Consolidated
Financial Statements of the

Giełda Papierów Wartościowych w Warszawie S.A. Group

for the year ended 31 December 2018

February 2019

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(all amounts in PLN'000 unless indicated otherwise)

I. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December		
		2018	2017 (restated)	2016 (restated)
Non-current assets		**580 375**	**596 354**	**597 287**
Property, plant and equipment	4	108 158	110 784	119 130
Intangible assets	5	254 564	263 769	269 593
Investment in entities measured by equity method	6	207 267	207 389	197 231
Deferred tax asset	7	540	3 803	1 809
Available-for-sale financial assets	8	-	271	288
Financial assets measured at fair value through other comprehensive income	10	101	-	-
Prepayments	11	5 523	6 116	5 014
Other non-current assets		4 222	4 222	4 222
Current assets		**636 942**	**550 699**	**560 561**
Inventories		64	56	57
Receivables in respect of corporate income tax		-	71	428
Trade and other receivables	13	69 437	64 096	113 262
Contract assets	14	1 215	-	-
Financial assets measured at amortised cost	9	377 502	-	-
Other financial assets		-	250 590	84 147
Cash and cash equivalents	15	188 724	235 886	362 667
TOTAL ASSETS		**1 217 317**	**1 147 053**	**1 157 848**

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

(all amounts in PLN'000 unless indicated otherwise)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	As at 31 December		
		2018	2017 (restated)	2016 (restated)
Equity		**890 538**	**799 467**	**730 592**
Equity of the shareholders of the parent entity		**889 948**	**798 894**	**730 067**
Share capital	16.1	63 865	63 865	63 865
Other reserves	16.2	1 267	1 347	1 184
Retained earnings	16.3	824 816	733 682	665 018
Non-controlling intrerests		**590**	**573**	**525**
Non-current liabilities		**269 333**	**270 781**	**155 436**
Liabilities on bonds issue	17	243 961	243 573	123 459
Employee benefits payable	18	1 147	1 454	1 832
Finance lease liabilities		-	-	32
Accruals and deferred income	21	5 033	5 592	6 200
Provisions for other liabilities and charges	7	7 357	7 108	9 675
Other liabilities	20	11 835	13 054	14 238
		-	-	-
Current liabilities		**57 446**	**76 805**	**271 820**
Liabilities on bonds issue	17	1 938	1 938	122 882
Trade payables	19	8 575	21 303	6 387
Employee benefits payable	18	14 278	12 958	8 114
Finance lease liabilities		-	31	62
Corporate income tax payable		3 158	6 012	16 154
Contract liabilities	14	3 581	-	-
Accruals and deferred income	21	559	7 386	7 144
Provisions for other liabilities and charges		68	210	333
Other current liabilities	20	25 289	26 967	110 744
TOTAL EQUITY AND LIABILITIES		**1 217 317**	**1 147 053**	**1 157 848**

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(all amounts in PLN'000 unless indicated otherwise)

II. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December	
		2018	2017 *(restated)*
Revenue	22	346 781	351 956
Operating expenses	23	(173 812)	(165 763)
Other income	24	2 703	3 859
Impairment losses	13	(3 153)	(607)
Other expenses	24	(2 314)	(2 896)
Operating profit		**170 205**	**186 549**
Financial income	25	54 439	5 550
Financial expenses	25	(9 162)	(11 147)
Share of profit of entities measured by equity method	6	10 553	10 059
Profit before income tax		**226 035**	**191 011**
Income tax expense	27	(42 334)	(32 274)
Profit for the period		**183 701**	**158 737**
Gains/(Losses) on valuation of financial assets measured at fair value through other comprehensive income	10	(22)	-
Gains/(Losses) on valuation of financial assets measured at fair value through other comprehensive income (entities measured by equity method)	6	(67)	*201*
Total items that may be reclassified to profit or loss		(89)	201
Actuarial gains / (losses) on provisions for employee benefits after termination	16.2	9	*(38)*
Total items that will not be reclassified to profit or loss		9	(38)
Other comprehensive income after tax		**(80)**	**163**
Total comprehensive income		**183 621**	**158 900**
Profit for the period attributable to shareholders of the parent entity		*183 683*	*158 654*
Profit for the period attributable to non-controlling interests		*18*	*83*
Total profit for the period		183 701	158 737
Comprehensive income attributable to shareholders of the parent entity		*183 603*	*158 817*
Comprehensive income attributable to non-controlling interests		*18*	*83*
Total comprehensive income		183 621	158 900
Basic / Diluted earnings per share (PLN)		**4,38**	**3,78**

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(all amounts in PLN'000 unless indicated otherwise)

III. CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December	
		2018	2017 (restated)
Cash flows from operating activities:		**136 482**	**159 264**
Cash generated from operation before tax		178 232	216 423
Net profit of the period		183 701	158 737
Adjustments:		(5 469)	57 686
Income tax	27	42 334	32 274
Depreciation of property, plant and equipment	4	16 294	14 047
Amortisation of intangible assets	5	15 478	14 278
(Gains)/Losses on sale of property, plant and equipment and intangible assets		(276)	(13)
(Gains)/Losses on investing activities (gains on sale of interest in Aquis and gains on loss of control of PAR)	6	(45 912)	-
Adjustment of cash: effect of loss of control of PAR		1 476	-
Revaluation of investments		143	-
Foreign exchange (gains)/losses (accounts and deposits)		(195)	(241)
Interest (income) on deposits, certificates of deposit and corporate bonds (not classified as cash and cash equivalents)	9	(4 630)	(1 991)
(Income) / expense on available-for-sale financial assets		-	17
Interest on bonds (adjustment of net profit for interest accrued on bonds issued)	17	7 300	7 624
Financial cost of the bond issue	17	389	-
Financial cost of bank loans		-	1 267
Share of (profit)/loss of entities measured by equity method		(10 553)	(10 059)
Other adjustments		(455)	916
Change of assets and liabilities:		(26 845)	(433)
(Increase) / Decrease of inventories		*(8)*	*1*
(Increase) / Decrease of trade and other receivables	13	*(7 203)*	*49 166*
(Increase) / Decrease of contract assets	14	*(1 215)*	*-*
Increase / (Decrease) of non-current prepayments	11	*593*	*(1 102)*
Increase / (Decrease) of trade payables	19	*(12 728)*	*14 916*
Increase / (Decrease) of employee benefits payable	18	*1 013*	*4 466*
Increase / (Decrease) of accruals and deferred income		*(7 386)*	*(366)*
Increase / (Decrease) of contract liabilities	14	*3 581*	*-*
Increase / (Decrease) of other liabilities (excluding committed investments and dividend payable)	20	*(3 350)*	*(67 392)*
Increase / (Decrease) of net provisions for liabilities and other charges		*(142)*	*(122)*
Advances received from associates in the Tax Group		-	(10 651)
Income tax (paid)/refunded		(41 684)	(46 508)

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

(all amounts in PLN'000 unless indicated otherwise)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Note	Year ended 31 December	
		2018	**2017** *(restated)*
Cash flows from investing activities:		**(84 170)**	**(186 629)**
Purchase of property, plant and equipment and advances for property, plant and equipment	4	(12 955)	(10 263)
Purchase of intangible assets and advances for intangible assets	5	(8 279)	(12 388)
Proceeds from sale of property, plant and equipment and intangible assets		1 412	499
Proceeds from sale of financial assets held for sale (interest in the associate Aquis)		57 563	-
Interest received on financial assets measured at amortised cost (previously presented in the balance sheet as other financial assets)		3 547	1 421
Purchase of financial assets measured at amortised cost (previously presented in the balance sheet as other financial assets)		(835 567)	(446 500)
Sale of financial assets measured at amortised cost (previously presented in the balance sheet as other financial assets)		709 737	280 500
Dividends received		372	102
Cash flows from financing activities:		**(99 669)**	**(99 784)**
Dividends paid		(92 338)	(90 257)
Interest paid on bonds issued	17	(7 300)	(7 642)
Redemption of bonds	17	-	(120 484)
Proceeds from bond issues	17	-	119 929
Loans taken		-	60 000
Loans repaid		-	(60 000)
Paid interest on loans		-	(1 267)
Payment of finance lease liabilities		(31)	(63)
Net (decrease) / increase in cash and cash equivalents		**(47 357)**	**(127 022)**
Impact of fx rates on cash balance in currencies		195	*241*
Cash and cash equivalents - opening balance		**235 886**	**362 667**
Cash and cash equivalents - closing balance		**188 724**	**235 886**

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

(all amounts in PLN'000 unless indicated otherwise)

IV. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the shareholders of the parent entity				Non-controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Total		
As at 31 December 2017 *(previously reported)*	**63 865**	**1 347**	**745 696**	**810 908**	**573**	**811 481**
Adjustment - donation to PFN	-	-	(12 014)	**(12 014)**	-	**(12 014)**
As at 31 December 2017 *(restated - adjusted for PFN)*	**63 865**	**1 347**	**733 682**	**798 894**	**573**	**799 467**
Adjustment at initial application of IFRS 9	-	-	(210)	**(210)**	-	**(210)**
As at 1 January 2018 *(restated - adjusted for PFN and IFRS 9)*	**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)**
Net profit for the year ended 31 December 2018	-	-	183 683	**183 683**	18	**183 701**
Other comprehensive income	-	(80)	-	**(80)**	-	**(80)**
Total comprehensive income for the year ended 31 December 2018	**-**	**(80)**	**183 683**	**183 603**	**18**	**183 621**
As at 31 December 2018	**63 865**	**1 267**	**824 816**	**889 948**	**590**	**890 538**

	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 *(previously reported)*	**63 865**	**1 184**	**679 678**	**744 727**	**525**	**745 252**
Adjustment - donation to PFN	-	-	(14 660)	**(14 660)**	-	**(14 660)**
As at 31 December 2016 *(restated - adjusted for PFN)*	**63 865**	**1 184**	**665 018**	**730 067**	**525**	**730 592**
Dividends	-	-	(90 239)	**(90 239)**	(35)	**(90 274)**
Transactions with owners recognised directly in equity	**-**	**-**	**(90 239)**	**(90 239)**	**(35)**	**(90 274)**
Net profit for the year ended 31 December 2016	-	-	158 654	**158 654**	83	**158 737**
Other comprehensive income	-	163	-	**163**	-	**163**
Total comprehensive income for the year ended 31 December 2017	**-**	**163**	**158 654**	**158 817**	**83**	**158 900**
Other changes in equity	-	-	249	**249**	-	**249**
Other changes in equity	**63 865**	**1 347**	**733 682**	**798 894**	**573**	**799 467**

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

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General

1.1 Legal status and scope of operations of the Group

The parent entity of the Giełda Papierów Wartościowych w Warszawie S.A. Group ("the Group") is Giełda Papierów Wartościowych w Warszawie Spółka Akcyjna ("the Warsaw Stock Exchange", "the Exchange", "GPW", "the Company" or "parent entity") with its registered office in Warsaw, ul. Książęca 4. The Company was established by Notarial Deed on 12 April 1991 and registered in the Commercial Court in Warsaw on 25 April 1991, entry no. KRS 0000082312, Tax Identification Number 526-025-09-72, Regon 012021984. GPW has been listed on GPW's Main Market since 9 November 2010.

The core activities of the Group include organising exchange trading in financial instruments and activities related to such trading. At the same time, the Group pursues activities in education, promotion and information concerning the capital market and organises an alternative trading system. The Group is active on the following markets:

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

The Group also organises and operates trade on the markets operated by Towarowa Giełda Energii S.A. ("TGE") and InfoEngine S.A.:

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

On 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 TGE Financial Instruments Market opened on 4 November 2015.

The GPW Group also operates:

- **Clearing House and Settlement System** (performing the functions of an exchange settlement system for transactions in exchange-traded commodities),
- **Trade Operator and Balancing Entity services** – both types of services are offered by InfoEngine S.A., balancing involves the submission of power sale contracts for execution and clearing of non-balancing with the grid operator (differences between actual power production or consumption and power sale contracts accepted for execution);
- **WIBID and WIBOR benchmark administrator** – GPW Benchmark S.A. (GPWB) calculates and publishes WIBID and WIBOR benchmarks used by financial institutions in credit and deposit agreements and in the issuance of bonds. The company is working to become authorised as WIBID and WIBOR benchmark administrator. GPWB is responsible for the development of benchmarks for the Polish financial market.

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 consolidated financial statements were authorised for issuance by the Management Board of the parent entity on 26 February 2019.

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.,

comprise the Warsaw Stock Exchange Group.

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"),
- Polska Agencja Ratingowa S.A. ("PAR", formerly Instytut Analiz i Ratingu S.A.).

(all amounts in PLN'000 unless indicated otherwise)

Name of the entity	Registered office of the entity	Scope of operations	GPW's % share in the share capital
		Parent entity	
Giełda Papierów Wartościowych w Warszawie S.A. ("Warsaw Stock Exchange", "GPW")	00-498 Warsaw ul. Książęca 4 Poland	• operating a financial instruments exchange through the organisation of public trading in securities • conducting educational, promotional and information activities regarding the functioning of the capital market • organising an alternative trading system	N/A
		Subsidiaries	
Towarowa Giełda Energii S.A. ("TGE") *(parent entity of the Towarowa Giełda Energii S.A. Group)*	00-498 Warsaw ul. Książęca 4 Poland	• operating a commodity exchange on which the following may be traded: electricity, liquid and gas fuels, production limits, pollution emission limits, property rights whose value depends directly or indirectly on the value of electricity, liquid or gas fuels, operation of a register of certificates of origin of energy from renewable energy sources and from cogeneration and agricultural biogas	100.00%
BondSpot S.A. *(formerly MTS-CeTO S.A.)*	00-498 Warsaw ul. Książęca 4 Poland	• operating an over-the-counter market and conducting other activities related to organising trading in securities and other financial instruments • organising an alternative trading system • organising and conducting all activities which supplement and support the functioning of the markets operated by BondSpot	96.98%
GPW Benchmark S.A. ("GPW B") *(formerly GPW Centrum Usług S.A.)*	00-498 Warsaw ul. Książęca 4 Poland	• planned scope of activity: organiser and administrator of WIBID and WIBOR reference rate fixings	100.00%
		Towarowa Giełda Energii S.A. subsidiaries	
Izba Rozliczeniowa Giełd Towarowych S.A. ("IRGiT")	00-498 Warsaw ul. Książęca 4 Poland	• operating a clearing house and a settlement system for transactions made on the regulated market • clearing transactions made on TGE • other activities related to organising and conducting clearing or settlement of transactions	TGE stake: 100.00%
InfoEngine S.A. ("IE")	00-498 Warszawa ul. Książęca 4	• Trade Operator services on the electricity market	TGE stake: 100.00%

(all amounts in PLN'000 unless indicated otherwise)

Name of the entity	Registered office of the entity	Scope of operations	GPW's % share in the share capital
(formerly WSEInfoEngine S.A)	Polska	• trade balancing services on the electricity market	
		Associates	
Krajowy Depozyt Papierów Wartościowych S.A. ("KDPW") *(parent entity of the Krajowy Depozyt Papierów Wartościowych S.A. Group)*	00-498 Warsaw ul. Książęca 4 Poland	• maintaining a depository for securities • clearing transactions made on financial instruments exchanges, commodity exchanges including energy exchanges, among others via the subsidiary KDPW_CCP S.A. • conducting other activities related to trading in securities and other financial instruments, • administering the Guarantee Fund • operating a trade repository and issuing LEI codes	33.33%
Centrum Giełdowe S.A. ("CG")	00-498 Warsaw ul. Książęca 4 Poland	• leasing of real estate on own account • real estate management • activities in respect of building, urban and technological design • undertaking general building works related to constructing buildings	24.79%
Polska Agencja Ratingowa S.A. („PAR") *formerly Instytut Analiz i Ratingu S.A. ("IAiR")*	00-498 Warsaw ul. Książęca 4 Poland	• planned core business: non-Treasury debt rating services, in particular for small and medium-sized companies • PAR did not launch operations up to and including 31 December 2018	33.33%

2. Summary of significant accounting policies

2.1 Basis of preparation of the consolidated financial statements

2.1.1 Statement of compliance

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

The following amendments of existing standards adopted by the European Union are effective for the financial statements of the Group for the financial year started 1 January 2018:

1) IFRS 9 *Financial Instruments*,

2) IFRS 15 *Revenue from Contracts with Customers,*

(all amounts in PLN'000 unless indicated otherwise)

3) Annual Improvements to IFRS 2014-2016 - Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* and IAS 28 *Investments in Associates and Joint Ventures,*

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 IFRS 9 and IFRS 15 as of 1 January 2018, the Group's accounting policies described in sections 2.8 and 2.20 of these consolidated financial statements have been updated. The application of the new Standards is described in detail in Note 34.

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

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

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

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

A. Standards and Interpretations adopted by the European Union

Certain Standards, Interpretations and Amendments to published Standards are not yet mandatorily effective for the annual period ending 31 December 2018 and have not been applied in preparing these consolidated financial statements. The Group plans to adopt these pronouncements when they become effective. The following table presents:

- Standards and Interpretations adopted by the EU that are not yet effective for the annual period ending 31 December 2018;
- Type of the expected impact on accounting policies implemented by a new Standard/Interpretation;
- Impact of the changes described on the Group's financial statements;
- Effective date of the amendments.

