H2 2018.

In addition, TGE recognised interest on a bank loan taken to pay the outstanding tax in 2017. The interest stood at PLN 0.9 million in January-September 2017. There was no such interest cost in January-September 2018.

SHARE OF PROFIT OF ASSOCIATES

The Group's share of profit of associates stood at PLN 9.4 million in January-September 2018 compared to PLN 8.1 million in January-September 2017. The increase was driven mainly by the sale of the shares in the associate Aquis.

The Group's share of the **KDPW Group** profit was PLN 9.1 million in January-September 2018 compared to PLN 9.8 million in January-September 2017.

The share in the net profit of **Centrum Giełdowe** was PLN 0.4 million in January-September 2018 compared to PLN 0.7 million in January-September 2017.

Aquis Exchange Limited became an associate on GPW's acquisition of the second tranche of shares in February 2014. GPW held 22.99% of its shares and 20.31% of economic and voting rights as at 31 December 2017. The Group's share of the loss of Aquis Exchange Ltd was PLN 0.9 million in January-September 2018 (loss reported in Q1 2018), compared to the loss in amount of 2.4 million in January-September 2017. GPW sold its stake in Aquis in Q2 2018 and the gains on the sale were recognised in financial income.

Table 21: Profit / (Loss) of associates

PLN'000	Nine-month period ended		Change (9M 2018 vs 9M 2017)	Change (%) (9M 2018 vs 9M 2017)
	30 September 2018	30 September 2017		
KDPW S.A. Group	27,349	29,302	(1,953)	-6.7%
Centrum Giełdowe S.A.	1,766	3,005	(1,240)	-41.2%
Aquis Exchange Ltd	(4,548)	(11,635)	7,087	-60.9%
Total	**24,567**	**20,673**	**3,894**	**18.8%**

Source: Company

Table 22: GPW's share of profit / (loss) of associates

PLN'000	Nine-month period ended		Change (9M 2018 vs 9M 2017)	Change (%) (9M 2018 vs 9M 2017)
	30 September 2018	30 September 2017		
KDPW S.A. Group	9,116	9,768	(651)	-6.7%
Centrum Giełdowe S.A.	438	745	(307)	-41.2%
Aquis Exchange Ltd	(924)	(2,363)	1,439	-60.9%
Total	**8,630**	**8,149**	**481**	**5.9%**

Source: Company

INCOME TAX

Income tax of the Group was PLN 32.8 million in January-September 2018 compared to PLN 26.5 million in January-September 2017. The **effective income tax rate** in the periods under review was 18.3% and 18.2%, respectively, as compared to the standard Polish corporate income tax rate of 19%.

Income tax **paid** by the Group was PLN 35.5 million in January-September 2018 compared to PLN 40.2 million in January-September 2017. The lower amount of income tax paid was due to the final payment of the income tax for 2016 in Q1 2017, which increased the amount of tax paid in Q1 2017.

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 the sum 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.

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.

V. A typical factors and events

GPW as the organiser of WIBID and WIBOR reference rate fixings

The GPW Group acting through its subsidiary GPW Benchmark expanded its services as of 30 June 2017 following the take-over of the function of organiser and calculation agent of WIBID and WIBOR reference rate fixings from the Financial Markets Association ACI Polska. The new WIBID and WIBOR reference rate documentation implemented in February 2018 complies with the requirements of Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.

The decision of GPW to take over the functions of the organiser of reference rate fixings followed a proposal extended by the Association ACI Polska to GPW. In view of the Regulation, the Association ACI Polska decided that it would be unable to meet its requirements and approached GPW with a proposal to take over the functions of the organiser of WIBID and WIBOR reference rate fixings.

On 1 May 2018, GPW Benchmark S.A. introduced the Agreement for Use of WIBID and WIBOR Reference Rates. Under the Reference Rate Rules, the rates shall be used in financial instruments and contracts under the Regulation exclusively on the terms of the Agreement.

The take-over of the responsibilities for WIBID and WIBOR takes place in phases including: starting the organisation of fixings, which took place on 30 June 2017; aligning the documentation, completed with the implementation of the model agreement as of 1 May 2018; review of the reference rate calculation methodology; and obtaining the authorisation to perform the functions of administrator.

GPW's decision to take over the organisation of WIBID and WIBOR rate fixings is an important step in its history. While GPW previously focused on trade in capital and commodity market instruments, it now expands to financial market services.

GPW Benchmark takes over the organisation of reference rate fixings in collaboration with the banks participating in the fixings. This is particularly relevant in view of the role of the banks in the process and the scope of use of reference rates in the banks' business.

Sale of an associate

On 19 February 2018, the Management Board of GPW decided to start negotiations of boundary conditions of a potential sale of shares of the associate Aquis Exchange ("Aquis"), taken up by GPW under an agreement of 19 August 2013, which authorised GPW to acquire a 30% stake in Aquis. The transaction price was GBP 5 million. In 2016, the associate completed several issues of shares without the participation of GPW. As at 31 December 2017 and as at the date of the sale, GPW held 20.31% of votes and economic rights.

On 23 March 2018, the Management Board of GPW approved the boundary conditions of a potential sale expecting that the value of the stake in Aquis would be no less than GBP 11,475,000. However, the final value of the transaction depended on market conditions and an IPO of Aquis.

On 23 March 2018, the GPW Supervisory Board passed a resolution approving the sale of the stake in the associate Aquis Exchange. On 23 April 2018, the Extraordinary General Meeting of GPW approved the sale of 384,025 shares of associate Aquis.

On 8 June 2018, in connection with an IPO, shares of the associate Aquis Exchange Limited were allocated. GPW held 20.31% of voting and economic rights in the associate Aquis Exchange Limited. In preparation for the IPO, Aquis allocated shares in order to reduce the par value per share as required to bring the IPO in line with the standards of trading in shares of public companies. As a result, the number of shares held by GPW increased from 384,025 shares to 4,608,300 shares. GPW sold Aquis shares at GBP 2.69 per share on 14 June 2018. The value of the sale of GPW's stake in Aquis was GBP 12,396,327. The gains on the sale of the shares of the associate Aquis at PLN 45,395 thousand are shown under financial income in the statement of comprehensive income as at 30 June 2018.

VI. Group's assets and liabilities structure

The **balance-sheet total** of the Group was PLN 1,193.4 million as at 30 September 2018, representing an increase compared to PLN 1,108.3 million as at 30 September 2017.

ASSETS

The Group's **non-current assets** stood at PLN 575.1 million representing 48% of total assets as at 30 September 2018 compared to PLN 596.4 million or 52% of total assets as at 31 December 2017 and PLN 594.8 million or 54% of total assets as at 30 September 2017. The decrease in the share of non-current assets in total assets was due to the sale of the stake in the associate Aquis in June 2018. Those assets were reclassified from investments in associates to assets held for sale as at the end of Q1 2018. The reclassification was triggered by the sale of the stake in the UK company initiated in February 2018. The Aquis assets had been sold as at 30 September 2018.

The Group's **current assets** stood at PLN 618.3 million representing 52% of total assets as at 30 September 2018 compared to PLN 550.7 million or 48% of total assets as at 31 December 2017 and PLN 513.5 million or 46% of total assets as at 30 September 2017.

Current assets increased by 12.3% year to date as at 30 September 2018. The increase of the assets as at 30 September 2018 was mainly driven by an increase of cash following the sale of the stake in the associate Aquis at a gain as well as additional cash flows from operating activities.

Trade receivables as at 30 September 2018 increased compared to 31 December 2017 and compared to 30 September 2017. The increase in the GPW Group's receivables was driven by the recognition of VAT receivables of PLN 29.4 million in IRGiT. The high amount due from the Tax Office results from a surplus of purchase transactions with foreign entities over intra-Community sale transactions. As a result, the input VAT is greater than the VAT refund. IRGiT has no control of VAT reported as output or refund because this depends solely on the type of cleared transactions on TGE.

As at 30 September 2018, the GPW Group recognised PLN 101.0 million of financial assets measured at amortised cost, including financial instruments purchased by GPW. On 22 June 2018 and 17 July 2018, the Company purchased corporate bonds in a total nominal amount of PLN 63 million. Following the purchase of the bonds, the Group recognised PLN 62.3 million as at 30 September 2018, which represents the discounted value of the bonds equal to the purchase price. The bonds are due for redemption on 21 December 2018 and 18 January 2019, respectively. On 29 March 2018, GPW purchased 38 thousand certificates of deposit at an issue price of PLN 1 thousand per certificate; the purchase price was PLN 38.0 million; the interest period is from the date of purchase to 1 October 2018. The end date of the interest period is the date of interest payment in an amount equal to WIBOR as at 27 March 2018 plus negotiated interest. These transactions diversify the sources of GPW's financial income to generate income greater than what is available from bank deposits. The Company invests in investment grade bank debt, which mitigates the risk of issuer's default.

The decrease of cash and cash equivalents year to date was due to the purchase of debt and certificates of deposit described above.

IFRS 9 Financial Instruments effective as of 1 January 2018 changes the existing classification of financial assets. Under the new standard, financial assets, i.e., minority interest in Sibex and Innex, are presented as financial assets measured at fair value through other comprehensive income. The GPW Group recognised PLN 200 thousand as updated value of shares of Sibex as at 30 September 2018.

Table 23: Consolidated statement of financial position of the Group at the end of selected periods (assets)

PLN'000	As at					
	30 September 2018	%	31 December 2017	%	30 September 2017	%
Non-current assets	**575,125**	**48%**	**596,354**	**52%**	**594,774**	**54%**
Property, plant and equipment	106,156	9%	110,784	10%	112,036	10%
Intangible assets	258,713	22%	267,991	23%	268,916	24%
Investment in associates	203,273	17%	207,389	18%	205,221	19%
Deferred tax assets	863	0%	3,803	0%	1,796	0%
Available-for-sale financial assets	-	0%	271	0%	280	0%
Financial assets measured at fair value through other comprehensive income	200	0%	-	0%	-	0%
Non-current prepayments	5,920	0%	6,116	1%	6,525	1%
Current assets	**618,283**	**52%**	**550,699**	**48%**	**513,493**	**46%**
Inventory	64	0%	56	0%	54	0%
Corporate income tax receivables	71	0%	71	0%	95	0%
Trade and other receivables	78,747	7%	64,096	6%	63,768	6%
Contract assets	2,122	0%	-	0%	-	0%
Financial assets measured at amortised cost	101,000	8%	-	0%	-	0%
Cash and cash equivalents	436,279	37%	486,476	42%	449,576	41%
Total assets	**1,193,408**	**100%**	**1,147,053**	**100%**	**1,108,267**	**100%**

Source: Condensed Consolidated Interim Financial Statements

EQUITY AND LIABILITIES

The **equity** of the Group stood at PLN 853.4 million representing 72% of the Group's total equity and liabilities as at 30 September 2018 compared to PLN 799.5 million or 70% of total equity and liabilities as at 31 December 2017 and PLN 759.7 million or 69% of the total equity and liabilities as at 30 September 2017.

Non-current liabilities of the Group stood at PLN 268.3 million representing 22% of the Group's total equity and liabilities as at 30 September 2018 compared to PLN 270.8 million or 24% of total equity and liabilities as at 31 December 2017 and PLN 271.2 million or 24% of the total equity and liabilities as at 30 September 2017. The Group's non-current liabilities include GPW's liabilities under outstanding bonds. The decrease of non-current liabilities year to date in January-September 2018 was due to a reduction of the deferred tax liability.

Current liabilities of the Group stood at PLN 71.8 million representing 6% of the Group's total equity and liabilities as at 30 September 2018 compared to PLN 76.8 million or 7% of total equity and liabilities as at 31 December 2017 and PLN 77.4 million or 7% of the total equity and liabilities as at 30 September 2017.

Current liabilities as at 30 September 2018 decreased year to date, mainly due to the higher reference base; furthermore, as at 31 December 2017 among others income tax liabilities were recognized.

Furthermore (in connection with the implementation of IFRS 15 since of January 2018), current liabilities as at 30 September 2018 include contract liabilities at PLN 12.5 million, i.e., deferred income recognised over time. Current contract liabilities on the financial market and the commodity market include annual and quarterly fees charged to market participants. Those were presented as deferred income as at 31 December 2017. For more information in initial application of IFRS 15, see Note 19 to the Financial Statements.

Table 24: Consolidated statement of financial position of the Group at the end of selected periods (equity and liabilities)

PLN'000	As at 30 September 2018	%	31 December 2017	%	30 September 2017	%
Equity	**853,355**	**72%**	**799,467**	**70%**	**759,686**	**69%**
Share capital	63,865	5%	63,865	6%	63,865	6%
Other reserves	1,126	0%	1,347	0%	1,128	0%
Retained earnings	787,776	66%	733,682	64%	694,132	63%
Non-controlling interests	588	0%	573	0%	561	0%
Non-current liabilities	**268,290**	**22%**	**270,781**	**24%**	**271,200**	**24%**
Liabilities under bond issue	243,864	20%	243,573	21%	243,475	22%
Employee benefits payable	1,130	0%	1,454	0%	1,468	0%
Accruals and deferred income	5,173	0%	5,592	0%	5,996	1%
Deferred income tax liability	6,358	1%	7,108	1%	7,286	1%
Other liabilities	11,765	1%	13,054	1%	12,975	1%
Current liabilities	**71,763**	**6%**	**76,805**	**7%**	**77,381**	**7%**
Liabilities under bond issue	2,099	0%	1,938	0%	2,100	0%
Trade payables *	7,905	1%	21,303	2%	6,169	1%
Employee benefits payable	11,684	1%	12,958	1%	10,515	1%
Finance lease liabilities	-	0%	31	0%	48	0%
Deferred income tax liability	1,066	0%	6,012	1%	4,587	0%
Credits and loans	-	0%	-	0%	20,021	2%
Performance obligations	12,533	1%	-	0%	-	0%
Accruals and deferred income *	559	0%	7,386	1%	15,641	1%
Provisions for other liabilities and charges	68	0%	210	0%	191	0%
Other current liabilities	35,849	3%	26,967	2%	18,109	2%
Total equity and liabilities	**1,193,408**	**100%**	**1,147,053**	**100%**	**1,108,267**	**100%**

As of January 2018 deffered income is presented separately as performance obligations

Source: Condensed Consolidated Interim Financial Statements

CASH FLOWS

The Group generated positive cash flows from **operating activities** at PLN 94.6 million in January-September 2018 compared to positive cash flows of PLN 93.7 million in January-September 2017. The increase of the positive cash flows from operating activities in January-September 2018 was mainly driven by the higher net profit combined with a decrease of income tax paid.

