Giełda Papierów Wartościowych w Warszawie S.A. Group
(Warsaw Stock Exchange Group)

Report for Q1 2018

Warsaw, 27 April 2018

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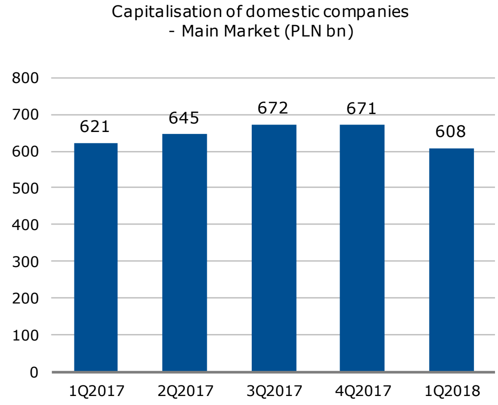
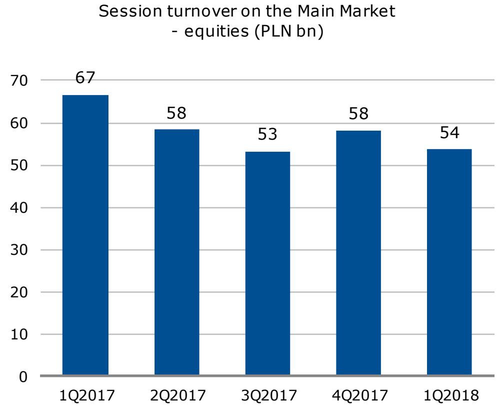
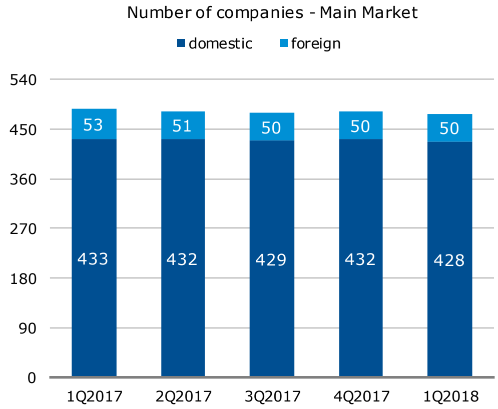
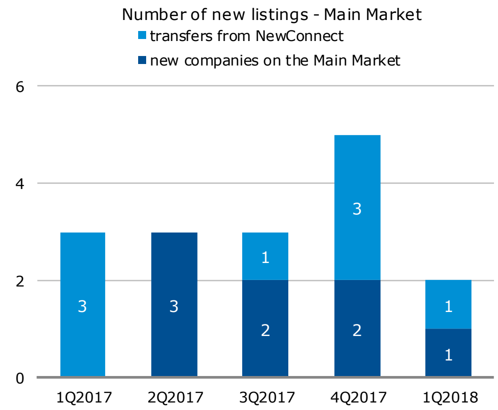
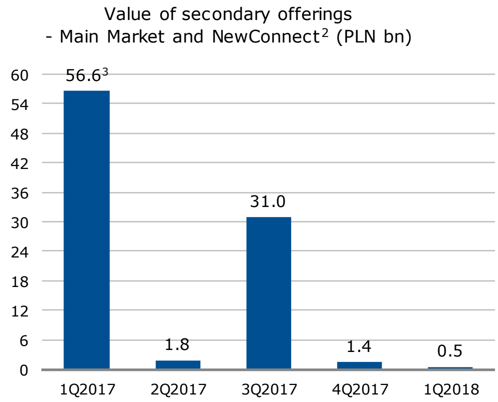
I. Selected market data[1]

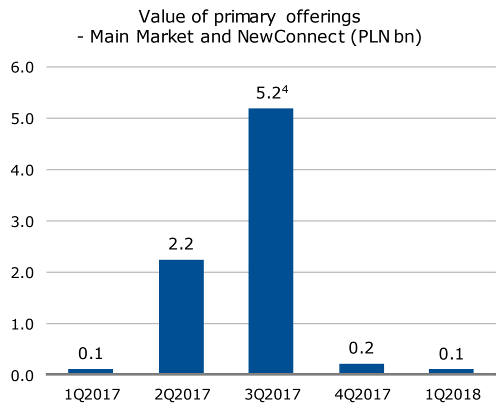




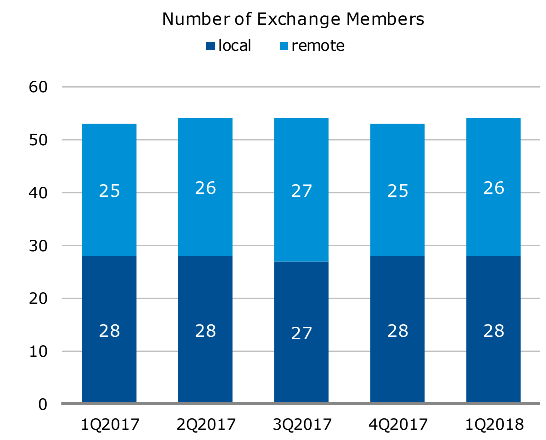


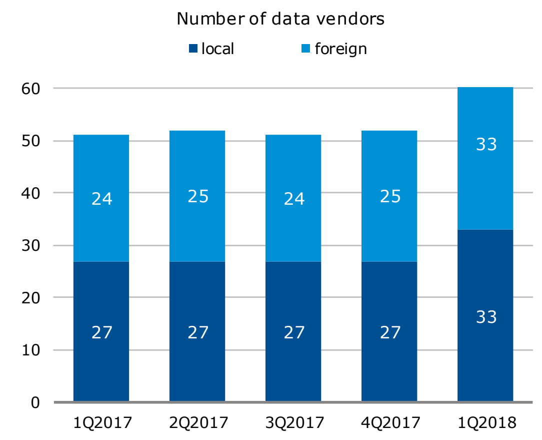


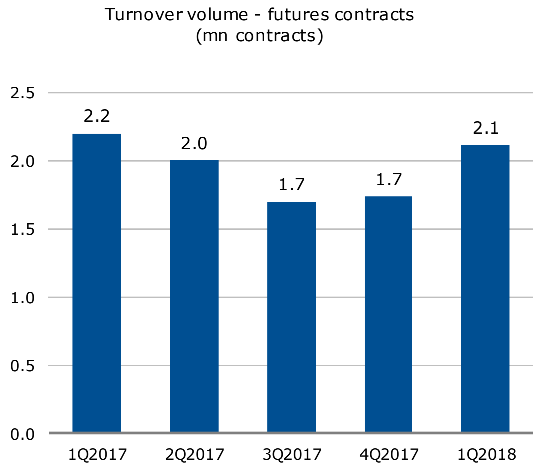


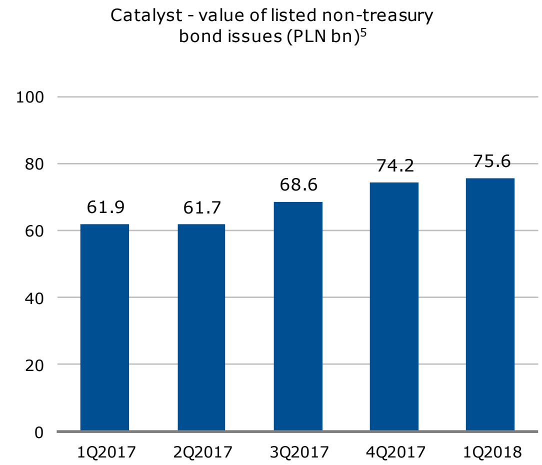


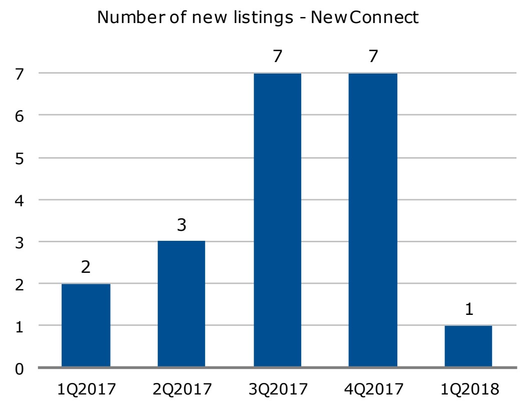
[1] All trading value and volume statistics presented in this Report are single-counted, unless indicated otherwise.
[2] Including offerings of dual-listed companies
[3] UniCredit S.p.A. completed a PLN 55.9 billion SPO in Q1 2017
[4] Play Communications S.A. completed a PLN 4.4 billion IPO in Q3 2017

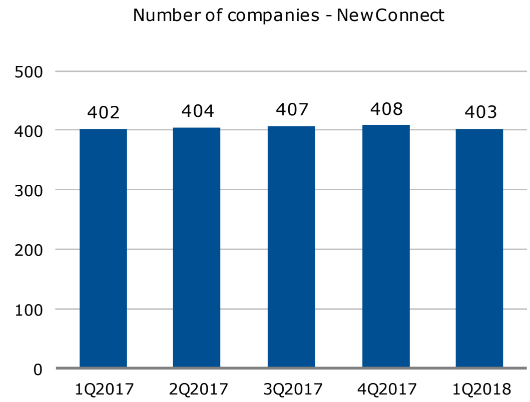




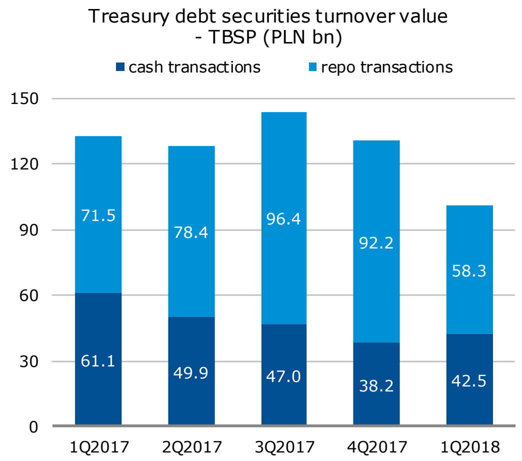


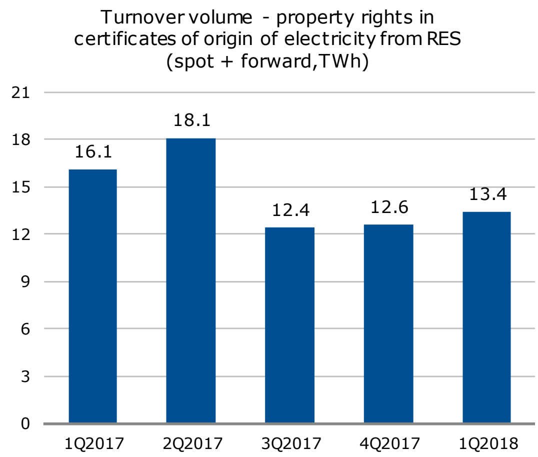


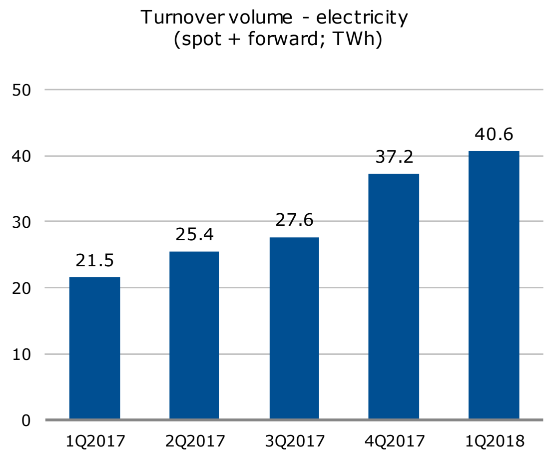


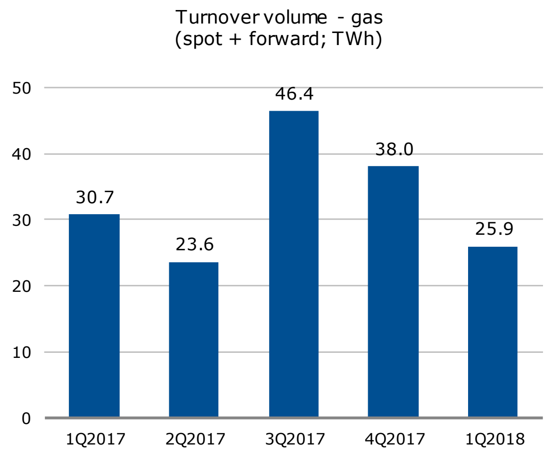


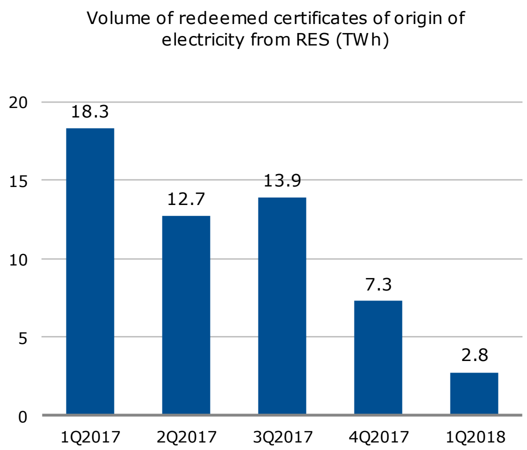
[5] The value of non-Treasury bonds since 2018 is presented according to the new classification of bonds complaint with MiFID2. Data for 2017 have been recalculated accordingly

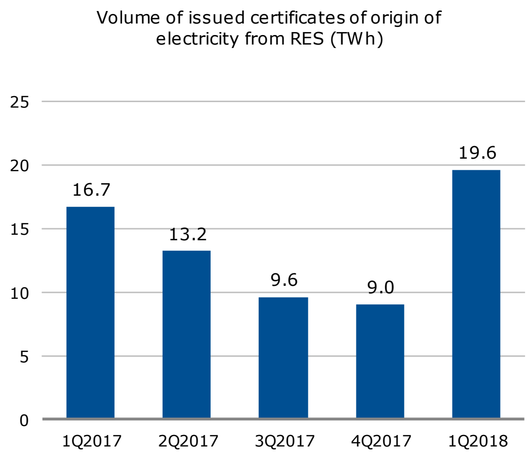

Treasury debt securities turnover value
- TBSP (PLN bn)
cash transactions
repo transactions
150
120
90
60
30
0
71.5
78.4
96.4
92.2
58.3
61.1
49.9
47.0
38.2
42.5
1Q2017
2Q2017
3Q2017
4Q2017
1Q2018


Turnover volume - property rights in
certificates of origin of electricity from RES
(spot + forward,TWh)
21
18
15
12
9
6
3
0
16.1
18.1
12.4
12.6
13.4
1Q2017
2Q2017
3Q2017
4Q2017
1Q2018

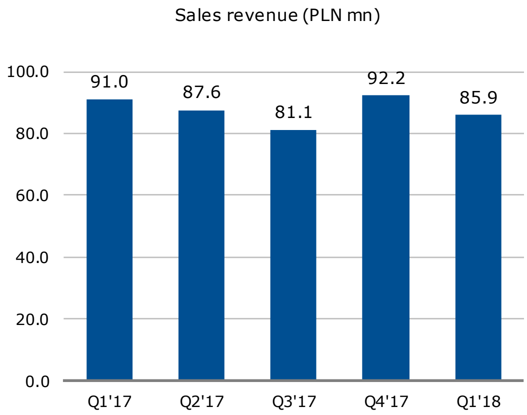

Turnover volume - electricity
(spot + forward; TWh)
50
40
30
20
10
0
21.5
25.4
27.6
37.2
40.6
1Q2017
2Q2017
3Q2017
4Q2017
1Q2018