Standard/ Interpretation adopted by EU	Nature of impending change in accounting policy	Possible impact on consolidated financial statements	Effective date for periods beginning as the date or after that date
1. IFRS 16 *Leases*	IFRS 16 supersedes IAS 17 *Leases* and related interpretations. For lessees, the new Standard eliminates the distinction between operating and finance leases. Bringing operating leases in balance sheet will result in recognizing a new asset – the right to use the underlying asset – and a new liability – the obligation to make lease payments. The right-of-use asset will be depreciated and the liability accrues interest. This will result in a front-loaded pattern of expense for most leases, even when they pay constant annual rentals.	The impact is described in Note 2.1.2.	1 January 2019

(all amounts in PLN'000 unless indicated otherwise)

Standard/ Interpretation adopted by EU	Nature of impending change in accounting policy	Possible impact on consolidated financial statements	Effective date for periods beginning as the date or after that date
	Lessor accounting, however, shall remain largely unchanged and the distinction between operating and finance leases will be retained.		
2. IFRIC 23 *Uncertainty over Income Tax Treatments*	IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, whilst also aiming to enhance transparency. Under IFRIC 23, the key test is whether it is probable that the tax authority will accept the entity's chosen tax treatment. If it is probable that the tax authorities will accept the uncertain tax treatment then the tax amounts recorded in the financial statements are consistent with the tax return with no uncertainty reflected in measuring current and deferred taxes. Otherwise, the taxable income (or tax loss), tax bases and unused tax losses shall be determined in a way that better predicts the resolution of the uncertainty, using either the single most likely amount or expected (sum of probability weighted amounts) value. An entity must assume the tax authority will examine the position and will have full knowledge of all the relevant information.	The Group does not expect IFRIC 23 to have material impact on the consolidated financial statements.	1 January 2019
3. Amendments to IFRS 9 *Financial Instruments*	The amendment enables entities to measure financial assets with a prepayment option, which under contractual terms are instruments with cash flows that are solely payments of the principal and interest on the principal amount outstanding, for negative compensation, at amortized cost or at fair value through other comprehensive income instead of fair value through profit or loss if such financial assets meet the other applicable requirements of IFRS 9.	The Group does not expect the Amendments to have material impact on the consolidated financial statements.	1 January 2019
4. Amendments to IAS 28 *Investments in Associates and Joint Ventures*	The Amendments clarify that an entity applies IFRS 9 Financial Instruments to interests in an associate or joint venture to which the equity method is not applied.	The Group does not expect the Amendments to have material impact on the consolidated financial statements.	1 January 2019
5. Annual Improvements to IFRS 2015-2017 Cycle	The Improvements to IFRSs (2015-2017) contains four amendments to standards. The main changes were to: ♦ clarify that the entity remeasures its previously held interest in a joint operation when it obtains control of the business in accordance with IFRS 3 *Business Combinations*; ♦ clarify that the entity does not remeasure its previously held interest in a joint operation when it obtains joint control of the joint operation in accordance with IFRS 11 *Joint Arrangements*; ♦ clarify that the entity should always account for income tax consequences of dividend payments in profit or loss, other comprehensive income or equity according to where the entity originally recognized past transactions or events that generated distributable profits; and ♦ clarify that the entity should exclude from the funds that the entity borrows generally borrowings made	The Group does not expect the Amendments to have material impact on the consolidated financial statements.	1 January 2019

(all amounts in PLN'000 unless indicated otherwise)

Standard/ Interpretation adopted by EU	Nature of impending change in accounting policy	Possible impact on consolidated financial statements	Effective date for periods beginning as the date or after that date
	specifically for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare that asset for its intended use or sale are complete as borrowings made specifically for the purpose of obtaining a qualifying asset should not apply to a borrowing originally made specifically to obtain a qualifying asset if that asset is ready for its intended use or sale.		
6. Amendments to IAS 19 *Employee Benefits*	The Amendments require entities to use updated assumptions when a defined benefit plan amendment occurs. The Amendments require entities to use updated assumptions for the calculation of current service cost and net interest for periods following a plan amendment to remeasure the net defined benefit liability (asset).	The Group does not expect the Amendments to have material impact on the consolidated financial statements.	1 January 2019
7. Amendments to IFRS 3 *Business Combinations*	The Amendments specify the definition of business to assist entities in determining whether they have acquired a business or a group of assets.	The Group does not expect the Amendments to have material impact on the consolidated financial statements.	1 January 2019

B. Standards and interpretations awaiting adoption by the European Union

IFRS adopted by the European Union are not significantly different from the regulations approved by the International Accounting Standards Board (IASB) with the exception of the following Standards, Interpretations and Amendments that are not yet effective as at the date of these consolidated financial statements.

The following Standards and Interpretations (not yet effective) do not apply to the Group or are not expected to have material impact on the consolidated financial statements:

Standard	Effective date*
IFRS 14 *Regulatory Deferral Accounts*	**
IFRS 17 *Insurance Contracts*	1 January 2021
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	TBD
Amendments to IAS 28 *Investments in Associates and Joint Ventures* – Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to IFRS 2015-2017	1 January 2019
Amendments to IAS 19 *Employee Benefits* – Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to IFRS 3 *Business Combinations*	1 January 2019

(all amounts in PLN'000 unless indicated otherwise)

Standard	Effective date*
Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* – Definition of material	1 January 2019

** Annual periods starting on or after that date, defined by the International Accounting Standards Board (IASB), subject to change after adoption by the EU.*

*** The European Commission decided not to start the adoption of the temporary Standard for the EU until the final version of IFRS 14 is published.*

The Group plans to adopt these Amendments, as applicable to its business, when they become effective.

2.1.2. Impact of IFRS 16 on future financial statements

IFRS 16 Leases

IFRS 16 was published in January 2016. For lessees, the new Standard eliminates the distinction between operating and finance leases. As a result, lessees will recognise nearly all lease contracts in the statement of financial position. According to the new Standard, a new asset – the right to use the underlying asset – and a new liability – the obligation to make lease payments are recognised in the statement of financial position. The only exceptions are short-term leases and low-value leases.

The Group has identified and analysed lease contracts effective as at the first-time adoption of IFRS 16 in the light of the new accounting standards for leases. The analysis revealed that the Standard will have impact on the accounting treatment of leases which were previously treated as operating leases.

As at the balance-sheet date, the Group's non-cancellable lease payments are PLN 25,032 thousand (see Note 31), including PLN 7,192 thousand of short-term leases and PLN 3 thousand of low-value leases. The cost of these two types of leases will be recognised on a straight-line basis in the statement of comprehensive income.

As at 1 January 2019, the Group expects to recognise right-of-use assets at PLN 24,471 thousand and liabilities in respect of lease at PLN 24,471 thousand. The Company will depreciate the right-of-use assets on a straight-line basis in the period of their useful life. Liabilities in respect of finance leases will accrue interest at the lessee's marginal interest rate. Depreciation of the right-of-use assets and the interest cost of leases will be charged to the costs of the period.

As previous fees under operating lease contracts will be presented as depreciation and financial expenses, the value and structure of the Group's expenses will change. After the implementation of the new Standard, the Group expects its net profit for 2019 to be PLN 266 thousand less than the net profit without the Standard. EBITDA is expected to increase because operating lease fees were included in the Company's operating expenses affecting the EBITDA while the depreciation of the right-of-use assets and the interest cost of leases will not. The Standard will have the biggest impact on the results of the Group in the first few periods after initial adoption. In the long term, provided that the value of leased assets remains stable, the differences will phase out to have little impact on the results of the Group.

The Group's net cash flows from operating activities will increase and its net cash flows from financing activities will decrease by PLN 624 thousand as principal lease payments will be shown in the net cash flows from financing activities.

The Group's business as a lessor is considered immaterial and the Group expects no material impact on the financial statements. The Group will present additional disclosures next year.

The Group implemented the Standard as of its effective date on 1 January 2019 retrospectively with the cumulative effect of initial application at initial application date.

2.1.3 Functional and presentation currency

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

2.1.4 Basis of valuation

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

2.1.5 Critical judgments and estimates

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

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

Judgments

2.1.5.1. Presentation of cleared commodity market transactions and cash in the clearing guarantee system

The Group performs a judgment concerning IRGiT's role in the clearing of transactions on the commodity forward instruments market. IRGiT provides the service of clearing and cash settlement of exchange transactions.

IRGiT is a technical counterparty to transactions when it clears and settles exchange transactions. Furthermore, given that the exchange is a fully anonymous market, IRGiT is technically presented in sale and purchase documents (invoices) of cleared exchange transactions even though it is not the seller or buyer in the strict sense as it only clears transactions. According to the applicable regulations, IRGiT does not guarantee the clearing of transactions with its own cash resources.

As described in Note 33, to secure transactions on the forward market in electricity and gas, the Group has set up a clearing guarantee system. The Group is not exposed to material risk of loss of cash contributed to the clearing guarantee system, it is not the owner of such cash and neither does it realise any benefits from the holding of such cash. The Group charges fees for management of the guarantee system resources.

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

Estimates

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

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

2.1.5.3. Goodwill and investment in associates impairment tests

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

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

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

2.1.5.4. Provisions

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

2.2 The scope and methods of consolidation

2.2.1 Subsidiaries

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

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

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

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

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

2.2.2 Associates

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

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

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

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

2.3 Evaluation of balances presented in foreign currencies

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

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

As at the balance sheet date:

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

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

2.4 Segment reporting

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

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

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

2.5 Property, plant and equipment

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

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

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

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

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

Land is not subject to depreciation.

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

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

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

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

2.6 Intangible assets

2.6.1 Goodwill

Goodwill from acquisition is the difference between the purchase price and the fair value of the acquired net assets, liabilities and identifiable contingent commitments. After initial recognition, goodwill is disclosed at cost of purchase net of accumulated impairment losses (principle in Note 2.7). Goodwill is tested against potential impairment annually or more frequently in case of events or changes indicating potential impairment.

For impairment testing purposes, goodwill is allocated to cash generating units which are expected to benefit from the transaction responsible for the creation of goodwill.

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

2.6.2 Other intangible assets

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

Amortisation is calculated with the straight-line method over the estimated useful life of other intangible assets. The estimated useful life of intangible assets varies from 1 to 5 years except for the intangible assets corresponding to trading systems which have an expected useful life of 6 to 12 years, and know-how of the PCR project in the subsidiary TGE and copyright in WIBID and WIBOR benchmarks in the subsidiary GPWB which have an expected useful life of 20 years.

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

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

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

2.7 Impairment of non-financial assets

At each balance sheet date, the Group reviews non-financial assets to determine whether there are indicators of impairment except for inventories (see Note 2.11) and deferred tax assets (see Note 2.16.3) to which other valuation procedures apply. If such indicators are identified, the recoverable amount of an asset is estimated (as the higher of: fair value less selling costs or value in use). Value in use corresponds to the discounted value of the estimated future economic benefits which would be generated by an asset. If an asset does not generate cash flows that are independent from the cash flows generated by other assets, the analysis is performed for the group of assets generating cash flows (a cash generating unit) to which the asset belongs.

The Group performs an annual test of impairment of intangible assets which are not yet available for use by comparing the carrying value and the recoverable amount. For impairment testing purposes, intangible assets which are not yet available for use are allocated to cash generating units which are expected to benefit from the transaction responsible for the creation of the assets.

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

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

Impairment of goodwill is not subject to reversal.

2.8 Financial assets

2.8.1. Classification and valuation of financial assets

The Group'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.

The Management Boards of companies of the Group determine the classification of financial assets at their initial recognition. Financial assets are derecognised when the right to cash flows that they generate expires or is transferred if a Group company transfers substantially all the risks and benefits of ownership.

2.8.1.1 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 with no significant financing component 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 GPW does not exercise control or exert significant influence. They are disclosed as non-current assets unless the Company 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 GPW acquires the rights to the respective payments unless the dividend is clearly paid in return for the cost of the shares.

The fair value of equity instruments listed on an active market derives from the current price. Fair value of shares is determined based on listed prices. If the market for a financial asset is not active (also in respect of non-listed securities), the Company determines the fair value using valuation techniques. These include the use of recent arm's length transactions, reference to transactions in other virtually identical instruments, discounted cash flow analysis, using market information to the maximum extent and relying on information from the Company 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 receivables of the Company have no significant financing component, impairment is measured as an allowance equal to lifetime expected credit losses.

Group companies measure 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, Group companies perform a statistical analysis of trade receivables by category of clients defined individually by each company.

In the next step, Group companies perform a portfolio analysis and calculate 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 consolidated 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 consolidated 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.

2.9 Non-current prepayments

Non-current prepayments include the right to perpetual usufruct of land with expected economic useful life longer than one year, which is equivalent to operating lease. Perpetual usufruct is initially recognised at cost and subsequently at the end of the reporting period at net carrying value, i.e., cost less incremental depreciation charges and impairment losses.

The rights to perpetual usufruct of land are equivalent to operating lease.

2.10 Other receivables

Other receivables mainly comprise prepayments and current payments for the rights to perpetual usufruct of land, which is equivalent to operating lease.

Prepayments are recorded when expenditures incurred relate to future reporting periods. Prepayments comprise:

- long-term balances relating to future reporting periods, more than 12 months from the balance sheet date; and
- short-term balances relating to future reporting periods, up to 12 months from the balance sheet date.

Prepayments are recognised in the consolidated statement of comprehensive income over the lifetime of the relevant contract.

2.11 Inventories

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

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

2.12 Cash and cash equivalents recognised in the consolidated statement of cash flows

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

2.13 Equity of the Group

The Group's equity comprises:

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

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

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

2.14 Financial liabilities

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

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

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

2.15 Contingent liabilities

A contingent liability is:

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

2.16 Income tax

2.16.1 Tax Group

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

On 28 September 2016, the following companies:

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

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

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

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

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

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

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

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

2.16.2 Current income tax

Current income tax is calculated on the basis of net taxable income of the company for a given financial year determined in accordance with the binding tax regulations and using the tax rates provided in those regulations. Net taxable income (loss) differs from accounting profit (loss) for the year due to excluding taxable income and deductible costs relating to future periods as well as cost and income items that would never be deductible or taxable.

2.16.3 Deferred income tax

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

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

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

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

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

The parent entity uses no deferred tax assets or liabilities for the differences between the taxable and accounting investment in subsidiaries and associates when the Group cannot control the date of reversal of temporary differences (for deferred tax liabilities) and such differences are unlikely to reverse in the foreseeable future.

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

2.17 Employee benefits

2.17.1 Current employee benefits

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

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

2.17.2 Defined contributions scheme

The parent entity pays contributions to the Employee Pension Scheme, which employees join voluntarily based on an agreement. After payment of the contributions, GPW has no further obligations to make payments to the Employee Pension Scheme. These contributions are charged to costs of employee benefits as they are incurred. Paid pension benefits are recognised as a cost of the period they relate to.

Under the applicable legislation, the Group is required to charge and pay contributions to employees' pension benefits. Such benefits are a state scheme which is a defined contributions scheme. Consequently, the Group's obligation to pay contributions to the pension scheme for each period is recognised in the amount of contributions to be paid in the year.

2.17.3 Other non-current employee benefits

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

Actuarial gains and losses on employee benefits after the term of service are recognised in other comprehensive income.

2.17.4 Management remuneration system

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

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

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

2.18 Provisions for other liabilities and other charges

Provisions are recorded when Group companies have a current (legal or constructive) obligation resulting from past events and it is probable that settling the obligation will result in an outflow of resources embodying economic benefits and the amount of the liability can be reliably estimated.

Provisions are recorded in particular against the following (if the above-mentioned conditions for recording a provision have been met):

- results of pending litigation and disputes;
- restructuring costs.

Provisions are recorded based on the best estimates of the Management Boards of Group companies of the expenditure necessary to settle the current obligation at the balance sheet date. If the effect of changes in the time value of money is material, the provision corresponds to the present value of the expenditure which as expected would be necessary to settle the obligation.

2.19 Deferred income

Deferred income from government subsidies

The Group's deferred income includes received subsidies for assets. Government subsidies are recognised if it is sufficiently certain that the Group will meet the related conditions and the subsidies will be received.

Subsidies for assets are presented in the statement of financial position as deferred income and shown in profit (other income) regularly over the useful life of the assets concerned.

Subsidies for income are shown in profit (other income) regularly in the periods when the Group recognises the costs to be covered by the subsidies.

2.20 Revenue

2.20.1 Sales revenue

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

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

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

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

- **Revenue from trading**

Trading revenue consists of the fees collected from Exchange Members on the basis of the Exchange Rules and the Alternative Trading System Rules. Trading fees are the main revenue item in this category. Trading fees depend on the value of transactions, the number of executed orders and the 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.

- **Revenue from listing**

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

- **Revenue from information services**

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

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 and Intra-Day Market, the Gas Market, the Property Rights Market, the Commodity Forward Instruments Market, the Emission Allowances Market.

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

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

- **Revenue from clearing**

Clearing revenue is the revenue of IRGiT including:

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

- **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.

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.

2.20.2 Other revenue

Other revenue includes received damages and donations, gains on the sale of property, plant and equipment, reversed impairment of receivables and investments, annual correction of the input VAT, services reinvoiced to employees, revenue from the operator of the Polish power transmission system as payment for international projects (see Note 2.20).

2.20.3 Financial income

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

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

2.21 Expenses

Operating expenses include without limitation salaries and the cost of maintenance of the IT infrastructure of the trading systems which supports trade in financial instruments and related activities on the financial market and trade in electricity, gas and property rights on the commodity market, as well as the cost of capital market education, promotion and information.

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

The Group records expenses by type.

2.22 Bond issue expenses

As an issuer of bonds, GPW pays debt service costs. Interest on bonds is calculated using the effective interest rate method.

2.23 Leases

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

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

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

2.24 Statement of cash flows

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

3. Financial risk management

3.1 Financial risk factors

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

3.2 Market risk

3.2.1. Cash flow and fair value interest risk

The Group is moderately exposed to interest rate risk.

The Group holds short-term deposits where the interest rate is fixed, negotiated and determined when contracted at levels close to market rates at contracting. If market rates rise, the Group earns higher interest income; if market rates fall, the Group earns lower interest income.

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

- in 2018, a decrease/(increase) in the profit before tax and cash flows by PLN 2,369 thousand,
- in 2017, a decrease/(increase) in the profit before tax and cash flows by PLN 1,515 thousand,
- in 2016, a decrease/(increase) in the profit before tax and cash flows by PLN 1,125 thousand.

The parent entity is also an issuer of bonds at floating interest rates based on WIBOR 6M. In the case of an increase in interest rates, the parent entity will be obligated to pay out interest coupons with a higher value; in the case of a decrease in interest rates, the value of those coupons will be lower. The Company calculates sensitivity to the market interest rate WIBOR 6M using as input data the level of debt and interest rates in the current reporting period.

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

- in 2018, a decrease/(increase) in the profit before tax and cash flows by PLN 852 thousand,
- in 2017, a decrease/(increase) in the profit before tax and cash flows by PLN 576 thousand,
- in 2016, a decrease/(increase) in the profit before tax and cash flows by PLN 1,225 thousand.