The cash flows from **investing activities** were negative at PLN 51.5 million in January-September 2018 compared to negative cash flows of PLN 13.1 million in January-September 2017. The negative cash flows were driven by investments in bonds and certificates of deposit at PLN 100.3 million, investments in property, plant and equipment and intangible assets at PLN 13.7 million and the sale of assets (shares in Aquis) at PLN 57.5 million.

The cash flows from **financing activities** were negative at PLN 93.3 million in January-September 2018 compared to negative cash flows of PLN 77.6 million in January-September 2017. The negative cash flows from financing activities in January-September 2018 were driven by the dividend payment of PLN 92.3 million and the payment of interest on bonds at PLN 5.3 million.

Table 25: Consolidated cash flows

PLN'000	Cash flows for the nine-month period ended	
	30 September 2018	30 September 2017
Cash flows from operating activities	94,584	93,664
Cash flows from investing activities	(51,484)	(13,077)
Cash flows from financing activities	(93,297)	(77,614)
Net increase / (decrease) in cash	**(50,197)**	**2,973**
Impact of change of fx rates on cash balances in foreign currencies	-	*(211)*
Cash and cash equivalents - opening balance	**486,476**	**446,814**
Cash and cash equivalents - closing balance	**436,279**	**449,576**

Source: Condensed Consolidated Interim Financial Statements

CAPITAL EXPENDITURE

The Group's total capital expenditure in January-September 2018 amounted to PLN 13.7 million including expenditure for property, plant and equipment at PLN 7.7 million and expenditure for intangible assets at PLN 6.0 million. The Group's total capital expenditure in January-September 2017 amounted to PLN 17.2 million including expenditure for property, plant and equipment at PLN 6.9 million and expenditure for intangible assets at PLN 10.3 million.

Contracted investment commitments for property, plant and equipment were PLN 1,415 thousand as at 30 September 2018, including expansion of the SAN and the server room. Contracted investment commitments for intangible assets were PLN 1,292 thousand, including mainly the GPW trading surveillance system and the TGE market surveillance system.

Contracted investment commitments for property, plant and equipment were PLN 1,226 thousand as at 31 December 2017, including mainly the acquisition of CISCO switches in TGE. Contracted investment commitments for intangible assets were PLN 1,979 thousand, including mainly the trading surveillance system and the acquisition of Microsoft licences for the GPW Group.

Contracted investment commitments for property, plant and equipment were PLN 133 thousand as at 30 September 2017, including mainly restructuring of GPW offices. Contracted investment commitments for intangible assets were PLN 1,275 thousand, including mainly the acquisition of Microsoft licences for the GPW Group, the electricity market service provision software in InfoEngine, and the implementation of the financial and accounting system AX 2012 with new modules, consolidation and budgeting in GPW.

VII. Ratio analysis

DEBT AND FINANCING RATIOS

In the period covered by the financial statements, the debt of the Group posed no threat to its going concern and capacity to meet liabilities on time. The ratio of net debt to EBITDA remained negative in the periods under review as liquid assets of the GPW Group exceeded interest-bearing liabilities (negative net debt). The debt to equity ratio decreased year on year as at 30 September 2018 due to an increase of the equity and a decrease of debt of the Group.

LIQUIDITY RATIOS

The current liquidity ratio was 8.6 as at 30 September 2018. The year-on-year increase of the ratio was due to a decrease of current liabilities, including mainly a loan taken to pay outstanding VAT for 2011-2016 in TGE. The current liquidity ratio remained safe.

The coverage ratio of interest costs under the bond issue increased modestly year on year as at 30 September 2018. The Group generated cash flows from operating activities which were several times higher than necessary to cover current liabilities under the bond issue.

PROFITABILITY RATIOS

The profitability ratios at operating profit level decreased moderately year on year, as shown in the table below, due to a decrease of operating profit. However, the profitability ratios at net profit level improved year on year. This was driven by a higher net profit, mainly due to the sale of the interest in Aquis.

Table 26: Key financial indicators of GPW Group

		As at - For the nine-month period ended	
		30 September 2018	30 September 2017
Debt and financing ratios			
Net debt / EBITDA (for a period of 12 months)	1), 2)	(0.9)	(0.9)
Debt to equity	3)	28.8%	35.0%
Liquidity ratios			
Current liquidity	4)	8.6	6.6
Coverage of interest on bonds	5)	27.3	30.2
Return ratios			
EBITDA margin	6)	57.8%	62.7%
Operating profit margin	7)	48.5%	54.8%
Net profit margin	8)	56.7%	46.0%
Cost / income	9)	50.9%	45.0%
ROE	10)	23.0%	18.7%
ROA	11)	16.2%	12.4%

1) Net debt = interest-bearing liabilities less liquid assets of GPW Group (as at balance-sheet date)

2) EBITDA = GPW Group operating profit + depreciation and amortisation (for a period of 9 months; net of the share of profit of associates)

3) Debt to equity = interest-bearing liabilities / equity (as at balance-sheet date)

4) Current liquidity = current assets / current liabilities (as at balance-sheet date)

5) Coverage of interest on bonds = EBITDA / interest on bonds (interest paid and accrued for a period of 9 months)

6) EBITDA margin = EBITDA / GPW Group revenue (for a period of 9 months)

7) Operating profit margin = GPW Group operating profit / GPW Group revenue (for a period of 9 months)

8) Net profit margin = GPW Group net profit / GPW Group revenue (for a period of 9 months)

9) Cost / income = GPW Group operating expenses / GPW Group revenue (for a period of 9 months)

10) ROE = GPW Group net profit (for a period of 12 months) / Average equity at the beginning and at the end of the last 12 month period

11) ROA = GPW Group net profit (for a period of 12 months) / Average total assets at the beginning and at the end of the last 12 month period

Source: Company

VIII. SEASONALITY AND CYCLICALITY OF OPERATIONS

Share prices and the value of trading are significantly influenced by local, regional and global trends impacting the capital markets, which determines the number and size of new issues of financial instruments and the activity of investors on GPW. As a result, the revenue of the Group is cyclical.

TRADING ON THE COMMODITY MARKET

Trading in certificates of origin on TGE is subject to some seasonality. The volume of trade in property rights on the property rights market operated by TGE and the activity of participants of the register of certificates of origin are largely determined by the obligation imposed on energy companies which sell electricity to final consumers and have to cancel a certain quantity of certificates of origin in relation to the volume of electricity sold in the year. The percentage of certificates of origin which must be cancelled is fixed for every year in regulations of the Minister of the Economy.

According to the Energy Law, the obligation has to be performed until 30 June. As a result, trading in the first half of the year is relatively higher than in the second half of the year.

The issuance of certificates of origin also intensifies in Q1 and in Q4 of each year. Certificates of origin are subject to mandatory cancellation within time limits set in the energy market regulations.

Trading in energy on the Commodity Forward Instruments Market operated by TGE is not distributed evenly over the year. It is seasonal in that trading is relatively low in the first half of the year compared to the second half of the year. This is because the supply side is awaiting information about the costs of electricity generation (including the cost of fuel) in the first half of the year. The demand side, in turn, needs time to determine its demand for the next year based on the demand of its clients.

SYSTEM OF FINANCING CAPITAL MARKET SUPERVISION

The Act of 12 June 2015 amending the Capital Market Supervision Act and certain other Acts largely extended the list of entities required to finance supervision (by adding, among others, banks, insurers, investment funds, public companies, brokerage houses and foreign investment firms) and changed the amount of contributions of entities. A Regulation of the Minister of Finance effective as of 1 January 2016 determines among others the calculation method as well as the terms and conditions of the payment of fees by relevant entities. As a result, the cost of fees paid by the GPW Group was reduced significantly. The fee to PFSA was reduced to PLN 9.1 million in 2016, compared to PLN 22.0 million in 2015.

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. Until the end of 2015, GPW recognised 1/12 of the annual fee due to PFSA in each month of the year. According to IFRIC 21, the entity should recognise liabilities in respect of fees due to PFSA at the date of the obligating event. The obligating event is the business subject to the fees due to PFSA carried out as at the 1 January of each year. Consequently, the total estimated amount of the annual fees due to PFSA will be charged to the results of the GPW Group's results in the first quarter of each year.

The Chairperson of the Polish Financial Supervision Authority publishes the fees 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.

In connection with the aforementioned changes related to supervision fees paid to PFSA and the method of their calculation, the amounts of the fees may change from year to year, as demonstrated by the amount of the fees paid in 2016 and 2017. The Group's fee due to PFSA stood at PLN 9.1 million in 2016, PLN 5.6 million in 2017, and PLN 12.5 million in 2018, impacting the year's financials of the Group. The much higher fee in 2018 results from higher rates published by the Chairperson of the Polish Financial Supervision Authority on 30 August 2018.

IX. Other information

CONTINGENT LIABILITIES AND ASSETS

The GPW Group had no contingent liabilities or assets as at 30 September 2018.

PENDING LITIGATION

According to the Company's best knowledge, there is no litigation pending against the parent entity or other companies of the Group before a court, an arbitration body or a public administration body concerning liabilities or debt with a value of at least 10% of the Company's equity.

RELATED PARTY TRANSACTIONS

In January-September 2018, GPW and the associates of GPW did not make any significant transactions on terms other than at arm's length.

In June 2017, TGE granted to InfoEngine a PLN 835 thousand loan maturing on 30 September 2022. The interest rate on the loan is 3.3%.

GUARANTIES AND SURETIES GRANTED

As at 30 September 2018, the subsidiary TGE held a bank guarantee of EUR 7.8 million issued to Nord Pool by a bank in respect of payments between TGE and Nord Pool in Market Coupling for the period from 1 July 2017 to 30 September 2018. In June 2018, a new bank guarantee was issued for TGE in favour of Nord Pool at EUR 3.6 million valid from 1 July 2018 to 30 September 2019 and another guarantee of EUR 3.6 million valid from 1 December 2018 to 30 April 2019.

The Group granted and accepted no other guarantees and sureties in January-September 2018.

FEASIBILITY OF PREVIOUSLY PUBLISHED FORECASTS

The Group did not publish any forecasts of 2018 results.

DIVIDEND PAYMENT

On 19 June 2018, the Ordinary General Meeting of GPW passed a resolution to distribute GPW's profit for 2017, including a payment of dividend in the total amount of PLN 92,338 thousand. The dividend per share was PLN 2.20. The dividend record date was 19 July 2018 and the dividend payment date was 2 August 2018.

On 10 May 2018, the Ordinary General Meeting of Centrum Giełdowe S.A. passed a resolution to distribute PLN 1,501 thousand of the profit as dividend. The dividend attributable to GPW was PLN 372 thousand. The dividend was paid on 30 May 2018.

On 29 June 2018, the Ordinary General Meeting of Towarowa Giełda Energii S.A. passed a resolution to distribute PLN 69,325 thousand of the profit as dividend. The dividend was fully attributable to GPW and was paid on 19 July 2018.

On 6 July 2018, the Ordinary General Meeting of Krajowy Depozyt Papierów Wartościowych S.A. decided to pay no dividend from the 2017 profit.

On 29 June 2018, the Ordinary General Meeting of BondSpot S.A. decided to pay no dividend from the 2017 profit.

EVENTS AFTER THE BALANCE-SHEET DATE WHICH COULD SIGNIFICANTLY IMPACT THE FUTURE FINANCIAL RESULTS OF THE ISSUER

A change of the name of Instytut Analiz i Ratingu to Polska Agencja Ratingowa (PAR) was registered by the National Court Register on 31 October 2018. In addition, an increase of the capital of PAR from PLN 2.2 million to PLN 6.5 million was registered, resulting in a change of the shareholding structure. Following the change, the Warsaw Stock Exchange, Polski Fundusz Narodowy and Biuro Informacji Kredytowej are the shareholders of PAR in equal parts, each holding a one-third stake. The mission of the joint rating agency is to build a rating culture in Poland by offering services to a broad range of entities, mainly including small and mid-sized enterprises.

FACTORS WHICH WILL IMPACT THE RESULTS AT LEAST IN THE NEXT QUARTER

- The GPW Group presented the updated strategy #GPW2022. Under the strategy, the GPW Management Board acting with the approval of the Exchange Supervisory Board presented 14 strategic initiatives as a roadmap to the improvement of the GPW Group's international position. The key objectives of the strategy #GPW2022 updated by the GPW Management Board are to develop new platforms matching buyers and sellers on the trading floor in Warsaw and to support the Polish economy more than ever before in order to allow Poland to catch up with the world's most advanced economies. The document is a continuation of the previous strategic objectives. The presentation of the initiatives comprised by the strategy #GPW2022 is available on GPW's website at https://www.gpw.pl/pl-spolka-strategia-i-misja

- On 24 September 2018, the rating agency FTSE Russell promoted Poland from Emerging Markets to Developed Markets. The new positioning of the Polish capital market could drive additional interest of investors and bring additional capital to the Polish exchange.

- On 5 October 2015, the multilateral trading facility (MTF) Turquoise in London started to offer trade in Polish shares participating in WIG30. It cannot be ruled out that some investors will trade in shares of Polish companies on Turquoise. On 20 September 2018, CBOE (Chicago Board Options Exchange), the biggest US options exchange, announced its plan to enter three new European markets: Hungary (BUX index), Czech Republic (PX Index), and Poland (WIG20 Index). Trade on the new markets is scheduled to start on 5 November 2018. CBOE is interested in Polish blue chips participating in WIG20. CBOE Europe will offer trade in securities deposited in KDPW. The entry of an alternative trading venue to Poland may adversely impact turnover on GPW.

- Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation or GDPR) took effect on 25 May 2018 and replaced the existing Personal Data Protection Act of 29 August 1997. The new regulations apply to all entities which process personal data in the EU. GDPR introduces a number of changes and extends the scope of obligations of data controllers and processors. The implementation of GDPR in the GPW Group will put in place uniform and coherent solutions including joint data controlling, data retention, and modified security of systems used to process personal data. GDPR introduces the obligation of reporting to the supervisory authority and personal data subjects in the event of any data protection violations with 72 hours of identification of the event. In the case of non-compliance with the data disclosure prohibition, personal data controllers may be subject to penalties up to EUR 20 million or 4% of the annual global turnover of the business concerned in the financial year preceding the violation.

- The Ministry of Energy announced an upcoming draft legislative amendment introducing the obligation to sell 100% of electricity on the exchange. The current requirement to sell electricity on the exchange is 30%, compared to 15% in 2017. The introduction of the maximum obligation level aims to improve the transparency of the energy market and curb unjustified rises of electricity prices. The Ministry of Energy expects that the improved liquidity and transparency on TGE and reduced impact of market participants in a strong position on prices will mitigate the risk of significant price rises. The draft law is scheduled to be approved by the Council of Ministers in Q4 2018.

- The Ministry of Energy opened social consultations of a draft law on promotion of electricity from high-efficiency cogeneration on 5 April 2018. The Ministry of Energy proposed a new cogeneration support system in October 2018. The new cogeneration support system should be compliant with the European Commission guidelines, i.e., based on auctions. The system proposed by the Ministry is expected to launch in 2019.

These legislative changes will put an end to trading in yellow and red property rights after 31 December 2018. The existing rights will be cancelled in June 2019 at the latest.

- The Act of 20 February 2015 on renewable energy sources introduces as of 2016 a new system of support for the production of energy from renewable energy sources (RES) based on auctions. Fixed energy prices guaranteed by means of auctions will be available to investors for a period of 15 years after the launch of production and will be annually indexed to inflation. Under the Act, entities previously benefiting from support in the form of certificates of origin may switch to the auction system, which would have an adverse impact on volumes on the Property Rights Market and in the Register of Certificates of Origin. In addition, the Act narrows down the group of entities eligible for support in the form of green certificates (excluding large hydropower installations above 5 MW) and imposes restrictions on the issuance of certificates of origin for multi-fuel combustion plants, which may largely limit the number of property rights to green certificates of origin issued by the Register. Furthermore, the Energy Law requires energy companies which produce electricity and are entitled to compensation (to cover stranded costs) for early termination of long-term power and electricity sale contracts to "publicly" sell generated electricity. The number of entities subject to the formal obligation diminishes over time.

- Preparation of the Commodity Forward Instruments Market for transformation into an OTF (Organised Trading Facility) under MiFiD II. On 29 December 2017, the Commodity Forward Instruments Market implemented the principle of discretion, which is a special feature of OTFs under MiFID II. The principle of discretion implemented by TGE allows for improvement of market liquidity in less liquid instruments. The principle of discretion allows TGE to retain the turnover of the Commodity Forward Instruments Market and to access OTC trade in the future. Following the introduction of the Act implementing MiFID II (amendment of the Act on Trading in Financial Instruments, known as UC 86), TGE has 12 months to apply to PFSA for a licence to operate an Organised Trading Facility into which the Commodity Forward Instruments Market will be transformed.

- The objective of integration of the European market as a coherent harmonised internal market (Internal Electricity Market – IEM) is to enable all market players to participate in cross-border trade in electricity. The target market coupling (MC) solution for day-ahead markets is the Price Coupling of Regions (PCR) developed by Western European exchanges while the Cross-border Intra-day model (XBID) is the MC solution for the intraday market. On 15 November 2017, TGE started production on the European day-ahead market in the PCR model, which means that TGE became a PCR operator/co-ordinator exchange. TGE is an authorised active market broker as one of five exchanges including TGE, EPEX SPOT, OMIE, GME, NORD POOL. As a result, TGE can launch as a NEMO on the markets with no NEMO monopoly, which presents an opportunity for TGE to expand to foreign markets. At the same time, other NEMOs may launch on the Polish electricity market. Two NEMOs are expected to start operation competitive to TGE on the Polish spot electricity market in October 2018.

- The Warsaw Stock Exchange (GPW), the Polish Development Fund (PFR), Biuro Informacji Kredytowej and Polska Agencja Ratingowa (PAR), before Instytut Analiz I Ratingu, signed an investment agreement in July 2018 which provides for a partnership between GPW, PFR and BIK to develop a recognisable, strong local rating agency based on PAR. GPW, PFR and BIK expect that the shareholder structure of Polska Agencja Ratingowa should correspond to the equal equity investment of each of them in PAR (1/3 each). The planned equity injection will enable the entity to launch full-fledged operation until it breaks even.

  The investment agreement signed by GPW, PFR, BIK and PAR follows an agreement signed on 28 November 2017 concerning co-operation in the development of Polska Agencja Ratingowa in order to compile and provide credit risk ratings of entities, including mainly issuers of bonds.

The main objective of the joint rating agency will be to build a rating culture in Poland by providing services to a broad group of clients, including mainly small and medium-sized enterprises (SMEs).

OTHER MATERIAL INFORMATION

Changes on the Management Board of the Company

On 3 April 2018, Michał Cieciórski, Vice-President of the GPW Management Board, resigned his function as of 23 April 2018.

On 23 April 2018, acting at the request of the Treasury of the Republic of Poland, a shareholder representing 35.00% of the share capital of the Company, the Extraordinary General Meeting of the Warsaw Stock Exchange resolved to appoint Marek Dietl as President of the GPW Management Board of the new term of office.

On 12 June 2018, the GPW Supervisory Board decided to appoint Members of the Management Board of the Warsaw Stock Exchange of the new term of office including:

- ✓ Jacek Fotek as Vice-President of the GPW Management Board,
- ✓ Izabela Olszewska as Member of the GPW Management Board,
- ✓ Piotr Borowski as Member of the GPW Management Board,
- ✓ Dariusz Kułakowski as Member of the GPW Management Board.

The decision appointing Izabela Olszewska and Piotr Borowski was effective subject to the approval of the Polish Financial Supervision Authority for the changes to the Exchange Management Board. On 13 July 2018, the Polish Financial Supervision Authority approved the changes to the Exchange Management Board appointing Izabela Olszewska and Piotr Borowski to the Exchange Management Board as its Members effective as of 1 August 2018.

The appointment of Jacek Fotek and Dariusz Kułakowski to the GPW Management Board took effect on 26 July 2018, the start date of the new term of office of the GPW Management Board.

On 19 June 2018, the Ordinary General Meeting of the Warsaw Stock Exchange elected Janusz Krawczyk as a new Member of the Supervisory Board of the Warsaw Stock Exchange.

On 19 June 2018, GPW was notified of the resignation of Wojciech Nagel as Chairman of the Exchange Supervisory Board as of 19 June 2018 due to his plans to accept new professional engagements.

On 16 July 2018, the Exchange Supervisory Board appointed Jakub Modrzejewski, former Deputy Chairman of the Exchange Supervisory Board, as Chairman of the Exchange Supervisory Board, and appointed Janusz Krawczyk as Deputy Chairman of the Exchange Supervisory Board.

In June 2018, Marek Dietl, President of the GPW Management Board, was elected a Member of the Board of the Federation of European Securities Exchanges (FESE). FESE represents regulated markets. FESE has 33 full members in 27 countries as well as observer members.

In the opinion of the Company, in January-September 2018, there were no significant events or circumstances, other than those presented in this Report, which would be material to an evaluation of the Company's or the Group's position with regard to its human resources, assets, financial position, financial results and capacity to meet obligations.

X. Quarterly financial information of Giełda Papierów Wartościowych w Warszawie S.A. for 9M 2018

This quarterly financial information of Giełda Papierów Wartościowych w Warszawie S.A. has been prepared in accordance with the accounting policy principles binding for the Condensed Consolidated Interim Financial Statements for the three-month period ended 30 September 2018.

The estimates did not change substantially in the nine-month period ended 30 September 2018, including adjustments of provisions, deferred tax provisions and deferred tax assets mentioned in the IFRS. In the period under review, the Company and its subsidiaries did not make one or more significant transactions with related parties on terms other than at arm's length, and neither did they grant credit or loan sureties other than described in section IX.

Table 27: Separate statement of comprehensive income (PLN'000)

	for the nine-month period ended 30.09.2018	for the nine-month period ended 30.09.2017	for the three-month period ended 30.09.2018	for the three-month period ended 30.09.2017
Revenue	**142,965**	**152,142**	**47,519**	**47,690**
Operating expenses	84,881	75,902	28,479	21,871
Other income	831	818	128	317
Impairment losses	1,135	-	(292)	-
Other expenses	843	1,825	362	469
Operating profit	**56,937**	**75,234**	**19,098**	**25,668**
Financial income	105,977	4,195	1,079	893
Financial expenses	7,824	6,625	1,947	1,933
Profit before income tax	**155,090**	**72,804**	**18,230**	**24,628**
Income tax expense	16,880	13,717	3,581	4,751
Profit for the period	**138,210**	**59,087**	**14,649**	**19,877**
Total comprehensive income	**138,210**	**59,087**	**14,649**	**19,877**
Basic / Diluted earnings per share (PLN)	**3.29**	**1.41**	**0.35**	**0.47**

Source: Company

Table 28: Separate statement of financial position (PLN'000)

ASSETS	30.09.2018	31.12.2017	30.09.2017
Non-current assets	**426,560**	**462,760**	**464,296**
Property, plant and equipment	94,868	96,269	96,672
Intangible assets	61,696	68,963	69,807
Investment in associates	11,652	36,959	36,959
Investment in subsidiaries	253,058	254,985	254,985
Available-for-sale financial assets	-	271	280
Financial assets measured at fair value through other comprehensive income	200	-	-
Non-current prepayments	5,086	5,313	5,593
Current assets	**348,867**	**275,535**	**259,360**
Inventory	64	56	54
Trade and other receivables	28,585	26,272	33,964
Financial assets measured at amortised cost	1,946	-	-
Other financial assets measured at amortised cost	101,000	-	-
Other current financial assets	-	-	10,123
Cash and cash equivalents	217,272	249,207	215,219
TOTAL ASSETS	**775,427**	**738,295**	**723,656**

EQUITY AND LIABILITIES	30.09.2018	31.12.2017	30.09.2017
Equity	**484,535**	**438,873**	**426,290**
Share capital	63,865	63,865	63,865
Other reserves	(125)	(125)	(114)
Retained earnings	420,795	375,133	362,539
Non-current liabilities	**262,430**	**264,574**	**264,553**
Liabilities under bond issue	243,864	243,573	243,475
Employee benefits payable	560	883	837
Deferred tax liability	6,241	7,064	7,266
Other liabilities	11,765	13,054	12,975
Current liabilities	**28,462**	**34,848**	**32,813**
Liabilities under bond issue	2,099	1,938	2,100
Trade payables	4,689	11,954	4,040
Employee benefits payable	6,934	8,481	6,779
Deferred tax liability	422	5,685	4,226
Performance obligations	8,650	-	-
Accruals and deferred income	-	21	9,972
Provisions for other liabilities and charges	68	211	190
Other liabilities	5,600	6,558	5,506
TOTAL EQUITY AND LIABILITIES	**775,427**	**738,295**	**723,656**

Source: Company

Table 29: Separate cash flow statement (PLN'000)

		for the nine-month period ended 30.09.2018	for the nine-month period ended 30.09.2017
A	**Cash flows from operating activities**	**43,868**	**56,615**
	Cash generated from operating activities	68,365	91,390
	Income tax (paid)/refunded	(31,060)	(34,775)
B	**Cash flows from investing activities**	**21,874**	**(12,586)**
	Purchase of property, plant and equipment	(6,249)	(4,623)
	Purchase of intangible assets	(1,194)	(2,749)
	Proceeds from sale of property, plant and equipment and intangible assets	168	718
	Sale of available-for-sale financial assets	57,546	-
	Sale of financial assets measured at amortised cost	45,000	-
	Purchase of financial assets measured at amortised cost	(145,338)	-
	Loans granted	-	(10,000)
	Interest received	2,244	2,800
	Dividends received	69,697	1,266
	Others	-	2
C	**Cash flows from financing activities**	**(97,588)**	**(96,387)**
	Paid dividend	(92,288)	(90,190)
	Paid interest	(5,300)	(5,642)
	Proceeds from issuance of bonds	-	119,929
	Redemption of bonds issued	-	(120,484)
D	**Net (decrease) / increase in cash and cash equivalents**	**(31,846)**	**(52,358)**
	Impact of change of fx rates on cash balances in foreign currencies	(89)	(211)
	Cash and cash equivalents - opening balance	**249,207**	**267,789**
	Cash and cash equivalents - closing balance	**217,272**	**215,219**

Source: Company

Table 30: Separate statement of changes in equity (PLN'000)

	Attributable to the shareholders of the entity			Total equity
	Share capital	Other reserves	Retained earnings	
As at 31 December 2016 *(audited)*	**63,865**	**(114)**	**408,351**	**472,102**
Adjustments	-	-	(14,660)	(14,660)
As at 31 December 2016 *(restated - PFN)*	**63,865**	**(114)**	**393,691**	**457,442**
Dividends	-	-	(90,239)	(90,239)
Transactions with owners recognised directly in equity	**-**	**-**	**(90,239)**	**(90,239)**
Net profit for the nine-month period ended 30 September 2017	-	-	59,087	59,087
Total comprehensive income for nine-month period ended 30 September 2017	-	**-**	**59,087**	**59,087**
As at 30 September 2017 *(unaudited, restated)*	**63,865**	**(114)**	**362,539**	**426,290**
As at 31 December 2016 *(audited)*	**63,865**	**(114)**	**408,351**	**472,102**
Adjustments	-	-	(14,660)	(14,660)
As at 31 December 2016 *(restated - PFN)*	**63,865**	**(114)**	**393,691**	**457,442**
Dividends	-	-	(90,239)	(90,239)
Transactions with owners shown directly in equity	**-**	**-**	**(90,239)**	**(90,239)**
Net profit for the year ended 31 December 2017	-	-	71,679	71,679
Other comprehensive income	-	(11)	-	(11)
Total comprehensive income for the year ended 31 December 2017	-	**(11)**	**71,679**	**71,668**
Other changes in equity	-	-	2	2
As at 31 December 2017 *(unaudited, restated)*	**63,865**	**(125)**	**375,133**	**438,873**
As at 31 December 2017 *(audited)*	**63,865**	**(125)**	**387,147**	**450,887**
Adjustments	-	-	(12,014)	(12,014)
As at 31 December 2017 *(restated - PFN)*	**63,865**	**(125)**	**375,133**	**438,873**
Adjustment on initial application of IFRS 9	-	-	(210)	(210)
As at 30 September 2018	**63,865**	**(125)**	**374,923**	**438,663**
Dividends	-	-	(92,338)	(92,338)
Transactions with owners shown directly in equity	**-**	**-**	**(92,338)**	**(92,338)**
Net profit for the nine-month period ended 30 September 2018	-	-	138,210	138,210
Total comprehensive income for the nine-month period ended 30 September 2018	**-**	**-**	**138,210**	**138,210**
As at 30 September 2018 *(unaudited)*	**63,865**	**(125)**	**420,795**	**484,535**

Source: Company

XI. Appendices

Condensed Consolidated Interim Financial Statements for the nine-month period ended 30 September 2018

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
ul. Inflancka 4A
00-189 Warszawa, Polska
Tel. +48 (22) 528 11 00
Faks +48 (22) 528 10 09
kpmg@kpmg.pl

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

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2018

To the Shareholders of Giełda Papierów Wartościowych w Warszawie S.A.