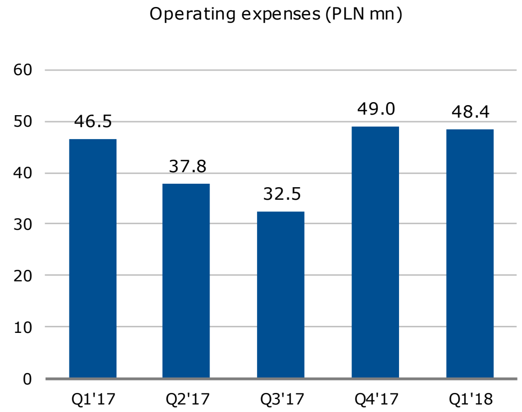

Turnover volume - gas
(spot + forward; TWh)
50
40
30
20
10
0
30.7
23.6
46.4
38.0
25.9
1Q2017
2Q2017
3Q2017
4Q2017
1Q2018

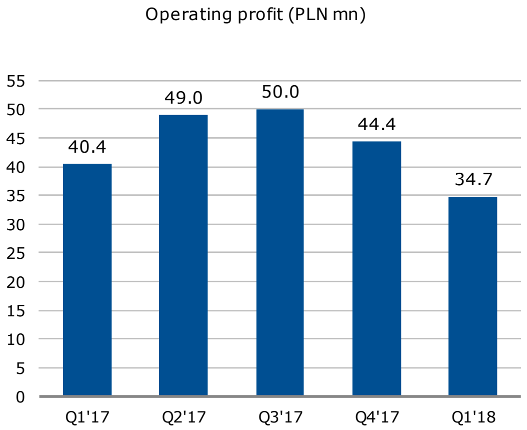

Volume of redeemed certificates of origin of
electricity from RES (TWh)
20
15
10
5
0
18.3
12.7
13.9
7.3
2.8
1Q2017
2Q2017
3Q2017
4Q2017
1Q2018

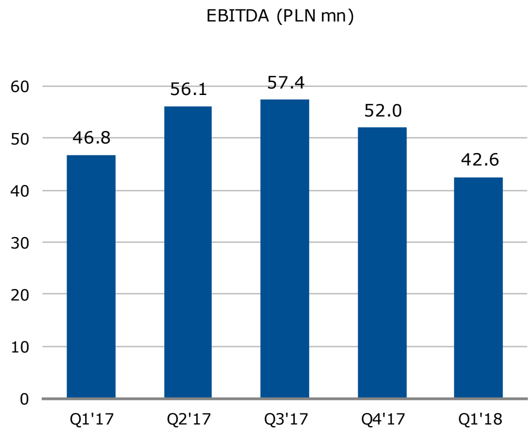

Volume of issued certificates of origin of
electricity from RES (TWh)
25
20
15
10
5
0
16.7
13.2
9.6
9.0
19.6
1Q2017
2Q2017
3Q2017
4Q2017
1Q2018

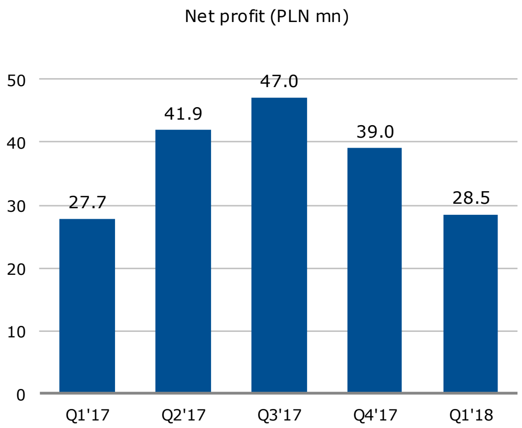
II. Selected financial data











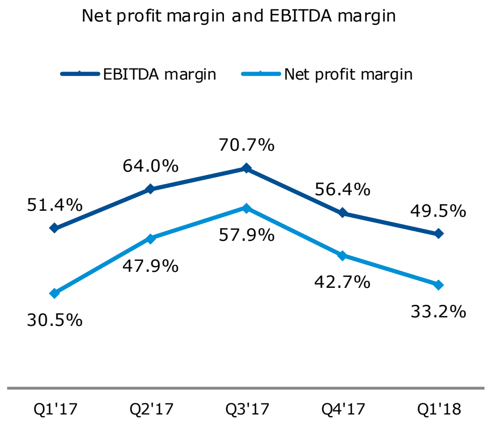


Table 1: Selected data in the consolidated statement of comprehensive income under IFRS, unaudited

	Three-month period ended 31 March			
	2018	2017	2018	2017
	PLN'000		*EUR'000* [1]	
Sales revenue	**85,936**	**91,034**	**20,553**	**21,050**
Financial market	**49,572**	**55,623**	**11,856**	**12,862**
Trading	32,897	38,846	7,868	8,983
Listing	5,924	6,347	1,417	1,468
Information services and revenue from calculation of reference rates	10,750	10,430	2,571	2,412
Commodity market	**36,213**	**35,115**	**8,661**	**8,120**
Trading	17,738	15,580	4,242	3,603
Register of certificates of origin	7,126	9,114	1,704	2,107
Clearing	11,251	10,336	2,691	2,390
Information services	98	85	23	20
Other revenue	**151**	**296**	**36**	**68**
Operating expenses	**48,360**	**46,515**	**11,566**	**10,756**
Other income	844	330	202	76
Impairment losses	1,476	-	353	-
Other expenses	2,200	4,414	526	1,021
Operating profit	**34,744**	**40,435**	**8,310**	**9,350**
Financial income	1,867	1,394	447	322
Financial expenses	2,208	7,551	528	1,746
Share of profit of associates	746	1,495	178	346
Profit before income tax	**35,149**	**35,773**	**8,407**	**8,272**
Income tax expense	6,657	8,027	1,592	1,856
Profit for the period	**28,492**	**27,746**	**6,814**	**6,416**
Basic / Diluted earnings per share[2] (PLN, EUR)	0.68	0.63	0.16	0.15
EBITDA[3]	**42,569**	**46,828**	**10,181**	**10,828**

[1] Based on average annual EUR/PLN exchange rate published by the National Bank of Poland (1 EUR = 4.1811 PLN in 2017 and 1 EUR = 4.3246 PLN in 2017)

[2] Based on total net profit

[3] EBITDA = operating profit + depreciation and amortisation

Source: Condensed Consolidated Interim Financial Statements, Company

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

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

	As at			
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	PLN'000		*EUR'000* [1]	
Non-current assets	**580,697**	**596,354**	**137,982**	**142,980**
Property, plant and equipment	108,691	110,784	25,827	26,561
Intangible assets	265,140	267,991	63,001	64,253
Investment in associates	195,986	207,389	46,569	49,723
Deferred tax assets	4,472	3,803	1,063	912
Available-for-sale financial assets	-	271	-	65
Financial assets measured at fair value through other comprehensive income	197	-	47	-
Prepayments	6,211	6,116	1,476	1,466
Current assets	**612,539**	**550,699**	**145,548**	**132,034**
Corporate income tax receivable	71	71	17	17
Trade and other receivables	87,399	64,096	20,767	15,367
Financial assets measured at amortised cost	82,707	-	19,652	-
Available-for-sale financial assets	12,151	-	2,887	-
Cash and cash equivalents	430,157	486,476	102,211	116,636
Other current assets	54	56	13	13
TOTAL ASSETS	**1,193,236**	**1,147,053**	**283,530**	**275,013**
Equity attributable to the shareholders of the parent entity	839,360	810,908	199,444	194,420
Non-controlling interests	581	573	138	137
Non-current liabilities	255,482	259,951	60,706	62,325
Current liabilities	97,813	75,621	23,242	18,131
TOTAL EQUITY AND LIABILITIES	**1,193,236**	**1,147,053**	**283,530**	**275,013**

[1] Based on the average EUR/PLN exchange rate of the National Bank of Poland as at 31.03.2018 (1 EUR = 4.2085 PLN) and 31.12.2017 (1 EUR = 4.1709 PLN).

Source: Condensed Consolidated Interim Financial Statements, Company

III. Information about the GPW Group

1. Information about the Group

1.1. Background information about the Group

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

The Warsaw Stock Exchange is a leading financial instruments exchange in Emerging Markets Europe (EME)[6] and Central and Eastern Europe (CEE)[7]. The markets operated by GPW list stocks and bonds of more than a thousand local and international issuers. The Exchange also offers trade in derivatives and structured products, as well as information services. Its 25 years of experience, high safety of trading, operational excellence and a broad range of products make GPW one of the most recognised Polish financial institutions in the world.

The GPW Group conducts activity in the following segments:

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

Basic information about the parent entity:

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

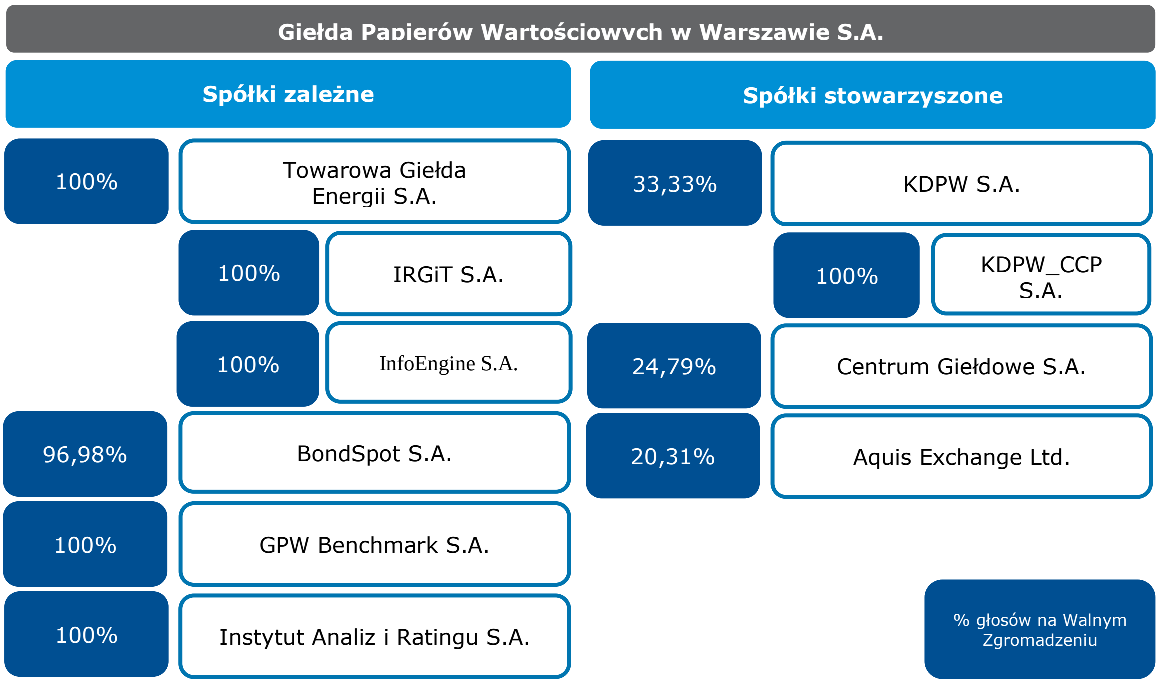
1.2. Organisation of the Group and the effect of changes in its structure

As at 31 March 2018, the parent entity and four consolidated subsidiaries comprised the Giełda Papierów Wartościowych w Warszawie S.A. Group. GPW held shares in three associates.

[6] EME – Emerging Markets Europe: Czech Republic, Greece, Hungary, Poland, Russia, Turkey.

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

Chart 1 GPW Group and associates



Source: Company Source: Company

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

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

The Group does not hold any branches or establishments.

1.3. Ownership

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

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

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

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

Table 3: GPW shares, allotment certificates and bonds held by the Company's and the Group's managing and supervising persons as at the date of publication of this Report

	Number of shares held	Number of allotment certificates held	Number of bonds held
Exchange Management Board			
Marek Dietl	-	-	-
Michał Cieciórski	-	-	-
Jacek Fotek	-	-	-
Dariusz Kułakowski	25	-	-
Exchange Supervisory Board			
Wojciech Nagel	-	-	-
Jakub Modrzejewski	-	-	-
Krzysztof Kaczmarczyk	-	-	-
Bogusław Bartczak	-	-	-
Filip Paszke	-	-	-
Piotr Prażmo	-	-	-
Eugeniusz Szumiejko	-	-	-

Source: Company

As at 31 March 2018, there were 25 shares held by the Company's and the Group's managing and supervising persons, all of which were held by GPW Management Board Member Dariusz Kułakowski.

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

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

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

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

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

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

Risk factors related to geopolitics and the global economic conditions

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

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

Risk factors relating to laws and regulations

Risk associated with amendments and interpretations of tax regulations

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

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

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

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

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

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

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

Open-ended pension funds are an important group of participants in the markets operated by the Group. As at the end of March 2018, open-ended pension funds held shares representing 21.2% of the capitalisation of domestic companies and 43.2% of shares traded on the Main Market (among shareholders holding less than 5% of the shares of a public company or classified as financial investors). In Q1 2018, open-ended pension funds generated ca. 4.2% of trade in shares on the GPW Main Market. They could also augment the risk of a large surplus of shares listed on GPW and curb the interest of other investors in such shares.

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

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

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

The Energy Law requires energy companies which generate electricity to sell at least 30% of electricity produced within a year among others on commodity exchanges. Energy companies trading in gas fuels are required to sell at least 55% of high-methane natural gas introduced to the transmission grid within the year on an exchange. Amendments to or cancellation of these requirements could reduce the activity of certain participants of the Polish Power Exchange, restrict the liquidity of trade in electricity and natural gas and the attractiveness of the commodity market for other participants.

Furthermore, the Energy Law requires energy companies which generate electricity and are entitled to compensation (to cover stranded costs) for early termination of long-term power and electricity contracts[8] to sell the remaining amount of generated electricity (not covered by the 30 percent obligation) in a way that ensures equal public access to energy in an open tender on a market organised by the operator of a regulated market in Poland or on commodity exchanges. The number of entities subject to the obligation decreases with time, which could reduce their activity on the Polish Power Exchange, the liquidity of trade in electricity, and the attractiveness of the commodity market for other participants.

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

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

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

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

Risk factors related to the business activity of the Group

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

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

Furthermore, following an amendment of regulations governing fees paid to cover the cost of supervision of the capital market (as of January 2016) and in view of the provisions of an interpretation of the International Financial Reporting Interpretations Committee (IFRIC 21), the GPW Group has decided to change the timing of recognition of liabilities in respect of fees due to PFSA and of charging the fees to costs. Until the end of 2015, GPW recognised 1/12 of the annual fee due to PFSA in each month of the year. According to IFRIC 21, an entity recognises a liability for fees due to PFSA at the date of the obligating event. The obligating event is the fact of carrying out a business subject to fees due to PFSA as at 1 January of each year. Consequently, the estimated amount of the annual fees due to PFSA will be charged to the accounts of the GPW Group of the first quarter of each year.

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

However, the amount of the liability is not yet known at the time when it is recognised and charged because the Chairperson of the Polish Financial Supervision Authority publishes the rates and the indicators necessary to calculate the fees in a public communique promulgated in the Official Journal of the Polish Financial Supervision Authority by 31 August of each calendar year. On that basis, the entities obliged to pay the fee will calculate the final amount of the annual fee due for the year and pay the fee by 30 September of the calendar year.

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

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

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

The Group acting through its subsidiary GPW Benchmark expanded its services as of 30 June 2017 following the take-over of the function of organiser of WIBID and WIBOR reference rate fixings from the Financial Markets Association ACI Polska and the functions of the calculation agent previously performed by Thomson Reuters. The Group will apply for authorisation as an administrator within the meaning of Regulation 2016/2011. In the opinion of the Company, the foregoing will not require material costs, and all the costs related to the take-over of the function of organiser and harmonisation with the requirements of Regulation 2016/2011 will be financed with the Group's own funds and contributions of participating banks paid under applicable agreements. There is a potential risk that the supervisory authority may refuse to issue the authorisation as an administrator. GPW Benchmark S.A. is gradually working to mitigate the risk. The main objective of GPW Benchmark is to become authorised as a WIBID and WIBOR Reference Rate administrator within the time limit required under the Regulation.