(all amounts in PLN'000 unless indicated otherwise)

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

Table 2 Analysis of financial assets and liabilities based on maturity

	As at 31 December 2018						
	Maturity up to 1 year				1-5 Y	> 5 Y	Total
	< 1 M	1-3 M	> 3 M	Total			
Corporate bonds	-	-	34 964	**34 964**	-	-	**34 964**
Certificates of deposit	-	-	38 159	**38 159**	-	-	**38 159**
Bank deposits	108 214	53 862	294 358	**456 434**	-	-	**456 434**
Current accounts - VAT	632	-	-	**632**	-	-	**632**
Current accounts - other	36 037	-	-	**36 037**	-	-	**36 037**
Total current	**144 883**	**53 862**	**367 481**	**566 226**	**-**	**-**	**566 226**
Total financial assets	**144 883**	**53 862**	**367 481**	**566 226**	**-**	**-**	**566 226**
Bonds issued	-	-	-	**-**	243 961	-	**243 961**
Total non-current	**-**	**-**	**-**	**-**	**243 961**	**-**	**243 961**
Bonds issued	-	-	1 938	**1 938**	-	-	**1 938**
Total current	**-**	**-**	**1 938**	**1 938**	**-**	**-**	**1 938**
Total financial liabilities	**-**	**-**	**1 938**	**1 938**	**243 961**	**-**	**245 899**

Table 3 Analysis of financial assets and liabilities based on maturity

	As at 31 December 2017 *(restated)*						
	Maturity up to 1 year				1-5 Y	> 5 Y	Total
	< 1 M	1-3 M	> 3 M	Total			
Bank deposits	179 545	64 593	201 977	**446 115**	-	-	**446 115**
Current accounts - other	40 361	-	-	**40 361**	-	-	**40 361**
Total current	**219 906**	**64 593**	**201 977**	**486 476**	**-**	**-**	**486 476**
Total financial assets	**219 906**	**64 593**	**201 977**	**486 476**	**-**	**-**	**486 476**
Bonds issued	-	-	-	**-**	243 573	-	**243 573**
Total non-current	**-**	**-**	**-**	**-**	**243 573**	**-**	**243 573**
Bonds issued	-	-	1 938	**1 938**	-	-	**1 938**
Finance leases	5	10	16	**31**	-	-	**31**
Total current	**5**	**10**	**1 954**	**1 969**	**-**	**-**	**1 969**
Total financial liabilities	**5**	**10**	**1 954**	**1 969**	**243 573**	**-**	**245 542**

Table 4 Analysis of financial assets and liabilities based on maturity

	As at 31 December 2016 (restated)						
	Maturity up to 1 year				1-5 Y	> 5 Y	Total
	< 1 M	1-3 M	> 3 M	Total			
Bank deposits	2 008	25 540	76 620	**104 168**	-	-	**104 168**
Current accounts	362 667	-	-	**362 667**	-	-	**362 667**
Total current	**364 675**	**25 540**	**76 620**	**466 835**	**-**	**-**	**466 835**
Total financial assets	**364 675**	**25 540**	**76 620**	**466 835**	**-**	**-**	**466 835**
Bonds issued	-	-	-	**-**	-	123 459	**123 459**
Total non-current	**-**	**-**	**-**	**-**	**-**	**123 459**	**123 459**
Bonds issued	122 279	-	603	**122 882**	-	-	**122 882**
Finance leases	5	10	16	**31**	31	-	**62**
Total current	**122 284**	**10**	**619**	**122 913**	**31**	**-**	**122 944**
Total financial liabilities	**122 284**	**10**	**619**	**122 913**	**31**	**123 459**	**246 403**

(all amounts in PLN'000 unless indicated otherwise)

3.2.2. Foreign exchange risk

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

Based on the results of an analysis of sensitivity as at 31 December 2018, a 10% change in the average exchange rate of PLN assuming no other changes would result in the following change in the profit before tax for 2018:

- EUR (decrease/increase of the exchange rate by PLN 0.4300) – decrease/increase in the net profit by PLN 1,473 thousand;
- GBP (increase/decrease of the exchange rate by PLN 0.4790) – decrease/increase in the net profit by PLN 7 thousand;
- USD (increase/decrease of the exchange rate by PLN 0.3760) – decrease/increase in the net profit by PLN 6 thousand.

Based on the results of an analysis of sensitivity as at 31 December 2017, a 10% change in the average exchange rate of PLN assuming no other changes would result in the following change in the profit before tax for 2017:

- EUR (decrease/increase of the exchange rate by PLN 0.4171) – decrease/increase in the net profit by PLN 1,371 thousand;
- GBP (increase/decrease of the exchange rate by PLN 0.4700) – decrease/increase in the net profit by PLN 18 thousand.

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

- EUR (decrease/increase of the exchange rate by PLN 0.4424) – decrease/increase in the net profit by PLN 1,930 thousand;
- GBP (increase/decrease of the exchange rate by PLN 0.5145) – decrease/increase in the net profit by PLN 41 thousand;
- USD (increase/decrease of the exchange rate by PLN 0.4179) – decrease/increase in the net profit by PLN 3 thousand.

Table 5 The Group's FX exposure

	As at 31 December 2018 *(converted to PLN at the FX rate of the balance-sheet date)*				
	PLN	**EUR**	**USD**	**GBP**	**Total carrying amount in PLN**
Financial assets measured at amortised cost	377 502	-	-	-	**377 502**
Cash and cash equivalents	180 490	8 234	-	-	**188 724**
Trade receivables (net)	25 594	11 046	1	-	**36 641**
Other receivables	3 372	-	-	-	**3 372**
Total assets	**586 958**	**19 280**	**1**	**-**	**606 239**
Bonds issued	245 899	-	-	-	**245 899**
Trade payables	7 639	832	30	74	**8 575**
Other liabilities	16 164	3 721	28	-	**19 915**
Total liabilities	**269 702**	**4 553**	**58**	**74**	**274 389**
Net balance (assets-liabilities)	**317 256**	**14 727**	**(57)**	**(74)**	**331 850**

(all amounts in PLN'000 unless indicated otherwise)

Table 6 The Group's FX exposure

	As at 31 December 2017 *(converted to PLN at the FX rate of the balance-sheet date) (restated)*				
	PLN	**EUR**	**USD**	**GBP**	**Total carrying amount in PLN**
Other financial assets	250 590	-	-	-	**250 590**
Cash and cash equivalents	224 116	11 768	-	2	**235 886**
Trade receivables (net)	39 881	6 751	-	-	**46 632**
Other receivables	389	-	-	-	**389**
Total assets	**514 976**	**18 519**	**-**	**2**	**533 497**
Bonds issued	245 511	-	-	-	**245 511**
Trade payables	18 538	2 582	-	183	**21 303**
Finance leases	31	-	-	-	**31**
Other liabilities	17 044	2 224	-	-	**19 268**
Total liabilities	**281 124**	**4 806**	**-**	**183**	**286 113**
Net balance (assets-liabilities)	**233 852**	**13 713**	**-**	**(181)**	**247 384**

Table 7 The Group's FX exposure

	As at 31 December 2016 *(converted to PLN at the FX rate of the balance-sheet date) (restated)*				
	PLN	**EUR**	**USD**	**GBP**	**Total carrying amount in PLN**
Other financial assets	84 147	-	-	-	**84 147**
Cash and cash equivalents	346 319	16 346	-	2	**362 667**
Trade receivables (net)	93 279	7 001	-	-	**100 280**
Other receivables	9 094	-	-	-	**9 094**
Total assets	**532 839**	**23 347**	**-**	**2**	**556 188**
Bonds issued	246 341	-	-	-	**246 341**
Trade payables	4 127	1 822	25	413	**6 387**
Finance leases	62	-	-	-	**62**
Other liabilities	25 841	2 224	-	-	**28 065**
Total liabilities	**276 371**	**4 046**	**25**	**413**	**280 855**
Net balance (assets-liabilities)	**256 468**	**19 301**	**(25)**	**(411)**	**275 333**

3.2.3. Price risk

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

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

3.3 Credit risk

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

(all amounts in PLN'000 unless indicated otherwise)

Credit risk connected with trade receivables is mitigated by the Management Board of the parent entity by performing on-going assessment of counterparties' credibility. In the opinion of the Management Board of the parent entity, there is no material concentration of credit risk of trade receivables within the Group. Resolutions of the Management Board of the parent entity, which are binding in the Group, set payment dates that differ depending on groups of counterparties. These payment dates amount to 21 days for most counterparties, however, for data vendors, they are most often 45 days.

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

By decision of the Management Board of the parent entity, the portfolio of debt securities comprises only securities issued or guaranteed by the State Treasury (rating A2 according to Moody's). In this way, exposure to the risk of lost benefits or loss is mitigated.

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

The maximum exposure of the Group to credit risk is reflected in the carrying value of trade receivables, bank deposits held and the value of the portfolio of purchased debt securities.

Table 8 The Group's exposure to credit risk

	As at 31 December		
	2018	**2017** *(restated)*	**2016** *(restated)*
Trade receivables (net)	36 641	46 632	100 280
Other receivables	3 372	389	9 094
Financial assets (current) and current accounts (other)	566 226	486 476	446 814
Total	**606 239**	**533 497**	**556 188**

Note 13 presents in detail the calculation of impairment of trade receivables (according to the expected credit loss model under IFRS 9).

(all amounts in PLN'000 unless indicated otherwise)

3.4 Liquidity risk

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

An analysis of the structure of the Group's assets shows a considerable share of liquid assets and, thus, a very good position of the Group in terms of liquidity. Cash and cash equivalents of the Group amounted to PLN 188,724 thousand as at 31 December 2018 (PLN 235,886 thousand as at 31 December 2017, PLN 362,667 thousand as at 31 December 2016), representing 15.50% of the total assets as at 31 December 2018 (20.56% as at 31 December 2017, 31.32% as at 31 December 2016). An analysis of the structure of liabilities shows the following share of equity in the financing of the operations of the Group: equity accounted for 73.16% of total liabilities and equity as at 31 December 2018 (69.70% as at 31 December 2017, 63.10% as at 31 December 2016).

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

Table 9 Liquidity analysis

	As at 31 December 2018						
	>1 M	1-3 M	3-6 M	6-12 M	1-5 Y	> 5 Y	Total
Trade receivables (net)	35 230	923	488	-	-	-	**36 641**
Other receivables	3 372	-	-	-	-	-	**3 372**
Financial assets measured at amortised cost	195 940	48 625	132 937	-	-	-	**377 502**
Cash and cash equivalents	104 211	84 513	-	-	-	-	**188 724**
Total assets	**338 753**	**134 061**	**133 425**	**-**	**-**	**-**	**606 239**
Bonds issued	1 256	-	682	-	243 961	-	**245 899**
Trade payables	8 401	172	1	1	-	-	**8 575**
Other liabilities	8 078	3	-	-	8 885	2 949	**19 915**
Total liabilities	**17 735**	**175**	**683**	**1**	**252 846**	**2 949**	**274 389**
Liquidity surplus/gap	**321 018**	**133 886**	**132 742**	**(1)**	**(252 846)**	**(2 949)**	**331 850**

Table 10 Liquidity analysis

	As at 31 December 2017 *(restated)*						
	>1 M	1-3 M	3-6 M	6-12 M	1-5 Y	> 5 Y	Total
Trade receivables (net)	44 340	2 292	-	-	-	-	**46 632**
Other receivables	389	-	-	-	-	-	**389**
Other financial assets	74 458	129 704	45 579	-	-	849	**250 590**
Cash and cash equivalents	152 893	82 993	-	-	-	-	**235 886**
Total assets	**272 080**	**214 989**	**45 579**	**-**	**-**	**849**	**533 497**
Bonds issued	1 256	-	682	-	243 573	-	**245 511**
Trade payables	20 507	796	-	-	-	-	**21 303**
Finance leases	5	10	16	-	-	-	**31**
Other liabilities	3 746	1 284	-	-	8 693	5 545	**19 268**
Total liabilities	**25 514**	**2 090**	**698**	**-**	**252 266**	**5 545**	**286 113**
Liquidity surplus/gap	**246 566**	**212 899**	**44 881**	**-**	**(252 266)**	**(4 696)**	**247 384**

(all amounts in PLN'000 unless indicated otherwise)

Table 11 Liquidity analysis

	As at 31 December 2016 *(restated)*						
	>1 M	1-3 M	3-6 M	6-12 M	1-5 Y	> 5 Y	Total
Trade receivables (net)	30 698	3 336	-	66 246	-	-	**100 280**
Other receivables	8 259	-	-	-	835	-	**9 094**
Other financial assets	13 611	5 519	4 512	60 505	-	-	**84 147**
Cash and cash equivalents	310 070	52 597	-	-	-	-	**362 667**
Total assets	**362 638**	**61 452**	**4 512**	**126 751**	**835**	**-**	**556 188**
Bonds issued	122 279	-	603	-	-	123 459	**246 341**
Trade payables	6 316	71	-	-	-	-	**6 387**
Finance leases	5	10	16	32	31	-	**94**
Other liabilities	11 775	-	-	-	8 506	7 784	**28 065**
Total liabilities	**140 375**	**81**	**619**	**32**	**8 537**	**131 243**	**280 887**
Liquidity surplus/gap	**222 263**	**61 371**	**3 893**	**126 719**	**(7 702)**	**(131 243)**	**275 301**

3.5 Capital management

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

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

The equity of the Group was PLN 890,538 thousand representing 73.16% of the total equity and liabilities of the Group as at 31 December 2018 and PLN 799,467 thousand representing 69.70% of the total equity and liabilities of the Group as at 31 December 2017. The parent entity of the Group paid a dividend of PLN 92,304 thousand in 2018 and PLN 90,239 thousand in 2017 (see the consolidated statement of changes in equity).

The external capital of the Group includes mainly liabilities in respect of the issuance of GPW S.A. series C, D and E corporate bonds (see Note 17).

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

Table 12 Group's capital management indicators

	As at/for the year ended 31 December			Optimum
	2018	2017 *(restated)*	2016 *(restated)*	
Debt and financing ratios:				
Net debt / EBITDA*	(1,6)	(1,1)	(1,2)	less than 3
Debt to equity**	27,6%	30,7%	33,7%	50-100%
Liquidity ratios:				
Current liquidity***	11,1	7,2	2,1	more than 1,5
Coverage of interest on bonds****	27,7	29,7	22,3	more than 1,5

** Net debt = interest-bearing liabilities - liquid assets (as at balance-sheet date)*
EBITDA = operating profit + depreciation and amortisation (for a period of 12 months)

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

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

***** Coverage of interest on bonds = EBITDA / interest on bonds*

(all amounts in PLN'000 unless indicated otherwise)

4. Property, plant and equipment

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

	Year ended 31 December 2018				
	Land and buildings	Vehicles and machinery	Furniture, fittings and equipment	Property, plant and equipment under construction	Total
Net carrying value - opening balance	**76 886**	**30 536**	**979**	**2 383**	**110 784**
Additions	7	3 750	152	9 732	**13 641**
Reclassification and other adjustments	4 524	4 255	286	(8 793)	**272**
Disposals	(75)	(36)	(135)	-	**(246)**
Depreciation charge	(3 052)	(12 671)	(571)	-	**(16 294)**
Net carrying value - closing balance	**78 290**	**25 834**	**711**	**3 322**	**108 158**
As at 31 December 2018:					
Gross carrying value	126 489	114 274	5 735	3 322	**249 820**
Depreciation	(48 199)	(88 440)	(5 024)	-	**(141 662)**
Net carrying value	**78 290**	**25 834**	**711**	**3 322**	**108 158**

Table 14 Change of the net carrying value of property, plant and equipment by category

	Year ended 31 December 2017				
	Land and buildings	Vehicles and machinery	Furniture, fittings and equipment	Property, plant and equipment under construction	Total
Net carrying value - opening balance	**78 475**	**29 003**	**1 103**	**10 549**	**119 130**
Additions	279	609	49	6 198	**7 135**
Reclassification and other adjustments	1 162	12 838	350	(14 350)	**-**
Disposals	-	(21)	(5)	(14)	**(40)**
Depreciation charge	(3 030)	(11 893)	(518)	-	**(15 441)**
Net carrying value - closing balance	**76 886**	**30 536**	**979**	**2 383**	**110 784**
As at 31 December 2017:					
Gross carrying value	122 443	111 996	6 038	2 383	**242 860**
Depreciation	(45 557)	(81 460)	(5 059)	-	**(132 076)**
Net carrying value	**76 886**	**30 536**	**979**	**2 383**	**110 784**

(all amounts in PLN'000 unless indicated otherwise)

5. Intangible assets

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

	Year ended 31 December 2018 *(restated)*				
	Licences	Copyrights	Know-how	Goodwill	Total
Net carrying value - opening balance *(previously reported)*	**88 222**	**2 188**	**6 611**	**170 970**	**267 991**
adjustment - trading system	(4 222)	-	-	-	**(4 222)**
Net carrying value - opening balance *(restated)*	**84 000**	**2 188**	**6 611**	**170 970**	**263 769**
Additions	6 960	1 086	-	-	**8 046**
Reclassification and other adjustments	88	392	-	-	**480**
Loss of control of PAR	(1 353)	-	-	-	**(1 353)**
Disposals	-	-	(900)	-	**(900)**
Amortisation charge	(14 686)	(467)	(325)	-	**(15 478)**
Net carrying value - closing balance	**75 009**	**3 199**	**5 386**	**170 970**	**254 564**
As at 31 December 2018:					
Gross carrying value	227 902	7 979	6 012	172 374	**414 267**
Impairment	-	-	-	(1 404)	**(1 404)**
Amortisation	(152 893)	(4 780)	(626)	-	**(158 299)**
Net carrying value	**75 009**	**3 199**	**5 386**	**170 970**	**254 564**

Table 16 Change of the net carrying value of intangible assets by category

	Year ended 31 December 2017 *(restated)*				
	Licences	Copyrights	Know-how	Goodwill	Total
Net carrying value - opening balance *(previously reported)*	**95 433**	**452**	**6 960**	**170 970**	**273 815**
adjustment - trading system	(4 222)	-	-	-	**(4 222)**
Net carrying value - opening balance *(restated)*	**91 211**	**452**	**6 960**	**170 970**	**269 593**
Additions	7 156	2 035	-	-	**9 191**
Disposals	(737)	-	-	-	**(737)**
Amortisation charge	(13 630)	(299)	(349)	-	**(14 278)**
Net carrying value - closing balance	**84 000**	**2 188**	**6 611**	**170 970**	**263 769**
As at 31 December 2017:					
Gross carrying value	222 180	6 500	6 989	172 374	**408 043**
Impairment	-	-	-	(1 404)	**(1 404)**
Amortisation	(138 180)	(4 312)	(378)	-	**(142 870)**
Net carrying value	**84 000**	**2 188**	**6 611**	**170 970**	**263 769**

(all amounts in PLN'000 unless indicated otherwise)

Table 17 Change of the net carrying value of intangible assets by category

	Year ended 31 December 2016 *(restated)*				
	Licences	**Copyrights**	**Know-how**	**Goodwill**	**Total**
Net carrying value - opening balance *(previously reported)*	**90 529**	**229**	**-**	**170 970**	**261 728**
adjustment - trading system	(4 222)	-	-	-	**(4 222)**
Net carrying value - opening balance *(restated)*	**86 307**	**229**	**-**	**170 970**	**257 506**
Additions	15 889	198	1 436	-	**17 523**
Reclassification and other adjustments	3 269	153	5 553	-	**8 975**
Disposals	(2 370)	-	-	-	**(2 370)**
Amortisation charge	(11 884)	(128)	(29)	-	**(12 041)**
Net carrying value - closing balance	**91 211**	**452**	**6 960**	**170 970**	**269 593**
As at 31 December 2016:					
Gross carrying value	216 347	4 465	6 989	172 374	**400 175**
Impairment	-	-	-	(1 404)	**(1 404)**
Amortisation	(125 136)	(4 013)	(29)	-	**(129 178)**
Net carrying value	**91 211**	**452**	**6 960**	**170 970**	**269 593**

UTP

The UTP trading system licence presented under licences was commissioned on 15 April 2013. The useful life of the UTP trading system was determined at 12 years (until 31 March 2025). The net value of the UTP trading system was PLN 48,494 thousand as at 31 December 2018 (PLN 56,253 thousand as at 31 December 2017).