Introduction

We have reviewed the accompanying 30 September 2018 condensed consolidated interim financial statements of Giełda Papierów Wartościowych w Warszawie S.A. Group, with its parent company's registered office in Warsaw, ul. Książęca 4 ("the condensed consolidated interim financial statements"), which comprise:

- the consolidated statement of financial position as at 30 September 2018,
- the consolidated statements of comprehensive income for the three-month and nine-month periods ended 30 September 2018,
- the consolidated statement of changes in equity for the nine-month period ended 30 September 2018,
- the consolidated statement of cash flows for the nine-month period ended 30 September 2018, and
- notes to the condensed consolidated interim financial statements.

Management of the parent company is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements, based on our review.

KPMG

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as adopted by the resolution dated 5 March 2018 of the National Council of Certified Auditors as the National Standard on Review 2410. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with National Standards on Auditing or International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 September 2018 are not prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union, and in accordance with the adopted accounting principles (policy).

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

Signed on the Polish original
....
Mirosław Matusik
Key Certified Auditor
Registration No. 90048
Limited Liability Partner
with power of attorney

27 November 2018

Condensed Consolidated Interim
Financial Statements of

the Giełda Papierów Wartościowych w Warszawie S.A. Group

for the nine-month period ended 30 September 2018

November 2018

TABLE OF CONTENTS

(all amounts in PLN'000 unless indicated otherwise)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 September 2018 *(unaudited)*	As at 31 December 2017 *(restated)*
Non-current assets		**575,125**	**596,354**
Property, plant and equipment	3	106,156	110,784
Intangible assets	4	258,713	267,991
Investment in associates	5	203,273	207,389
Deferred tax assets		863	3,803
Available-for-sale financial assets		-	271
Financial assets measured at fair value through other comprehensive income		200	-
Non-current prepayments		5,920	6,116
Current assets		**618,283**	**550,699**
Inventories		64	56
Corporate income tax receivable		71	71
Trade and other receivables	6	78,747	64,096
Contract assets	11	2,122	-
Other financial assets measured at amortised cost	7	101,000	-
Cash and cash equivalents	9	436,279	486,476
TOTAL ASSETS		**1,193,408**	**1,147,053**

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

(all amounts in PLN'000 unless indicated otherwise)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	As at	
		30 September 2018 *(unaudited)*	31 December 2017 *(restated)*
Equity		**853,355**	**799,467**
Equity of the shareholders of the parent entity		**852,767**	**798,894**
Share capital		63,865	63,865
Other reserves		1,126	1,347
Retained earnings		787,776	733,682
Non-controlling interests		**588**	**573**
Non-current liabilities		**268,290**	**270,781**
Liabilities on bonds issue	10	243,864	243,573
Employee benefits payable	8	1,130	1,454
Accruals and deferred income	12	5,173	5,592
Deferred tax liability		6,358	7,108
Other non-current liabilities	13	11,765	13,054
Current liabilities		**71,763**	**76,805**
Liabilities on bonds issue	10	2,099	1,938
Trade payables		7,905	21,303
Employee benefits payable	8	11,684	12,958
Finance lease liabilities		-	31
Corporate income tax payable		1,066	6,012
Contract liabilities	11	12,533	-
Accruals and deferred income	12	559	7,386
Provisions for other liabilities and charges	8	68	210
Other current liabilities	13	35,849	26,967
TOTAL EQUITY AND LIABILITIES		**1,193,408**	**1,147,053**

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

(all amounts in PLN'000 unless indicated otherwise)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Three-month period ended 30 September		Nine-month period ended 30 September	
		2018 *(unaudited)*	**2017** *(unaudited restated)*	**2018** *(unaudited)*	**2017** *(unaudited restated)*
Revenue		85,743	81,119	258,326	259,788
Operating expenses		(43,028)	(32,505)	(131,381)	(116,785)
Other income		284	1,731	1,421	2,092
Impairment gains/(losses) on receivables		384	-	(1,467)	-
Other expenses		(330)	(395)	(1,484)	(2,856)
Operating profit		**43,053**	**49,950**	**125,415**	**142,239**
Financial income	5	1,789	1,334	51,847	4,266
Financial expenses		(2,168)	1,339	(6,500)	(8,709)
Share of profit of associates	5	3,412	3,609	8,630	8,149
Profit before income tax		**46,086**	**56,232**	**179,392**	**145,945**
Income tax expense	14	(8,466)	(9,320)	(32,828)	(26,520)
Profit for the period		**37,620**	**46,912**	**146,564**	**119,425**
Gains/(losses) on valuation of available-for-sale financial assets of associates		*(68)*	*22*	*(222)*	*(56)*
Items that may be reclassified to profit or loss		(68)	22	(222)	(56)
Other comprehensive income after tax		**(68)**	**22**	**(222)**	**(56)**
Total comprehensive income		**37,552**	**46,934**	**146,342**	**119,369**
Profit for the period attributable to shareholders of the parent entity		*37,615*	*46,886*	*146,549*	*119,353*
Profit for the period attributable to non-controlling interests		*5*	*26*	*15*	*72*
Total profit for the period		37,620	46,912	146,564	119,425
Comprehensive income attributable to shareholders of the parent entity		*37,547*	*46,908*	*146,327*	*119,297*
Comprehensive income attributable to non-controlling interests		*5*	*26*	*15*	*72*
Total comprehensive income		37,552	46,934	146,342	119,369
Basic/Diluted earnings per share (PLN)		**0.90**	**1.12**	**3.49**	**2.84**

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

(all amounts in PLN'000 unless indicated otherwise)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Nine-month period ended 30 September	
		2018 *(unaudited)*	**2017** *(unaudited restated)*
Cash flows from operating activities:		**94,584**	**93,664**
Cash generated from operations before tax		130,159	148,335
Net profit for the period		146,564	119,425
Adjustments:		(16,405)	28,910
Income tax	14	32,828	26,520
Depreciation of property, plant and equipment	3	12,231	10,255
Amortisation of intangible assets	4	11,634	10,504
Foreign exchange (gains)/losses		-	211
(Profit)/Loss on sale of property, plant and equipment and intangible assets		(6)	(238)
Net (profit)/loss on investments	5	(45,395)	-
Financial (income)/expense of available-for-sale financial assets		-	8
Financial (income)/expense on other financial assets measured at amortised cost		(591)	-
Income from interest on deposits		(4,414)	(4,070)
Interest on issued bonds		5,753	5,431
Bank loan expense		-	1,135
Share of (profit)/loss of associates	5	(8,630)	(8,149)
Other		847	4,067

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

(all amounts in PLN'000 unless indicated otherwise)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Note	Nine-month period ended 30 September 2018 (unaudited)	Nine-month period ended 30 September 2017 (unaudited restated)
Cash flows from operating activities - continued			
Changes in assets and liabilities:		(20,662)	(16,764)
Change in non-current prepayments		*196*	*(1,511)*
Increase/(Decrease) of other non-current liabilities		*(1,289)*	*(1,912)*
(Increase)/Decrease of inventories		*(8)*	*4*
(Increase)/Decrease of trade and other receivables		*(14,651)*	*49,493*
(Increase)/Decrease of contract assets		*(2,122)*	*-*
Increase/(Decrease) of trade payables		*(13,398)*	*(218)*
Increase/(Decrease) of employee benefits payable		*(1,598)*	*2,401*
Increase/(Decrease) of contract liabilities		*12,533*	*-*
Increase/(Decrease) of accruals and deferred income		*(7,246)*	*8,497*
Increase/(Decrease) of other liabilities (excluding investment liabilities and dividend payable)		*7,063*	*(73,374)*
Net change in provisions for other liabilities and charges		*(142)*	*(144)*
Interest on tax payable (paid)/refunded		(66)	(14,493)
Income tax (paid)/refunded		(35,509)	(40,178)

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

(all amounts in PLN'000 unless indicated otherwise)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Note	Nine-month period ended 30 September	
		2018 *(unaudited)*	**2017** *(unaudited restated)*
Cash flows from investing activities:		**(51,484)**	**(13,077)**
Purchase of property, plant and equipment and advances for property, plant and equipment		(7,676)	(6,906)
Purchase of intangible assets and advances for intangible assets		(6,021)	(10,343)
Proceeds from sale of property, plant and equipment and intangible assets		219	-
Sale of available-for-sale financial assets		57,546	-
Purchase of other financial assets measured at amortised cost		(145,338)	-
Sale of financial assers measured at amortised cost		45,000	-
Interest received		4,414	4,070
Dividends received		372	102
Cash flows from financing activities:		**(93,297)**	**(77,614)**
Dividends paid		(92,338)	(90,257)
Interest paid		(5,300)	(5,642)
Paid interest on loans and advances		-	(814)
Loans and advances received		-	59,700
Loans and advances paid		-	(40,000)
Proceeds from bond issue		-	119,929
Redemption of bonds issued		-	(120,484)
Payment of finance lease liabilities		(31)	(46)
Payment for the purchase of shares by PFR and BIK		4,372	-
Net (decrease)/increase in cash and cash equivalents		**(50,197)**	**2,973**
Impact of fx rates on cash balance in currencies		-	*(211)*
Cash and cash equivalents - opening balance		**486,476**	**446,814**
Cash and cash equivalents - closing balance		**436,279**	**449,576**

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

(all amounts in PLN'000 unless indicated otherwise)

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 2017 *(audited)*	**63,865**	**1,347**	**745,696**	**810,908**	**573**	**811,481**
Adjustments	-	-	(12,014)	**(12,014)**	-	**(12,014)**
As at 31 December 2017 *(restated - PFN)*	**63,865**	**1,347**	**733,682**	**798,894**	**573**	**799,467**
Adjustment on initial application of IFRS 9	-	-	(210)	**(210)**	-	**(210)**
As at 1 January 2018 *(restated)*	**63,865**	**1,347**	**733,472**	**798,684**	**573**	**799,257**
Dividends	-	-	(92,338)	**(92,338)**	-	**(92,338)**
Transactions with owners recognised directly in equity	**-**	**-**	**(92,338)**	**(92,338)**	**-**	**(92,338)**
Profit for the nine-month period ended 30 September 2018	-	-	146,549	**146,549**	15	**146,564**
Other comprehensive income	-	(222)	-	**(222)**	-	**(222)**
Total comprehensive income for the nine-month period ended 30 September 2018 *(unaudited)*	**-**	**(222)**	**146,549**	**146,327**	**15**	**146,342**
Other changes in equity	-	1	93	**94**	-	**94**
As at 30 September 2018 *(unaudited)*	**63,865**	**1,126**	**787,776**	**852,767**	**588**	**853,355**

	Attributable to the shareholders of the parent entity				Non-controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Total		
As at 31 December 2016 *(audited)*	**63,865**	**1,184**	**679,678**	**744,727**	**525**	**745,252**
Adjustments	**-**	**-**	(14,660)	**(14,660)**	**-**	**(14,660)**
As at 31 December 2016 *(restated - PFN)*	**63,865**	**1,184**	**665,018**	**730,067**	**525**	**730,592**
Dividends	-	-	(90,239)	**(90,239)**	(36)	**(90,275)**
Transactions with owners recognised directly in equity	**-**	**-**	**(90,239)**	**(90,239)**	**(36)**	**(90,275)**
Profit for the year ended 31 December 2017 *(restated)*	-	-	119,353	**119,353**	72	**119,425**
Other comprehensive income	-	(56)	-	**(56)**	-	**(56)**
Total comprehensive income for the year ended 31 December 2017 *(unaudited, restated)*	**-**	**(56)**	**119,353**	**119,297**	**72**	**119,369**
Other changes in equity	**-**	**-**	-	**-**	**-**	**-**
As at 31 December 2017 *(unaudited, restated)*	**63,865**	**1,128**	**694,132**	**759,125**	**561**	**759,686**

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

(all amounts in PLN'000 unless indicated otherwise)

	Attributable to the shareholders of the parent entity				Non-controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Total		
As at 31 December 2016 *(audited)*	63,865	1,184	679,678	**744,727**	525	**745,252**
Adjustments	-	-	(14,660)	**(14,660)**	-	**(14,660)**
As at 31 December 2016 *(restated - PFN)*	**63,865**	**1,184**	**665,018**	**730,067**	**525**	**730,592**
Dividends	-	-	(90,239)	**(90,239)**	(36)	**(90,275)**
Transactions with owners recognised directly in equity	**-**	**-**	**(90,239)**	**(90,239)**	**(36)**	**(90,275)**
Profit for the nine-month period ended 30 September 2017 *(restated)*	-	-	119,353	**119,353**	72	**119,425**
Other comprehensive income	-	(56)	-	**(56)**	-	**(56)**
Total comprehensive income for the nine-month period ended 30 September 2017 *(unaudited, restated)*	**-**	**(56)**	**119,353**	**119,297**	**72**	**119,369**
As at 30 September 2017 *(unaudited, restated)*	**63,865**	**1,128**	**694,132**	**759,125**	**561**	**759,686**

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. General

1.1. Legal status and scope of operations of the entity

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 operates the following markets:

- **GPW Main Market** (trade in equities, other equity-related financial instruments and other cash market 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", "TGE") and InfoEngine S.A.:

- **Energy Markets** (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 23 February 2015, TGE received a decision of the Minister of Finance authorising TGE to operate an exchange and start trade on the Financial Instruments Market. The Financial Instruments Market opened on 4 November 2015.