Potential disputes or reservations concerning the performance of the functions of fixing organiser by a Group company could have an adverse impact on its perception by market participants and on its reputation, and entail third-party liability of the Group. Once the status of administrator is granted in connection with the application of Regulation 2016/2011 as of the beginning of 2018, any breach of the administrator's obligations could lead to civil, administrative or criminal liability.

IV. FINANCIAL POSITION AND ASSETS

1. Summary of results

The **GPW Group** generated EBITDA[9] of PLN 42.6 million in Q1 2018, a decrease of PLN 4.3 million compared to PLN 46.8 million in Q1 2017.

The **GPW Group** generated an operating profit of PLN 34.7 million compared to PLN 40.4 million in Q1 2017. The decrease of the operating profit by PLN 5.7 million year on year was a result of lower revenue from the financial market (a decrease of PLN 6.1 million) and higher operating expenses (an increase of PLN 1.8 million). The decrease of revenue from the financial market was mainly driven by a decrease of revenue from trading in equities and equity-related instruments.

The net profit of the **Group** stood at PLN 28.5 million in Q1 2018, representing an increase of 2.7% or PLN 0.7 million compared to the net profit of the Group generated in Q1 2017 (PLN 27.7 million). The increase of the net profit was driven by a decrease of financial expenses by PLN 5.3 million. Financial expenses of PLN 7.6 million in Q1 2017 were driven by interest on financial liabilities in TGE.

GPW's EBITDA stood at PLN 21.7 million in Q1 2018, a decrease of PLN 3.9 million compared to PLN 25.6 million in Q1 2017.

GPW generated a separate operating profit of PLN 16.7 million in Q1 2018 compared to PLN 20.9 million in Q1 2017. **GPW**'s operating profit decreased year on year as a result of lower revenues, which decreased by PLN 4.7 million or 8.7% year on year, and higher operating expenses, which increased by PLN 0.5 million or 1,6% year on year.

GPW's net profit was PLN 12.4 million in Q1 2018 compared to PLN 14.8 million in Q1 2017. GPW's net profit decreased by PLN 2.4 million year on year.

TGE's EBITDA stood at PLN 13.3 million in Q1 2018 compared to PLN 13.8 million in Q1 2017. Its operating profit was PLN 11.2 million in Q1 2018 compared to PLN 12.8 million in Q1 2017. The decrease of the operating profit by PLN 1.6 million was driven by an increase of operating expenses by PLN 2.1 million. The net profit stood at PLN 9.3 million in Q1 2018 compared to PLN 5.8 million in Q1 2017. The increase of the net profit ion Q1 2018 was due to high financial expenses of PLN 4.7 million in Q1 2017, mainly including interest on tax liabilities at PLN 4.6 million. The total financial expenses stood at PLN 0.2 million in the reporting period.

IRGiT's EBITDA stood at PLN 7.4 million in Q1 2018 compared to PLN 6.3 million in Q1 2017. Its operating profit was PLN 7.0 million in Q1 2018 compared to PLN 5.8 million in Q1 2017. The increase of the operating profit in Q1 2018 was driven by an increase in revenue (by 10.1% or PLN 1.1 million), which grew more than operating expenses (by 1,4% or PLN 0.1 million). The net profit stood at PLN 5.9 million in Q1 2018 compared to PLN 4.9 million in Q1 2017.

BondSpot's EBITDA stood at PLN 0.5 million in Q1 2018 compared to PLN 1.1 million in Q1 2017. BondSpot's operating profit was PLN 0.3 million in Q1 2018 compared to PLN 0.9 million in Q1 2017. Its net profit stood at PLN 0.3 million in Q1 2018 compared to PLN 0.8 million in Q1 2017. The decrease of the net profit and the operating profit was driven by a decrease of revenue by 11.1% (PLN 0.4 million) year on year in Q1 2018 while operating expenses increased by 7.6% or PLN 0.2 million.

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

[9] Operating profit before depreciation and amortisation.

Table 4: Consolidated statement of comprehensive income of GPW Group by quarter in 2018 and 2017 and by year in 2016 and 2017

	2018	2017				2017	2016
PLN'000	Q1	Q4	Q3	Q2	Q1		
Sales revenue	**85 936**	**92 169**	**81 119**	**87 635**	**91 034**	**351 956**	**310 862**
Financial market	**49 572**	**51 875**	**48 851**	**52 500**	**55 623**	**208 849**	**183 698**
Trading	32 897	34 621	31 903	35 966	38 846	141 336	119 079
Listing	5 924	6 278	6 278	6 065	6 347	24 968	23 930
Information services	10 750	10 976	10 670	10 469	10 430	42 545	40 689
Commodity market	**36 213**	**40 215**	**31 989**	**34 770**	**35 115**	**142 088**	**125 254**
Trading	17 738	20 170	16 699	17 643	15 580	70 092	60 857
Register of certificates of origin	7 126	7 963	5 768	7 783	9 114	30 628	24 907
Clearing	11 251	11 990	9 435	9 258	10 336	41 019	39 163
Information services	98	92	87	86	85	349	327
Other revenue	**151**	**79**	**279**	**365**	**296**	**1 019**	**1 910**
Operating expenses	**48 360**	**48 978**	**32 505**	**37 765**	**46 515**	**165 763**	**150 155**
Depreciation and amortisation	7 825	7 566	7 342	7 024	6 393	28 325	25 793
Salaries	13 630	14 122	12 239	11 897	12 506	50 764	49 860
Other employee costs	3 780	3 070	2 867	3 002	3 142	12 081	11 300
Rent and maintenance fees	2 506	2 098	2 187	2 613	2 607	9 505	9 444
Fees and charges	9 268	233	(5 524)	229	11 615	6 553	10 009
incl. PFSA fees	*9 023*	*3*	*(5 781)*	*-*	*11 357*	*5 579*	*9 121*
External service charges	9 923	20 347	12 183	11 650	9 014	53 194	38 587
Other operating expenses	1 430	1 544	1 209	1 350	1 238	5 341	5 162
Other income	844	1 767	1 731	31	330	3 859	1 736
Impairment losses	1 476	-	-	-	-	-	-
Other expenses	2 200	559	308	868	4 414	6 149	4 553
Operating profit	**34 744**	**44 398**	**50 037**	**49 033**	**40 435**	**183 903**	**157 890**
Financial income	1 867	1 284	1 334	1 538	1 394	5 550	12 950
Financial expenses	2 208	2 438	(1 339)	2 497	7 551	11 147	12 079
Share of profit of associates	746	1 910	3 609	3 045	1 495	10 059	3 518
Profit before income tax	**35 149**	**45 154**	**56 319**	**51 119**	**35 773**	**188 365**	**162 279**
Income tax expense	6 657	5 754	9 320	9 173	8 027	32 274	31 145
Profit for the period	**28 492**	**39 400**	**46 999**	**41 946**	**27 746**	**156 091**	**131 134**

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

Source: Condensed Consolidated Interim Financial Statements, Company

Table 5: Consolidated statement of financial position of GPW Group by quarter in 2016, 2017 and 2018

	2018	2017				2016
PLN'000	Q1	Q4	Q3	Q2	Q1	Q4
Non-current assets	**580,697**	**596,354**	**594,774**	**597,220**	**597,334**	**597,287**
Property, plant and equipment	108,691	110,784	112,036	113,777	116,716	119,130
Intangible assets	265,140	267,991	268,916	271,380	272,490	273,815
Investment in associates	195,986	207,389	205,221	201,590	198,577	197,231
Deferred tax assets	4,472	3,803	1,796	3,349	3,261	1,809
Available-for-sale financial assets	-	271	280	278	278	288
Financial assets measured at fair value through other comprehensive income	197	-	-	-	-	-
Non-current prepayments	6,211	6,116	6,525	6,846	6,012	5,014
Current assets	**612,539**	**550,699**	**513,493**	**615,476**	**592,548**	**560,561**
Inventories	54	56	54	53	60	57
Corporate income tax receivable	71	71	95	71	559	428
Trade and other receivables	87,399	64,096	63,768	89,069	165,243	113,262
Financial assets measured at amortised cost	82,707	-	-	-	-	-
Assets held for sale	12,151	-	-	-	-	-
Cash and cash equivalents	430,157	486,476	449,576	526,283	426,686	446,814
Total assets	**1,193,236**	**1,147,053**	**1,108,267**	**1,212,696**	**1,189,882**	**1,157,848**
Equity	**839,941**	**811,481**	**771,612**	**724,591**	**772,849**	**745,252**
Share capital	63,865	63,865	63,865	63,865	63,865	63,865
Other reserves	1,349	1,347	1,128	1,106	1,035	1,184
Retained earnings	774,146	745,696	706,058	659,085	707,399	679,678
Non-controlling interests	581	573	561	535	550	525
Non-current liabilities	**255,482**	**259,951**	**260,449**	**258,780**	**258,516**	**143,422**
Liabilities under bond issue	243,670	243,573	243,475	243,378	243,281	123,459
Employee benefits payable	1,454	1,454	1,468	1,838	2,274	1,832
Finance lease liabilities	-	-	-	-	17	32
Accruals and deferred income	5,452	5,592	5,996	6,064	6,132	6,200
Deferred income tax liability	2,682	7,108	7,286	5,276	4,588	9,675
Other liabilities	2,224	2,224	2,224	2,224	2,224	2,224
Current liabilities	**97,813**	**75,621**	**76,206**	**229,325**	**158,517**	**269,174**
Liabilities under bond issue	2,070	1,938	2,100	1,896	2,069	122,882
Trade payables	23,849	21,303	6,169	3,496	6,199	6,387
Employee benefits payable	8,141	12,958	10,515	8,060	5,812	8,114
Finance lease liabilities	15	31	48	64	62	62
Corporate income tax payable	1,636	6,012	4,587	7,597	13,188	16,154
Credits and loans	-	-	20,021	59,958	59,798	-
Performance obligations	33,037	-	-	-	-	-
Accruals and deferred income *	559	7,386	15,641	37,194	41,722	7,144
Provisions for other liabilities and charges	67	210	191	318	317	333
Other current liabilities	28,439	25,783	16,934	110,742	29,350	108,098
Total equity and liabilities	**1,193,236**	**1,147,053**	**1,108,267**	**1,212,696**	**1,189,882**	**1,157,848**

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

Source: Condensed Consolidated Interim Financial Statements, Company

2. Presentation of the financials

REVENUE

The Group has three revenue-generating segments:

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

Revenues from the financial market include revenues from:

- trading,
- listing,
- information services and revenue from calculation of reference rates.

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

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

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

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

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

Revenues from transactions in debt instruments were the third largest source of trading revenues on the financial market in Q1 2018. Revenues from transactions in debt instruments are generated by the Catalyst market as well as the Treasury BondSpot Poland market operated by BondSpot S.A., a subsidiary of GPW.

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

Listing revenues include two elements:

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

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

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

Revenue on the commodity market includes the following:

- trading,
- operation of the Register of Certificates of Origin,
- clearing,

- information services.

Trading revenue on the commodity market includes:

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

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

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

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

The **Group**'s sales revenues amounted to PLN 85.9 million in Q1 2018, a decrease of 5.6% (PLN 5.1 million) year on year compared to PLN 91.0 million in Q1 2017.

The decrease in sales revenues year on year in Q1 2018 was driven by a decrease in revenues from the **financial market** segment by PLN 6.1 million or 10.9%, mainly from transactions in equities and equity-related instruments. Listing revenue also decreased by PLN 0.4 million or 6.7%, while the revenue from information services increased by PLN 0.3 million year on year. The revenues from the **commodity market** increased by PLN 1.1 million or 3.1% year on year. The increase of the revenue from the commodity market was driven mainly by an increase of the revenue from trade in electricity by PLN 1.3 million or 71,0% year on year. The GPW Group's revenue from trade in property rights to certificates of origin increased by PLN 0.9 million and its revenue from other revenues paid by market participants increased by PLN 0.3 million. Revenues from clearing increased by PLN 0.9 million. Revenues from the operation of the register of certificates of origin decreased by PLN 2.0 million year on year.

The revenue of **TGE** stood at PLN 23.8 million in Q1 2018 compared to PLN 23.9 million in Q1 2017, representing a decrease of PLN 0.1 million or 0.3% year on year. The revenue of **IRGiT** was PLN 12.2 million in Q1 2018, an increase of PLN 1.1 million or 10.1% year on year. The revenue of **BondSpot** decreased and stood at PLN 3.0 million in Q1 2018 compared to PLN 3.4 million in Q1 2017.

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

Table 6: Consolidated revenues of GPW Group and revenue structure in the three-month periods ended 31 March 2017, 31 December 2017, and 31 March 2018

	Three-month period ended						Change (Q1 2018 vs Q1 2017)	Change (%) (Q1 2018 vs Q1 2017)
PLN'000, %	31 March 2018	%	31 December 2017	%	31 March 2017	%		
Financial market	**49,572**	**58%**	**51,875**	**56%**	**55,623**	**61%**	**(6,051)**	**-10.9%**
Trading revenue	32,897	38%	34,621	38%	38,846	43%	(5,949)	-15.3%
Equities and equity-related instruments	24,890	29%	27,188	29%	30,194	33%	(5,304)	-17.6%
Derivative instruments	3,231	4%	2,672	3%	3,421	4%	(190)	-5.6%
Other fees paid by market participants	1,914	2%	1,849	2%	1,921	2%	(7)	-0.4%
Debt instruments	2,750	3%	2,801	3%	3,198	4%	(448)	-14.0%
Other cash instruments	112	0%	111	0%	112	0%	-	0.0%
Listing revenue	5,924	7%	6,278	7%	6,347	7%	(423)	-6.7%
Listing fees	5,091	6%	4,982	5%	5,188	6%	(97)	-1.9%
Introduction fees, other fees	833	1%	1,296	1%	1,159	1%	(326)	-28.1%
Information services and revenue from calculation of reference rates	10,750	13%	10,976	12%	10,430	11%	320	3.1%
Real-time information and revenue from calculation of reference rates	9,854	11%	10,226	11%	9,686	11%	168	1.7%
Indices and historical and statistical information	896	1%	750	1%	744	1%	152	20.5%
Commodity market	**36,213**	**42%**	**40,215**	**44%**	**35,115**	**39%**	**1,098**	**3.1%**
Trading revenue	17,738	21%	20,170	22%	15,580	17%	2,158	13.9%
Electricity	3,121	4%	2,864	3%	1,825	2%	1,296	71.0%
Spot	744	1%	718	1%	754	1%	(10)	-1.3%
Forward	2,377	3%	2,146	2%	1,071	1%	1,306	121.9%
Gas	2,258	3%	3,024	3%	2,521	3%	(263)	-10.4%
Spot	1,159	1%	620	1%	940	1%	219	23.3%
Forward	1,099	1%	2,404	3%	1,581	2%	(482)	-30.5%
Property rights in certificates of origin	9,527	11%	11,430	12%	8,672	10%	855	9.9%
Other fees paid by market participants	2,832	3%	2,852	3%	2,562	3%	270	10.5%
Register of certificates of origin	7,126	8%	7,963	9%	9,114	10%	(1,988)	-21.8%
Clearing	11,251	13%	11,990	13%	10,336	11%	915	8.9%
Information services	98	0%	92	0%	85	0%	13	15.6%
Other revenue *	**151**	**0%**	**79**	**0%**	**296**	**0%**	**(145)**	**-48.9%**
Total	**85,936**	**100%**	**92,169**	**100%**	**91,034**	**100%**	**(5,098)**	**-5.6%**

** other income includes the financial market and the commodity market.*

Source: Condensed Consolidated Interim Financial Statements, Company

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

Table 7: Consolidated revenues of the Group by geographical segment in the three-month periods ended 31 March 2017, 31 December 2017, and 31 March 2018

PLN'000, %	Three-month period ended						Change (Q1 2018 vs Q1 2017)	Change (%) (Q1 2018 vs Q1 2017)
	31 March 2018	%	31 December 2017	%	31 March 2017	%		
Revenue from foreign customers	21,444	25%	21,287	23%	21,680	24%	(236)	-1.1%
Revenue from local customers	64,492	75%	70,882	77%	69,354	76%	(4,862)	-7.0%
Total	**85,936**	**100%**	**92,169**	**100%**	**91,034**	**100%**	**(5,098)**	**-5.6%**

Source: Condensed Consolidated Interim Financial Statements, Company

FINANCIAL MARKET

TRADING

The revenues of the Group from trading on the financial market stood at PLN 32.9 million in Q1 2018 compared to PLN 38.8 million in Q1 2017.