PCR Project

The Group holds intangible assets (know-how) in a net amount of PLN 5,386 thousand as at 31 December 2018 (PLN 6,611 thousand as at 31 December 2017) relating to the PCR (Price Coupling of Regions) project. PCR ensures co-ownership of system software of the day-ahead market by nine European energy exchanges. The project is aimed at harmonisation of the European market using a shared calculation algorithm. The Group's participation (via TGE) in the project relates mainly to the required implementation of European regulations and the special role of the energy exchange supporting the development of the energy market. The project will provide financial benefits to TGE market participants by maximising the benefits of cross-border trade in electricity.

In 2016, TGE received a refund of part of the PCR cost from the Polish power transmission system operator Polskie Sieci Energetyczne S.A. in the implementation of international projects aiming among others to implement European regulations applicable to cross-border energy exchange (see Note 21). The refund took place under agreements signed with the operator and letters of guarantee issued by the Polish energy regulator as a partial refund of capital expenditure and operating expenses paid by the Group in the project.

The Greek exchange Hellenic Energy Exchange S.A. joined PCR on 30 June 2018. As a result, the value of intangible assets (know-how) decreased by PLN 900 thousand net.

Goodwill

Goodwill was PLN 170,970 thousand as at 31 December 2018 including:

- goodwill on GPW's taking control of Towarowa Giełda Energii S.A. at PLN 147,792 thousand,
- goodwill on GPW's taking control of BondSpot S.A. at PLN 22,986 thousand,
- goodwill on InfoEngine taking control of the Electricity Trading Platform (poee) at PLN 1,589 thousand less impairment of PLN 1,404 thousand,
- goodwill on GPW's taking control of GPW Benchmark at PLN 8 thousand.

The goodwill from taking control of the TGE Group was tested for impairment as at 31 December 2018 by estimating the value in use under the discounted cash flows (DCF) method according to the financial assumptions for 2019-2023 defined for the test based among others on the projected turnover in electricity, gas and property rights, taking into account expected market changes in those segments, price changes, operating expenses and capital expenditure. The main assumptions of the impairment test are presented in the table below. The Management Board identified no key assumptions whose change in a reasonably expected degree would cause impairment.

Following the analysis, the GPW Management Board identified no circumstances indicating impairment of the goodwill of the TGE Group as at 31 December 2018.

The goodwill from taking control of BondSpot S.A. was tested for impairment as at 31 December 2018 by estimating the value in use under the discounted cash flows (DCF) method according to the financial assumptions for 2019-2023 defined for the test based among others on the expected growth of the Treasury debt market and the company's market share, operating expenses and capital expenditure. The main assumptions of the impairment test are presented in the table below. The Management Board identified no key assumptions whose change in a reasonably expected degree would cause impairment.

Following the analysis, the GPW Management Board identified no circumstances indicating impairment of the goodwill of BondSpot S.A. as at 31 December 2018.

The goodwill from the acquisition of an organised part of the enterprise of ELBIS Sp. z o.o. by InfoEngine S.A. (Platforma Obrotu Energią Elektryczną "poee") was tested for impairment as at 31 December 2018 by estimating the value in use under the discounted cash flows (DCF) method according to the financial assumptions for 2019-2023 defined for the test based on existing operations, i.e., provision of the market operator service as a trade operator and the entity responsible for trade balancing. It was assumed that the company would grow moderately in the coming years on the assumption that it would attract 2 clients/participants per year for each of its services and generate additional revenue by raising fees for trade operator services provided to clients following the implementation of a new upgraded version of the zOHee system scheduled in Q3. These assumptions resulted in an expected increase of financial income by 10% per year. The company's costs are expected to grow moderately by ca. 3% year on year. The main assumptions of the impairment test are presented in the table below. The Management Board identified no key assumptions whose change in a reasonably expected degree would cause impairment.

Following the analysis, the GPW Management Board identified no circumstances indicating impairment of the goodwill of Platforma Obrotu Energią Elektryczną "poee" as at 31 December 2018.

(all amounts in PLN'000 unless indicated otherwise)

Table 18 Main assumptions of the valuation of the recoverable amount

	Goodwill			Main assumptions of the impairment test				
	Initial recognition	Impair-ment	Goodwill net of impairment	Projection years	WACC	Annual average change of revenue	Annual average change of expenses	Growth rate at the end of forecast horizon
Goodwill from:								
GPW taking control of TGE	147 792	-	**147 792**	*5*	*7%*	*-1%*	*5%*	*0%*
GPW taking control of BondSpot	22 986	-	**22 986**	*5*	*7%*	*5%*	*1%*	*0%*
InfoEngine acquisition of Electricity Trading Platform (poee)*	1 589	(1 404)	**185**	*5*	*7%*	*10%*	*3%*	*0%*
GPW taking control of GPW CU	8	-	**8**	-	-	-	-	-
Total goodwill at 31 December 2018:	**172 375**	**(1 404)**	**170 970**	**-**	**-**	**-**	**-**	**-**
Goodwill from:								
GPW taking control of TGE	147 792	-	**147 792**	*5*	*9%*	*-3%*	*2%*	*2%*
GPW taking control of BondSpot	22 986	-	**22 986**	*5*	*9%*	*6%*	*2%*	*2%*
InfoEngine acquisition of Electricity Trading Platform (poee)*	1 589	(1 404)	**185**	*5*	*9%*	*13%*	*3%*	*2%*
GPW taking control of GPW CU	8	-	**8**	-	-	-	-	-
Total goodwill at 31 December 2017:	**172 375**	**(1 404)**	**170 970**	**-**	**-**	**-**	**-**	**-**

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

6. Investment in entities measured by equity method

As at 31 December 2018, the parent entity held interest in the following associates:

- Krajowy Depozyt Papierów Wartościowych S.A. (parent entity of the KDPW Group),
- Centrum Giełdowe S.A.,
- Polska Agencja Ratingowa S.A. ("PAR"; formerly "IAiR").

As at 31 December 2017, the parent entity held interest in the following associates:

- Krajowy Depozyt Papierów Wartościowych S.A. (parent entity of the KDPW Group),
- Centrum Giełdowe S.A.,
- Aquis Exchange Limited.

The registered offices of KDPW S.A., Centrum Giełdowe S.A. and Polska Agencja Ratingowa S.A. are located in Poland, the registered office of Aquis Exchange Limited is located in the United Kingdom.

(all amounts in PLN'000 unless indicated otherwise)

Interest in Polska Agencja Ratingowa S.A.

As at 31 December 2017, the parent entity held 100% of the subsidiary Instytut Analiz i Ratingu S.A.

According to an amendment of the entry in the National Court Register at 31 October 2018, the name of Instytut Analiz i Ratingu S.A. was changed to Polska Agencja Ratingowa S.A. ("PAR"). The capital of PAR was increased from PLN 2,173 thousand to PLN 6,519 thousand, resulting in a change of the shareholding structure. The shareholders of PAR are now, in equal parts, one-third each: Giełda Papierów Wartościowych w Warszawie S.A., Polski Fundusz Rozwoju S.A., and Biuro Informacji Kredytowej S.A. The mission of the joint rating agency is to build a rating culture in Poland by offering services to a broad group of entities, mainly small and mid-sized enterprises. As at 31 October 2018, the parent entity recognised gains on loss of control of PAR at PLN 517 thousand, presented as financial income in the consolidated statement of comprehensive income.

Sale of interest in Aquis Exchange Limited

In connection with the planned sale of Aquis Exchange Limited, the GPW Management Board reclassified the investment in the associate Aquis to "Assets held for sale" at PLN 12,151 thousand as at 31 March 2018. The IPO of Aquis decreased the par value of Aquis shares. As a result, the number of shares held by GPW increased from 384,025 as at 31 December 2017 to 4,608,300. On 14 June 2018, GPW sold the shares at GBP 2.69 per share. The net receipts from the sale were PLN 57,546 thousand (net of the transaction cost of PLN 2,677 thousand). The assets held for sale measured by the equity method were PLN 12,151 thousand at the date of the reclassification. The gains on the sale of the shares at PLN 45,395 thousand are presented as financial income in the consolidated statement of comprehensive income.

Table 19 Change of investment in entities measured by equity method

	As at/For the year ended31 December 2018				
	KDPW Group	Centrum Giełdowe S.A.	Aquis Exchange Limited	Polska Agencja Ratingowa S.A.	Total
Opening balance	**177 315**	**16 999**	**13 075**	**-**	**207 389**
Reclassified to entities measured by equity method due to dilution of interest in a subsidiary	-	-	-	1 915	**1 915**
(Dividends) due to GPW S.A.	-	(372)	-	-	**(372)**
Share of profit	*11 455*	*441*	*(924)*	*(181)*	***10 791***
Other increase/(decrease) of profit	*(238)*	*-*	*-*	*-*	***(238)***
Total Group share of profit after tax	11 217	441	(924)	(181)	**10 553**
Share in other comprehensive income	(67)	-	-	-	**(67)**
Reclassified to assets held for sale and sale of interest	-	-	(12 151)	-	**(12 151)**
Closing blance	**188 465**	**17 068**	**-**	**1 734**	**207 267**

(all amounts in PLN'000 unless indicated otherwise)

Table 20 Change of investment in entities measured by equity method

	As at/For the year ended31 December 2017				
	KDPW Group	Centrum Giełdowe S.A.	Aquis Exchange Limited	Polska Agencja Ratingowa S.A.	Total
Opening balance	**164 549**	**16 383**	**16 299**	*N/A*	**197 231**
(Dividends) due to GPW S.A.	-	(102)	-	*N/A*	**(102)**
Share of profit	*12 920*	*718*	*(3 224)*	*N/A*	***10 414***
Other increase/(decrease) of profit	*(355)*	-	-	*N/A*	***(355)***
Total Group share of profit after tax	*12 565*	*718*	*(3 224)*	*N/A*	**10 059**
Share in other comprehensive income	201	-	-	*N/A*	**201**
Closing blance	**177 315**	**16 999**	**13 075**	*N/A*	**207 389**

Table 21 Data of entities measured by equity method in 2018

	As at/For the year ended31 December 2018				
	KDPW Group*	Centrum Giełdowe S.A.	Aquis Exchange Limited	Polska Agencja Ratingowa S.A.*	Total
Current and other assets:	2 246 419	6 459	*N/A*	4 296	*N/A*
including cash and cash equivalents	*50 912*	*4 688*	*N/A*	*3 782*	*N/A*
Non-current assets	245 688	65 631	*N/A*	2 360	*N/A*
Current and other liabilities	1 902 644	3 044	*N/A*	1 169	*N/A*
Non-current liabilities	-	196	*N/A*	-	*N/A*
Sales revenue	137 674	15 781	*N/A*	-	*N/A*
Depreciation and amortisation	15 992	2 970	*N/A*	5	*N/A*
Income tax	7 891	423	*N/A*	-	*N/A*
Dividends due to GPW S.A. in the 12-month period ended 31 December 2018	-	372	*N/A*	-	*N/A*
Net profit for the year ended 31 December 2018	**34 298**	**1 779**	*N/A*	**(543)**	*N/A*
Group share of profit	33,33%	24,79%	*N/A*	33,33%	*N/A*
Group share of profit for the year ended 31 December 2018	**11 217**	**441**	**(924)**	**(181)**	**10 553**

** The KDPW Group and PAR S.A. prepare financial statements under the Accountancy Act. The profit presented in the table was adjusted to the accounting policies followed by the GPW Group.*

(all amounts in PLN'000 unless indicated otherwise)

Table 22 Data of entities measured by equity method in 2017

	As at/For the year ended31 December 2017				
	KDPW Group*	Centrum Giełdowe S.A.	Aquis Exchange Limited	Polska Agencja Ratingowa S.A.	Total
Current and other assets:	2 219 249	3 890	21 428	N/A	N/A
including cash and cash equivalents	*70 313*	*2 925*	*18 735*	N/A	N/A
Non-current assets	198 220	67 027	2 632	N/A	N/A
Current and other liabilities	1 861 642	1 824	1 297	N/A	N/A
Non-current liabilities	22 384	521	-	N/A	N/A
Sales revenue	132 284	15 581	9 791	N/A	N/A
Depreciation and amortisation	14 968	2 944	408	N/A	N/A
Income tax	9 183	684	-	N/A	N/A
Dividends due to GPW S.A. in the 12-month period ended 31 December 2017	-	102	-	N/A	N/A
Net profit for the year ended 31 December 2017	**38 759**	**2 896**	**(15 874)**	N/A	N/A
Group share of profit	33,33%	24,79%	20,31%	N/A	N/A
Group share of profit for the year ended 31 December 2017	**12 565**	**718**	**(3 224)**	N/A	**10 059**

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

(all amounts in PLN'000 unless indicated otherwise)

7. Deferred tax

Table 23 Deferred tax assets and liabilities

	Deferred tax (asset) / liability					
	As at 1 January 2018* *(restated)*	(Credited)/Debited in profit	(Credited)/Debited in other comprehensive income	As at 31 December 2018		
				(Asset)/Liability	Deferred tax asset	Deferred tax liability
Difference between accounting and tax value of property, plant and equipment and intangible assets	**12 335**	(9)	-	**12 326**	-	12 326
Difference between accounting and tax value of investment in associate	**(2 324)**	2 324	-	**-**	-	-
Impairment allowance for interest	**(1 291)**	(27)	(5)	**(1 323)**	1 323	-
Annual and discretionary awards	**(2 066)**	(234)	-	**(2 300)**	2 300	-
Retirement benefits	**(144)**	(17)	-	**(161)**	161	-
Unused holiday	**(475)**	262	-	**(213)**	213	-
Other	**(2 779)**	1 264	3	**(1 512)**	2 757	1 245
Total deferred tax (asset)/liability	**3 256**	**3 563**	**(2)**	**6 817**	**6 754**	**13 571**
Offset	-	-	-	-	*(6 214)*	*(6 214)*
Total deferred tax (asset)/liability (net)	**-**	**-**	**-**	**-**	**540**	**7 357**

** Deferred tax asset in respect of impairment was adjusted as at 1 January 2018 for impact at the first application of IFRS 9 at PLN 49 thousand (equal to 19% of PLN 259 thousand; for details of the adjustment at the first application of IFRS 9, see Note 34).*

(all amounts in PLN'000 unless indicated otherwise)

Table 24 Deferred tax assets and liabilities

	Deferred tax (asset) / liability					
				As at 31 December 2017		
	As at 1 January 2017	(Credited)/Debited in profit	(Credited)/Debited in other comprehensive income	(Asset)/Liability	Deferred tax asset	Deferred tax liability
Difference between accounting and tax value of property, plant and equipment and intangible assets	**12 706**	(371)	-	**12 335**	-	12 335
Difference between accounting and tax value of investment in associate	**-**	(2 324)	-	**(2 324)**	2 324	-
Impairment allowance for interest	**(1 288)**	(3)	-	**(1 291)**	1 291	-
Annual and discretionary awards	**(1 315)**	(751)	-	**(2 066)**	2 066	-
Retirement benefits	**10**	(144)	(10)	**(144)**	144	-
Unused holiday	**(433)**	(42)	-	**(475)**	475	-
Other	**(1 814)**	(916)	-	**(2 730)**	3 806	1 076
Total deferred tax (asset)/liability	**7 866**	**(4 551)**	**(10)**	**3 305**	**10 106**	**13 411**
Offset	-	-	-	-	*(6 303)*	*(6 303)*
Total deferred tax (asset)/liability (net)	**-**	**-**	**-**	**-**	**3 803**	**7 108**

8. Available-for-sale financial assets

Available-for-sale financial assets stood at PLN 271 thousand as at 31 December 2017, including the stake in Sibex at PLN 195 thousand and a stake in InfoStrefa at PLN 76 thousand.

Following the application of IFRS 9 as of 1 January 2018, GPW's minority interest in other companies is presented in financial assets measured at fair value through other comprehensive income as at 31 December 2018.