On 30 June 2017, the GPW Group (through its subsidiary GPW Benchmark S.A.) started the business of calculating and publishing WIBID and WIBOR reference rates, which are used by financial institutions as benchmarks in credit and deposit agreements and bond issues.

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 also has a consultant in London whose mission is to support acquisition on the London market, in particular the acquisition of new investors and Exchange Members.

1.2. Approval of the financial statements

The Condensed Consolidated Interim Financial Statements were authorised for issuance by the Management Board of the parent entity on 27 November 2018.

1.3. Composition and activity of the Group

The Warsaw Stock Exchange and its following subsidiaries:

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

comprise the Warsaw Stock Exchange Group.

The Warsaw Stock Exchange, Polski Fundusz Rozwoju (PFR), Biuro Informacji Kredytowej (BIK) and Instytut Analiz i Ratingu (IAiR) signed an investment agreement on 19 July 2018 in order to establish a joint rating agency with a mission of bridging the gap in the rating offer addressed mainly to small and medium-sized enterprises. GPW, PFR and BIK expect that the shareholder structure of IAiR should correspond to the equal equity investment of each of them in IAiR (1/3 each). The investment agreement was implemented in September 2018. The increase if the share capital of IAiR was not yet registered in the National Court Register (KRS) as at 30 September 2018. Upon the registration, the Group will no longer have control of IAiR and IAiR will become an associate.

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

- Krajowy Depozyt Papierów Wartościowych S.A. ("KDPW"), the parent entity of the KDPW S.A. Group ("KDPW Group"),
- Centrum Giełdowe S.A. ("CG").

2. Basis of preparation of the financial statements

These Condensed Consolidated Interim Financial Statements of the Giełda Papierów Wartościowych w Warszawie S.A. Group have been prepared according to the International Accounting Standard 34 "Interim Financial Reporting" approved by the European Union. These Financial Statements do not contain all information required for complete financial statements prepared under the EU IFRS.

In the opinion of the Management Board of the parent entity, in the notes to the Condensed Consolidated Interim Financial Statements of the Giełda Papierów Wartościowych w Warszawie S.A. Group ("Group"), GPW included all material information necessary for the proper assessment of the assets and the financial position of the Group as at 30 September 2018 and its financial results in the period from 1 January 2018 to 30 September 2018.

These Condensed Consolidated Interim Financial Statements have been prepared on the assumption that the Group will continue as a going concern in the foreseeable future. As at the date of preparation of these Condensed Consolidated Interim Financial Statements, in the opinion of the Management Board of the parent entity, there are no circumstances indicating any threats to the Group's ability to continue operations.

The Group has prepared the Condensed Consolidated Interim Financial Statements in accordance with the same accounting policies as those described in the audited Financial Statements for the year ended 31 December 2017 other than for changes resulting from the application of new standards as described below. The Condensed Consolidated Interim Financial Statements for the nine-month period ended 30 September 2018 should be read in conjunction with the audited Consolidated Financial Statements for the year ended 31 December 2017.

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 2018:

1) IFRS 9 Financial Instruments;
2) IFRS 15 Revenue from Contracts with Customers;
3) Improvements to IFRS (2014 – 2016);
4) Amendments to IFRS 2 Share-based Payment;
5) IFRIC 22 Foreign Currency Transactions and Advance Consideration;
6) Amendments to IAS 40 Investment Property.

Following the implementation of those standards, the Group's accounting policy described in Notes 2.8 and 2.21 in the audited financial statements for the year ended 31 December 2017 has been updated as follows:

2.8 Financial assets

2.8.1. Classification and valuation of financial assets

The Group's financial assets are classified into one of three categories:

- financial assets measured at amortised cost;
- financial assets measured at fair value through profit or loss; or
- financial assets measured at fair value through other comprehensive income (OCI).

The assets are classified into those categories on initial recognition. Classification depends on:

- the business model of asset portfolio management; and
- the contractual terms of the financial asset.

2.8.1.1 Financial assets measured at amortised cost

A financial asset is classified as "Financial assets measured at amortised 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.

"Financial assets measured at amortised cost" other than trade receivables are measured on initial recognition at fair value plus directly attributable transaction costs. Trade receivables with no significant financing component are measured on initial recognition at fair value (transaction price). "Financial assets measured at amortised cost" are subsequently measured at amortised cost according to the effective interest rate method net of impairment.

Interest on financial assets classified as "Financial assets measured at amortised cost" is measured using the effective interest rate method and recognised in the profit or loss of the period as part of financial income.

"Financial assets measured at amortised cost" include:

- cash and cash equivalents,
- trade receivables,
- other receivables, and
- other financial assets measured at amortised cost (including corporate bonds and certificates of deposit held to maturity).

2.8.1.2 Financial assets measured at fair value through other comprehensive income

A financial asset is classified as "Financial assets measured at fair value through other comprehensive income" 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 to sell financial assets; and
- its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

"Financial assets measured at fair value through other comprehensive income" comprise 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.

"Financial assets measured at fair value through other comprehensive income" are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, they are measured at fair value and any effect of change in the fair value (other than impairment losses and FX differences) is recognised in other comprehensive income and presented in equity as reserves. On derecognition, the cumulative profit or loss recognised in equity is taken to the profit or loss of the period.

Dividends from equity instruments classified as "Financial assets measured at fair value through other comprehensive income" 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, except when dividends are direct recovery of shares/stock purchase price.

The fair value of equity instruments listed on an active market derives from the current price. Fair value is determined based on listed prices. If the market for a financial asset is not active (also in respect of non-listed securities), the 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.

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 recognises impairment (expected credit loss) of financial assets. If there has been a significant increase in credit risk of a financial asset since initial recognition, the Group recognises expected credit loss of the financial asset as an allowance equal to lifetime expected credit losses.

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.

The Group's impairment allowance for financial assets measured at amortised cost other than trade receivables is equal to the 12-month expected credit loss in view of the low credit risk of such financial instruments. The Group considers cash and cash equivalents, other receivables and other financial assets measured at amortised cost to carry low credit risk because it only accepts entities, including banks and financial institutions, of a high rating and stable market position, i.e., rated above Baa2 by Moody's.

As trade receivables of the Group have no significant financing component, impairment is measured as an allowance equal to lifetime expected credit losses.

The Group measures expected credit loss of financial assets taking into account:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money;
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions

As at the end of each reporting year, based on historical collection of debt from counterparties, the Group performs a statistical analysis of trade receivables by category of clients as follows:

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

In the next step, the Group performs a portfolio analysis and calculates for each category of clients a matrix of allowances by age group based on lifetime expected credit losses. The allowance for debt which is not overdue as at the balance sheet date for a group of clients in a time bracket (overdue) is equal to:

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

The expected credit loss (or released allowance) required to adjust the expected credit loss allowance as at the reporting date to the amount that should be recognised is presented in the Group's statement of comprehensive income as gains or losses on impairment.

The expected credit loss allowance for financial assets classified as "Financial assets measured at amortised cost" is shown as a reduction of the gross carrying amount of the financial asset in the statement of financial position.

The expected credit loss allowance for financial assets classified as "Financial assets measured at fair value through other comprehensive income" is shown in other comprehensive income; it does not reduce the carrying amount of the financial asset.

The Group decided to implement the standard without a restatement of comparative data (exemption under IFRS 9 7.2.15). Adjustments necessary to implement IFRS 9 are applied as of 1 January 2018 in equity (retained earnings).

2.21 Revenue

2.21.1 Sales revenue

Sales revenue is recognised at transaction price when (or as) the entity transfers control of services to a customer. All bundled services that can be separated under the contract with the customer are recognised separately. Any discounts and rebates of the transaction price are, as a rule, allocated to individual components of bundled services. Depending on whether certain criteria are met, revenue is recognised:

- over time, in a manner that depicts the entity's performance; or

- at a point in time, when control of the services is transferred to the customer.

The Group analyses potential collectability of debt when entering into a contract. If, at the time of entering into a contract, the entity is not likely to receive the amount due for future performance of a commitment, no revenue is recognised until the doubt about the collectability of debt is clarified.

Furthermore, under IFRS 15, costs incurred to acquire the customer and secure the contract are recognised by the Group over time within the period when the benefits flow from the contract.

According to IFRS 15 C3 (b), the GPW Management Board decided to implement the Standard retrospectively with the cumulative effect of initial application at initial application date, i.e., 1 January 2018, through equity according to C7-C8 of the Standard.

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

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 volume of trade 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.

Trading revenue is recognised in the month when the service is provided.

- **Revenue from issuers**

Revenue from issuers comprises the revenue collected from issuers on the basis of the Exchange Rules and the Alternative Trading System Rules. Annual and quarterly fees for the listing of securities are the main revenue item in this category; they are recognised over time on a straight-line basis in the period when the service is provided by the Group. Annual and quarterly fees collected from customers which relate to future periods are presented in the interim financial statements under "Contract liabilities".

In addition, fees for admission to trading as well as other fees are collected from issuers and recognised on an up-front basis when the service is provided.

The Group's listing revenue also includes the revenue of BondSpot from issuers of instruments listed on the debt instrument markets operated by BondSpot. Such revenue is recognised in the month when the service is sold.

- **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, as well as other stock exchange index licenses and calculations. The sale of stock exchange information is based on separate agreements signed with exchange data vendors, exchange members and other organisations, mainly financial institutions.

The Group's revenue from information services also includes the revenue from BondSpot information services. Such revenue is recognised in the month of the sale.

Revenue from the **commodity market** includes mainly fees charged by TGE under the Towarowa Giełda Energii S.A. Market Rules, by IRGiT under the Exchange Clearing House Rules (mainly for clearing of transactions made on TGE), 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 TGE members for participation in markets and transaction fees on the markets operated by TGE including the Day-Ahead Market, the Intra-Day Market, the Gas Market, the Property Rights Market, the Commodity Forward Instruments Market, the Emission Allowances Market.

Revenue from fixed fees is recognised over time on a straight-line basis in the period when TGE provides the service. Fixed fees collected from clients which relate to future periods are presented in the interim financial statements under "Contract liabilities".

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

The Group's revenue from the operation of the Registers includes 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 the operation of the Registers is recognised in the month when the service is provided.

- **Revenue from clearing**

Clearing revenue is the revenue of IRGiT including:

- ✓ revenue from fixed fees collected from IRGiT members, which is recognised over time on a straight-line basis in the period when IRGiT provides the service. Fixed fees collected from clients which relate to future periods are presented in the interim financial statements under "Contract liabilities".
- ✓ revenue from clearing and settlement of exchange transactions on the markets operated by TGE, recognised in the month when the service is provided.

- **Revenue from information services**

Revenue from information services on the commodity market is earned by the parent entity based on separate agreements signed with exchange data vendors, exchange members and other organisations, mainly financial institutions. Such revenue is recognised in the month of the sale.

Other sales revenue is earned on other services provided by the Group including lease of office space 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. Such revenue is recognised on the straight line basis.

The following new standards will apply to the financial statements of the Group for periods starting on or after 1 January 2019:

1) IFRS 16 Leases – the estimated impact of the new standard on the financial statements of the Group is presented in Note 2.1.2 of the Consolidated Financial Statements for the year ended 31 December 2017;
2) IFRIC 23 Uncertainty over Income Tax Treatments;
3) Amendments to IFRS 9 Financial Instruments;
4) Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures;
5) Improvements to IFRS 2015-2017.

(all amounts in PLN'000 unless indicated otherwise)

The critical accounting estimates and judgements used by the Management Board of the parent entity in the application of the Group's accounting policy and the key sources of uncertainty were the same as those used in the audited Consolidated Financial Statements as at 31 December 2017 except for the judgements related to the identification of performance obligations and the determination when such obligations are performed in the context of the admission of securities to trading on GPW's and BondSpot's markets as described in Note 19.

3. Property, plant and equipment

Table 1: Change of the net carrying value of property, plant and equipment by category

	Period of	
	nine months ended 30 September 2017 *(unaudited)*	**twelve months ended 31 December 2017**
Net carrying value - opening balance	**110,784**	**119,130**
Additions	7,816	7,135
Disposals	(213)	(40)
Depreciation charge	(12,231)	(15,441)
Net carrying value - closing balance	**106,156**	**110,784**

Contracted investment commitments for property, plant and equipment amounted to PLN 1,415 thousand as at 30 September 2018, including mainly addition of cables to the server room.

Contracted investments for plant, property and equipment amounted to PLN 1,226 thousand as at 31 December 2017 including the acquisition of CISCO switches in TGE.