Equities and equity-related instruments

Revenues from trading in **equities and equity-related instruments** amounted to PLN 24.9 million in Q1 2018, representing a decrease of 17.6% year on year compared to PLN 30.2 million in Q1 2017.

The decrease of the revenues from trading in equities was driven by a decrease of the value of trade on the Main Market. The total value of trade was PLN 55.2 billion in Q1 2018, a decrease of 19.5% year on year (including a decrease of trade on the electronic order book by 19.5% and a decrease of the value of block trades by 18.8%). The WIG index stood at 58,377.42 points as at 31 March 2018, gaining 0.8% year on year.

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

	Three-month period ended			Change (Q1 2018 vs Q1 2017)	Change (%) (Q1 2018 vs Q1 2017)
	31 March 2018	31 December 2017	31 March 2017		
Financial market, trading revenue: equities and equity-related instruments *(PLN million)*	**24.9**	**27.2**	**30.2**	**(5.3)**	**-17.6%**
Main Market:					
Value of trading (PLN billion)	55.2	61.1	68.6	(13.3)	-19.5%
Volume of trading (billions of shares)	2.8	3.4	4.4	(1.7)	-37.7%
NewConnect:					
Value of trading (PLN billion)	0.3	0.3	0.5	(0.2)	-45.8%
Volume of trading (billions of shares)	0.4	0.7	0.9	(0.5)	-52.6%

Source: Condensed Consolidated Interim Financial Statements, Company

Derivatives

Revenues of the Group from transactions in **derivatives** on the financial market amounted to PLN 3.2 million in Q1 2018 compared to PLN 3.4 million in Q1 2017, representing a decrease of PLN 0.2 million or 5.6%.

The total volume of trade in derivatives decreased by 5.8% year on year in Q1 2018. The volume of trade in WIG20 futures, which account for the major part of the revenues from transactions in derivatives, decreased by 8.6% year on year in Q1 2018.

Table 9: Data for the derivatives market

	Three-month period ended			Change (Q1 2018 vs Q1 2017)	Change (%) (Q1 2018 vs Q1 2017)
	31 March 2018	31 December 2017	31 March 2017		
Financial market, trading revenue: derivatives *(PLN million)*	**3.2**	**2.7**	**3.4**	**(0.2)**	**-5.6%**
Volume of trading in derivatives (millions of contracts):	2.1	1.7	2.2	(0.1)	-5.8%
incl.: Volume of trading in WIG20 futures (millions of contracts)	1.2	1.0	1.3	(0.1)	-8.6%

Source: Condensed Consolidated Interim Financial Statements, Company

Other fees paid by market participants

Revenues of the Group from **other fees** paid by market participants stood at PLN 1.9 million in Q1 2018 and remained stable year on year. The fees mainly include fees for access to the trading system and fees for use of the system (among others, licence fees, connection fees and maintenance fees).

Debt instruments

Revenues of the Group from transactions in **debt instruments** stood at PLN 2.8 million in Q1 2018 compared to PLN 3.2 million in Q1 2017. The majority of the Group's revenues from the debt instruments segment is generated by Treasury BondSpot Poland (TBSP).

The year-on-year decrease of the revenues on TBSP in Q1 2018 was driven by a decrease in the value of trade on TBS Poland in Q1 2018, including both cash and conditional transactions.

The value of trade in Polish Treasury securities on TBSP was PLN 100.8 billion in Q1 2018, a decrease of 24.0% year on year. The value of trade decreased in both market segments. Conditional transactions stood at PLN 58.3 billion, a decrease of 18.5% year on year. Cash transactions stood at PLN 42.5 billion, a decrease of 30.4% year on year. The value of trade in Q1 2018 was mainly driven by market factors impacting the interest rate market, which affected the yields and prices on the local Treasury bond market.

The value of trading on Catalyst was PLN 0.9 billion in Q1 2018, an increase of 37.4% year on year. Revenues from Catalyst have a small share in the Group's total revenues from transactions in debt instruments.

Table 10: Data for the debt instruments market

	Three-month period ended			Change (Q1 2018 vs Q1 2017)	Change (%) (Q1 2018 vs Q1 2017)
	31 March 2018	31 December 2017	31 March 2017		
Financial market, trading revenue: debt instruments *(PLN million)*	**2.8**	**2.8**	**3.2**	**(0.4)**	**-14.0%**
Catalyst:					
Value of trading (PLN billion)	0.9	0.7	0.7	0.2	37.4%
incl.: Value of trading in non-Treasury instruments (PLN billion)	0.7	0.5	0.4	0.3	81.1%
Treasury BondSpot Poland, value of trading:					
Conditional transactions (PLN billion)	58.3	92.2	71.5	(13.3)	-18.5%
Cash transactions (PLN billion)	42.5	38.2	61.1	(18.6)	-30.4%

Source: Condensed Consolidated Interim Financial Statements, Company

Other cash market instruments

Revenues from transactions in **other cash market instruments** were stable year on year and stood at PLN 112.0 thousand in Q1 2018. The revenues include fees for trading in structured products, investment certificates and ETF units.

LISTING

Listing revenues on the financial market amounted to PLN 5.9 million in Q1 2018 compared to PLN 6.3 million in Q1 2017.

Revenues from **listing fees** amounted to PLN 5.1 million in Q1 2018, a decrease of 1.9% or PLN 0.1 million year on year. The main driver of revenues from listing fees is the number of issuers listed on the GPW markets and their capitalisation at the year's end.

Revenues from **fees for introduction and other fees** amounted to PLN 0.8 million in Q1 2018 and PLN 1.2 million in Q1 2017. The revenues are driven mainly by the number and value of new listings of shares and bonds on the GPW markets. The value of SPOs decreased sharply year on year from PLN 56,546 million in Q1 2017 to PLN 503 million in Q1 2018. The value of IPOs remained stable at PLN 0.1 million.

Listing revenues on the GPW Main Market decreased by 9.0% year on year in Q1 2018. The table below presents the key financial and operating figures. Two companies were newly listed and 7 companies were delisted on the Main Market in Q1 2018; the changes concern domestic companies. The capitalisation of the delisted companies was PLN 12.3 billion, causing a decrease of the value of trade in Q1 2018.

Table 11: Data for the GPW Main Market

	Three-month period ended			Change (Q1 2018 vs Q1 2017)	Change (%) (Q1 2018 vs Q1 2017)
	31 March 2018	31 December 2017	31 March 2017		
Main Market					
Listing revenue (PLN million)	**4.8**	**4.9**	**5.3**	**(0.5)**	**-9.0%**
Total capitalisation of listed companies *(PLN billion)*	1,302.2	1,379.9	1,260.0	42.2	3.3%
including: Capitalisation of listed domestic companies	607.7	671.0	621.3	(13.6)	-2.2%
including: Capitalisation of listed foreign companies	694.6	708.9	638.7	55.8	8.7%
Total number of listed companies	478	482	486	(8.0)	-1.6%
including: Number of listed domestic companies	428	432	433	(5.0)	-1.2%
including: Number of listed foreign companies	50	50	53	(3.0)	-5.7%
Value of offerings *(IPO and SPO) (PLN billion)* *	0.6	1.5	56.6	(56.0)	-98.9%
Number of new listings *(in the period)*	2	6	3	(1.0)	-33.3%
Capitalisation of new listings *(PLN billion)*	0.4	0.8	0.6	(0.2)	-31.1%
Number of delistings	7	3	4	3.0	75.0%
Capitalisation of delistings** (PLN billion)	12.3	0.1	0.7	11.5	1562.6%

** including SPO of UniCredit S.p.A. at PLN 55.9 billion in Q1 2017*

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

Source: Company

Listing revenues from NewConnect decreased by 2.9% year on year in Q1 2018. The table below presents the key financial and operating figures.

Table 12: Data for NewConnect

	Three-month period ended 31 March 2018	31 December 2017	31 March 2017	Change (Q1 2018 vs Q1 2017)	Change (%) (Q1 2018 vs Q1 2017)
NewConnect					
Listing revenue *(PLN million)*	**0.5**	**0.6**	**0.5**	**(0.02)**	**-2.9%**
Total capitalisation of listed companies *(PLN billion)*	9.1	9.6	10.2	-1.1	-11.1%
including: Capitalisation of listed domestic companies	8.9	9.4	9.9	-1.0	-10.0%
including: Capitalisation of listed foreign companies	0.2	0.2	0.3	-0.2	-46.4%
Total number of listed companies	403	408	402	1	0.2%
including: Number of listed domestic companies	396	401	394	2	0.5%
including: Number of listed foreign companies	7	7	8	-1	-12.5%
Value of offerings *(IPO and SPO) (PLN billion)*	0.0	0.1	0.1	0.0	-43.0%
Number of new listings *(in the period)*	1	7	2	-1	-50.0%
Capitalisation of new listings *(PLN billion)*	0.1	0.5	0.1	0.0	54.4%
Number of delistings*	6	6	6	0	0.0%
Capitalisation of delistings** (PLN billion)	0.3	0.3	0.6	-0.3	-53.6%

** includes companies which transferred to the Main Market*

Source: Company

Listing revenues from Catalyst stood at PLN 0.6 million in Q1 2018 and were stable year on year. The table below presents the key financial and operating figures.

Table 13: Data for Catalyst

	Three-month period ended 31 March 2018	31 December 2017	31 March 2017	Change (Q1 2018 vs Q1 2017)	Change (%) (Q1 2018 vs Q1 2017)
Catalyst					
Listing revenue *(PLN million)*	**0.6**	**0.8**	**0.6**	**0.1**	**11.0%**
Number of issuers	154	161	173	(19)	-11.0%
Number of issued instruments	602	608	594	8	1.3%
including: non-Treasury instruments	552	566	551	1	0.2%
Value of issued instruments *(PLN billion)*	772.8	751.7	735.9	36.9	5.0%
including: non-Treasury instruments	75.6	95.8	83.4	-7.8	-9.4%

Source: Company

INFORMATION SERVICES

Revenues from **information services** amounted to PLN 10.8 million in Q1 2018 compared to PLN 10.5 million in Q1 2017.

Table 14: Data for information services

	Three-month period ended 31 March 2018	31 December 2017	31 March 2017	Change (Q1 2018 vs Q1 2017)	Change (%) (Q1 2018 vs Q1 2017)
Revenues from information services and WIBID and WIBOR reference rate services * *(PLN million)*	**10.8**	**11.1**	**10.5**	**0.3**	**3.2%**
Number of data vendors	66	52	51	15	29.4%
Number of subscribers ('000 subscribers)	254.1	244.6	238.2	15.9	6.7%

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

Source: Condensed Consolidated Interim Financial Statements, Company

COMMODITY MARKET

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

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

Revenues of the GPW Group on the commodity market stood at PLN 36.2 million in Q1 2018 compared to PLN 35.1 million in Q1 2017.

The year-on-year increase of revenues on the commodity market in Q1 2018 was mainly driven by an increase in revenues from transactions in electricity, which stood at PLN 3.1 million compared to PLN 1.8 million in Q1 2017, representing an increase of 71.0% or PLN 1.3 million. Revenues from trade in property rights to certificates of origin increased by PLN 0.9 million. Revenues from other fees paid by market participants increased by 10.5% or PLN 0.3 million. Revenues from clearing increased by 8.9% or PLN 0.9 million. The revenue from transactions in gas decreased by 10.4% year on year. The revenue from the operation of the register of certificates of origin decreased by 21.8%.

Revenue from information services on the commodity market includes information services sold via GPW's channels. Revenue from information services on the commodity market stood at PLN 98 thousand in Q1 2018.

TRADING

Revenues of the GPW Group from trading on the commodity market stood at PLN 17.7 million in Q1 2018, including PLN 0.7 million of revenues from spot transactions in electricity, PLN 2.4 million of revenues from forward transactions in electricity, PLN 1.2 million of revenues from spot transactions in gas, PLN 1.1 million of revenues from forward transactions in gas, PLN 9.5 million of revenues from transactions in property rights to certificates of origin of electricity, and PLN 2.8 million of other fees paid by market participants. Revenues from trading increased by 13.9% or PLN 2.2 million year on year in Q1 2018.

The Group's revenues from **trade in electricity** amounted to PLN 3.1 million in Q1 2018 compared to PLN 1.8 million in Q1 2017. The total volume of trading on the energy markets operated by TGE amounted to 40.6 TWh in Q1 2018 compared to 21.5 TWh in Q1 2017.

The year-on-year increase of the revenues from trade in electricity was driven by a higher volume of trade, especially forward transactions. The volume of forward transactions increased by 126.6% year on year. The volume of trade on TGE was the highest since January 2016.

The market in electricity is sensitive to changes in the legal and international environment. The increase in trade on the gas market was driven by the amendment of the obligation to sell electricity on the exchange under the Energy Law, which took effect in December 2017. The amendment raised the mandatory volume of sale on a commodity exchange to not less than 30% of electricity produced during the year, as compared to 15% in 2017. In addition, gas prices for industrial clients were deregulated in October 2017. This has a positive effect on TGE as wholesale market organiser because its role in the process of setting prices for industrial clients grew.

The Market in Financial Instruments Directive (MiFID II) took effect in January 2018. MiFID II gives a new status to such derivatives and imposes new obligations on organisers and participants in trade in such instruments. The uncertainty around MiFID II and doubts about its impact on the energy market probably impacted the volume of trade on the commodity exchange in 2017. TGE implemented the Act on MiFID II in 2018, ahead of the implementation of MiFID II in Poland scheduled in H1 2018. The stability and clarity of market regulation could encourage companies to trade on the forward market, which could drive the volume of trade in 2018.

The Group's revenues from **trade in gas** amounted to PLN 2.3 million in Q1 2018 compared to PLN 2.5 million in Q1 2017. The volume of trade in gas on TGE was 25.9 TWh in Q1 2018 compared to 30.7 TWh in Q1 2017. The volume of trade on the Day-ahead and Intraday Market in gas was 10.9 TWh compared to 9.2 TWh in Q1 2017. The volume of trade on the Commodity Forward Instruments Market was 15.1 TWh, a decrease of 29.6% year on year.

The Group's revenue from the operation of **trading in property rights** stood at PLN 9.5 million in Q1 2018 compared to PLN 8.7 million in Q1 2017. The volume of trading in property rights stood at 13.4 TWh in Q1 2018, a decrease of 16.0% year on year. Changes in revenue from trading in property rights are not proportionate to changes in the volume of trade due to different fees for different types of property rights. Furthermore, the revenue from trade in property rights to energy efficiency (white certificates) increased sharply and stood at PLN 2.3 million in Q1 2018 compared to PLN 1.1 million in Q1 2017. The volume of trade in property rights to energy efficiency was 137,764 toe, an increase of 114.4% year on year.

Revenues of the Group from **other fees paid by commodity market participants** amounted to PLN 2.8 million in Q1 2018 compared to PLN 2.6 million in Q1 2017. Other fees paid by commodity market participants included fees paid by TGE market participants at PLN 1.5 million, revenues of InfoEngine from the activity of trade operator at PLN 0.5 million, and revenues of IRGiT at PLN 0.8 million including participation fees, fees for participation in TGE markets, and other fees.

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

The revenue from exchange fees had the biggest share of all these. The main contribution to the revenue from other fees paid by commodity market participants was that of annual fees, accounting for 33.6% of revenue from other fees. Revenue from annual fees stood at PLN 1.0 million in Q1 2018, an increase of 6.8% year on year. The Exchange Commodity Market had 71 members as at 31 March 2018, two more than a year earlier.