(all amounts in PLN'000 unless indicated otherwise)

9. Financial assets measured at amortised cost

Table 25 Financial assets measured at amortised cost

	As at 31 December	
	31 December 2018	1 January 2018* *(restated)*
Corporate bonds	34 964	-
Certificates of deposit	38 159	-
Bank deposits (from 3 to 12 months)	304 379	250 590
Total current	**377 502**	**250 590**
Total financial assets measured at amortised cost	**377 502**	**250 590**

** The Company implemented IFRS 9 as of 1 January 2018. Presented retrospectively with the cumulative effect of initial application at 1 January 2018. Financial assets measured at amortised cost were presented as other financial assets as at 31 December 2017.*

The average maturity of financial assets measured at amortised cost was as follows:

- corporate bonds held in 2018 – 182 days,
- certificates of desposit held in 2018 – 180 days,
- bank deposits (from 3 to 12 months) opened in 2018 - 133 days (in 2017 - 126 days).

The presentation of deposits is described in detail in Note 35.

Table 26 Financial assets measured at amortised cost shown in financial income

	Year ended31 December 2018		
	Interest received *(see: statement of cash flows)*	Interest accrued	Total recognised in financial income *(see Note 25.1)*
Corporate bonds	763	334	**1 097**
Certificates of deposit	355	158	**513**
Bank deposits (from 3 to 12 months)	1 968	1 052	**3 020**
Total revenue from assets measured at amortised cost	**3 086**	**1 544**	**4 630**

Table 27 Financial assets measured at amortised cost shown in financial income

	Year ended31 December 2017		
	Interest received *(see: statement of cash flows)*	Interest accrued	Total recognised in financial income *(see Note 25.1)*
Bank deposits (from 3 to 12 months)	1 421	570	1 991
Total revenue from assets measured at amortised cost *	**1 421**	**570**	**1 991**

** until 31 December 2018, presented as revenue from other financial assets*

(all amounts in PLN'000 unless indicated otherwise)

10. Financial assets measured at fair value through other comprehensive income

Table 28 Financial assets measured at fair value through other comprehensive income

	As at 31 December 2018			
	Infostrefa	Innex	Bucharest Stock Exchange	Total
Value at cost	487	3 820	1 343	**5 650**
Revaluation	-	-	(231)	**(231)**
Impairment	(487)	(3 820)	(1 011)	**(5 318)**
Carrying value	**-**	**-**	**101**	**101**

Table 29 Financial assets measured at fair value through other comprehensive income

	Stan na 1 January 2018* (restated)			
	Infostrefa	Innex	Sibex	Total
Value at cost	487	3 820	1 343	**5 650**
Revaluation	-	-	(137)	**(137)**
Impairment	(411)	(3 820)	(1 011)	**(5 242)**
Carrying value	**76**	**-**	**195**	**271**

** The Company implemented IFRS 9 as of 1 January 2018. Presented retrospectively with the cumulative effect of initial application at 1 January 2018. Investments in Infostrefa, Innex and Sibex were presented in available-for-sale financial assets as at 31 December 2017.*

Innex

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

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

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

The financial results of Innex for the previous periods do not meet the conditions of reversal of the impairment loss for the shares of Innex as at 31 December 2018.

Sibex

As at 31 December 2017, the Company held an interest in S.C. SIBEX – Sibiu Stock Exchange S.A. ("SIBEX") with its registered office in Romania since 2010. The company was listed on S.C. SIBEX – Sibiu Stock Exchange S.A. The cost of the investment in SIBEX was PLN 1,343 thousand and the fair value determined at the share price was PLN 195 thousand as at 31 December 2017. SIBEX merged with the Bucharest Stock Exchange (BVB) at 1 January 2018. Following the merger, GPW holds 5,232 BVB shares at a par value of RON 10 per share. BVB is listed on the Bucharest Stock Exchange. The interest held by GPW was PLN 101 thousand as at 31 December 2018.

(all amounts in PLN'000 unless indicated otherwise)

InfoStrefa (formerly "IRK")

On 8 July 2015, GPW executed a conditional agreement to sell 80.02% of shares of InfoStrefa to Polska Agencja Prasowa S.A. The final selling price was PLN 382 thousand.

GPW held 19.98% of shares of InfoStrefa as at 31 December 2017. The carrying value of the investment was PLN 76 thousand. Following an impairment at PLN 76 thousand recognised in 2018, the carrying value of the investment was PLN 0 as at 31 December 2018.

Fair value hierarchy

The fair value of BVB as at 31 December 2018 was recognised at the share price (level 1 of the fair value hierarchy). The fair value of Sibex as at 31 December 2017 was recognised at the share price (level 1 of the fair value hierarchy). The value of InfoStrefa was recognised at the selling price of InfoStrefa shares to PAP less a discount for loss of control (level 3 of the fair value hierarchy).

11. Non-current prepayments

Table 30 Non-current prepayments

	As at 31 December	
	2018	2017
Perpetual usufruct of land	2 331	2 437
IT equipment maintenance service	3 177	3 669
Other	15	10
Total non-current prepayments	**5 523**	**6 116**

The current part of prepayments in respect of the acquisition of the right of perpetual usufruct of land at PLN 106 thousand as at 31 December 2018 (PLN 106 thousand as at 31 December 2017) is presented in current accruals in Note 13.

The right of perpetual usufruct of land is amortised over 40 years.

12. Other non-current assets

In June 2016, GPW signed an agreement with the supplier of the trading system concerning final payments under the 2010 agreement.

According to the agreement, GPW holds the option to acquire a new trading system until 31 December 2020. If the Company decides to implement the project, the existing expenses will represent an advance payment towards the cost of a licence; otherwise, they will expire.

As at 31 December 2018, the management of the Company reviewed the recognition of the asset in respect of the option under IAS 38 *Intangible Assets*.

The analysis revealed that the asset does not meet the definition of intangible assets. As a result, the accounting policy was changed retrospectively (reclassification from intangible assets to other non-current assets, see Note 35).

In the opinion of the Management Board of the Company, as at 31 December 2018, the option arising from the agreement signed by GPW is likely to be exercised; consequently, no indicator of impairment was identified.

(all amounts in PLN'000 unless indicated otherwise)

13. Trade and other receivables

Table 31 Trade and other receivables

	As at 31 December	
	2018	2017
Gross trade receivables	41 990	49 161
Impairment allowances for receivables	(5 349)	(2 529)
Total trade receivables	**36 641**	**46 632**
Current prepayments	4 411	4 141
VAT refund receivable	25 013	12 899
Other receivables in respect of taxes	-	35
Other receivables	3 372	389
Total other receivables	**32 796**	**17 464**
Total trade and other receivables	**69 437**	**64 096**

Table 32 Trade receivables by credit quality

	As at 31 December	
	2018	2017
Receivables which are neither overdue nor impaired	**30 376**	**41 635**
1 to 30 days overdue	*4 131*	*1 690*
31 to 61 days overdue	*665*	*1 136*
61 to 90 days overdue	*621*	*84*
90 to 180 days overdue	*579*	*695*
More than 180 days overdue	*269*	*1 392*
Total overdue receivables (no impairment)	**6 265**	**4 997**
Impaired and overdue receivables	**5 349**	**2 529**
Total gross trade receivables	**41 990**	**49 161**

Trade receivables which are neither overdue nor impaired include mainly trade receivables from Exchange Members (banks and brokerage houses), receivables from issuers of securities as well as receivables for other services. In 2017, trade receivables also included receivables of the subsidiary TGE in respect of adjustments of VAT payments for 2011-2016.

Table 33 Trade receivables which are neither overdue nor impaired by type of debtor

	As at 31 December	
	2018	2017
Exchange Members / Members of markets operated by the GPW Group	16 526	19 585
Issuers*	1 791	3 232
Other*	12 059	18 818
Total gross trade receivables not overdue	**30 376**	**41 635**

** Receivables from debtors who are at the same time Exchange Members and Issuers or Exchange Members and Data Vendors are presented under receivables from Exchange Members. Trade receivables in respect of VAT corrections are presented under receivables from others.*

(all amounts in PLN'000 unless indicated otherwise)

Receivables from Exchange Members include receivables from Polish and foreign banks and brokerage houses, whose risk ratings are presented in the table below. Due to the fact that the Group does not have its own credit rating system, external credit ratings were used. If a single debtor had no credit rating, the rating of the parent company of the debtor was used. Receivables from issuers include receivables in respect of fees due from companies listed on GPW.

Table 34 Receivables from Exchange Members by Moody's ratings

	As at 31 December	
	2018	2017
Aa	1 243	630
A	4 510	8 096
Baa	2 870	2 360
B and BB	2 422	3 140
No rating	5 481	5 359
Total trade receivables from Exchange Members / Members of markets operated by the GPW Group	**16 526**	**19 585**

As at 31 December 2018, the GPW Group's trade receivables of PLN 11,614 thousand (31 December 2017 – PLN 7,526 thousand) were overdue, including PLN 8,401 thousand in the parent entity. Of the total amount, overdue receivables of the parent entity from debtors in bankruptcy or under creditor arrangements were PLN 1,504 thousand as at 31 December 2018 (31 December 2017 – PLN 1,322 thousand) and other past due receivables were PLN 6,897 thousand (31 December 2017 – PLN 3,964 thousand).

As at 31 December 2018, trade receivables which were overdue and impaired amounted to PLN 5,349 thousand (PLN 2,529 thousand as at 31 December 2017).

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

Table 35 Change of impairment loss on receivables

	As at 31 December	
	2018	2017
Closing balance of previous year	**2 529**	**1 941**
Adjustment at first application of IFRS 9	259	*n/d*
Opening balance	**2 788**	**1 941**
Change of allowance balances - expected loss model (IFRS 9)	2 609	N/A
Initial allowances (IAS 39)	N/A	1 125
Receivables written off during the period as uncollectible	(48)	(272)
Reversal of impairment allowances (IAS 39)	N/A	(265)
Closing balance	**5 349**	**2 529**

Impairment as at 31 December 2017 was determined under IAS 39. Impairment losses were PLN 2,529 thousand, for which the Group had objective evidence that it will not receive the payment (incurred loss model).

Impairment as at 31 December 2018 was determined under IFRS 9 according to the expected loss model. At the first adoption of IFRS 9, the Group adjusted the loss by PLN 259 thousand. The first adoption of IFRS 9 is described in Note 34.

The Group's trade receivables have no significant financing component. Consequently, impairment as at 31 December 2018 was determined according to lifetime expected credit losses. Based on historical data for 2017-2018, the Group performed a statistical analysis of the probability of payment of overdue trade receivables by receivables portfolio in the GPW Group companies.

(all amounts in PLN'000 unless indicated otherwise)

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. Based on the portfolio analysis, the impairment of receivables was PLN 5,349 thousand.

The change of the impairment of receivables in 2018 was PLN 2,820 thousand and PLN 3,153 thousand was charged to the 2018 results. The difference of PLN 333 thousand was written off against receivables which had been written off in previous years and thus taken to the results of the previous years.

Table 36 Gross trade receivables by geographical concentration

	As at 31 December	
	2018	2017
Domestic receivables	27 944	37 659
Foreign receivables	14 046	11 502
Total gross trade receivables	**41 990**	**49 161**

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

14. Contract assets and contract liabilities

Table 37 Contract assets

	As at	
	31 December 2018	1 January 2018* *(restated)*
Financial market	13	868
Other revenue	1 202	127
Total contract assets	**1 215**	**995**

** The Company implemented IFRS 15 as of 1 January 2018. Presented retrospectively with the cumulative effect of initial application at 1 January 2018. Contract assets were presented as trade receivables as at 31 December 2017.*

Table 38 Contract liabilities

	As at	
	31 December 2018	1 January 2018* *(restated)*
Information services and revenue from the calculation of benchmarks	2 132	2 200
Total financial market	**2 132**	**2 200**
Trading	1 441	2 912
Clearing	-	1 694
Total commodity market	**1 441**	**4 606**
Other revenue	8	**21**
Total contract liabilities	**3 581**	**6 827**

** The Company implemented IFRS 15 as of 1 January 2018. Presented retrospectively with the cumulative effect of initial application at 1 January 2018. Contract liabilities were presented as current accruals and deferred income as at 31 December 2017.*

Contract liabilities include annual and quarterly fees paid by market participants. As at 31 December 2017, those were presented as deferred income. Of PLN 6,827 thousand recognised as contract liabilities as at

(all amounts in PLN'000 unless indicated otherwise)

1 January 2018, PLN 4,696 thousand was recognised as revenue within the 12 months ended 31 December 2018.

For details of the application of IFRS 15 in the Group, see Note 34.

15. Cash and cash equivalents

Table 39 Cash and cash equivalents

	Note	As at 31 December		
		2018	2017 *(restated)*	2016 *(restated)*
Cash in hand		-	1	16
Current accounts (other)		36 037	40 361	265 502
VAT current accounts (split payment)		632	-	-
Bank deposits (short-term, up to 3 months)		152 055	195 524	97 149
Total cash and cash equivalents		**188 724**	**235 886**	**362 667**

Cash and cash equivalents include short-term bank deposits, current accounts and cash in hand. For short-term bank deposits and current accounts, given their short realisation period, the carrying value is similar to the fair value. The average maturity of bank deposits (up to 3 months) was 2 days in 2018 and 3 days in 2017.

The presentation of deposits is described in detail in Note 35.

16. Equity

Table 40 Equity of the shareholders of the parent entity

	As at 31 December		
	2018	2017 *(restated)*	2016 *(restated)*
Share capital	63 865	63 865	63 865
Other reserves	1 267	1 347	1 184
Retained earnings	824 816	733 682	665 018
Total equity of the shareholders of the parent entity	**889 948**	**798 894**	**730 067**

16.1 Share capital

The share capital from before the year 1996 with a nominal value of PLN 6,000 thousand was restated by applying the general price index (compound inflation for the period from April 1991 to December 1996 at 464.9%). As at 31 December 2018, the share capital stood at PLN 41,972 thousand and the restatement of the share capital for inflation was PLN 21,893 thousand.

(all amounts in PLN'000 unless indicated otherwise)

As at 31 December 2018, the share capital of GPW stood at PLN 41,972 thousand and was divided into 41,972,000 shares with a nominal value of PLN 1 per share including:

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

The Company's shares were fully paid up.

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

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

Table 41 Shareholders in the parent entity as at 31 December 2018 and as at 31 December 2017

	As at 31 December 2018 and 31 December 2017		
		% share	
	Value at par	share capital	total vote
State Treasury	14 688	35,00%	51,76%
Banks	56	0,13%	0,20%
Brokers	35	0,08%	0,12%
Other	-	0,00%	0,00%
Total registered shares	**14 779**	**35,21%**	**52,08%**
Bearer shares	**27 193**	**64,79%**	**47,92%**
Total	**41 972**	**100,00%**	**100,00%**

16.2 Other reserves

Table 42 Other reserves

	As at 1 January 2018	Revaluation and disposal	As at 31 December 2018
Revaluation	6	(27)	**(21)**
Deferred tax	-	5	**5**
Total Group	**6**	**(22)**	**(16)**
Revaluation	1 491	(67)	**1 424**
Total entities measured by equity method	**1 491**	**(67)**	**1 424**
Total capital from revaluation of financial assets measured at fair value through other comprehensive income	**1 497**	**(89)**	**1 408**
Revaluation	(189)	12	**(177)**
Deferred tax	39	(3)	**36**
Total capital from actuarial gains/losses	**(150)**	**9**	**(141)**
Total other reserves	**1 347**	**(80)**	**1 267**

(all amounts in PLN'000 unless indicated otherwise)

16.3 Retained earnings

Table 43 Retained earnings in 2018

	Reserve capital	Other reserves	Retained earnings	Profit for the period	Total
As at 31 December 2017 *(previously reported)*	**106 349**	**358 038**	**125 301**	**156 008**	**745 696**
Adjustment - donation to PFN	**-**	**-**	(14 660)	2 646	**(12 014)**
As at 31 December 2017 *(restated - adjusted for PFN)*	**106 349**	**358 038**	**110 641**	**158 654**	**733 682**
Adjustment at initial application of IFRS 9	-	-	(210)	-	**(210)**
As at 1 January 2018 *(restated - adjusted for PFN and IFRS 9)*	**106 349**	**358 038**	**110 431**	**158 654**	**733 472**
Distribution of the net profit for the year ended 31 December 2017	10 160	2 749	145 745	(158 654)	**-**
Dividends	-	(23 504)	(68 834)	-	**(92 338)**
Net profit for the year ended 31 December 2018	-	-	-	183 683	**183 683**
Other changes in equity	-	-	-	-	**-**
As at 31 December 2018	**116 509**	**337 283**	**187 342**	**183 683**	**824 816**

Table 44 Retained earnings in 2017

	Reserve capital	Other reserves	Retained earnings	Profit for the period	Total
As at 31 December 2016 *(previously reported)*	**99 736**	**279 539**	**169 309**	**131 094**	**679 678**
Adjustment - donation to PFN	**-**	-	-	(14 660)	**(14 660)**
As at 31 December 2016 *(restated - adjusted for PFN)*	**99 736**	**279 539**	**169 309**	**116 434**	**665 018**
Distribution of the net profit for the year ended 31 December 2016	6 618	78 499	31 317	(116 434)	**-**
Dividends	-	-	(90 239)	-	**(90 239)**
Net profit for the year ended 31 December 2017	-	-	-	158 654	**158 654**
Other changes in equity	(5)	-	254	-	**249**
As at 31 December 2017 *(restated - adjusted for PFN)*	**106 349**	**358 038**	**110 641**	**158 654**	**733 682**

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

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

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

16.4 Dividend

On 19 June 2018, the Ordinary General Meeting of GPW passed a resolution concerning the distribution of the Company's profit earned in 2017, including the allocation of PLN 92,338 thousand to the payment of dividend (PLN 90,239 thousand from the 2016 profit). The dividend was PLN 2.20 per share. The dividend record date was set at 19 July 2018. The dividend was paid out on 2 August 2018. The dividend paid to the State Treasury was PLN 32,315 thousand.