4. Intangible assets

Table 2: Change of the net carrying value of intangible assets by category

	Period of	
	nine months ended 30 September 2017 *(unaudited)*	**twelve months ended 31 December 2017**
Net carrying value - opening balance	**267,991**	**273,815**
Additions	3,328	9,191
Disposals	(972)	(737)
Depreciation charge	(11,634)	(14,278)
Net carrying value - closing balance	**258,713**	**267,991**

Contracted investment commitments for intangible assets amounted to PLN 1,292 thousand as at 30 September 2018 and related mainly to GPW's trading surveillance system and TGE's market surveillance system.

Contracted investments in intangible assets amounted to PLN 1,979 thousand as at 31 December 2017 including mainly the trade surveillance system and the acquisition of Microsoft licences for the GPW Group.

(all amounts in PLN'000 unless indicated otherwise)

5. Investment in associates

Table 3: Carrying value of investment in associates

	As at	
	30 September 2018 *(unaudited)*	31 December 2017
KDPW S.A. Group	186,209	177,315
Centrum Giełdowe S.A.	17,064	16,999
Aquis Exchange Limited	-	13,075
Total	**203,273**	**207,389**

Table 4: Change of the value of investment in associates

	As at/Period of	
	nine months ended 30 September 2018 *(unaudited)*	twelve months ended 31 December 2017
Opening balance	**207,389**	**197,231**
Reclassification to available-for-sale assets	(12,151)	-
Dividends	(372)	(102)
Share of profit (after tax)	8,630	10,059
Share of profit after tax	*8,392*	*10,414*
Other additions to/(reductions of) profit	*238*	*(355)*
Share in other comprehensive income	(223)	201
Closing balance	**203,273**	**207,389**

Sale of a stake in Aquis Stock Exchange

In connection with the planned sale of shares of the company Aquis Exchange Limited, the GPW Management Board reclassified the investment in the associate Aquis at PLN 12,151 thousand to available-for-sale assets as at 31 March 2018. The par value of Aquis shares was reduced during the IPO. As a result, the number of shares held by GPW increased from 384,025 shares as at 31 December 2017 to 4,608,300 shares. GPW sold Aquis shares at GBP 2.69 per share on 14 June 2018. The net receipts on the sale were PLN 57,546 thousand (net of the transaction cost at PLN 2,677 thousand). The carrying value of the asset was PLN 12,151 thousand as at the date of the sale. The gains on the sale of the shares at PLN 45,395 thousand are shown under financial income in the statement of comprehensive income.

(all amounts in PLN'000 unless indicated otherwise)

6. Trade and other receivables

Table 5: Trade and other receivables

	As at	
	30 September 2018 *(unaudited)*	31 December 2017
Gross trade receivables	*42,372*	*49,161*
Impairment allowances for trade receivables	*(4,189)*	*(2,529)*
Total trade receivables	**38,183**	**46,632**
Current prepayments	6,586	4,141
Other receivables and advance payments	4,052	389
Receivables in respect of tax settlements	29,926	12,934
incl.: VAT	*29,649*	*12,899*
Total other receivables	**40,564**	**17,464**
Total trade and other receivables	**78,747**	**64,096**

7. Other financial assets measured at amortised cost

According to its policy of investing free cash, as at 30 September 2018, the Group held the following current financial assets:

- zero-coupon corporate bonds in a total nominal amount of PLN 63,000 thousand maturing on 21 December 2018 and 18 January 2019, acquired for a total price of PLN 62,338 thousand, shown at PLN 62,648 thousand as at 30 September 2018;
- certificates of deposit: 38,000 instruments with a principal amount of PLN 1 thousand per certificate, maturing on 1 October 2018, bearing interest at WIBOR 6M as at 27 March 2018 plus 0.05%, shown at PLN 38,352 thousand as at 30 September 2018.

These transactions diversify the sources of financial income to generate income greater than what is available from bank deposits in compliance with the requirements of GPW's investment policy: to invest in secured or investment grade corporate debt. The transactions are made at arm's length at the time of the contract. Consequently, the fair value of those instruments is not materially different from their carrying amount as at 30 September 2018.

8. Change of estimates

In the period from 1 January 2018 to 30 September 2018, impairment losses for assets were adjusted as follows:

Table 6: Change of estimates

	PLN'000
Impairment allowance as at 31 December 2017	**2,529**
Adjustment on initial application of IFRS 9*	259
Impairment allowance as at 1 January 2018	**2,788**
Initial impairment allowances	1,615
Receivables written off during the period as uncollectible	(162)
Reversal of impairment allowances	(52)
Impairment allowance as at 30 June 2018	**4,189**

**The Group implemented IFRS 9 as of 1 January 2018. The Group used the simplifcation and did not restate the comparative data (IFRS 9 7.2.15). For more information on the application of IFRS 9, see Note 19.*

Furthermore, in the period from 1 January 2018 to 30 September 2018, there were the following changes in estimates relating to provisions:

- provisions against employee benefits (mainly annual bonuses) were reduced by PLN 1,598 thousand (usage of PLN 9,433 thousand, provision additions of PLN 9,475 thousand, releases of PLN 1,640 thousand);
- provisions against litigation and other provisions were reduced by PLN 142 thousand (usage of PLN 75 thousand, releases of PLN 115 thousand, provision additions of PLN 48 thousand).

9. Cash and cash equivalents

Table 7: Cash and cash equivalents

	As at	
	30 September 2018 *(unaudited)*	31 December 2017
Cash	-	1
Current accounts	46,885	40,361
Bank deposits	389,394	446,114
Total cash and cash equivalents	**436,279**	**486,476**

Cash and cash equivalents include cash in hand, on-demand bank deposits, other current investments with original maturities up to 1 year, which are highly liquid and easily convertible into a specific amount of cash and not exposed to a significant change of fair value. Current accounts include deposits amounting to PLN 10 million which are restricted cash and an additional tool of risk management in IRGiT. Their sole purpose is to secure the liquidity of the clearing transactions of IRGIT in accordance with the Exchange Clearing House Rules.

(all amounts in PLN'000 unless indicated otherwise)

10. Bond issue liabilities

Table 8: Bond issue liabilities

	As at	
	30 September 2018 *(unaudited)*	**31 December 2017**
Liabilities under bond issue - non-current:	**243,864**	**243,573**
Series C bonds	124,240	124,050
Series D and E bonds	119,624	119,523
Liabilities under bond issue - current:	**2,099**	**1,938**
Series C bonds	1,679	682
Series D and E bonds	420	1,256
Total liabilities under bond issue	**245,963**	**245,511**

Series C bonds

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.

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.

The fair value of the series C bonds was PLN 129,309 thousand and the fair value of the series D and E bonds was PLN 121,694 thousand as at 30 September 2018.

(all amounts in PLN'000 unless indicated otherwise)

11. Contract assets and contract liabilities

Table 9: Contract assets and contract liabilities

	As at	
	30 September 2018 *(unaudited)*	**1 January 2018 *** *(restated)*
Information services and revenue from the calculation of reference rates	*2,002*	*868*
Financial market	*2,008*	*868*
Other revenue	*114*	*127*
Total contract assets	**2,122**	**995**
Trading	*163*	-
Listing	*4,757*	-
Information services and revenue from the calculation of reference rates	*6,049*	*2,200*
Financial market	10,969	2,200
Trading	*1,608*	*2,912*
Clearing	-	*1,694*
Commodity market	1,608	4,606
Other revenue	(44)	21
Total contract liabilities	**12,533**	**6,827**

** The Group implemented IFRS 15 as of 1 January 2018. IFRS 15 was implemented retrospectively with the cumulative effect of initial application at 1 January 2018.*

Assets in relation to services on the financial market include information services and income from the calculation of reference rates. Those were presented as "Trade and other receivables" as at 31 December 2017. For more information on the initial application of IFRS 15, see Note 19.

Trade receivables are shown in Note 6.

Current contract liabilities relating to services provided on the financial and commodity market include annual and quarterly fees charged from market participants. Those were presented as "Deferred income" as at 31 December 2017. For more information on the initial application of IFRS 15, see Note 19.

Contract liabilities amounted to PLN 6,827 thousand as at 1 January 2018, of which PLN 3,597 thousand was recognised as income in the nine months ended 30 September 2018.

12. Accruals and deferred income

Non-current deferred income includes a subsidy for assets received by TGE in the PCR project at a carrying amount of PLN 5,732 thousand as at 30 September 2018, including PLN 5,173 thousand presented as non-current and PLN 559 thousand presented as current (for details on the recognition of the subsidy, see Note 18 to the Consolidated Financial Statements of the GPW Group for the year ended 31 December 2017). As at 31 December 2017, the carrying amount of the subsidy amounted to PLN 6,151 thousand, including PLN 5,592 thousand presented as non-current and PLN 559 thousand presented as current.

(all amounts in PLN'000 unless indicated otherwise)

13. Other non-current and current liabilities

Table 10: Other non-current and current liabilities

	As at	
	30 września 2018 r. *(unaudited)*	**31 grudnia 2017 r.** *(restated)*
Other non-current liabilities	11,765	13,054
incl.: liabilities to PFN	*9,541*	*10,830*
Total non-current liabilities	**11,765**	**13,054**
Dividend payable	248	232
Liabilities in respect of tax settlements (including VAT)	27,314	20,753
incl.: VAT	*25,591*	*19,588*
Other liabilities (including mainly investment commitments)	8,287	5,982
incl.: liabilities to PFN	*1,210*	*1,184*
Total current liabilities	**35,849**	**26,967**
Total other liabilities	**47,614**	**40,021**

Other non-current liabilities as at 30 September 2018 include mainly GPW's liabilities to Polska Fundacja Narodowa in the total amount of PLN 9,541 thousand, respectfully as at 31 December 2017: PLN 10 830 thousand (restated amounts).

Other current liabilities as at 30 September 2018 include mainly TGE's liabilities in respect of the VAT of the current period at PLN 22,967 thousand, liabilities in respect of margins securing purchase/sale of electricity on the balancing market of InfoEngine at PLN 1,636 thousand, as well as liabilities in respect of payments of Polski Fundusz Rozwoju (PFR) and Biuro Informacji Kredytowej at PLN 4,372 thousand which took up shares in the subsidiary (IAIR), not yet registered as an increase of the company's share capital in the National Court Register (KRS) as at 30 September 2018. As at 31 December 2017, other current liabilities included mainly TGE's current VAT liabilities at PLN 17,065 thousand, as well as liabilities of InfoEngine in respect of margins securing purchase/sale of electricity on the balancing market at PLN 591 thousand.

14. Income tax

Table 11: Income tax by current and deferred tax

	Three-month period ended		Nine-month period ended	
	30 September 2018 *(unaudited)*	**30 September 2017** *(unaudited, restated)*	**30 September 2018** *(unaudited)*	**30 September 2017** *(unaudited, restated)*
Current income tax	5,110	5,759	30,543	28,900
Deferred tax	3,356	3,561	2,285	(2,380)
Total income tax	**8,466**	**9,320**	**32,828**	**26,520**

As required by the Polish tax regulations, the tax rate applicable in 2018 and 2017 is 19%.

(all amounts in PLN'000 unless indicated otherwise)

Table 12: 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

	Three-month period ended		Nine-month period ended	
	30 September 2018 *(unaudited)*	**30 September 2017** *(unaudited, restated)*	**30 September 2018** *(unaudited)*	**30 September 2017** *(unaudited, restated)*
Profit before income tax	46,086	56,232	179,392	145,945
Income tax rate	19%	19%	19%	19%
Income tax at the statutory tax rate	**8,756**	**10,684**	**34,084**	**27,730**
Tax effect:	**(290)**	**(1,364)**	**(1,256)**	**(1,209)**
Non-tax-deductible expenses	208	(665)	451	333
Tax losses of subsidiaries not recognised in deferred tax	98	(16)	160	6
Non-taxable share of (profit)/losses of associates	(649)	(685)	(1,640)	(1,548)
Other adjustments	53	2	(227)	-
Total income tax	**8,466**	**9,320**	**32,828**	**26,520**

15. Related party transactions

Related parties of the Group include its associates (KDPW S.A. Group, Centrum Giełdowe S.A.) and 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 30 September 2018), entities controlled and jointly controlled by the State Treasury and entities on which the State Treasury has significant influence. Furthermore, related parties include the key management personnel of the Group.

15.1. 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).

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

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.

(all amounts in PLN'000 unless indicated otherwise)

Polish Financial Supervision Authority

The Act of 12 June 2015 amending the Capital Market Supervision Act and certain other Acts has largely extended the list of entities required to finance supervision (to include among others banks, insurers, investment fund companies, public companies, brokers and foreign investment firms) and changed the amount of contributions of entities.

The Regulation of the Minister of Finance which determines among others the calculation method as well as the terms and conditions of the payment of fees by relevant entities to the Polish Financial Supervision Authority 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 calculate the final amount of the annual fee due for the year and pay the fee by 30 September of the calendar year.

In the nine-month period ended 30 September 2018, the operating expenses of the GPW Group included the amount of the annual fee at PLN 12,534 thousand. The fee charged to the expenses of the GPW Group in the nine-month period ended 30 September 2017 was PLN 5,576 thousand.

15.2. Transactions with associates

Table 13: Transactions of GPW Group companies with associates

	As at 30 September 2018 *(unaudited)*		Nine-month period ended 30 September 2018 *(unaudited)*	
	Receivables	Payables*	Sales revenue	Operating expenses
KDPW S.A. Group	195	50	193	108
Centrum Giełdowe S.A.	-	164	-	1,837
Total	**195**	**214**	**193**	**1,945**

** Including trade payables and other payables*

Table 14: Transactions of GPW Group companies with associates

	As at 31 December 2017 *(unaudited)*		Nine-month period ended 30 September 2017 *(unaudited)*	
	Receivables	Payables	Sales revenue	Operating expenses
Centrum Giełdowe S.A.	-	247	-	220
Aquis Exchange Limited	9	20	-	-
Total	**9**	**267**	**-**	**220**

During the first nine months of 2018 and 2017, there were no write-offs or material impairment allowances created for receivables from associates.