Table 15: Data for the commodity market

	Three-month period ended			Change (Q1 2018 vs Q1 2017)	Change (%) (Q1 2018 vs Q1 2017)
	31 March 2018	31 December 2017	31 March 2017		
Commodity market - trading revenue (PLN million)	**17.7**	**20.2**	**15.6**	**2.2**	**13.9%**
Volume of trading in electricity					
Spot transactions *(TWh)*	7.3	6.7	6.8	0.4	6.1%
Forward transactions *(TWh)*	33.3	30.5	14.7	18.6	126.6%
Volume of trading in gas					
Spot transactions *(TWh)*	10.9	6.1	9.2	1.6	17.4%
Forward transactions *(TWh)*	15.1	31.9	21.4	(6.3)	-29.6%
Volume of trading in property rights (TGE) (TWh)	13.5	12.7	16.2	(2.7)	-16.4%

Source: Condensed Consolidated Interim Financial Statements, Company

REGISTER OF CERTIFICATES OF ORIGIN

Revenues from the operation of the **Register of Certificates of Origin** amounted to PLN 7.1 million in Q1 2018 compared to PLN 9.1 million in Q1 2017. The year-on-year decrease of the revenues was mainly driven by a decrease of revenues from cancellations of property rights, especially green certificates of origin, which dropped from PLN 7.0 million to PLN 4.6 million in Q1 2018.

Table 16: Data for the Register of Certificates of Origin

	Three-month period ended			Change (Q1 2018 vs Q1 2017)	Change (%) (Q1 2018 vs Q1 2017)
	31 March 2018	31 December 2017	31 March 2017		
Commodity market - revenue from operation of the Register of Certificates of Origin of electricity (PLN million)	**7.1**	**8.0**	**9.1**	**(2.0)**	**-21.8%**
Issued property rights *(TWh)*	19.7	9.4	16.7	3.0	18.0%
Cancelled property rights *(TWh)*	2.8	7.3	18.3	(15.5)	-84.5%

Source: Condensed Consolidated Interim Financial Statements, Company

CLEARING

The Group earns revenue from the **clearing activities** of IRGiT, which is a subsidiary of TGE. The revenue stood at PLN 11.3 million in Q1 2018 compared to PLN 10.3 million in Q1 2017. The revenue increased by 8.9% or PLN 0.9 million year on year due to an increase in the volume of trade on the commodity exchange.

OTHER REVENUES

The Group's other revenues amounted to PLN 0.2 million in Q1 2018 compared to PLN 0.3 million in Q1 2017. The Group's other revenues include mainly revenues from office space lease and sponsorship.

The decrease in other revenues was mainly driven by lower revenues from lease and sponsorship.

OPERATING EXPENSES

The total operating expenses of the **GPW Group** amounted to PLN 48.4 million in Q1 2018, representing an increase of PLN 4.0% or PLN 1.8 million year on year. Depreciation and amortisation charges reported the highest increase by PLN 1.4 million due to the implementation of TGE's trading systems. The high increase in external service charges was driven by the preparation of GPW Group companies for compliance with MiFID2/MiFIR, consulting services concerning the sale of the associate Aquis and support in the development of the new strategy. In addition, fees and charges decreased sharply year on year in Q1 2018 because the provisions for the fee due to PFSA stood at PLN 9.0 million in Q1 2018 compared to PLN 11.4 million in Q1 2017.

Separate operating expenses of **GPW** amounted to PLN 29.9 million in Q1 2018, representing an increase of PLN 0.5 million (1.6%) year on year. The increase of operating expenses in Q1 2018 was driven by an increase of salaries and other employee costs combined with a decrease of fees and charges.

Operating expenses of **TGE** amounted to PLN 12.4 million in Q1 2018 compared to PLN 10.2 million in Q1 2017. The increase of the operating expenses year on year in Q1 2018 was mainly driven by an increase of depreciation and amortisation by 106.0% or PLN 1.1 million, and by increase of external service charges by PLN 0.8 million.

The operating expenses of **IRGiT** stood at PLN 5.2 million in Q1 2018 and remained stable year on year.

Operating expenses of **BondSpot** stood at PLN 2.7 million in Q1 2018 compared to PLN 2.5 million in Q1 2017, representing an increase of 7.6% or PLN 0.2 million. The increase was mainly driven by an increase of external service charges by PLN 0.3 million.

Table 17: Consolidated operating expenses of the Group and structure of operating expenses in the three-month periods ended 31 March 2017, 31 December 2017, and 31 March 2018

PLN'000, %	Three-month period ended						Change (Q1 2018 vs Q1 2017)	Change (%) (Q1 2018 vs Q1 2017)
	31 March 2018	%	31 December 2017	%	31 March 2017	%		
Depreciation and amortisation	7,825	16%	7,566	15%	6,393	14%	1,432	22.4%
Salaries	13,630	28%	14,122	29%	12,506	27%	1,124	9.0%
Other employee costs	3,780	8%	3,070	6%	3,142	7%	638	20.3%
Rent and other maintenance fees	2,506	5%	2,098	4%	2,607	6%	(101)	-3.9%
Fees and charges	9,268	19%	233	0%	11,615	25%	(2,347)	-20.2%
including: PFSA fees	*9,023*	*19%*	*3*	*0%*	*11,357*	*24%*	*(2,334)*	*-20.6%*
External service charges	9,923	21%	20,347	42%	9,014	19%	909	10.1%
Other operating expenses	1,430	3%	1,544	3%	1,238	3%	192	15.5%
Total	**48,360**	**100%**	**48,979**	**100%**	**46,515**	**100%**	**1,845**	**4.0%**

Source: Condensed Consolidated Interim Financial Statements, Company

The table above presents changes in the structure of expenses by quarter in 2018 and 2017 and changes between Q1 2018 and Q1 2017.

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

PLN'000, %	Three-month period ended						Change (Q1 2018 vs Q1 2017)	Change (%) (Q1 2018 vs Q1 2017)
	31 March 2018	%	31 December 2017	%	31 March 2017	%		
Depreciation and amortisation	4,998	17%	4,876	14%	4,714	16%	284	6.0%
Salaries	8,038	27%	8,151	24%	7,347	25%	691	9.4%
Other employee costs	2,514	8%	2,123	6%	2,044	7%	470	23.0%
Rent and other maintenance fees	1,829	6%	1,879	6%	1,785	6%	44	2.5%
Fees and charges	4,987	17%	176	1%	6,447	22%	(1,460)	-22.6%
including: PFSA fees	*4,805*	*16%*	*(1)*	*0%*	*6,260*	*21%*	*(1,455)*	*-23.2%*
External service charges	6,470	22%	15,697	46%	6,190	21%	280	4.5%
Other operating expenses	1,112	4%	1,113	3%	947	3%	165	17.4%
Total	**29,948**	**100%**	**34,014**	**100%**	**29,474**	**100%**	**474**	**1.6%**

Source: Company

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

Depreciation and amortisation

Depreciation and amortisation charges stood at PLN 7.8 million in Q1 2018 compared to PLN 6.4 million in Q1 2017. The increase in depreciation and amortisation charges year on year was driven by an increase of depreciation and amortisation charges in GPW by PLN 0.3 million and an increase of depreciation and amortisation charges in TGE by PLN 1.1 million. The depreciation and amortisation charges in the subsidiaries Bondspot and IRGiT were stable year on year. The increase of depreciation and amortisation charges in TGE was driven by the implementation of the new trading system X-Stream in May 2017 and the Sapri system in November 2017.

Salaries and other employee costs

Salaries and other employee costs amounted to PLN 17.4 million in Q1 2018 compared to PLN 15.6 million in Q1 2017, representing an increase of 11.3% or PLN 1.8 million.

The increase of salaries and other employee costs in the GPW Group year on year in Q1 2018 was driven by an increase of salaries and other employee costs in GPW by PLN 1.2 million, in TGE by PLN 0.1 million, in IAiR by PLN 0.1 million and in IRGiT by PLN 0.2 million.

The increase of GPW's salaries year on year in Q1 2018 was driven by an increase of salaries and other employee costs PLN 0.4 million and an increase new provisions set up against unused holiday leaves at PLN 0.2 million and an increase of supplementary salary costs by PLN 0.2 million. The increase of TGE's salaries was driven by new provisions set up against unused holiday leaves. The increase of salaries in IRGiT and IAiR was driven by an increase of their headcount.

The headcount of the Group was 322 FTEs as at 31 March 2018.

Table 19: Employment in GPW Group

# FTEs	As at		
	31 March 2018	31 December 2017	31 March 2017
GPW	185	189	181
Subsidiaries	137	139	136
Total	**322**	**328**	**317**

Source: Company

Rent and other maintenance fees

Rent and other maintenance fees amounted to PLN 2.5 million in Q1 2018 compared to PLN 2.6 million in Q1 2017. The decrease of the cost was driven by completed relocation of all companies of the GPW Group to a shared head office in order to optimise the cost of rent and the lease of office space. Following the integration, GPW's subsidiaries use office space owned by GPW. The physical integration of the GPW Group was completed in Q1 2018.

Fees and charges

Fees and charges stood at PLN 9.3 million in Q1 2018 compared to PLN 11.6 million in Q1 2017. The main part component of fees and charges are provisions against fees due to PFSA for capital market supervision (PLN 9.0 million in Q1 2018). Following the change of the system of financing the cost of market supervision and of the range of entities participating in the financing as of the beginning of 2016, the full estimated amount of the annual PFSA fee is recognised early in the year. It should be noted, however, that the fee may vary year to year depending on a range of factors. The exact, final amount of the annual fee may only be calculated after the Chairperson of the Polish Financial Supervision Authority publishes the fees and the indicators necessary to calculate the fees in a public communique promulgated in the Official Journal of the Polish Financial Supervision Authority by 31 August of each calendar year. The calculated fee is to be paid by 30 September of the calendar year.

The final PFSA fee calculated in 2017 was PLN 5.6 million in the GPW Group.

External service charges

External service charges amounted to PLN 9.9 million in Q1 2018 compared to PLN 9.0 million in Q1 2017, representing an increase of 10.1% or PLN 0.9 million.

Table 20: Consolidated external service charges of the Group and structure of external service charges in the three-month periods ended 31 March 2017, 31 December 2017, and 31 March 2018

PLN'000, %	Three-month period ended 31 March 2018	%	31 December 2017	%	31 March 2017	%	Change (Q1 2018 vs Q1 2017)	Change (%) (Q1 2018 vs Q1 2017)
IT cost:	5,726	58%	14,025	69%	5,042	56%	684	13.6%
IT infrastructure maintenance	*3,973*	*40%*	*4,196*	*21%*	*3,250*	*36%*	*723*	*22.2%*
TBSP maintenance service	*367*	*4%*	*282*	*1%*	*263*	*3%*	*104*	*39.5%*
Data transmission lines	*1,318*	*13%*	*1,306*	*6%*	*1,439*	*16%*	*(121)*	*-8.4%*
Software modification	*68*	*1%*	*8,240*	*40%*	*90*	*1%*	*(22)*	*-24.1%*
Office and office equipment maintenance:	683	7%	948	5%	694	8%	(11)	-1.6%
Repair and maintenance of installations	*111*	*1%*	*375*	*2%*	*132*	*1%*	*(21)*	*-15.7%*
Security	*351*	*4%*	*354*	*2%*	*323*	*4%*	*28*	*8.6%*
Cleaning	*129*	*1%*	*120*	*1%*	*144*	*2%*	*(15)*	*-10.5%*
Phone and mobile phone services	*92*	*1%*	*100*	*0%*	*95*	*1%*	*(3)*	*-3.6%*
International (energy) market services	*462*	*5%*	*564*	*3%*	*383*	*4%*	*79*	*20.6%*
Leasing, rental and maintenance of vehicles	*159*	2%	*190*	1%	*144*	2%	15	10.6%
Transportation services	27	0%	48	0%	34	0%	(7)	-20.2%
Promotion, education, market development	665	7%	1,010	5%	848	9%	(183)	-21.6%
Market liquidity support	202	2%	114	1%	204	2%	(2)	-1.0%
Advisory (including: audit, legal services, business consulting)	1,569	16%	2,329	11%	986	11%	583	59.1%
Information services	(35)	0%	197	1%	149	2%	(184)	-123.7%
Training	123	1%	568	3%	105	1%	18	17.4%
Mail fees	22	0%	24	0%	33	0%	(11)	-33.3%
Bank fees	32	0%	25	0%	33	0%	(1)	-3.0%
Translation	120	1%	110	1%	138	2%	(18)	-13.0%
Other	169	2%	194	1%	221	2%	(52)	-23.7%
Total	**9,923**	**100%**	**20,347**	**100%**	**9,014**	**100%**	**909**	**10.1%**

Source: Condensed Consolidated Interim Financial Statements

The increase in external service charges year on year in Q1 2018 was mainly driven by an increase of the following costs:

1/ infrastructure maintenance – an increase of PLN 0.7 million due to the cost of IT hardware and software maintenance services. The biggest increase was reported in TGE, by PLN 0.8 million or 142.8%, as a result of the roll-out of two new systems in 2017,

2/ TBSP market maintenance – an increase of PLN 0.1 million due to a change of maintenance fees of the trading system TradeImpact,

3/ international market services – an increase of PLN 0.1 million in the subsidiary TGE due to its participation in international electricity market projects,

4/ advisory – an increase of PLN 0.6 million including mainly the cost of valuation of the associate Aquis and support in the update of the strategy.

Information services – the negative cost results from the release of provisions set up in Q4 2017.

Other operating expenses

Other operating expenses amounted to PLN 1.4 million in Q1 2018 compared to PLN 1.2 million in Q1 2017. Other operating expenses in Q1 2018 included the cost of material and energy consumption at PLN 0.8 million, industry organisation membership fees at PLN 0.1 million, insurance at PLN 0.1 million, business travel at PLN 0.3 million, conference participation at PLN 0.1 million. The cost of business travel reported the highest increase year on year in Q1 2018 by 124.6% or PLN 0.2 million, mainly due to the cost of international travel; the cost follows from GPW's efforts to source new channels of development.

OTHER INCOME AND EXPENSES

Other income of the Group amounted to PLN 0.9 million in Q1 2018 compared to PLN 0.3 million in Q1 2017. Other income includes damages received, gains on the sale of property, plant and equipment, medical services reinvoiced to employees, and an annual correction of input VAT, which was the biggest item at PLN 0.4 million.

Other expenses of the Group amounted to PLN 3.7 million in Q1 2018 compared to PLN 4.4 million in Q1 2017. Other expenses include donations paid, losses on the sale of property, plant and equipment, impairment write-downs of receivables, and provisions against damages. Donations stood at PLN 1.6 million in Q1 2018, including GPW's donation to the Polish National Foundation at PLN 1.5 million and to the GPW Foundation at PLN 136 thousand.

As of 1 January 2018, on the application of IFRS 9, the Group's profit and loss account includes a line of impairment losses of receivables while comparative data have not been restated (exception under 7.2.15 of IFRS 9). The impairment allowance for receivables is equal to the lifetime expected credit loss, and a detailed description of the valuation of expected credit losses is presented in the financial section of the Q1 2018 report. The expected credit loss allowance was PLN 1.5 million in Q1 2018.

FINANCIAL INCOME AND EXPENSES

Financial income of the Group amounted to PLN 1.9 million in Q1 2018 compared to PLN 1.4 million in Q1 2017. Financial income includes mainly interest on bank deposits, and positive FX differences. Income from interest on bank deposits and current bank account stood at PLN 1.5 million in Q1 2018, an increase of PLN 0.1 million year on year. The Group earned an income from Treasury bills held at PLN 0.2 million.

Financial expenses of the Group amounted to PLN 2.2 million in Q1 2018 compared to PLN 7.6 million in Q1 2017, a decrease of PLN 5.3 million.

The decrease of financial expenses year on year was due to the recognition of interest on overdue VAT of TGE for the years 2011 – 2016, charged to the 2017 accounts following a correction of 2016 data. Interest on tax liabilities was PLN 4.6 million in Q1 2017 and only PLN 0.1 million in Q1 2018.