16.5 Earnings per share

Table 45 Earnings per share

	Year ended 31 December	
	2018	2017 *(restated)*
Net profit for the period attributable to the shareholders of the parent entity	183 701	158 654
Weighted average number of ordinary shares (in thousands)	41 972	41 972
Basic/diluted earnings per share (in PLN)	**4,38**	**3,78**

17. Bond issue liabilities

Table 46 Bond issue liabilities

	As at 31 December	
	2018	2017
Series C bonds	124 303	124 050
Series D and E bonds	119 658	119 523
Total non-current	**243 961**	**243 573**
Series C bonds	682	682
Series D and E bonds	1 256	1 256
Total current	**1 938**	**1 938**
Total liabilities under bond issue	**245 899**	**245 511**

(all amounts in PLN'000 unless indicated otherwise)

Table 47 Bond issue liabilities

	Year ended 31 December 2018							
	Opening balance	Bonds issued	Bonds redeemed	Interest accrued	Interest paid	Cost incurred	Cost settled	Closing balance
Principal	244 929	-	-	-	-	-	-	**244 929**
Interest	2 322	-	-	7 300	(7 300)	-	-	**2 322**
Cost of issuance	(1 740)	-	-	-	-	(2)	390	**(1 352)**
Total liabilities under bond issue	**245 511**	**-**	**-**	**7 300**	**(7 300)**	**(2)**	**390**	**245 899**

Table 48 Bond issue liabilities

	Year ended 31 December 2017							
	Opening balance	Bonds issued	Bonds redeemed	Interest accrued	Interest paid	Cost incurred	Cost settled	Closing balance
Principal	245 484	119 929	(120 484)	-	-	-	-	**244 929**
Interest	2 730	-	-	7 234	(7 642)	-	-	**2 322**
Cost of issuance	(1 873)	-	-	-	-	(257)	390	**(1 740)**
Total liabilities under bond issue	**246 341**	**119 929**	**(120 484)**	**7 234**	**(7 642)**	**(257)**	**390**	**245 511**

Series C bonds

On 29 September 2015, the GPW Management Board passed a resolution on the issue of series C unsecured bearer bonds. The bonds were issued on 6 October 2015.

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

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

The fair value of the series C bonds was PLN 128,565 thousand as at 31 December 2018.

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.

(all amounts in PLN'000 unless indicated otherwise)

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 D and E bonds was PLN 122,492 thousand as at 31 December 2018.

18. Employee benefits payable

Table 49 Employee benefits payable by short-term and long-term liabilities

	As at 31 December	
	2018	2017
Retirement benefits	690	631
Other	457	823
Non-current	**1 147**	**1 454**
Retirement benefits	142	123
Other	14 136	12 835
Current	**14 278**	**12 958**
Total benefits in statement of financial position	**15 425**	**14 412**

18.1 Liabilities under retirement benefits

The Group records provisions for retirement benefits based on the actuarial valuation prepared as at the balance sheet date by an independent actuarial advisor.

Table 50 Employee benefits recognised in the statement of comprehensive income according to actuarial valuation

	As at 31 December	
	2018	2017
Total benefits in operating expenses	108	27
Total benefits in other comprehensive income	(12)	48
Total benefits in statement of comprehensive income	**96**	**75**

Table 51 Change of liabilities under retirement benefits

	As at 31 December	
	2018	2017
Retirement benefits - opening balance	**754**	**734**
Current service cost	85	82
Interest cost	23	24
Gains and losses on the benefit plan	-	(79)
Actuarial losses/(gains) shown in other comprehensive income due to change of:	(11)	48
- financial assumptions	*52*	*33*
- demographic assumptions	*(25)*	*2*
- other assumptions	*(38)*	*13*
Total change shown in comprehensive income	**97**	**75**
Benefits paid	**(20)**	**(55)**
Retirement benefits - closing balance	**831**	**754**

(all amounts in PLN'000 unless indicated otherwise)

Table 52 Main actuarial assumptions at dates ending the reporting periods

	As at 31 December	
	2018	2017
Discount rate	2,6%	3,2%
Expected average annual increase of the base of retirement benefits	3,5%	3,5%
Inflation p.a.	2,5%	2,5%
Weighted average employee mobility	4,8% - 8,1%	5,1% - 8%

18.2 Other employee benefits payable

Table 53 Changes to short-term and long-term employee benefits payable

	Year ended 31 December 2018					
	Opening balance	Set up	Used	Reclass-ified	Released	Closing balance
Annual and discretionary bonus	10 097	11 358	(9 538)	142	(363)	**11 696**
Unused holiday leave	2 422	1 954	(587)	-	(1 481)	**2 308**
Overtime	291	23	(63)	-	(227)	**24**
Car allowance	-	1	-	-	-	**1**
Unpaid remuneration	25	107	(25)	-	-	**107**
Total current	**12 835**	**13 443**	**(10 213)**	**142**	**(2 071)**	**14 136**
Annual and discretionary bonus	823	3	(35)	(142)	(192)	457
Total non-current	**823**	**3**	**(35)**	**(142)**	**(192)**	**457**
Total other employee benefits payable	**13 658**	**13 446**	**(10 248)**	**-**	**(2 263)**	**14 593**

Table 54 Changes to short-term and long-term employee benefits payable

	Year ended 31 December 2017					
	Opening balance	Set up	Used	Reclass-ified	Released	Closing balance
Annual and discretionary bonus	5 661	11 368	(6 158)	173	(947)	**10 097**
Unused holiday leave	2 336	747	(351)	-	(310)	**2 422**
Godziny nadliczbowe	-	291	-	-	-	**291**
Car allowance	3	-	(1)	-	(2)	**-**
Unpaid remuneration	-	25	-	-	-	**25**
Total current	**8 000**	**12 431**	**(6 510)**	**173**	**(1 259)**	**12 835**
Annual and discretionary bonus	1 212	531	(42)	(173)	(705)	823
Total non-current	**1 212**	**531**	**(42)**	**(173)**	**(705)**	**823**
Total other employee benefits payable	**9 212**	**12 962**	**(6 552)**	**-**	**(1 964)**	**13 658**

(all amounts in PLN'000 unless indicated otherwise)

19. Trade payables

Table 55 Trade payables

	As at 31 December	
	2018	2017
Trade payables to associates and jointly controlled entities	214	197
Trade payables to other parties	8 361	21 106
Total trade payables	**8 575**	**21 303**

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

20. Other liabilities

Table 56 Other liabilities by short-term and long-term liabilities

	As at 31 December		
	2018	2017 *(restated)*	2016 *(restated)*
Committed investments	*2 224*	*2 224*	*2 224*
Liabilities to the Polish National Foundation	9 611	*10 830*	*12 014*
Total non-current	**11 835**	**13 054**	**14 238**
Dividend payable	248	232	214
VAT payable	14 988	19 588	94 281
Liabilities in respect of other taxes	2 222	1 165	2 642
Committed investments	3 783	3 330	10 931
Liabilities to the Polish National Foundation	1 219	1 184	2 646
Other liabilities	2 830	1 468	36
Total current	**25 289**	**26 967**	**110 744**
Total other liabilities	**37 124**	**40 021**	**124 982**

21. Accruals and deferred income

As at 31 December 2018, the Group presented deferred income of PLN 5,592 thousand including non-current items of PLN 5,033 thousand and current items of PLN 559 thousand. As at 31 December 2017, the Group presented deferred income of PLN 12,978 thousand including non-current items of PLN 5,592 thousand and current items of PLN 7,386 thousand.

The main item of deferred income is a subsidy for assets, i.e., the refund of some costs of the PCR project described in Note 5 received from Polskie Sieci Energetyczne S.A. in a carrying value of PLN 5,592 thousand as at 31 December 2018 (PLN 6,151 thousand as at 31 December 2017).

(all amounts in PLN'000 unless indicated otherwise)

The refund was granted in 2016 upon TGE's fulfilment of conditions set in the agreement but the cash was received in January 2017. The total amount of the refund was PLN 6,998 thousand including:

- subsidy for assets – property, plant and equipment at PLN 538 thousand and intangible assets at PLN 5,955 thousand (including know-how described in Note 5); this part of the subsidy was presented in deferred income in the initial amount of PLN 6,493 thousand, including PLN 559 thousand in the profit of 2018, PLN 320 thousand in 2017 and PLN 22 thousand in 2016;

- subsidy for income at PLN 505 thousand, which covered the cost of salaries of employees participating in the PCR project; this part of the subsidy was presented in other income in 2016.

22. Sales revenue

Table 57 Sales revenue by business segment

	Year ended 31 December	
	2018	**2017**
Financial market	**191 852**	**208 849**
Trading:	124 280	141 336
Shares and other equity instruments	94 082	109 564
Derivatives	12 068	11 888
Other fees paid by market participants	7 396	7 498
Debt instruments	10 354	11 958
Other cash instruments	380	428
Listing:	22 805	24 968
Trading fees	19 732	20 013
Fees for admission and introduction and other fees	3 073	4 955
Information services and revenue from the calculation of benchmarks:	44 767	42 545
Real-time data and revenue from the calculation of benchmarks	41 142	39 529
Historical and statistical data and indices	3 625	3 016
Commodity market:	**153 555**	**142 088**
Trading:	78 547	70 092
Transactions in electricity:	18 395	8 815
Spot	*3 023*	*2 680*
Forward	*15 372*	*6 135*
Transactions in gas:	10 809	10 846
Spot	*2 511*	*2 441*
Forward	*8 298*	*8 405*
Transactions in property rights to certificates of origin	37 817	39 614
Other fees paid by market participants	11 526	10 817
Operation of the register of certificates of origin	28 696	30 628
Clearing	45 862	41 019
Information services	450	349
Other revenue	**1 374**	**1 019**
Total sales revenue	**346 781**	**351 956**

(all amounts in PLN'000 unless indicated otherwise)

Table 58 Revenue by geographic distribution

	Year ended 31 December			
	2018	% share	2017	% share
Revenue from foreign customers	93 296	26,9%	83 535	23,7%
Revenue from local customers	253 485	73,1%	268 421	76,3%
Total sales revenue	**346 781**	**100,0%**	**351 956**	**100,0%**

23. Operating expenses

Table 59 Operating expenses by category

	Year ended 31 December	
	2018	2017
Depreciation and amortisation	31 772	28 325
Salaries	55 065	50 764
Other employee costs	13 765	12 081
Rent and other maintenance fees	9 122	9 505
Fees and charges	13 428	6 553
including fees paid to PFSA	*12 538*	*5 579*
External service charges	44 520	53 194
Other operating expenses	6 140	5 341
Total operating expenses	**173 812**	**165 763**

23.1. Salaries and other employee costs

Table 60 Salaries by category

	Year ended 31 December	
	2018	2017
Gross remuneration	42 135	38 856
Annual and discretionary bonuses	9 469	9 098
Retirement benefits	109	26
Reorganisation severance pay	230	192
Non-competition	272	-
Other (including: unused holiday leave, overtime)	304	1 213
Total payroll	**52 519**	**49 385**
Supplementary payroll	**2 546**	**1 379**
Total employee costs	**55 065**	**50 764**

(all amounts in PLN'000 unless indicated otherwise)

Table 61 Other employee costs by category

	Year ended 31 December	
	2018	2017
Social security costs	8 142	7 870
Employee Pension Plan	1 001	487
Other benefits (including medical services, lunch subsidies, sports, insurance, etc.)	4 622	3 724
Total other employee costs	**13 765**	**12 081**

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

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

The remuneration system for the members of the Management Boards of Group companies is defined on the basis of the Remuneration Cap Act (the details are described in Note 2.17.4).

The Group offers the employees an incentive program consisting of a fixed part (base salary) and a variable component (annual bonus as well as an additional bonus). The variable component of the incentive system – the annual bonus – is based on the employee's individual appraisal and tied to the sales profit. The additional bonus is awarded under the remuneration rules by the Management Board on request of a superior in an amount not higher than the maximum set additional bonus (fixed as a percentage of the amount of remuneration paid).

(all amounts in PLN'000 unless indicated otherwise)

23.2. External service charges

Table 62 External service charges by category

	Year ended 31 December	
	2018	2017
IT infrastructure maintenance	*15 998*	*15 752*
TBSP market maintenance	*1 466*	*1 091*
Data transmission lines	*5 102*	*5 242*
Software modification	*374*	*10 382*
Total IT cost	22 940	32 467
Repair and maintenance of installations	*1 026*	*1 012*
Security	*1 412*	*1 396*
Cleaning	*533*	*528*
Phone and mobile phone services	*384*	*389*
Total office and office equipment maintenance	3 355	3 325
International (energy) market services	1 857	2 003
Leasing, rental and maintenance of vehicles	711	659
Transportation services	137	139
Promotion, education, market development	5 424	4 618
Market liquidity support	908	522
Advisory (including legal, business consulting, audit)	6 697	6 213
Information services	261	956
Training	973	813
Mail fees	75	95
Bank fees	172	123
Translation	349	364
Other	661	897
Total external service charges	**44 520**	**53 194**

23.3. Other operating expenses

Table 63 Other operating expenses by category

	Year ended 31 December	
	2018	2017
Consumption of materials and energy	3 278	3 239
Electricity and heat	*1 429*	*1 529*
Other	*1 849*	*1 710*
Membership fees	632	627
Insurance	324	288
Perpetual usufruct	106	106
Business trips	1 304	825
Conferences	246	231
Other	250	25
Total other operating expenses	**6 140**	**5 341**

(all amounts in PLN'000 unless indicated otherwise)

24. Other income and expenses

24.1. Other income

Table 64 Other income by category

	Year ended 31 December	
	2018	2017 (restated)
Damages received	15	21
Gains on sale of property, plant and equipment	356	31
Reversal of impairment allowance of receivables	-	2 921
Annual correction of input VAT	413	245
Medical services reinvoiced to employees	367	317
PCR project payments	581	-
Other	971	324
Total other income	**2 703**	**3 859**

Other income in 2018 and 2017 included an annual correction of VAT, medical services reinvoiced to employees, the refund of overpaid tax at source, final clearing of costs of the Książęca 4 Tenants Association, revenue from the distribution of assets of companies in bankruptcy (trade receivables of the Group) and revenue from the operator of the Polish power transmission system as payment for international projects (see Note 21).

24.2. Other expenses

Table 65 Other expenses by category

	Year ended 31 December	
	2018	2017* (restated)
Donations	488	581
Losses on sale of property, plant and equipment☐	78	18
Damages, penalties, fines	4	15
Impairment of investments and abandoned investments	828	-
Other	916	2 282
Total other expenses	**2 314**	**2 896**

** Other expenses related to receivables written off in the year ended 31 December 2017 were presented in impairment losses of receivables in the statement of comprehensive income for the sake of consistency with the presentation for the year ended 31 December 2018. Receivables written off in 2017 were determined under IAS 39. The Company implemented IFRS 15 as of 1 January 2018. Receivables written off in 2018 were determined under IFRS 15.☐*

In 2018, donations were made by the Group to:

- GPW Foundation – PLN 461 thousand;
- University of Warsaw – PLN 10 thousand;
- Europejska Fundacja na rzecz osób potrzebujących – PLN 5 thousand;
- Caritas – PLN 1 thousand;

(all amounts in PLN'000 unless indicated otherwise)

- Home for Single Mothers – PLN 4 thousand;
- Dziecięca Fantazja Foundation – PLN 5 thousand;
- Avalon Foundation – PLN 1 thousand.

In 2017, donations were made by the Group to:

- GPW Foundation – PLN 414 thousand;
- Archdiocese of Warsaw – PLN 140 thousand;
- Wolność i Demokracja Foundation – PLN 25 thousand,
- Dziecięca Fantazja Foundation – PLN 2 thousand.

25. Financial income and expenses

25.1. Financial income

Table 66 Financial income by category

	Note	Year ended 31 December	
		2018	2017
Interest on current accounts and bank deposits classified as cash and cash equivalents		2 900	3 340
Interest on bank deposits (over 3 months)		3 020	1 991
Interest on certificates of deposit		513	-
Interest on corporate bonds		1 097	-
Gains on sale of Aquis and loss of control of PAR		45 912	-
Other financial income		997	219
Tota financial income		**54 439**	**5 550**

25.2. Financial expenses

Table 67 Financial expenses by category

	Note	Year ended 31 December	
		2018	2017
Interest on bonds, including:		7 691	7 624
Accrued		*391*	*2 712*
Paid		7 300	*4 912*
Interest on loans and advances		-	1 267
Losses on sale or decrease in value of interests held		141	17
Intrest on tax payable		1 064	878
Other financial expenses		266	1 361
Total financial expenses		**9 162**	**11 147**

(all amounts in PLN'000 unless indicated otherwise)

26. Financial instruments

Table 68 Material revenue, expense, profit and loss items in the statement of comprehensive income for 2018 by category of financial instruments

	Year ended 31 December 2018					
	Interest received/paid *(see: statement of cash flows)*	Interest accrued, revaluation and cost of bond issue	Impairment loss	Total shown in the P&L *(see Note 25.1 and 25.2)*	Total shown in other comprehensive income	Total shown in statement of comprehensive income
Trade receivables (gross)	-	-	(3 153)	(3 153)	-	**(3 153)**
Equity instruments (measuredat fair value throught other comprehensive income)	-	-	-	**-**	**(27)**	**(27)**
Corporate bonds	763	334	-	1 097	-	**1 097**
Certificates of deposit	355	158	-	513	-	**513**
Bank deposits	4 868	1 052	-	5 920	-	**5 920**
Other financial assets (including loan granted)	-	28	-	28	-	**28**
Total assets	**5 986**	**1 572**	**(3 153)**	**4 405**	**(27)**	**4 378**
Bonds issued	(7 300)	(390)	-	(7 690)	-	**(7 690)**
Total liabilities	**(7 300)**	**(390)**	**-**	**(7 690)**	-	**(7 690)**
Total shown in statement of comprehensive income for financial instruments	**13 286**	**1 962**	**(3 153)**	**12 095**	**(27)**	**12 068**

Table 69 Material revenue, expense, profit and loss items in the statement of comprehensive income for 2017 by category of financial instruments

	Year ended 31 December 2017 *(restated)*					
	Interest received/paid *(see: statement of cash flows)*	Interest accrued, revaluation and cost of bond issue	Impairment loss	Total shown in the P&L *(see Note 25.1 and 25.2)*	Total shown in other comprehensive income	Total shown in statement of comprehensive income
Trade receivables (gross)	-	-	(607)	(607)	**-**	**(607)**
Equity instruments	-	-	(24)	(24)	**-**	**(24)**
Bank deposits	4 761	570	-	5 331	**-**	**5 331**
Total assets	**4 761**	**570**	**(631)**	**4 700**	**-**	**4 700**
Bonds issued	(7 642)	18	-	(7 624)	**-**	**(7 624)**
Finance leases	-	(4)	-	(4)	**-**	**(4)**
Total liabilities	**(7 642)**	**14**	**-**	**(7 628)**	**-**	**(7 628)**
Total shown in statement of comprehensive income for financial instruments	**12 403**	**556**	**(631)**	**12 328**	**-**	**12 328**