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

In 2018 and 2017, GPW also concluded transactions with the Książęca 4 Street Housing Cooperative of which it is a member. The expenses amounted to PLN 2,927 thousand in the first nine months of 2018 and PLN 2,985 thousand in the first nine months of 2017.

(all amounts in PLN'000 unless indicated otherwise)

15.3. Information on remuneration and benefits of the key management personnel (amounts paid and provisions)

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 2017 and 2018, respectively.

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

Table 15: Remuneration and benefits to the key management personnel of the Group

	Three-month period ended 30 September *(unaudited)*		Nine-month period ended 30 September *(unaudited)*	
	2018	2017	2018 *	2017 **
Base salary	425	285	1,133	1,481
Holiday leave equivalent	-	-	-	177
Variable remuneration under the new remuneration cap law (provision)	425	-	1,147	-
Bonus - bonus bank	(33)	-	(107)	(245)
Bonus - one-off payment	(25)	431	(81)	391
Bonus - phantom shares	(25)	-	(60)	(184)
Other benefits	13	10	13	35
Benefits after termination	32	-	192	-
Total remuneration of the Exchange Management Board	**812**	**726**	**2,237**	**1,656**
Remuneration of the Exchange Supervisory Board	**137**	**146**	**429**	**378**
Total remuneration of the key management personnel	**949**	**871**	**2,666**	**2,033**

** Negative bonus amounts in 2018 represent release of provisions for bonuses of the Exchange Management Board for 2017 at PLN 269 thousand (including one-off payment of PLN 81 thousand, bonus bank of PLN 107 thousand, phantom shares of PLN 81 thousand).*

*** Negative bonus amounts in 2017 represent release of provisions for bonuses of the Exchange Management Board for 2016 at PLN 981 thousand (including one-off payment of PLN 299 thousand, bonus bank of PLN 398 thousand, phantom shares of PLN 284 thousand).*

16. Dividend

On 19 June 2018, the Ordinary General Meeting of GPW passed a resolution to distribute the Company's profit for 2017, including a payment of dividend in the total amount of PLN 92,338 thousand. The dividend per share is PLN 2.20. The dividend record date was 19 July 2018 and the dividend payment date was 2 August 2018.

17. Seasonality

The activity of the Group shows no significant seasonality except for the revenue from the Commodity Market which shows seasonality during the year (the revenue of the first months of the year is higher than the revenue for the other quarters of the year).

18. Segment reporting

These Condensed Consolidated Interim Financial Statements disclose information on segments based on components of the entity which are monitored by managers 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 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, calculation and distribution of WIBOR and WIBID reference rates).

The Financial Market segment includes the companies GPW S.A., BondSpot S.A. and GPW Benchmark S.A.

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 Izba Rozliczeniowa Giełd Towarowych S.A. ("IRGiT") and offers exchange trade in commodities (electricity, gas) and property rights and operates the Register of Certificates of Origin of electricity through the company TGE. 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 property rights to 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 (trade in certificates of origin of electricity);
- Clearing (revenue from other fees paid by market participants (members));
- Information services.

The Commodity Market segment includes the TGE Group.

3) The segment **Other** includes the company IAiR as well as revenue from GPW's services to GPW Group companies.

The accounting policies for the operating segments are the same as the accounting policies of the GPW Group.

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.

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

(all amounts in PLN'000 unless indicated otherwise)

The tables below present a reconciliation of the data analysed by the Management Board of the parent entity with the data shown in these Condensed Consolidated Interim Financial Statements.

Table 16: Business segments: Statement of comprehensive income

	Nine-month period ended 30 September 2018 *(unaudited)*					
	Financial Market	**Commodity Market**	**Other**	**Total segments**	**Exclusions and adjustments**	**Total segments and exclusions**
Sales revenue:	145,593	113,749	7,799	**267,141**	(8,815)	**258,326**
To third parties	*143,769*	*113,572*	*985*	***258,326***	*-*	***258,326***
Sales between segments and intragroup transactions	*1,824*	*177*	*6,814*	***8,815***	*(8,815)*	***-***
Operating expenses:	(94,079)	(45,308)	(724)	**(140,111)**	8,730	**(131,381)**
including depreciation and amortisation	*(16,024)*	*(7,841)*	*-*	***(23,865)***	*-*	***(23,865)***
Profit/(Loss) on sales	**51,514**	**68,441**	**7,075**	**127,030**	**(85)**	**126,945**
Profit/(Loss) on other operations	(1,321)	34	-	**(1,287)**	(243)	**(1,530)**
Operating profit (loss)	**50,193**	**68,475**	**7,075**	**125,743**	**(328)**	**125,415**
Profit/(Loss) on financial operations:	98,388	16,478	6	**114,872**	(69,525)	**45,347**
interest income	*2,884*	*2,015*	*6*	***4,905***	*(20)*	***4,885***
dividend received	*69,697*	*14,911*	*-*	***84,608***	*(84,608)*	***-***
impairment of a subsidiary	*(1,927)*	*-*	*-*	***(1,927)***	*1,927*	***-***
gains/(losses) on dilution of investment in a subsidiary	*32,239*	*-*	*-*	***32,239***	*13,156*	***45,395***
interest cost	*(5,756)*	*(20)*	*-*	***(5,776)***	*20*	***(5,756)***
Share of profit of associates	-	-	-	**-**	8,630	**8,630**
Profit before income tax	**148,581**	**84,953**	**7,081**	**240,615**	**(61,223)**	**179,392**
Income tax	(17,002)	(13,502)	-	**(30,504)**	(2,324)	**(32,828)**
Net profit	**131,579**	**71,451**	**7,081**	**210,111**	**(63,547)**	**146,564**

(all amounts in PLN'000 unless indicated otherwise)

Table 17: Business segments: Statement of financial position

	Note	As at 31 December					
		2017 r. (restated)	*impact on 2017*	**2017 r.** (audited)	**2016 r.** (restated)	*impact on 2016*	**2016 r.** (audited)
Equity		**799,467**	**(12,014)**	**811,481**	**730,592**	**(14,660)**	**745,252**
Equity of the sharholders of the parent entity		**798,894**	**(12,014)**	**810,908**	**730,067**	**(14,660)**	**744,727**
Share capital		63,865	-	63,865	63,865	-	63,865
Other reserves		1,347	-	1,347	1,184	-	1,184
Retained earnings		733,682	(12,014)	745,696	665,018	(14,660)	679,678
reserve capital		*106,349*	*-*	*106,349*	*99,736*	*-*	*99,736*
other reserves		*358,038*	*-*	*358,038*	*279,539*	*-*	*279,539*
retained earnings		*110,641*	*(14,660)*	*125,301*	*169,309*	*-*	*169,309*
profit for the period		*158,654*	*2,646*	*156,008*	*116,434*	*(14,660)*	*131,094*
Non-current liabilities		**270,781**	**10,830**	**259,951**	**155,436**	**12,014**	**143,422**
Other non-current liabilities		13,054	10,830	2,224	14,238	12,014	2,224
Liabilities to PFN		*10,830*	*10,830*	*-*	*12,014*	*12,014*	*-*
Current liabilities		**76,805**	**1,184**	**75,621**	**271,820**	**2,646**	**269,174**
Other current liabilities including		26,967	1,184	25,783	110,744	2,646	108,098
Liabilities to PFN		*1,184*	*1,184*	*-*	*2,646*	*2,646*	*-*
TOTAL EQUITY AND LIABILITIES		**1,147,053**	**-**	**1,147,053**	**1,157,848**	**-**	**1,157,848**

Table 18: Business segments: Statement of comprehensive income

	Nine-month period ended 30 September 2017 *(unaudited, restated)*					
	Financial Market	**Commodity Market**	**Other**	**Total segments**	**Exclusions and adjustments**	**Total segments and exclusions**
Sales revenue:	157,616	102,046	6,019	**265,681**	(5,893)	**259,788**
To third parties	*156,974*	*101,874*	*940*	***259,788***	*-*	***259,788***
Sales between segments and intragroup transactions	*642*	*172*	*5,079*	***5,893***	*(5,893)*	***-***
Operating expenses:	(83,065)	(38,735)	(469)	**(122,269)**	5,484	**(116,785)**
including depreciation and amortisation	*(15,174)*	*(5,561)*	*(24)*	***(20,759)***	*-*	***(20,759)***
Profit/(Loss) on sales	**74,551**	**63,311**	**5,550**	**143,412**	**(409)**	**143,003**
Profit/(Loss) on other operations	(987)	934	3	**(51)**	(713)	**(764)**
Operating profit (loss)	**73,564**	**64,245**	**5,553**	**143,362**	**(1,122)**	**142,239**
Profit/(Loss) on financial operations:	(2,236)	19,022	34	**16,820**	(21,264)	**(4,444)**
interest income	*2,958*	*1,078*	*34*	***4,070***	*(150)*	***3,920***
dividend received	*1,266*	*20,000*	*-*	***21,266***	*(21,266)*	***-***
interest cost	*(5,692)*	*(1,061)*	*-*	***(6,753)***	*152*	***(6,601)***
Share of profit of associates	-	-	-	**-**	8,149	**8,149**
Profit before income tax	**71,328**	**83,267**	**5,587**	**160,182**	**(14,237)**	**145,945**
Income tax	(14,294)	(12,230)	4	**(26,520)**	-	**(26,520)**
Net profit	**57,034**	**71,037**	**5,591**	**133,662**	**(14,237)**	**119,425**

(all amounts in PLN'000 unless indicated otherwise)

Table 19: Business segments: Statement of financial position

	As at 31 December 2017 *(restated)*					
	Financial Market	**Commodity Market**	**Other**	**Total segments**	**Exclusions and adjustments**	**Total segments and exclusions**
Total assets	762,651	345,524	2,229	**1,110,404**	36,649	**1,147,053**
Total liabilities	303,515	47,531	31	**351,077**	(3,491)	**347,586**
Net assets (assets - liabilities)	**459,136**	**297,993**	**2,198**	**759,327**	**40,140**	**799,467**

** Exclusions and adjustments include mainly an adjustment of investments in associates shown at cost in the Financial Market segment adjusted to equity valuation (PLN 170 million) less consolidation adjustments (PLN 132 million).*

Table 20: Business segments: Statement of comprehensive income

	Three-month period ended 30 September 2018 *(unaudited, restated)*					
	Financial Market	**Commodity Market**	**Other**	**Total segments**	**Exclusions and adjustments**	**Total segments and exclusions**
Sales revenue:	47,882	38,193	2,859	**88,934**	(3,191)	**85,743**
To third parties	*47,134*	*38,126*	*483*	***85,743***	-	***85,743***
Sales between segments and intragroup transactions	*748*	*67*	*2,376*	***3,191***	*(3,191)*	**-**
Operating expenses:	(31,458)	(14,285)	(391)	**(46,134)**	3,106	**(43,028)**
including depreciation and amortisation	*(5,299)*	*(2,649)*	-	***(7,948)***	-	***(7,948)***
Profit/(Loss) on sales	**16,424**	**23,908**	**2,468**	**42,800**	**(85)**	**42,715**
Profit/(Loss) on other operations	36	545	-	**581**	(243)	**338**
Operating profit (loss)	**16,460**	**24,453**	**2,468**	**43,381**	**(328)**	**43,053**
Profit/(Loss) on financial operations:	(798)	421	1	**(376)**	(3)	**(379)**
interest income	*1,340*	*648*	*1*	***1,989***	*(5)*	***1,984***
interest cost	*(1,942)*	*(7)*	-	***(1,949)***	*2*	***(1,947)***
Share of profit of associates	-	-	-	**-**	3,412	**3,412**
Profit before income tax	**15,662**	**24,874**	**2,469**	**43,005**	**3,081**	**46,086**
Income tax	(3,670)	(4,796)	-	**(8,466)**	-	**(8,466)**
Net profit	**11,992**	**20,078**	**2,469**	**34,539**	**3,081**	**37,620**

(all amounts in PLN'000 unless indicated otherwise)

Table 21: Business segments: Statement of comprehensive income

	Three-month period ended 30 September 2017 *(unaudited, restated)*					
	Financial Market	**Commodity Market**	**Other**	**Total segments**	**Exclusions and adjustments**	**Total segments and exclusions**
Sales revenue:	49,180	32,161	2,190	**83,531**	(2,412)	**81,119**
To third parties	*48,851*	*31,989*	*279*	***81,119***	*-*	***81,119***
Sales between segments and intragroup transactions	*329*	*172*	*1,911*	***2,412***	*(2,412)*	**-**
Operating expenses:	(24,124)	(10,288)	(424)	**(34,836)**	2,331	**(32,505)**
including depreciation and amortisation	*(5,074)*	*(2,244)*	*(24)*	***(7,342)***	*-*	***(7,342)***
Profit/(Loss) on sales	**25,056**	**21,873**	**1,766**	**48,695**	**(81)**	**48,614**
Profit/(Loss) on other operations	(141)	1,719	3	**1,581**	(244)	**1,336**
Operating profit (loss)	**24,915**	**23,592**	**1,769**	**50,276**	**(325)**	**49,950**
Profit/(Loss) on financial operations:	(956)	3,625	20	**2,689**	(17)	**2,673**
interest income	*825*	*391*	*20*	***1,236***	*(104)*	***1,132***
interest cost	*(1,947)*	*4,125*	*-*	***2,178***	*87*	***2,265***
Share of profit of associates	-	-	-	**-**	3,609	**3,609**
Profit before income tax	**23,959**	**27,217**	**1,789**	**52,965**	**3,267**	**56,232**
Income tax	(4,973)	(4,351)	4	**(9,320)**	-	**(9,320)**
Net profit	**18,986**	**22,866**	**1,793**	**43,645**	**3,267**	**46,912**

(all amounts in PLN'000 unless indicated otherwise)

19. Effect of the initial application of new standards

Table 22: Impact of adjustments on selected items of the statement of financial position as at 1 January 2018

		As at 31 December 2017 [a)]	Adjustment on initial application of IFRS 9 and IFRS 15	As at 1 January 2018 *(restated)*
Non-current assets		**596,354**	**49**	**596,403**
Deferred tax assets	*2)*	3,803	49	3,852
Available-for-sale financial assets	*1)*	271	(271)	-
Financial assets measured at fair value through other comprehensive income	*1)*	-	271	271
Current assets		**550,699**	**(259)**	**550,440**
Trade and other receivables	*2), 4)*	64,096	(1,254)	62,842
Contract assets	*4)*	-	995	995
TOTAL ASSETS		**1,147,053**	**(210)**	**1,146,843**
Equity		**799,467**	**(210)**	**799,257**
Total equity of the parent entity		**798,894**	**(210)**	**798,684**
Retained earnings	*2)*	733,682	(210)	733,472
Current liabilities		**76,805**	**-**	**76,805**
Contract liabilities	*3)*	-	6,827	6,827
Accruals and deferred income	*3)*	7,386	(6,827)	559
TOTAL EQUITY AND LIABILITIES		**1,147,053**	**(210)**	**1,146,843**

a) The restatement of data as a 31 December 2017 concerns the liability to PFN, as described in Note 20.
The Group implemented IFRS 9 and IFRS 15 as of 1 January 2018. The Management Board decided to use the simplification under IFRS 9 7.2.15 and not to restate comparative periods. IFRS 15 was implemented retrospectively with the cumulative effect of initial application at 1 January 2018.