Interest cost of GPW's issued bonds (including the cost of the issue recognised over time) was the biggest item of financial expenses and stood at PLN 1.9 million in Q1 2018 compared to PLN 1.8 million in Q1 2017.

SHARE OF PROFIT OF ASSOCIATES

The Group's share of profit of associates stood at PLN 0.7 million in Q1 2018 compared to PLN 1.5 million in Q1 2017. The decrease was driven mainly by a lower profit of the KDPW Group (PLN 4.7 million).

The Group's share of the **KDPW Group** profit was PLN 1.6 million in Q1 2018 compared to PLN 2.0 million in Q1 2017.

The share in the net profit of **Centrum Giełdowe** was PLN 0.1 million in Q1 2018 compared to 0.2 million in Q1 2017.

Aquis Exchange Limited became an associate on GPW's acquisition of the second tranche of shares in February 2014. The Group's share of the loss of Aquis Exchange Ltd was PLN 0.9 million in Q1 2018 compared to PLN 0.1 million in Q1 2017.

Table 21: Profit / (Loss) of associates

PLN'000	Three-month period ended			Change (Q1 2018 vs Q1 2017)	Change (%) (Q1 2018 vs Q1 2017)
	31 March 2018	31 December 2017	31 March 2017		
KDPW S.A. Group	4,696	8,391	6,099	(1,403)	-23.0%
Centrum Giełdowe S.A.	424	(109)	966	(542)	-56.2%
Aquis Exchange Ltd	(4,548)	(4,239)	(3,829)	(719)	18.8%
Total	**571**	**4,042**	**3,237**	**(2,666)**	**-82.4%**

Source: Company

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

PLN'000	Three-month period ended			Change (Q1 2018 vs Q1 2017)	Change (%) (Q1 2018 vs Q1 2017)
	31 March 2018	31 December 2017	31 March 2017		
KDPW S.A. Group	1,565	2,797	2,033	(468)	-23.0%
Centrum Giełdowe S.A.	105	(27)	239	(134)	-56.1%
Aquis Exchange Ltd	(924)	(860)	(777)	(147)	18.9%
Total	**746**	**1,910**	**1,495**	**(749)**	**-50.1%**

Source: Company

INCOME TAX

Income tax of the Group was PLN 6.7 million in Q1 2018 compared to PLN 8.0 million in Q1 2017. The **effective income tax rate** in the periods under review was 18.9% and 22.4%, respectively, as compared to the standard Polish corporate income tax rate of 19%.

Income tax **paid** by the Group was PLN 16.0 million in Q1 2018 compared to PLN 17.7 million in Q1 2017. The lower amount of income tax paid in Q1 2018 was due to the final payment of the income tax for 2016 in Q1 2017.

On 28 September 2016, the following companies: Giełda Papierów Wartościowych w Warszawie S.A., Towarowa Giełda Energii S.A., BondSpot S.A. and GPW Centrum Usług S.A., entered into a notarised agreement creating the GPW Tax Group ("GPW TG" or "TG") for a period of three tax years from 1 January 2017 to 31 December 2019.

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

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

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

V. Atypical factors and events

SYSTEM OF FINANCING CAPITAL MARKET SUPERVISION

The Act of 12 June 2015 amending the Capital Market Supervision Act and certain other Acts largely extended the list of entities required to finance supervision (by adding, among others, banks, insurers, investment funds, public companies, brokerage houses and foreign investment firms) and changed the amount of contributions of entities. The Act was signed into law by the President of Poland on 31 July 2015 and promulgated in the Journal of Laws on 31 August 2015. A Regulation of the Minister of Finance effective as of 1 January 2016 determines among others the calculation method as well as the terms and conditions of the payment of fees by relevant entities. As a result, the cost of fees paid by the GPW Group was reduced significantly. The fee to PFSA was reduced to PLN 9.1 million in 2016 and PLN 5.6 million for the Group, compared to PLN 22.0 million in 2015.

Following an amendment of regulations governing fees paid to cover the cost of supervision of the capital market and in view of the provisions of an interpretation of the International Financial Reporting Interpretations Committee (IFRIC 21), the GPW Group has decided to change the timing of recognition of liabilities in respect of fees due to PFSA and of charging the fees to costs. Until the end of 2015, GPW recognised 1/12 of the annual fee due to PFSA in each month of the year. According to IFRIC 21, the entity should recognise liabilities in respect of fees due to PFSA at the date of the obligating event. The obligating event is the business subject to the fees due to PFSA carried out as at the 1 January of each year. Consequently, the total estimated amount of the annual fees due to PFSA will be charged to the results of the GPW Group's results in the first quarter of each year.

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

In connection with the aforementioned changes related to supervision fees paid to PFSA and the method of their calculation, the amounts of the fees may change from year to year, as demonstrated by the amount of the fees paid in 2016 and 2017. The Group's fee due to PFSA stood at PLN 9.0 million in 2016 and PLN 5.6 million in 2017, impacting the year's financials of the Group.

GPW as the organiser of WIBID and WIBOR reference rate fixings

The GPW Group acting through its subsidiary GPW Benchmark expanded its services as of 30 June 2017 following the take-over of the function of organiser of WIBID and WIBOR reference rate fixings from the Financial Markets Association ACI Polska and the functions of the calculation agent previously performed by Thomson Reuters. The Group will apply for authorisation as an administrator within the meaning of Regulation 2016/2011.

The decision of GPW to take over the functions of the organiser of reference rate fixings followed a proposal extended by the Association ACI Polska to GPW. ACI Polska decided no longer to perform the functions of the organiser in view of Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, which takes effect in early 2018. The Regulation defines the three main categories of indices and imposes requirements on the entities which calculate the indices depending on such classification. In view of the Regulation, the Association ACI Polska decided that it would be unable to meet its requirements and approached GPW with a proposal to take over the functions of the organiser of WIBID and WIBOR reference rate fixings. Following an analysis, GPW decided to accept ACI Polska's proposal. The New Documentation of WIBID and WIBOR Reference Rates effective as of 1 February 2018 replaced the previous Rules for Fixing WIBID and WIBOR Reference Rates of 28 April 2017. The amendment of the documentation was the first step in the harmonisation of the WIBID and WIBOR Reference Rates with the requirements of the Regulation (EU) 2016/1011 of the European Parliament and of the Council. On 1 May 2018, GPW Benchmark S.A. will introduce the Agreement on the Application of the WIBID and WIBOR Reference Rates which will allow Reference Rates Users to apply the rates.

The transition will take place in phases including: starting the organisation of fixings, which took place on 30 June 2017; obtaining the authorisation to perform the functions of administrator; reviewing the rates methodology.

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

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

Sale of an associate

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

On 23 March 2018, the GPW Management Board approved the boundary conditions of a potential transaction on the assumption that the shares of Aquis will be worth not less than GBP 11,475,000. However, the final price will depend on market conditions and an IPO of Aquis.

On 23 March 2018, the GPW Supervisory Board passed a resolution approving the sale of shares of the associate Aquis.

GPW is awaiting the necessary approvals on the assumption that the shares of Aquis will be sold at not less than GBP 11,475,000. The Company will decide to divest in whole or in part depending on the analyses and negotiations. However, the final price will depend on market conditions and an IPO of Aquis.

On 23 April 2018 the Extraordinary General Meeting of GPW approved the sale of 384.025 shares of the affiliate Aquis.

VI. Group's assets and liabilities structure

The **balance-sheet total** of the Group was PLN 1,193.2 million as at 31 March 2018, a modest decrease compared to PLN 1,189.9 million as at 31 March 2017.

ASSETS

The Group's **non-current assets** stood at PLN 580.7 million representing 49% of total assets as at 31 March 2018 compared to PLN 596.4 million or 52% of total assets as at 31 December 2017 and PLN 597.3 million or 50% of total assets as at 31 March 2017. The share of non-current assets in total assets decreased due to the reclassification of the shares of the associate Aquis from investments in associates to assets held for sale as a result of the opening of the sale of the shares of Aquis in February 2018.

The Group's **current assets** stood at PLN 612.5 million representing 51% of total assets as at 31 March 2018 compared to PLN 550.7 million or 48% of total assets as at 31 December 2017 and PLN 592.5 million or 50% of total assets as at 31 March 2017.

Trade receivables increased sharply quarter on quarter but decreased year on year in Q1 2018. The increase in receivables of the GPW Group was mainly driven by the recognition of VAT receivables at PLN 15.8 million in IRGiT. The high amount of payments with the Tax Office results from a surplus of purchase transactions with local entities over intra-Community sale transactions. As a result, the input VAT is greater than the VAT refund. IRGiT has no control of VAT reported as input or refund because this depends solely on the type of cleared transactions on TGE.

The decrease of receivables year on year in Q1 2018 was driven by the payment of receivables under correction invoices issued by TGE following a change of its VAT policy applicable to certain services provided by TGE. The receivables in respect of corrected VAT stood at PLN 69.7 million.

As at 31 March 2018, the GPW Group recognised PLN 82.7 million of financial assets measured at amortised cost, including financial instruments purchased by GPW. On 17 January 2018 and 12 February 2018, the Company purchased corporate bonds in a total nominal amount of PLN 45 million. The purchase of the debt added PLN 44.5 million to its assets (as at 31 March 2018), which represents the discounted value of the bonds equal to the purchase price in both transactions. The bonds are due for redemption on 17 July 2018 and 10 August 2018, respectively. On 29 March 2018, GPW purchased 38 thousand certificates of deposit at an issue price of PLN 1 thousand per certificate; the purchase price was PLN 38.0 million; the interest period is from the date of purchase to 1 October 2018. The end date of the interest period is the date of interest payment in an amount equal to WIBOR as at 27 March 2018 plus negotiated interest. These transactions diversify the sources of GPW's financial income to generate income greater than what is available from bank deposits. The Company is interested in investing in investment grade bank debt, which mitigates the risk of issuer's default.

The decrease of cash and cash equivalents quarter on quarter in Q1 2018 was due to the purchase of debt described above.

IFRS 9 Financial Instruments effective as of 1 January 2018 changes the existing classification of financial assets. Under the new standard, financial assets held by the Group, i.e., minority interest in Sibex and Innex, are presented as financial assets measured at fair value through other comprehensive income. The GPW Group recognised PLN 197 thousand as updated value of shares of Sibex as at 31 March 2018.

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

	As at					
PLN'000	31 March 2018	%	31 December 2017	%	31 March 2017	%
Non-current assets	**580,697**	**49%**	**596,354**	**52%**	**597,334**	**50%**
Property, plant and equipment	108,691	9%	110,784	10%	116,716	10%
Intangible assets	265,140	22%	267,991	23%	272,490	23%
Investment in associates	195,986	16%	207,389	18%	198,577	17%
Deferred tax assets	4,472	0%	3,803	0%	3,261	0%
Available-for-sale financial assets	-	0%	271	0%	278	0%
Financial assets measured at fair value through other comprehensive income	197	0%	-	0%	-	0%
Non-current prepayments	6,211	1%	6,116	1%	6,012	1%
Current assets	**612,539**	**51%**	**550,699**	**48%**	**592,548**	**50%**
Inventory	54	0%	56	0%	60	0%
Corporate income tax receivables	71	0%	71	0%	559	0%
Trade and other receivables	87,399	7%	64,096	6%	165,243	14%
Financial assets measured at amortised cost	82,707	7%	-	0%	-	0%
Assets held for sale	12,151	1%	-	0%	-	0%
Cash and cash equivalents	430,157	36%	486,476	42%	426,686	36%
Total assets	**1,193,236**	**100%**	**1,147,053**	**100%**	**1,189,882**	**100%**

Source: Condensed Consolidated Interim Financial Statements

EQUITY AND LIABILITIES

The **equity** of the Group stood at PLN 839.9 million representing 70% of the Group's total equity and liabilities as at 31 March 2018 compared to PLN 811.5 million or 71% of total equity and liabilities as at 31 December 2017 and PLN 772.8 million or 65% of the total equity and liabilities as at 31 March 2017.

Non-current liabilities of the Group stood at PLN 255.3 million representing 21% of the Group's total equity and liabilities as at 31 March 2018 compared to PLN 260.0 million or 23% of total equity and liabilities as at 31 December 2017 and PLN 258.5 million or 22% of the total equity and liabilities as at 31 March 2017. The Group's non-current liabilities include mainly GPW's liabilities under outstanding bonds. The decrease of non-current liabilities quarter on quarter in Q1 2018 was due to a reduction of provisions against deferred income tax by 64.4%. GPW's financial results included charges at PLN 5.0 million in respect of temporary differences as at 31 March 2018.

Current liabilities of the Group stood at PLN 97.8 million representing 8% of the Group's total equity and liabilities as at 31 March 2018 compared to PLN 75.6 million or 7% of total equity and liabilities as at 31 December 2017 and PLN 158.5 million or 13% of the total equity and liabilities as at 31 March 2017.

The GPW Group's trade payables increased as at 31 March 2018 due to the recognition of provisions for fees due to PFSA, which will be cleared in Q3 2018.

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

	As at					
PLN'000	31 March 2018	%	31 December 2017	%	31 March 2017	%
Equity	**839,941**	**70%**	**811,481**	**71%**	**772,849**	**65%**
Share capital	63,865	5%	63,865	6%	63,865	5%
Other reserves	1,349	0%	1,347	0%	1,035	0%
Retained earnings	774,146	65%	745,696	65%	707,399	59%
Non-controlling interests	581	0%	573	0%	550	0%
Non-current liabilities	**255,482**	**21%**	**259,951**	**23%**	**258,516**	**22%**
Liabilities under bond issue	243,670	20%	243,573	21%	243,281	20%
Employee benefits payable	1,454	0%	1,454	0%	2,274	0%
Finance lease liabilities	-	0%	-	0%	17	0%
Accruals and deferred income	5,452	0%	5,592	0%	6,132	1%
Deferred income tax liability	2,682	0%	7,108	1%	4,588	0%
Other liabilities	2,224	0%	2,224	0%	2,224	0%
Current liabilities	**97,813**	**8%**	**75,621**	**7%**	**158,517**	**13%**
Liabilities under bond issue	2,070	0%	1,938	0%	2,069	0%
Trade payables *	23,849	2%	21,303	2%	6,199	1%
Employee benefits payable	8,141	1%	12,958	1%	5,812	0%
Finance lease liabilities	15	0%	31	0%	62	0%
Deferred income tax liability	1,636	0%	6,012	1%	13,188	1%
Credits and loans	-	0%	-	0%	59,798	5%
Performance obligations	33,037	3%	-	0%	-	0%
Accruals and deferred income *	559	0%	7,386	1%	41,722	4%
Provisions for other liabilities and charges	67	0%	210	0%	317	0%
Other current liabilities	28,439	2%	25,783	2%	29,350	2%
Total equity and liabilities	**1,193,236**	**100%**	**1,147,053**	**100%**	**1,189,882**	**100%**

Source: Condensed Consolidated Interim Financial Statements

CASH FLOWS

The Group generated positive cash flows from **operating activities** at PLN 32.2 million in Q1 2018 compared to negative cash flows of PLN 66.4 million in Q1 2017. The positive cash flows from operating activities in Q1 2018 were mainly driven by the net profit and a decrease of receivables.

The cash flows from **investing activities** were negative at PLN 86.5 million in Q1 2018 compared to negative cash flows of PLN 11.2 million in Q1 2017. The negative cash flows were mainly driven by investments in bonds and certificates of deposit at PLN 82.5 million, investments in property, plant and equipment at PLN 2.3 million, and investments in intangible assets at PLN 3.3 million.

The cash flows from **financing activities** were negative at PLN 1.7 million in Q1 2018 compared to positive cash flows of PLN 57.1 million in Q1 2017. The negative cash flows from financing activities were driven by the payment of interest on bonds at PLN 1.7 million.