(all amounts in PLN'000 unless indicated otherwise)

Table 70 Material revenue, expense, profit and loss items in the statement of comprehensive income for 2016 by category of financial instruments

	Year ended 31 December 2016 *(restated)*					
	Interest received/paid *(see: statement of cash flows)*	**Interest accrued, revaluation and cost of bond issue**	**Impairment loss**	**Total shown in the P&L** *(see Note 25.1 and 25.2)*	**Total shown in other comprehensive income**	**Total shown in statement of comprehensive income**
Trade receivables (gross)	-	-	(395)	(395)	-	**(395)**
Equity instruments	-	-	(15)	(15)	-	**(15)**
Bank deposits	8 167	(1 762)	-	6 405	-	**6 405**
Total assets	**8 167**	**(1 762)**	**(410)**	**5 995**	-	**5 995**
Bonds issued	(5 770)	(1 859)	-	(7 629)	-	**(7 629)**
Finance leases	-	(13)	-	(13)	-	**(13)**
Total liabilities	**(5 770)**	**(1 872)**	-	**(7 642)**	-	**(7 642)**
Total shown in statement of comprehensive income for financial instruments	**13 937**	**110**	**(410)**	**13 637**	-	**13 637**

27. Income tax

Table 71 Income tax by current and deferred tax

	Year ended 31 December	
	2018	**2017** *(restated)*
Current income tax	38 767	36 825
Deferred tax	3 563	(4 551)
Total income tax	**42 334**	**32 274**

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

Table 72 Reconciliation of the theoretical amount of tax arising from profit before tax and the statutory tax rate with the income tax expense presented in the statement of comprehensive income

	Year ended 31 December	
	2018	**2017** *(restated)*
Profit before income tax	226 035	191 011
Income tax rate	19%	19%
Income tax at the statutory tax rate	**42 947**	**36 292**
Tax effect:	**(613)**	**(4 018)**
Non-tax-deductible expenses	1 806	847
Tax losses of subsidiaries not recognised in deferred tax	(101)	49
Recognised defered tax asset on investment in an associate	-	(2 324)
Non-taxable share of profit of associates	(2 005)	(1 911)
Other adjustments	(313)	(679)
Total income tax	**42 334**	**32 274**

As the Company Representing the Tax Group, Giełda Papierów Wartościowych w Warszawie S.A. is responsible for the calculation and payment of corporate income tax advances of the Tax Group pursuant to the Corporate Income Tax Act. The liability to the Tax Office was PLN 1,819 thousand as at 31 December 2018 (PLN 6,108 thousand as at 31 December 2017).

28. Contracted investments and guarantees

Contracted investments in plant, property and equipment were PLN 253 thousand as at 31 December 2018 including mainly the acquisition of IT hardware and software in GPW (PLN 1,226 thousand as at 31 December 2017 including mainly purchase of CISCO switches at TGE).

Contracted investments in intangible assets were PLN 1,100 thousand as at 31 December 2018 including mainly the trade surveillance system in GPW and the acquisition of the 2PI application in TGE. Contracted investments were PLN 1,979 thousand as at 31 December 2017 including mainly the trade surveillance system and the purchase of Microsoft licences for the GPW Group.

As at 31 December 2018, the subsidiary TGE held two bank guarantees at EUR 3.6 million each, issued by a bank to NordPool in respect of payments between TGE S.A. and Nord Pool in Market Coupling, one valid until 30 April 2019 and the other until 30 June 2019.

29. Related party transactions

Related parties of the Group include:

- the associates,
- the State Treasury as the parent entity (holding 35.00% of the share capital and 51.76% of the total number of voting rights as at 31 December 2018),
- entities controlled and jointly controlled by the State Treasury and entities over which the State Treasury has significant influence,
- members of the key management personnel of the Company: the Exchange Management Board and the Exchange Supervisory Board.

29.1. 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).

Entities 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 took effect as of 1 January 2016. According to the Regulation, the Chairperson of the Polish Financial Supervision Authority publishes the rates and the indicators necessary to calculate the fees in a public communique promulgated in the Official Journal of the Polish Financial Supervision Authority by 31 August of each calendar year. On that basis, the entities obliged to pay the fee will calculate the final amount of the annual fee due for the year and pay the fee by 30 September of the calendar year.

Fees paid to PFSA stood at PLN 12,538 thousand in 2018 and PLN 5,579 thousand in 2017.

Tax Office

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

29.2. Transactions with associates

Table 73 Group's transactions with associates

	As at 31 December 2018		Year ended 31 December 2018	
	Receivables	Liabilities	Sales revenue	Operating expenses
KDPW S.A. Group	62	-	279	112
Centrum Giełdowe S.A.	-	639	38	3 985
Aquis Exchange Limited *(up to March 2018)**	*N/A*	*N/A*	1	-
Polska Agencja Ratingowa S.A. *(as of October 2018)**	46	-	71	-
Total	**108**	**639**	**389**	**4 097**

** For details about Aquis Exchange Limited and Polska Agencja Ratingowa S.A., see note 6*

Table 74 Group's transactions with associates

	As at 31 December 2017		Year ended 31 December 2017	
	Receivables	Liabilities	Sales revenue	Operating expenses
KDPW S.A. Group	-	-	20	100
Centrum Giełdowe S.A.	-	177	-	2 017
Aquis Exchange Limited	9	20	14	20
Total	**9**	**197**	**34**	**2 137**

On 10 May 2018, the Ordinary General Meeting of Centrum Giełdowe decided to allocate PLN 1,501 thousand of the company's profit earned in 2017 to dividend. The dividend amount due to the Company was PLN 372 thousand. The dividend was paid on 30 May 2018. In 2017, Centrum Giełdowe paid PLN 413 thousand in dividend for 2016, including PLN 102 thousand to the parent entity.

Receivables from associates were not written off as uncollectible from associates or provided for in the year ended 31 December 2018 and 31 December 2017.

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

29.3. Other transactions

Książęca 4 Street Tenants Association

In 2018, GPW concluded transactions with the Książęca 4 Street Tenants Association of which it is a member. The expenses amounted to PLN 3,999 thousand in 2018 and PLN 4,023 thousand in 2017. Moreover, when the Tenants Association generates a surplus during a year, the Company receives refunds, and where there is a shortage, the Company is obliged to contribute an additional payment. The surplus payment amounted to PLN 40 thousand in 2018 and PLN 75 thousand in 2017.

Transactions with the key management personnel

The Company entered into no transactions with the Company's key management personnel in 2017 and in 2018.

(all amounts in PLN'000 unless indicated otherwise)

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

The management personnel of the Group includes the Exchange Management Board and the Exchange Supervisory Board. The data presented in the table below are for all (current and former) members of the Exchange Management Board and the Exchange Supervisory Board who were in office in 2018 and 2017, respectively.

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

Table 75 Cost of remuneration and benefits of the Group's key management personnel (paid and due for 2016, 2017 and 2018, as presented in the statement of comprehensive income)

	Year ended 31 December	
	2018	**2017**
Base salary	1 620	1 879
Variable pay **	1 644	968
Holiday leave equivalent	-	177
Bonus - bonus bank *	(107)	(245)
Bonus - one-off payment *	(81)	(184)
Bonus - phantom shares *	(60)	(184)
Other benefits	26	38
Benefits after termination	192	-
Total remuneration of the Exchange Management Board	**3 234**	**2 449**
Remuneration of the Exchange Supervisory Board	**555**	**524**
Remuneration of the Subsidiaries' Management Boards	**3 017**	**3 145**
Remuneration of the Subsidiaries' Supervisory Boards	**825**	**632**
Total remuneration of the key management personnel	**7 631**	**6 750**

**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). In 2017, the corresponding provisions released amounted to PLN 947 thousand (including one-off payment of 284 thousand, bonus bank of PLN 379 thousand, phantom shares of PLN 284 thousand).*
*** The amount of provisions was calculated according to the New Remuneration Cap Act.*

As at 31 December 2018, due (not paid) remuneration and benefits of the key management personnel stood at PLN 4,813 thousand including bonuses for 2014, 2016, 2017 and 2018. The cost of bonuses due for 2014, 2016, 2017 and 2018 was shown in the statement of comprehensive income for 2014, 2016, 2017 and 2018, respectively.

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

(all amounts in PLN'000 unless indicated otherwise)

31. Future minimum lease payments

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

GPW is a party to office space and server room rental agreements for a determined period (until 2019) and for an undetermined period (with a termination notice of a three months and twelve months). GPW pays fees for the right of perpetual usufruct of land.

Table 76 Total future minimum lease payments under non-cancellable operating leases – lessee

	Future minimum lease payments under non-cancellable operating lease			
	< 1 Y	1-5 Y	> 5 Y	Total
As at 31 December 2018	7 192	9 611	8 229	**25 032**
As at 31 December 2017	5 398	3 015	8 347	**16 760**

The amounts above include VAT. All operating lease payments are denominated in PLN. GPW's annual fees for perpetual usufruct of land are PLN 118 thousand. The costs of operating leases (space rentals) and perpetual usufruct of land are presented in Note 23.

Table 77 Total future minimum lease payments under non-cancellable operating leases – lessor

	Future minimum lease payments under non-cancellable operating lease			
	< 1 Y	1-5 Y	> 5 Y	Total
As at 31 December 2018	3 037	4 520	-	**7 557**
As at 31 December 2017	5 398	3 015	8 347	**16 760**

In 2018, GPW was a party to office space lease contracts with the following subsidiaries and associates: BondSpot S.A., Towarowa Giełda Energii S.A., Izba Rozliczeniowa Giełd Towarowych S.A., GPW Benchmark S.A. and Instytut Analiz i Ratingu.

32. Segment reporting

These consolidated financial statements disclose information on segments based on components of the entity which are monitored by the 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 and use of exchange systems);
   - Listing (revenue from annual securities listing fees and one-off fees, e.g., for introduction of securities to trading on the exchange);
   - Information services (mainly revenue from information services for data vendors, historical data, calculation and distribution of WIBOR and WIBID reference rates).

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 operates the Register of Certificates of Origin of electricity through the company Towarowa Giełda Energii S.A. ("TGE"). The GPW Group also earns revenues from the activity of a trade operator and the entity responsible for trade balancing on the electricity market.

   The Commodity Market includes the following sub-segments:

   - Trading (mainly revenue on the Energy Market from spot and forward transactions in electricity, revenue from spot and forward transactions in natural gas, revenue on the Property Rights Market from trade in certificates of origin of electricity);
   - Operation of the Register of Certificates of Origin of electricity (mainly revenue from issuance and cancellation of property rights in certificates of origin of electricity);
   - CO_2 Allowances Market (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 mainly the activities of IAiR.

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.

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

(all amounts in PLN'000 unless indicated otherwise)

Table 78 Business segments: Statement of comprehensive income

	Year ended 31 December 2018					
	Financial segment	Commodity segment	Other	Total segments	Exclusions and adjustments	Total segments and exclusions
Sales revenue:	194 570	153 810	10 618	**358 998**	(12 217)	**346 781**
To third parties	*191 852*	*153 555*	*1 374*	***346 781***	-	***346 781***
Sales between segments and intragroup transactions	*2 718*	*255*	*9 244*	***12 217***	*(12 217)*	**-**
Operating expenses:	(125 773)	(59 475)	*(807)*	**(186 055)**	12 240	**(173 812)**
including depreciation and amortisation	*(21 353)*	*(10 419)*	-	***(31 772)***	-	***(31 772)***
Profit / (Loss) on sales	**68 797**	**94 335**	**9 811**	**172 943**	**23**	**172 969**
Profit / (Loss) on other operations	(685)	301	-	**(384)**	773	**389**
Impairment losses of receivables	(2 295)	(858)	-	**(3 153)**	-	**(3 153)**
Operating profit (loss)	**65 817**	**93 778**	**9 811**	**169 406**	**796**	**170 205**
Profit / (Loss) on financial operations:	97 504	16 893	*7*	**114 404**	(69 127)	**45 277**
interest income	4 861	2 690	*7*	***7 558***	*(28)*	***7 530***
dividend received	69 697	14 911	-	***84 608***	*(84 608)*	**-**
interest cost	(7 652)	(740)	-	***(8 392)***	*28*	***(8 364)***
Share of profit of entities measured by equity method	-	-	-	**-**	10 553	**10 553**
Profit before income tax	**163 321**	**110 671**	**9 818**	**283 810**	**(57 778)**	**226 035**
Income tax	(20 516)	(19 347)	-	**(39 863)**	(2 471)	**(42 334)**
Net profit	**142 805**	**91 324**	**9 818**	**243 947**	**(60 249)**	**183 701**

Table 79 Business segments: Statement of financial position

	As at 31 December 2018						
	Financial segment	Commodity segment	Other	Total segments	Adjustments for investments measured by equity method	Other exclusions and adjustments	Total segments and exclusions
Total assets	810 696	348 156	-	**1 158 852**	193 442	(134 977)	**1 217 317**
Total liabilities	291 556	42 266	-	**333 822**	-	(7 043)	**326 779**
Net assets (assets - liabilities)	**519 140**	**305 890**	**-**	**825 030**	**193 442**	**(127 934)**	**890 538**

(all amounts in PLN'000 unless indicated otherwise)

Table 80 Business segments: Statement of comprehensive income

	Year ended 31 December 2017 *(restated)*					
	Financial segment	Commodity segment	Other	Total segments	Exclusions and adjustments	Total segments and exclusions
Sales revenue:	209 994	142 321	8 428	**360 743**	(8 787)	**351 956**
To third parties	*208 849*	*142 088*	*1 019*	***351 956***	-	***351 956***
Sales between segments and intragroup transactions	*1 145*	*233*	*7 409*	***8 787***	*(8 787)*	**-**
Operating expenses:	(120 654)	(53 250)	*(207)*	**(174 111)**	8 348	**(165 763)**
including depreciation and amortisation	*(20 298)*	*(8 027)*	-	***(28 325)***	-	***(28 325)***
Profit / (Loss) on sales	**89 340**	**89 071**	**8 221**	**186 632**	**(438)**	**186 194**
Profit / (Loss) on other operations	(708)	2 866	-	**2 158**	(712)	**1 446**
Impairment losses of receivables	(497)	(594)	-	**(1 091)**	-	**(1 091)**
Operating profit (loss)	**88 135**	**91 343**	**8 221**	**187 699**	**(1 150)**	**186 549**
Profit / (Loss) on financial operations:	(3 567)	19 211	*26*	**15 670**	(21 266)	**(5 597)**
interest income	4 003	1 492	*26*	***5 521***	*(190)*	***5 331***
dividend received	1 266	20 000	-	***21 266***	*(21 266)*	**-**
interest cost	(7 628)	(2 945)	-	***(10 573)***	*190*	***(10 383)***
Share of profit of entities measured by equity method	-	-	-	**-**	10 059	**10 059**
Profit before income tax	**84 568**	**110 554**	**8 247**	**203 369**	**(12 357)**	**191 011**
Income tax	(17 440)	(17 158)	-	**(34 598)**	2 324	**(32 274)**
Net profit	**67 128**	**93 396**	**8 247**	**168 771**	**(10 033)**	**158 737**

Table 81 Business segments: Statement of financial position

	As at 31 December 2017 *(restated)*						
	Financial segment	Commodity segment	Other	Total segments	Adjustments for investments measured by equity method	Other exclusions and adjustments	Total segments and exclusions
Total assets	762 651	345 524	2 229	**1 110 404**	170 430	(133 781)	**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**	**170 430**	**(130 290)**	**799 467**

(all amounts in PLN'000 unless indicated otherwise)

Table 82 Business segments: Statement of comprehensive income

	Year ended 31 December 2016 (restated)					
	Financial segment	Commodity segment	Other	Total segments	Exclusions and adjustments	Total segments and exclusions
Sales revenue:	184 406	124 927	4 364	**313 697**	(2 835)	**310 862**
To third parties	*184 025*	*124 927*	*1 910*	***310 862***	-	***310 862***
Sales between segments and intragroup transactions	*381*	-	*2 454*	***2 835***	*(2 835)*	**-**
Operating expenses:	(109 754)	(42 556)	*(678)*	**(152 988)**	2 833	**(150 155)**
including depreciation and amortisation	*(20 203)*	*(5 495)*	*(97)*	***(25 795)***	-	***(25 795)***
Profit / (Loss) on sales	**74 652**	**82 371**	**3 686**	**160 709**	**(2)**	**160 707**
Profit / (Loss) on other operations	(18 275)	797	*39*	**(17 439)**	(38)	**(17 477)**
Impairment losses of receivables	-	-	-	**-**	-	**-**
Operating profit (loss)	**56 377**	**83 168**	**3 725**	**143 270**	**(40)**	**143 230**
Profit / (Loss) on financial operations:	58 580	9 538	*36*	**68 154**	(67 283)	**871**
interest income	4 345	2 024	*36*	***6 405***	-	***6 405***
dividend received	61 590	11 500	-	***73 090***	*(73 090)*	**-**
gains on dilution o interest in Aquis	-	-	-	**-**	*5 807*	**-**
interest cost	(8 059)	(1)	-	***(8 060)***	-	***(8 060)***
Share of profit of entities measured by equity method	-	-	-	**-**	3 518	**3 518**
Profit before income tax	**114 957**	**92 706**	**3 761**	**211 424**	**(63 805)**	**147 619**
Income tax	(14 255)	(16 890)	-	**(31 145)**	-	**(31 145)**
Net profit	**100 702**	**75 816**	**3 761**	**180 279**	**(63 805)**	**116 474**

Table 83 Business segments: Statement of financial position

	As at 31 December 2016 (restated)						
	Segment finansowy	Segment towarowy	Segment pozostałe	Razem segmenty	Korekty dot. inwestycji wycenianych met. praw własności	Inne wyłączenia i korekty konsolida-cyjne	Segmenty i wyłączenia razem
Total assets	783 586	343 360	3 763	**1 130 709**	160 272	(133 133)	**1 157 848**
Total liabilities	308 739	119 644	15	**428 398**	-	(1 142)	**427 256**
Net assets (assets - liabilities)	**474 847**	**223 716**	**3 748**	**702 311**	**160 272**	**(131 991)**	**730 592**

(all amounts in PLN'000 unless indicated otherwise)

33. IRGiT Clearing Guarantee System

The clearing guarantee system operated by IRGiT includes:

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

Table 82 Amounts posted in the IRGiT clearing guarantee system

	As at 31 December 2018		As at 31 December 2017	
	Cash in IRGiT bank accounts	Cash in clients' bank accounts	Cash in IRGiT bank accounts	Cash in clients' bank accounts
Deposits	679 746	524 840	564 594	315 229
Margins	1 273 092	117 409	583 359	135 955
Guarantee funds	393 793	13 746	172 864	32 617
Total	**2 346 631**	**655 995**	**1 320 817**	**483 801**

Cash resources of the IRGiT clearing guarantee system are not assets of the Group and neither are they presented under cash assets of the Group.