1) IFRS 9 - reclassification according to new categories of financial assets
2) IFRS 9 - increase of impairment allowances according to expected credit loss
3) IFRS 15 - change of the presentation of liabilities in respect of charged annual and quarterly fees under contract liabilities
4) IFRS 15 - change of the presentation of estimated receivables not yet invoiced under contract assets

Table 23: Impact of the application of IFRS 15 on selected items of the statement of financial position as at 30 September 2018

	As at 30 September 2018 *(after IFRS 15)**	Adjustment on application of IFRS 15	As at 30 September 2018 *(before IFRS 15)*
Current assets	**618,283**	**-**	**618,283**
Trade and other receivables	78,747	2,122	80,869
Contract assets	2,122	(2,122)	-
Current liabilities	**70,553**	**-**	**70,553**
Contract liabilities	12,533	(12,533)	-
Accruals and deferred income	559	12,533	13,092

** No impact of the application of IFRS 15 on the Statement of comprehensive income. No significant impact on the Statement of cash flows (only a change of the presentation under cash flows from operating activities).*

(all amounts in PLN'000 unless indicated otherwise)

Expected credit loss allowances are shown under impairment losses on trade receivables in the statement of comprehensive income as of 1 January 2018 (under other costs in previous years).

Table 24: Impact of changes of the classification of financial assets between IAS 39 and IFRS 9 – as of 1 January 2018:

Financial assets	Classification according to IAS 39	New classification according to IFRS 9	Value according to IAS 39	Value according to IFRS 39
Financial assets measured at fair value through other comprehensive income	Available-for-sale financial assets	Financial assets measured at fair value through other comprehensive income	271	271
Trade receivables and other receivables	Loans and receivables	Financial assets measured at amortised cost	64,096	62,842
Contract assets	Loans and receivables	Financial assets measured at amortised cost	-	995
Cash and cash equivalents	Held-to-maturity investments	Financial assets measured at amortised cost	486,476	486,476
Financial assets total			**550,843**	**550,584**

IFRS 9 Financial Instruments

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

IFRS 9 introduces a fundamental change to the measurement of impairment of financial assets. Under the new Standard, entities recognise and measure impairment under the "expected credit loss" model replacing the "incurred loss" impairment model. The amendment mainly affects the estimation of write-offs of trade debt.

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

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

As a result of the analysis, the change of the approach to the recognition and measurement of impairment resulted in an increase of impairment write-offs by PLN 259 thousand and a decrease of equity by PLN 210 thousand including deferred tax assets as at the date of initial adoption of IFRS 9 (1 January 2018).

IFRS 15 Revenue from Contracts with Customers

The implementation of the Standard impacts the presentation of data concerning annual and quarterly fees charged from customers under contracts and regulations in interim consolidated financial statements. Such fees were previously presented as accruals and deferred income but are now presented in accordance with IFRS 15 as contract liabilities. The Group decided to change the presentation of revenue earned from information services and the calculation of reference rates which has not yet been invoiced. Such revenue was previously presented under trade receivables and other receivables. However, in view of the fact that the Group satisfies its obligation to a customer before it receives the revenue and that the contractual right to the payment arises in subsequent periods, the Group presents them under contract assets.

The GPW Group's critical judgments related to the implementation of IFRS 15 include the approach to the identification of performance obligations and the determination when such obligations are performed in the context of the admission of securities to trading. The revenue from fees for the admission of securities to trading on the GPW and BondSpot markets was previously recognised up-front in accordance with IAS 18. Following the implementation of IFRS 15, the Group's management must exercise judgment to determine whether admission to trading is a separate service or an inherent part of services supporting trade in securities.

As at the date of these Financial Statements, the International Financial Reporting Interpretations Committee (IFRIC) was considering whether the existing interpretations of IFRS 15 allow for the identification of performance obligations in respect of fees for the admission of securities to trading. In view of the foregoing circumstances, the revenue from fees for the admission of securities to trading in amount of PLN 2 226 thousand was recognised up-front in the GPW Group's Condensed Interim Financial Statements for the nine-month period ended 30 September 2018 (PLN 4 642 thousand in for the year ended 31 December 2017). The Group expects that clear guidelines will be available concerning the accounting treatment of fees for the admission of securities to trading under IFRS 15 before the preparation of the Consolidated Financial Statements for the year ended 31 December 2018.

20. Change of the accounting treatment of the liability to PFN

As a co-founder of the Polish National Foundation ("Foundation" or "PNF") established in 2016, GPW agreed to pay annual contributions towards the statutory activity of the Foundation (split into 11 payments) from the date of inception of the Foundation. The Company's total commitment to PNF according to the founding deed is PLN 19,500 thousand. Up to 30 September 2018, the Company paid PLN 7,500 thousand towards the endowment of the Foundation, including PLN 3,000 thousand paid in the first two years each (i.e., in 2016 and in 2017, accordingly) and PLN 1,500 thousand paid in the nine-month period ended 30 September 2018. Payments to the Foundation were recognised in the Company's statement of comprehensive income when paid.

As at 30 September 2018, the management of the Group reviewed the presentation of donations paid to PNF in the Group's financial statements for the years 2016-2018 under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The review indicated that the payments to PFN are a donation and that the commitment of GPW to make all payments to PFN under the founding deed of the Foundation arose when GPW joined the Foundation and signed the founding deed.

Consequently, the accounting treatment of payments to PNF was modified retrospectively by discounting future payments committed by GPW as at 31 December 2016 and their one-off recognition under other expenses in the Group's statement of comprehensive income for the year ended 31 December 2016 and, on the other hand, under other liabilities in the Group's statement of financial position as at 31 December 2016 (PLN 12,014 thousand non-current and PLN 2,646 thousand current). The liability stood at PLN 12,014 thousand as at 31 December 2017 (PLN 10,830 thousand non-current and PLN 1,184 thousand current). The Company adjusted the presentation of the payments to PFN in the statement of comprehensive income of the Group for 2016 and 2017 accordingly. As a result of the adjustment, the Group's equity was reduced by PLN 14,660 thousand as at 31 December 2016 and by PLN 12,014 thousand as at 31 December 2017 (presented accordingly in the statement of changes in equity). The net profit for the year ended 31 December 2016 was reduced by PLN 14,660 thousand and the net profit for the year ended 31 December 2017 was increased by PLN 2,464 thousand. The net profit for the nine-month period ended 30 September 2017 was increased by

(all amounts in PLN'000 unless indicated otherwise)

PLN 2,734 thousand and the net profit for the three-month period ended 30 September 2017 was reduced by PLN 87 thousand. The net profit for the nine-month period ended 30 September 2018 was increased by PLN 1,263 thousand in comparison with the net profit under the previous accounting treatment.

The adjustment caused a change of selected items in the statement of cash flows for the nine-month period ended 30 September 2017 as follows: the net profit increased by PLN 2,734 thousand; the change of other non-current liabilities was PLN 1,912 thousand (PLN 0 thousand before the adjustment); the change of other liabilities (excluding investment liabilities and dividend payable) was PLN 73,374 thousand (PLN 72,552 thousand before the adjustment).

Table 25: Impact of the adjustments on selected items of statement of financial position as at 31 December 2016 and 2017

	Note	As at 31 December					
		2017 r. (restated)	impact on 2017	2017 r. (audited)	2016 r. (restated)	impact on 2016	2016 r. (audited)
Equity		**799,467**	**(12,014)**	**811,481**	**730,592**	**(14,660)**	**745,252**
Equity of the sharholders of the parent entity		**798,894**	**(12,014)**	**810,908**	**730,067**	**(14,660)**	**744,727**
Share capital		63,865	-	63,865	63,865	-	63,865
Other reserves		1,347	-	1,347	1,184	-	1,184
Retained earnings		733,682	(12,014)	745,696	665,018	(14,660)	679,678
reserve capital		*106,349*	-	*106,349*	*99,736*	-	*99,736*
other reserves		*358,038*	-	*358,038*	*279,539*	-	*279,539*
retained earnings		*110,641*	*(14,660)*	*125,301*	*169,309*	-	*169,309*
profit for the period		*158,654*	*2,646*	*156,008*	*116,434*	*(14,660)*	*131,094*
Non-current liabilities		**270,781**	**10,830**	**259,951**	**155,436**	**12,014**	**143,422**
Other non-current liabilities		13,054	10,830	2,224	14,238	12,014	2,224
Liabilities to PFN		*10,830*	*10,830*	-	*12,014*	*12,014*	-
Current liabilities		**76,805**	**1,184**	**75,621**	**271,820**	**2,646**	**269,174**
Other current liabilities including		26,967	1,184	25,783	110,744	2,646	108,098
Liabilities to PFN		*1,184*	*1,184*	-	*2,646*	*2,646*	-
TOTAL EQUITY AND LIABILITIES		**1,147,053**	**-**	**1,147,053**	**1,157,848**	**-**	**1,157,848**

(all amounts in PLN'000 unless indicated otherwise)

Table 26: Impact of the adjustments on selected items of the consolidated statement of comprehensive income for 2016 and 2017

	Note	Year ended 31 December					
		2017 r. *(restated)*	*impact on 2017*	**2017 r.** *(audited)*	**2016 r.** *(restated)*	*impact on 2016*	**2016 r.** *(audited)*
Revenue		351,956	-	351,956	310,862	-	310,862
Operating expenses		(165,763)	-	(165,763)	(150,155)	-	(150,155)
Other income		3,859	-	3,859	1,736	-	1,736
Other expenses		(3,503)	2,646	(6,149)	(19,213)	(14,660)	(4,553)
Operating profit		**186,549**	**2,646**	**183,903**	**143,230**	**(14,660)**	**157,890**
Financial income		5,550	-	5,550	12,950	-	12,950
Financial expenses		(11,147)	-	(11,147)	(12,079)	-	(12,079)
Share of profit of associates		10,059	-	10,059	3,518	-	3,518
Profit before tax		**191,011**	**2,646**	**188,365**	**147,619**	**(14,660)**	**162,279**
Income tax expense		(32,274)	-	(32,274)	(31,145)	-	(31,145)
Profit for the period		**158,737**	**2,646**	**156,091**	**116,474**	**(14,660)**	**131,134**
Basic/Diluted earnings per share (PLN)		**3.78**	-	**3.72**	**2.78**	-	**3.12**

Table 27: Impact of the adjustments on selected items of the consolidated statement of comprehensive income for the three-month and nine-month periods of 2017

	Note	Three-month period ended 30 September			Nine-month period ended 30 September		
		2017 r. *(unaudited, restated)*	*impact of adjust ments*	**2017 r.** *(unaudited)*	**2017 r.** *(unaudited, restated)*	*impact of adjust ments*	**2017 r.** *(unaudited)*
Revenue		81,119	-	81,119	259,788	-	259,788
Operating expenses		(32,505)	-	(32,505)	(116,785)	-	(116,785)
Other income		1,731	-	1,731	2,092	-	2,092
Other expenses		(395)	(87)	(308)	(2,856)	2,734	(5,590)
Operating profit		**49,950**	**(87)**	**50,037**	**142,239**	**2,734**	**139,505**
Financial income		1,334	-	1,334	4,266	-	4,266
Financial expenses		1,339	-	1,339	(8,709)	-	(8,709)
Share of profit of associates		3,609	-	3,609	8,149	-	8,149
Profit before tax		**56,232**	**(87)**	**56,319**	**145,945**	**2,734**	**143,211**
Income tax expense		(9,320)	-	(9,320)	(26,520)	-	(26,520)
Net profit		**46,912**	**(87)**	**46,999**	**119,425**	**2,734**	**116,691**
Basic/Diluted earnings per share (PLN)		**1.12**	**-**	**1.12**	**2.84**	**-**	**2.78**

21. Events after the balance sheet date

A change of the name of Instytut Analiz i Ratingu to Polska Agencja Ratingowa (PAR) was registered by the National Court Register on 31 October 2018. In addition, an increase of the capital of PAR from PLN 2,173 thousand to PLN 6,519 thousand was registered, resulting in a change of the shareholding structure. Following the change, the Warsaw Stock Exchange, Polski Fundusz Narodowy and Biuro Informacji Kredytowej are the shareholders of PAR in equal parts, each holding a one-third stake. The mission of the joint rating agency is to build a rating culture in Poland by offering services to a broad range of entities, mainly including small and mid-sized enterprises.

The Condensed Consolidated Interim Financial Statements are presented by the Management Board of the Warsaw Stock Exchange:

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

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

Izabela Olszewska – Member of the Management Board ………………………………………

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

Piotr Borowski – Member of the Management Board ………………………………………

Signature of the person responsible for keeping the accounting records:

Sylwia Sawicka – Chief Accountant ………………………………………

Warsaw, 27 November 2018