Table 25: Consolidated cash flows

PLN'000	Cah flows for the three-month period ended 31 March 2018	31 December 2017	31 March 2017
Cash flows from operating activities	32,193	62,260	(66,393)
Cash flows from investing activities	(86,530)	(3,642)	(11,195)
Cash flows from financing activities	(1,684)	(22,170)	57,144
Net increase / (decrease) in cash	**(56,021)**	**36,448**	**(20,444)**
Impact of change of fx rates on cash balances in foreign currencies	*(298)*	*452*	*316*
Cash and cash equivalents - opening balance	**486,476**	**449,576**	**446,814**
Cash and cash equivalents - closing balance	**430,157**	**486,476**	**426,686**

Source: Condensed Consolidated Interim Financial Statements

CAPITAL EXPENDITURE

The Group's total capital expenditure in Q1 2018 amounted to PLN 5.6 million including expenditure for property, plant and equipment at PLN 2.3 million and expenditure for intangible assets at PLN 3.3 million. The Group's total capital expenditure in Q1 2017 amounted to PLN 12.6 million including expenditure for property, plant and equipment at PLN 4.7 million and expenditure for intangible assets at PLN 7.9 million.

Contracted investment commitments for property, plant and equipment were PLN 133 thousand as at 31 March 2018, including mainly restructuring of GPW offices and addition of cables to the server room.

Contracted investment commitments for property, plant and equipment were PLN 1,226 thousand as at 31 December 2017, including mainly investment in CISCO switches in TGE.

Contracted investment commitments for property, plant and equipment were PLN 133 thousand as at 31 March 2017, including mainly restructuring of GPW offices.

Contracted investment commitments for intangible assets were PLN 1,620 thousand as at 31 March 2018, including mainly the trade surveillance system in GPW and the market surveillance system in TGE.

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

Contracted investment commitments for intangible assets were PLN 165 thousand as at 31 March 2017, including mainly the implementation of the financial and accounting system AX 2012 in GPW with new modules: consolidation and budgeting.

VII. Ratio analysis

DEBT AND FINANCING RATIOS

In the period covered by the financial statements, the debt of the Group posed no threat to its going concern and capacity to meet liabilities on time. The ratio of net debt to EBITDA remained negative in the periods under review as liquid assets of the GPW Group exceeded interest-bearing liabilities (negative net debt). The debt to equity ratio decreased modestly quarter on quarter in Q1 2018 due to an increase of the equity.

LIQUIDITY RATIOS

The current liquidity ratio was 6.3 as at 31 March 2018. The increase of the ratio was due to a decrease in non-current liabilities, which mainly included VAT payable for the years 2011 – 2016. The current liquidity ratio remained safe.

The coverage ratio of interest costs under the bond issue decreased quarter on quarter in Q1 2018 due to a decrease of EBITDA in 2018. The Group generated cash flows from operating activities which were several times higher than necessary to cover current liabilities under the bond issue.

PROFITABILITY RATIOS

The profitability ratios deteriorated in relation to the comparative periods presented in the table below due to a decrease of operating profit and net profit.

Table 26: Key financial indicators of GPW Group

		As at - For the three-month period ended		
		31 March 2018	31 December 2017	31 March 2017
Debt and financing ratios				
Net debt / EBITDA (for a period of 12 months)	1), 2)	(0.9)	(1.1)	(0.6)
Debt to equity	3)	29.3%	30.3%	39.5%
Liquidity ratios				
Current liquidity	4)	6.3	7.3	3.7
Coverage of interest on bonds	5)	23.6	28.3	27.0
Return ratios				
EBITDA margin	6)	49.5%	56.4%	51.4%
Operating profit margin	7)	40.4%	48.2%	44.4%
Net profit margin	8)	33.2%	42.7%	30.5%
Cost / income	9)	56.3%	53.1%	51.1%
ROE	10)	19.4%	20.1%	17.6%
ROA	11)	13.2%	13.5%	11.3%

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

2) EBITDA = GPW Group operating profit + depreciation and amortisation (for a period of 12 months; net of the share of profit of associates)

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

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

5) Coverage of interest on bonds = EBITDA / interest on bonds (interest paid and accrued for a period of 3 months)

6) EBITDA margin = EBITDA / GPW Group revenue (for a period of 3 months)

7) Operating profit margin = GPW Group operating profit / GPW Group revenue (for a period of 3 months)

8) Net profit margin = GPW Group net profit / GPW Group revenue (for a period of 3 months)

9) Cost / income = GPW Group operating expenses / GPW Group revenue (for a period of 3 months)

10) ROE = GPW Group net profit (for a period of 12 months) / Average equity at the beginning and at the end of the last 3 month period

11) ROA = GPW Group net profit (for a period of 12 months) / Average total assets at the beginning and at the end of the last 3 month period

Source: Company

VIII. SEASONALITY AND CYCLICALITY OF OPERATIONS

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

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

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

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

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

IX. Other information

CONTINGENT LIABILITIES AND ASSETS

The GPW Group had no contingent liabilities or assets as at 31 March 2018.

PENDING LITIGATION

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

RELATED PARTY TRANSACTIONS

In Q1 2018, GPW and the associates of GPW did not make any significant transactions on terms other than at arm's length.

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

GUARANTIES AND SURETIES GRANTED

As at 30 June 2017, the subsidiary TGE held a bank guarantee of EUR 7.8 million issued to Nord Pool by a bank in respect of payments between TGE and Nord Pool in Market Coupling for the period from 1 July 2017 to 30 June 2018.

The Group granted and accepted no other guarantees and sureties in Q1 2018.

FEASIBILITY OF PREVIOUSLY PUBLISHED FORECASTS

The Group did not publish any forecasts of 2018 results.

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

There were no other events after the balance-sheet date which could significantly impact the future financial results of the issuer.

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

- On 5 October 2015, the multilateral trading facility (MTF) Turquoise in London started to offer trade in Polish shares participating in WIG30. It cannot be ruled out that some investors will trade in shares of Polish companies on Turquoise.

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

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

- On 29 September 2017, the rating agency FTSE Russell announced the promotion of Poland from Advanced Emerging Markets to Developed Markets as of September 2018. The new positioning of the Polish capital market could drive additional interest of investors and bring additional capital to the Polish exchange.

- Preparation of the Commodity Forward Instruments Market for transformation into an OTF (Organised Trading Facility) under MiFiD2. On 29 December 2017, the Commodity Forward Instruments Market implemented the principle of discretion, which is a special feature of OTFs under MiFID 2. The principle of discretion implemented by TGE allows for improvement of market liquidity in less liquid instruments. The principle of discretion allows TGE to retain the turnover of the Commodity Forward Instruments Market and to access OTC trade in the future. Following the introduction of the Act implementing MiFID2 (amendment of the Act on Trading in Financial Instruments, known as UC 86), TGE has 12 months to apply to PFSA for a licence to operate an Organised Trading Facility into which the Commodity Forward Instruments Market will be transformed.

- The objective of integration of the European market as a coherent harmonised internal market (Internal Electricity Market – IEM) is to enable all market players to participate in cross-border trade in electricity. The target market coupling (MC) solution for day-ahead markets is the Price Coupling of Regions (PCR) developed by Western European exchanges while the Cross-border Intra-day model (XBID) is the MC solution for the intraday market. On 15 November 2017, TGE started production on the European day-ahead market in the PCR model, which means that TGE became a PCR operator/co-ordinator exchange. TGE is an authorised active market broker as one of five exchanges including TGE, EPEX SPOT, OMIE, GME, NORD POOL. As a result, TGE can launch as a

NEMO on the markets with no NEMO monopoly, which presents an opportunity for TGE to expand to foreign markets. At the same time, other NEMOs may launch on the Polish electricity market. Two NEMOs are expected to start operation competitive to TGE on the Polish spot electricity market in October 2018.

OTHER MATERIAL INFORMATION

Changes on the Management Board of the Company

The composition of the Management Board of the Company did not change in the reporting period from 1 January to 31 March 2018.

After the balance-sheet date, on 3 April 2018, Michał Cieciórski, Vice-President of the GPW Management Board, resigned his function as of 23 April 2018.

In the opinion of the Company, in Q1 2018, there were no significant events or circumstances, other than those presented in this Report, which would be material to an evaluation of the Company's or the Group's position with regard to its human resources, assets, financial position, financial results and capacity to meet obligations.

On 23 April 2018, on the motion of the State Treasury of the Republic of Poland, a shareholder representing 35.00% of the share capital, the Extraordinary General Meeting of the Warsaw Stock Exchange has adopted a resolution to appoint Mr. Marek Dietl as President of the Exchange Management Board for a new term of office.

X. Quarterly financial information of Giełda Papierów Wartościowych w Warszawie S.A. for Q1 2018

This quarterly financial information of Giełda Papierów Wartościowych w Warszawie S.A. has been prepared in accordance with the accounting policy principles binding for the Condensed Consolidated Interim Financial Statements for the three-month period ended 31 March 2018. The estimates did not change substantially in the three-month period ended 31 March 2018, including adjustments of provisions, deferred tax provisions and deferred tax assets mentioned in the IFRS. In the period under review, the Company and its subsidiaries did not make one or more significant transactions with related parties on terms other than at arm's length, and neither did they grant credit or loan sureties other than described in section IX.

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

	for the three-month period ended 31.03.2018	for the three-month period ended 31.12.2017	for the three-month period ended 31.03.2017
Revenue	**48,876**	**51,301**	**53,552**
Operating expenses	29,948	34,014	29,474
Other income	609	122	198
Other expenses	2,845	270	3,369
Operating profit	**16,692**	**17,138**	**20,907**
Financial income	1,136	847	949
Financial expenses	2,043	2,246	2,771
Profit before income tax	**15,785**	**15,739**	**19,085**
Income tax expense	3,359	3,059	4,248
Profit for the period	**12,426**	**12,680**	**14,837**
Basic / Diluted earnings per share (PLN)	**0.30**	**0.35**	**0.30**

Source: Company

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

ASSETS	31.03.2018	31.12.2017	31.03.2017
Non-current assets	**432,853**	**462,760**	**470,706**
Property, plant and equipment	94,359	96,269	99,650
Intangible assets	66,493	68,963	73,979
Investment in associates	11,652	36,959	36,959
Investment in subsidiaries	254,985	254,985	254,985
Available-for-sale financial assets	-	271	278
Financial assets measured at fair value through other comprehensive income	197	-	-
Non-current prepayments	5,167	5,313	4,855
Current assets	**332,097**	**275,535**	**326,360**
Inventory	54	56	59
Corporate income tax receivable	-	-	3,355
Trade and other receivables	39,223	26,272	36,475
Financial assets measured at amortised cost	82,707	-	-
Assets held for sale	25,307	-	-
Cash and cash equivalents	184,806	249,207	286,471
TOTAL ASSETS	**764,950**	**738,295**	**797,066**

EQUITY AND LIABILITIES	31.03.2018	31.12.2017	31.03.2017
Equity	**463,103**	**450,887**	**486,939**
Share capital	63,865	63,865	63,865
Other reserves	(125)	(125)	(114)
Retained earnings	399,363	387,147	423,188
Non-current liabilities	**249,440**	**253,744**	**251,892**
Liabilities under bond issue	243,670	243,573	243,281
Employee benefits payable	884	883	1,799
Deferred tax liability	2,662	7,064	4,588
Other liabilities	2,224	2,224	2,224
Current liabilities	**52,407**	**33,664**	**58,235**
Liabilities under bond issue	2,070	1,938	2,069
Trade payables	11,137	11,954	3,752
Employee benefits payable	5,281	8,481	3,560
Deferred tax liability	1,047	5,685	12,282
Performance obligations	25,771	-	-
Accruals and deferred income	-	21	31,687
Provisions for other liabilities and charges	68	211	317
Other liabilities	7,033	5,374	4,568
TOTAL EQUITY AND LIABILITIES	**764,950**	**738,295**	**797,066**

Source: Company

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

		for the three-month period ended 31.03.2018	for the three-month period ended 31.12.2017	for the three-month period ended 31.03.2017
A	**Cash flows from operating activities**	**21,178**	**27,399**	**26,085**
	Cash generated from operating activities	35,685	21,723	40,939
	Income tax (paid)/refunded	(14,441)	(4,790)	(14,854)
B	**Cash flows from investing activities**	**(83,624)**	**7,954**	**(4,555)**
	Purchase of property, plant and equipment	(1,112)	(1,770)	(3,728)
	Purchase of intangible assets	(909)	(1,253)	(1,778)
	Proceeds from sale of property, plant and equipment and intangible assets	82	7	5
	Purchase of financial assets measured at amortised cost	(82,529)	-	-
	Repayment of loans granted	-	10,000	-
	Interest received	782	818	946
	Interest received on loans granted	-	152	-
	Others	62	-	-
C	**Cash flows from financing activities**	**(1,668)**	**(2,000)**	**(2,542)**
	Paid interest	(1,668)	(2,000)	(1,987)
	Proceeds from issuance of bonds	-	-	119,929
	Redemption of bonds issued	-	-	(120,484)
D	**Net (decrease) / increase in cash and cash equivalents**	**(64,114)**	**33,353**	**18,988**
	Impact of change of fx rates on cash balances in foreign currencies	(287)	634	(304)
	Cash and cash equivalents - opening balance	**249,207**	**215,219**	**267,789**
	Cash and cash equivalents - closing balance	**184,806**	**249,207**	**286,471**

Source: Company

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

	Attributable to the shareholders of the entity			Total equity
	Share capital	Other reserves	Retained earnings	
As at 31 December 2017	**63,865**	**(114)**	**408,351**	**472,102**
Net profit for the three-month period ended 31 March 2017	-	-	14,837	14,837
Total comprehensive income for three-month period ended 31 March 2017	-	**-**	**14,837**	**14,837**
As at 31 March 2017	**63,865**	**(114)**	**423,188**	**486,939**
As at 31 December 2017	**63,865**	**(114)**	**408,351**	**472,102**
Dividends	-	-	(90,239)	(90,239)
Transactions with owners shown directly in equity	**-**	**-**	**(90,239)**	**(90,239)**
Net profit for the year ended 31 December 2017	-	-	69,033	69,033
Other comprehensive income	-	(11)	-	(11)
Total comprehensive income for the year ended 31 December 2017	-	**(11)**	**(21,206)**	**(21,217)**
Other changes in equity	-	**-**	**2**	**2**
As at 31 December 2017	**63,865**	**(125)**	**387,147**	**450,887**
As at 31 March 2018	**63,865**	**(125)**	**387,147**	**450,887**
Net profit for the three-month period ended 31 March 2018	-	-	12,426	12,426
Total comprehensive income for the three-month period ended 31 March 2018	**-**	**-**	**12,426**	**12,426**
Other changes in equity	**-**	**-**	**(210)**	**(210)**
As at 31 March 2018	**63,865**	**(125)**	**399,363**	**463,103**

Source: Company

XI. Appendices

Condensed Consolidated Interim Financial Statements for the three-month period ended 31 March 2018 and the auditor's review report

KPMG

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

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

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2018 TO 31 MARCH 2018

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

Introduction

We have reviewed the accompanying 31 March 2018 condensed consolidated interim financial statements of the Giełda Papierów Wartościowych w Warszawie S.A. Group with its parent company's registered office in Warsaw, ul. Książęca 4 ("the condensed consolidated interim financial statements"), which comprise:

- the consolidated statement of financial position as at 31 March 2018,
- the consolidated statement of comprehensive income for the three-month period ended 31 March 2018,
- the consolidated statement of changes in equity for the three-month period ended 31 March 2018,
- the consolidated statement of cash flows for the three-month period ended 31 March 2018, and
- notes to the condensed consolidated interim financial statements.

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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 31 March 2018 are not prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union.

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

Signed on the Polish original

....

Mirosław Matusik
Key Certified Auditor
Registration No. 90048
Limited Liability Partner
with power of attorney

Signed on the Polish original

....