Non-cash collateral recognised as margins was PLN 3,539,284 thousand as at 31 December 2018 and PLN 460,630 thousand as at 31 December 2017.

34. Impact of initial application of new standards

The Group first applied IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments* as of 1 January 2018.

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 debt.

The Group performed a portfolio analysis and calculated, for each category of clients in each Group company, 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 based on historical data represent the probability of default of trade receivables in the future and consequently the ratios were not adjusted.

As a result of the analysis, changes 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 the deferred tax asset as at the date of initial adoption of IFRS 9 (1 January 2018).

Modifications of the accounting policy due to the initial adoption of IFRS 9 are described in Note 2.8. The Group decided to implement the Standard without a restatement of comparative data (exemption under 7.2.15 IFRS 9). Adjustments under IFRS 9 were implemented as of 1 January 2018 through equity (retained earnings).

IFRS 15 Revenue from Contracts with Customers

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. The analysis did not identify any adjustment of equity on initial application.

The implementation of the Standard changes the presentation of annual and quarterly fees charged to clients under agreements or rules in the interim financial statements. Such fees were previously presented as deferred income and are now presented under IFRS 15 as contract liabilities. The Company decided to change the presentation of revenue not yet invoiced from information services and the calculation of benchmarks, which was presented as trade and other receivables but is now presented as contract assets because the Group fulfils its obligation to the client before it receives payment while the contractual right to the payment arises in consecutive periods.

The GPW Group's critical judgments in relation to IFRS 15 include its approach to the identification of performance obligations and the time when such obligations are performed in the context of the admission of securities to trading. Revenue from fees for the admission of securities to trading on the GPW and BondSpot markets were previously recognised up-front according to IAS 18. IFRS 15 requires the management of the Group to make a judgment whether the admission of securities to trading is a separate service or an inherent part of enabling trade in securities. In practice, this implies a choice between an up-front recognition of the fee or its recognition over time in the period when the service is provided.

As at the date of these financial statements, the management's analysis is still pending whether the existing interpretations of IFRS 15 allow for identification of the performance obligation with respect to fees for the admission of securities to trading. Considering the foregoing, these consolidated financial statements of the Group for the period of 12 months ended 31 December 2018 recognise the revenue from fees for the admission of securities to trading up-front at PLN 2,415 thousand (PLN 4,642 thousand for the year ended 31 December 2017).

Modifications of the accounting policy due to the initial adoption of IFRS 15 are described in Note 2.20.

The table below presents the impact of IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments* on the consolidated financial statements of the Group as at 1 January 2018.

(all amounts in PLN'000 unless indicated otherwise)

Table 83 Impact of adjustments on selected items of the consolidated statement of financial position as at 1 January 2018

`	Note	As at 31 December 2017 *(restated; see Note 35)*	Adjustment at first application		As at 1 January 2018 *(restated under IFRS 9 and IFRS 15)*
			IFRS 9	IFRS 15	
Non-current assets (selected items):					
Deferred tax asset	7	3 803	49	-	3 852
Available-for-sale financial assets	8	271	(271)	-	-
Financial assets measured at fair value through other comprehensive income	10	-	271	-	271
Current assets (selected items):					
Trade and other receivables	13	64 096	(259)	(995)	62 842
Contract assets	14	-	-	995	995
Financial assets measured at amortised cost	9	-	250 590	-	250 590
Other financial assets		250 590	(250 590)	-	-
TOTAL ASSETS (all items)		**1 147 053**	**(210)**	**-**	**1 146 843**
Equity (selected items):					
Retained earnings	16	733 682	(210)	-	733 472
Current liabilities (selected items):					
Contract liabilities	14	-	6 806	21	6 827
Accruals and deferred income	21	7 386	(6 806)	(21)	559
TOTAL EQUITY AND LIABILITIES (all items)		**1 147 053**	**(210)**	**-**	**1 146 843**

(all amounts in PLN'000 unless indicated otherwise)

Table 84 The table below presents changes of the classification of financial assets from IAS 39 to IFRS 9 as at 1 January 2018

Balance sheet category as of 1 January 2018	Classification under IAS 39	New classification under IFRS 9	As at 1 January 2018	
			Value under IAS 39	Value under IFRS 9
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 and other receivables	Loans and receivables	Financial assets measured at amortised cost	64 096	64 096
Contract assets	Loans and receivables	Financial assets measured at amortised cost	-	995
Cash and cash equivalents	Assets held to maturity	Financial assets measured at amortised cost	235 886	235 886
Total financial assets under IAS 39 and IFRS 9			**300 253**	**301 248**

As of 1 January 2018, expected credit losses are shown in the consolidated statement of comprehensive income as impairment loss of receivables (in previous years, as other expenses).

35. Changes of the accounting treatment of liabilities to Polish National Foundation, deposits with maturities over 3 months, and investments in the trading system

35.1. Liabilities to the Polish National Foundation

As a co-founder of the Polish National Foundation established in 2016 ("Foundation" or "PFN"), GPW is required to contribute annual payments towards the statutory mission of the Foundation, totalling 11 payments from the establishment of the Foundation. According to the founding deed of the Foundation, the Company's total financial commitment towards PFN 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 in each of the first two years and PLN 1,500 thousand in the period of 12 months ended 31 December 2018. The payments to the Foundation were recognised in the Company's statement of comprehensive income at the due date of each donation as defined in the founding deed of the Foundation.

As at 30 September 2018, the Company's management reviewed the treatment of donations paid to PFN in the Company's financial statements for 2016-2018 in the light of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The analysis concluded that the payments to PFN are donations and that the liability of GPW to make all payments to PFN according to the founding deed of the Foundation arose when GPW joined the Foundation and signed its founding deed.

As a result, the Company decided to retrospectively change the accounting treatment of payments to PFN by discounting the future payments committed by GPW as at 31 December 2016 and by their one-off recognition in other expenses in the Company's statement of comprehensive income for the year ended 31 December 2016 and in other liabilities in Company's statement of financial position for the year ended

31 December 2016 (PLN 12,014 thousand non-current, PLN 2,464 thousand current). The liability was PLN 12,014 thousand as at 31 December 2017 (PLN 10,830 thousand non-current, PLN 1,184 thousand current). The Company adjusted the cost of the payments to PFN recognised in GPW's statements of comprehensive income for 2016 and 2017 accordingly. As a result of the adjustment, GPW's equity decreased by PLN 14,660 thousand as at 31 De ember 2016 and by PLN 12,014 thousand as at 31 December 2017. The net profit for the year ended 31 December 2016 decreased by PLN 14,660 thousand and the net profit for the year ended 31 December 2017 increased by PLN 2,464 thousand.

35.2. Deposits with maturities over 3 months

As at 31 December 2018, the Company's management reviewed the treatment of deposits with maturities over 3 months in the light of IAS 7 *Statement of Cash Flows*. The analysis concluded that only deposits with maturities up to 3 months should be presented in cash and cash equivalents in the statement of financial position.

As a result, the Company decided to retrospectively change the accounting treatment of deposits and to present deposits with maturities over 3 months in financial assets measured at amortised cost. As a result of the reclassification, cash and cash equivalents decreased by PLN 196,462 thousand as at 31 December 2017 and by PLN 72,108 thousand as at 31 December 2016.

35.3. Investments in the trading system

As at 31 December 2018, the Company's management reviewed the treatment of the asset in respect of investments in the trading system in the light of IAS 38 *Intangible Assets*. The analysis concluded that the asset did not meet the definition of intangible assets. As a result, the accounting policy was changed retrospectively (reclassification from intangible assets to other non-current assets). As a result of the reclassification, intangible assets decreased by PLN 4,222 thousand as at 31 December 2017 and as at 31 December 2016 (see Note 13).

(all amounts in PLN'000 unless indicated otherwise)

Table 85 Impact of changes of the accounting treatment of liabilities to PFN, deposits with maturities over 3 months, and investments in the trading system on selected items of the consolidated statement of financial position in 2017

	Note	As at 31 December 2017 *(previously reported)*	Adjustments			As at 31 December 2017 *(restated)*
			PFN *(see Note 35.1)*	Deposits *(see Note 35.2)*	Trading system *(see Note 35.3)*	
Non-current assets (selected items):						
Intangible assets	5	267 991	-	-	(4 222)	**263 769**
Other non-current assets	12	-	-	-	4 222	**4 222**
Current assets (selected items):						
Other financial assets		-	-	250 590	-	**250 590**
Cash and cash equivalents	15	486 476	-	(250 590)	-	**235 886**
TOTAL ASSETS (all items)		**1 147 053**	**-**	**-**	**-**	**1 147 053**
Equity (selected items):						
Equity of the shareholders of the parent entity:		**810 908**	**(12 014)**	**-**	**-**	**798 894**
Share capital	16.1	63 865	**-**	**-**	**-**	**63 865**
Other reserves	16.2	1 347	**-**	**-**	**-**	**1 347**
Retained earnings	16.3	745 696	(12 014)	-	-	**733 682**
Reserve capital		*106 349*	-	-	-	***106 349***
Other reserves		*358 038*	-	-	-	***358 038***
Retained earnings		*125 301*	*(14 660)*	-	-	***110 641***
Profit for the period		*156 008*	*2 646*	-	-	***158 654***
Non-current liabilities (selected items):						
Other liabilities, including:	20	2 224	10 830	-	-	**13 054**
Liabilities to the Polish National Foundation		-	*10 830*	-	-	***10 830***
Current liabilities (selected items):						
Other liabilities, including:	20	25 783	1 184	-	-	**26 967**
Liabilities to the Polish National Foundation		-	*1 184*	-	-	***1 184***
TOTAL EQUITY AND LIABILITIES (all items)		**1 147 053**	**-**	**-**	**-**	**1 147 053**

(all amounts in PLN'000 unless indicated otherwise)

Table 86 Impact of changes of the accounting treatment of liabilities to PFN, deposits with maturities over 3 months, and investments in the trading system on selected items of the consolidated statement of financial position in 2016

	Note	As at 31 December 2016 *(previously reported)*	Adjustments			As at 31 December 2016 *(restated)*
			PFN *(see Note 35.1)*	Deposits *(see Note 35.2)*	Trading system *(see Note 35.3)*	
Non-current assets (selected items):						
Intangible assets	5	273 815	-	-	(4 222)	**269 593**
Other non-current assets	12	-	-	-	4 222	**4 222**
Current assets (selected items):						
Other financial assets		-	-	84 147	-	**84 147**
Cash and cash equivalents	15	446 814	-	(84 147)	-	**362 667**
TOTAL ASSETS (all items)		**1 157 848**	**-**	**-**	**-**	**1 157 848**
Equity (selected items):						
Equity of the shareholders of the parent entity:		**744 727**	**(14 660)**	**-**	**-**	**730 067**
Share capital	16.1	63 865	**-**	**-**	**-**	**63 865**
Other reserves	16.2	1 184	**-**	**-**	**-**	**1 184**
Retained earnings	16.3	679 678	(14 660)	-	-	**665 018**
Reserve capital		*99 736*	-	-	-	***99 736***
Other reserves		*279 539*	-	-	-	***279 539***
Retained earnings		*169 309*	-	-	-	***169 309***
Profit for the period		*131 094*	*(14 660)*	-	-	***116 434***
Non-current liabilities (selected items):						
Other liabilities, including:	20	2 224	12 014	-	-	**14 238**
Liabilities to the Polish National Foundation		-	*12 014*	-	-	***12 014***
Current liabilities (selected items):						
Other liabilities, including:	20	108 098	2 646	-	-	**110 744**
Liabilities to the Polish National Foundation		-	*2 646*	-	-	***2 646***
TOTAL EQUITY AND LIABILITIES (all items)		**1 157 848**	**-**	**-**	**-**	**1 157 848**

(all amounts in PLN'000 unless indicated otherwise)

Table 87 Impact of changes of the accounting treatment of liabilities to PFN, deposits with maturities over 3 months, and investments in the trading system on selected items of the consolidated statement of comprehensive income in 2017

	Note	Year ended 31 December 2017* *(previously reported)*	Adjustments			Year ended 31 December 2017 *(restated)*
			PFN *(see Note 35.1)*	Deposits *(see Note 35.2)*	Trading system *(see Note 35.3)*	
Sales revenue	22	351 956	-	-	-	351 956
Operating expenses	23	(165 763)	-	-	-	(165 763)
Other revenue	24	3 859	-	-	-	3 859
Impairment loss of receivables		(607)	-	-	-	(607)
Other expenses	24	(5 542)	2 646	-	-	(2 896)
Operating profit		**183 903**	**2 646**	**-**	**-**	**186 549**
Financial income	25	5 550	-	-	-	5 550
Financial expenses	25	(11 147)	-	-	-	(11 147)
Share of profit of entities measured by equity method		10 059	-	-	-	10 059
Profit before income tax		**188 365**	**2 646**	**-**	**-**	**191 011**
Income tax expense	27	(32 274)	-	-	-	(32 274)
Profit for the period		**156 091**	**2 646**	**-**	**-**	**158 737**
Basic / Diluted earnings per share (PLN)	**16.5**	**3,72**	**0,06**	**-**	**-**	**3,78**

** Other expenses related to receivables written off in the year ended 31 December 2017 were presented in impairment losses of receivables in the statement of comprehensive income for the sake of consistency with the presentation for the year ended 31 December 2018. Receivables written off in 2017 were determined under IAS 39. The Company implemented IFRS 15 as of 1 January 2018. Receivables written off in 2018 were determined under IFRS 15.*

(all amounts in PLN'000 unless indicated otherwise)

Table 88 Impact of changes of the accounting treatment of liabilities to PFN, deposits with maturities over 3 months, and investments in the trading system on selected items of the consolidated statement of comprehensive income in 2016

	Note	Year ended 31 December 2016 *(previously reported)*	Adjustments			Year ended 31 December 2016 *(restated)*
			PFN *(see Note 35.1)*	Deposits *(see Note 35.2)*	Trading system *(see Note 35.3)*	
Sales revenue	22	310 862	-	-	-	310 862
Operating expenses	23	(150 155)	-	-	-	(150 155)
Other revenue	24	1 736	-	-	-	1 736
Impairment loss of receivables		(395)	-	-	-	(395)
Other expenses	24	(4 158)	(14 660)	-	-	(18 818)
Operating profit		**157 890**	**(14 660)**	**-**	**-**	**143 230**
Financial income	25	12 950	-	-	-	12 950
Financial expenses	25	(12 079)	-	-	-	(12 079)
Share of profit of entities measured by equity method		3 518	-	-	-	3 518
Profit before income tax		**162 279**	**(14 660)**	**-**	**-**	**147 619**
		-	**-**	**-**	**-**	**-**
Income tax expense	27	(31 145)	-	-	-	(31 145)
Profit for the period		**131 134**	**(14 660)**	**-**	**-**	**116 474**
Basic / Diluted earnings per share (PLN)	**16.5**	**3,12**	**(0,35)**	**-**	**-**	**2,77**

(all amounts in PLN'000 unless indicated otherwise)

Table 89 Impact of changes of the accounting treatment of liabilities to PFN, deposits with maturities over 3 months, and investments in the trading system on selected items of the consolidated statement of cash flows in 2017

	Note	Year ended 31 December 2017 *(previously reported)*	Adjustments		Year ended 31 December 2017 *(restated)*
			PFN *(see Note 35.1)*	**Deposits** *(see Note 35.2)*	
Cash flows from operating activities (selected items):					
Net profit of the period		156 091	2 646	-	158 737
Adjustments: Interest (income) on deposits, certificates of deposit and corporate bonds		(5 331)	-	3 340	(1 991)
Increase / (Decrease) of other liabilities (excluding committed investments and dividend payable)		(64 746)	(2 646)	-	(67 392)
Net cash flows from operating activities (all items):		**155 924**	**-**	**3 340**	**159 264**
Cash flows from investing activities (selected items):					
Interest received on deposits (presented as cash and cash equivalents)		5 331	-	(5 331)	-
Interest received on financial assets measured at amortised cost (previously presented in the balance sheet as other financial assets)		-	-	1 421	1 421
Purchase of financial assets measured at amortised cost (previously presented in the balance sheet as other financial assets)		-	-	(446 500)	(446 500)
Sale of financial assets measured at amortised cost (previously presented in the balance sheet as other financial assets)		-	-	280 500	280 500
Net cash flows from investing activities (all items):		**(16 719)**	**-**	**(169 910)**	**(186 629)**
Net (decrease) / increase in cash and cash equivalents		**39 421**	**-**	**(166 443)**	**(127 022)**
Impact of fx rates on cash balance in currencies		*241*	-	-	*241*
Cash and cash equivalents - opening balance		**446 814**	**-**	**(84 147)**	**362 667**
Cash and cash equivalents - closing balance		**486 476**	**-**	**(250 590)**	**235 886**

36. Events after the balance sheet date

The company GPW Ventures ASI S.A. was established on 13 February 2019. GPW S.A. is its sole founder and holds 100% of shares, i.e., 3,000,000 shares with a par value and issue value of PLN 1 per share. According to the articles of the company, the core business of GPW Ventures ASI S.A. is to collect assets from multiple investors and invest them in their interest according to the investment policy and to manage an alternative investment vehicle, including the introduction of the alternative investment vehicle to trading.

The consolidated 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 books of account:

Sylwia Sawicka – Chief Accountant	....

Warsaw, 26 February 2019