Justyna Lipkowska
Key Certified Auditor
Registration No. 12697

26 April 2018

Condensed Consolidated Interim
Financial Statements of the

Giełda Papierów Wartościowych w Warszawie S.A. Group

for the three-month period ended 31 March 2018

April 2018

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(all amounts in PLN'000 unless indicated otherwise)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at	
		31 March 2018 *(unaudited)*	31 December 2017
Non-current assets		**580,697**	**596,354**
Property, plant and equipment	3	108,691	110,784
Intangible assets	4	265,140	267,991
Investment in associates	5	195,986	207,389
Deferred tax assets		4,472	3,803
Available-for-sale financial assets		-	271
Financial assets measured at fair value through other comprehensive income		197	-
Non-current prepayments		6,211	6,116
Current assets		**612,539**	**550,699**
Inventories		54	56
Corporate income tax receivable		71	71
Trade and other receivables	6	87,399	64,096
Other financial assets measured at amortised cost	7	82,707	-
Assets held for sale	8	12,151	-
Cash and cash equivalents	10	430,157	486,476
TOTAL ASSETS		**1,193,236**	**1,147,053**

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

(all amounts in PLN'000 unless indicated otherwise)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	As at 31 March 2018 *(unaudited)*	As at 31 December 2017
Equity		**839,941**	**811,481**
Equity of the shareholders of the parent entity		**839,360**	**810,908**
Share capital		63,865	63,865
Other reserves		1,349	1,347
Retained earnings		774,146	745,696
Non-controlling interests		**581**	**573**
Non-current liabilities		**255,482**	**259,951**
Liabilities on bonds issue	11	243,670	243,573
Employee benefits payable		1,454	1,454
Accruals and deferred income	13	5,452	5,592
Deferred tax liability		2,682	7,108
Other non-current liabilities		2,224	2,224
Current liabilities		**97,813**	**75,621**
Liabilities on bonds issue	11	2,070	1,938
Trade payables		23,849	21,303
Employee benefits payable		8,141	12,958
Finance lease liabilities		15	31
Corporate income tax payable		1,636	6,012
Performance obligations	12	33,037	-
Accruals and deferred income	13	559	7,386
Provisions for other liabilities and charges		67	210
Other current liabilities	14	28,439	25,783
TOTAL EQUITY AND LIABILITIES		**1,193,236**	**1,147,053**

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

(all amounts in PLN'000 unless indicated otherwise)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Three-month period ended 31 March	
		2018 (unaudited)	2017 (unaudited)
Revenue		85,936	91,034
Operating expenses		(48,360)	(46,515)
Other income		844	330
Impairment losses on trade receivables		(1,476)	-
Other expenses		(2,200)	(4,414)
Operating profit		**34,744**	**40,435**
Financial income		1,867	1,394
Financial expenses		(2,208)	(7,551)
Share of profit of associates	5	746	1,495
Profit before income tax		**35,149**	**35,773**
Income tax expense	15	(6,657)	(8,027)
Profit for the period		**28,492**	**27,746**
Gains/(losses) on valuation of available-for-sale financial assets of associates		*2*	*(149)*
Items that may be reclassified to profit or loss		2	(149)
Other comprehensive income after tax		**2**	**(149)**
Total comprehensive income		**28,494**	**27,597**
Profit for the period attributable to shareholders of the parent entity		*28,484*	*27,721*
Profit for the period attributable to non-controlling interests		*8*	*25*
Total profit for the period		28,492	27,746
Comprehensive income attributable to shareholders of the parent entity		*28,486*	*27,572*
Comprehensive income attributable to non-controlling interests		*8*	*25*
Total comprehensive income		28,494	27,597
Basic/Diluted earnings per share (PLN)		**0.68**	**0.63**

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

(all amounts in PLN'000 unless indicated otherwise)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Three-month period ended 31 March	
		2018 (unaudited)	2017 (unaudited)
Cash flows from operating activities:		**32,193**	**(66,393)**
Cash generated from operation before tax		48,244	(38,082)
Net profit of the period		28,492	27,746
Adjustments:		19,752	(65,828)
Income tax	15	6,657	8,027
Depreciation of property, plant and equipment	3	3,991	3,116
Amortisation of intangible assets	4	3,834	3,277
Foreign exchange (gains)/losses		298	(316)
(Profit)/Loss on sale of property, plant and equipment and intangible assets		(5)	(9)
Financial (income)/expense of available-for-sale financial assets		-	11
Financial (income)/expense of financial assets measured at fair value through other comprehensive income		74	-
Other financial (income)/expense of financial assets measured at amortised cost		(178)	-
Income from interest on deposits		(1,492)	(1,357)
Interest on issued bonds		1,898	1,551
Bank loan		-	98
Share of (profit)/loss of associates	5	(746)	(1,495)
Other		145	1,112
Change in current assets and liabilities:		5,276	(79,843)
Change of prepayments		*(95)*	*(998)*
(Increase)/Decrease of inventories		*2*	*(3)*
(Increase)/Decrease of trade and other receivables		*(23,561)*	*(51,981)*
Increase/(Decrease) of trade payables		*2,546*	*(188)*
Increase/(Decrease) of employee benefits payable		*(4,817)*	*(2,302)*
Increase/(Decrease) of performance obligations		*33,037*	*-*
Increase/(Decrease) of accruals and deferred income		*(6,967)*	*34,578*
Increase/(Decrease) of other liabilities (excluding investment liabilities and dividend payable)		*5,274*	*(58,933)*
Net change other provisions for other liabilities and other charges		*(143)*	*(16)*
Interest on tax liabilities (paid)/refunded		(66)	(10,651)
Income tax (paid)/refunded		(15,985)	(17,660)

(all amounts in PLN'000 unless indicated otherwise)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Note	Three-month period ended 31 March	
		2018 *(unaudited)*	2017 *(unaudited)*
Cash flows from investing activities:		**(86,530)**	**(11,195)**
Purchase of property, plant and equipment and advances for property, plant and equipment		(2,310)	(4,675)
Purchase of intangible assets and advances for intangible assets		(3,320)	(7,884)
Proceeds from sale of property, plant and equipment and intangible assets		137	7
Acquisition of other financial assets measured at amortised cost	7	(82,529)	-
Interest received		1,492	1,357
Cash flows from financing activities:		**(1,684)**	**57,144**
Paid interest		(1,668)	(1,988)
Loans taken		-	59,700
Proceeds from bond issue		-	119,929
Buy-back of bonds issued		-	(120,484)
Payment of finance lease liabilities		(16)	(13)
Net (decrease)/increase in cash and cash equivalents		**(56,021)**	**(20,444)**
Impact of fx rates on cash balance in currencies		*(298)*	*316*
Cash and cash equivalents - opening balance		**486,476**	**446,814**
Cash and cash equivalents - closing balance		**430,157**	**426,686**

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

(all amounts in PLN'000 unless indicated otherwise)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the shareholders of the parent entity				Non-controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Total		
As at 31 December 2017	**63,865**	**1,347**	**745,696**	**810,908**	**573**	**811,481**
Adjustment on initial application of IFRS 9	-	-	(210)	**(210)**	-	**(210)**
As at 1 January 2018 *(restated)*	**63,865**	**1,347**	**745,486**	**810,698**	**573**	**811,271**
Profit for the three-month period ended 31 March 2018	-	-	28,484	**28,484**	8	**28,492**
Other comprehensive income	-	2	-	**2**	-	**2**
Total comprehensive income for the three-month period ended 31 March 2018 *(unaudited)*	**-**	**2**	**28,484**	**28,486**	**8**	**28,494**
Other changes in equity	-	-	176	**176**	-	**176**
As at 31 March 2018 *(unaudited)*	**63,865**	**1,349**	**774,146**	**839,360**	**581**	**839,941**

	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	**63,865**	**1,184**	**679,678**	**744,727**	**525**	**745,252**
Dividends	-	-	(90,239)	**(90,239)**	(35)	**(90,274)**
Transactions with owners recognised directly in equity	**-**	**-**	**(90,239)**	**(902,369)**	**(35)**	**(90,274)**
Profit for the year ended 31 December 2017	-	-	156,008	**156,008**	83	**156,091**
Other comprehensive income	-	163	-	**163**	-	**163**
Total comprehensive income for the year ended 31 December 2017	**-**	**163**	**156,008**	**156,171**	**83**	**156,254**
Other changes in equity	**-**	**-**	249	**249**	**-**	**249**
As at 31 December 2017	**63,865**	**1,347**	**745,696**	**810,908**	**573**	**811,481**

	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	**63,865**	**1,184**	**679,678**	**744,727**	**525**	**745,252**
Profit for the three-month period ended 31 March 2017	-	-	27,721	**27,721**	25	**27,746**
Other comprehensive income	-	(149)	-	**(149)**	-	**(149)**
Total comprehensive income for the three-month period ended 31 March 2017 *(unaudited)*	**-**	**(149)**	**27,721**	**27,572**	**25**	**27,597**
As at 31 March 2017 *(unaudited)*	**63,865**	**1,035**	**707,399**	**772,299**	**550**	**772,849**

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. General

1.1. Legal status and scope of operations of the entity

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

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

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

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

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

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

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

The GPW Group also operates:

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

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

1.2. Approval of the financial statements

The Condensed Consolidated Interim Financial Statements were authorised for issuance by the Management Board of the parent entity on 26 April 2018.

1.3. Composition and activity of the Group

The Warsaw Stock Exchange and its following subsidiaries:

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

comprise the Warsaw Stock Exchange Group.

The 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"),
- Aquis Exchange Limited ("Aquis").

2. Basis of preparation of the financial statements

These Condensed Consolidated Interim Financial Statements of the Giełda Papierów Wartościowych w Warszawie S.A. Group have been prepared according to the International Accounting Standard 34 "Interim Financial Reporting" approved by the European Union.

In the opinion of the Management Board of the parent entity, in the notes to the Condensed Consolidated Interim Financial Statements of the Giełda Papierów Wartościowych w Warszawie S.A. Group ("Group"), GPW included all material information necessary for the proper assessment of the assets and the financial position of the Group as at 31 March 2018 and its financial results in the period from 1 January 2018 to 31 March 2018.

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

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

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

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

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

2.8 Financial assets

2.8.1. Classification and valuation of financial assets

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

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

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

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

2.8.1.1 Financial assets measured at amortised cost

A financial asset is classified as "Financial assets measured at amortised cost" if the following two conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

"Financial assets measured at amortised cost" other than trade receivables are measured on initial recognition at fair value plus directly attributable transaction costs. Trade receivables with no significant financing component (determined in accordance with IFRS 15) are measured on initial recognition at transaction price (as defined in IFRS 15). "Financial assets measured at amortised cost" are subsequently measured at amortised cost according to the effective interest rate method net of impairment.

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

"Financial assets measured at amortised cost" include:

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

2.8.1.2 Financial assets measured at fair value through other comprehensive income

A financial asset is classified as "Financial assets measured at fair value through other comprehensive income" if the following two conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and to sell financial assets; and
- its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

"Financial assets measured at fair value through other comprehensive income" comprise shares in entities over which a Group company does not exercise control or exert significant influence. They are disclosed as non-current assets unless the Group intends to sell them within 12 months after the balance sheet date.

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

Dividends from equity instruments classified as "Financial assets measured at fair value through other comprehensive income" are disclosed in the profit or loss of the period as part of financial income when a Group company acquires the rights to the respective payments. Changes in the value of equity instruments classified as "Financial assets measured at fair value through other comprehensive income" are disclosed as other comprehensive income.

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

Fair value hierarchy

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

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

2.8.2. Impairment of financial assets

At each balance sheet date, the Group recognises impairment (expected credit loss) of financial assets. If there has been a significant increase in credit risk of a financial asset since initial recognition, the Group recognises expected credit loss of the financial asset as an allowance equal to lifetime expected credit losses. If the credit risk of a financial asset has not increased significantly since initial recognition, the financial asset will attract a loss allowance equal to 12-month expected credit loss.

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

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

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

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

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

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

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

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

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

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

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

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

2.21 Revenue

2.21.1 Sales revenue

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

- over time, in a manner that depicts the entity's performance; or
- at a point in time, when control of the goods or services is transferred to the customer.

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

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

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

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

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

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

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

- **Revenue from trading**

Trading consists of revenues 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 system 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.

Revenues from trading fees are recognised in the month when the service is provided.

- **Revenue from issuers**

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

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

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

- **Revenue from information services**

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

Revenue from the **commodity market** includes mainly fees charged by TGE under the Towarowa Giełda Energii S.A. Market Rules, by IRGiT under the Exchange Clearing House Rules (mainly for clearing of transactions made on TGE), and by InfoEngine from its activity as trade operator and as technical trade operator.

Revenue from the **commodity market** includes:

- **Revenue from trading**

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

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

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

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

Revenue from the operation of the Registers is recognised in the month when the service is provided.

- **Revenue from clearing**

Clearing revenue is the revenue of IRGiT including:

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

- **Revenue from information services**

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

Other (sales) revenue is earned on other services provided by the Group including lease of office space and services for the Polish Financial Supervision Authority including provision of an IT application supporting the use of data as well as technical and substantive support. Such revenue is recognised in the month when the service is provided.

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

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

The critical accounting estimates and judgements used by the Management Board of the parent entity in the application of the Group's accounting policy and the key sources of uncertainty were the same as those used in the audited Consolidated Financial Statements as at 31 December 2017.

(all amounts in PLN'000 unless indicated otherwise)

3. Property, plant and equipment

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

	Period of	
	Three months ended 31 March 2018 *(unaudited)*	Twelve months ended 31 December 2017
Net carrying value - opening balance	**110,784**	**119,130**
Additions	2,030	7,135
Disposals	(132)	(40)
Depreciation charge	(3,991)	(15,441)
Net carrying value - closing balance	**108,691**	**110,784**

Contracted investment commitments for property, plant and equipment were PLN 133 thousand as at 31 March 2018, including mainly restructuring of GPW offices and addition of cables to the server room.

Contracted investments for plant, property and equipment were PLN 1,226 thousand as at 31 December 2017 including purchase of CISCO switches at TGE.

4. Intangible assets

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

	Period of	
	Three months ended 31 March 2018 *(unaudited)*	Twelve months ended 31 December 2017
Net carrying value - opening balance	**267,991**	**273,815**
Additions	983	9,191
Disposals	-	(737)
Amortisation charge	(3,834)	(14,278)
Net carrying value - closing balance	**265,140**	**267,991**

Contracted investment commitments for intangible assets amounted to PLN 1,620 thousand as at 31 March 2018 and related mainly to GPW's trading surveillance system and TGE's market surveillance system.

Contracted investments in intangible assets 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.

(all amounts in PLN'000 unless indicated otherwise)

5. Investment in associates

Table 3: Carrying value of investment in associates

	As at/Year ended	
	31 March 2018 *(unaudited)*	**31 December 2017**
KDPW S.A. Group	178,882	177,315
Centrum Giełdowe S.A.	17,104	16,999
Aquis Exchange Limited	-	13,075
Total	**195,986**	**207,389**

Table 4: Change of the value of investment in associates

	As at/Year ended	
	31 March 2018 *(unaudited)*	**31 December 2017**
Opening balance	**207,389**	**197,231**
Reclassified as assets held for sale	(12,151)	-
Dividends	-	(102)
Share of profit (after tax)	746	10,059
Share of net profit	*746*	*10,414*
Other increase/(decrease) of profit	-	*(355)*
Share in other comprehensive income	2	201
Closing balance	**195,986**	**207,389**

(all amounts in PLN'000 unless indicated otherwise)

6. Trade and other receivables

Table 5: Trade and other receivables

	As at	
	31 March 2018 *(unaudited)*	31 December 2017
Gross trade receivables	*52,525*	*49,161*
Impairment allowances for receivables	*(4,263)*	*(2,529)*
Total trade receivables	**48,262**	**46,632**
Current prepayments	10,248	4,141
Other receivables and advance payments	2,116	389
Receivables in respect of tax settlements	26,773	12,934
incl: VAT	*26,762*	*12,899*
Total other receivables	**39,137**	**17,464**
Total trade and other receivables	**87,399**	**64,096**

7. Other financial assets measured at amortised cost

According to its policy of investing free cash, as at 31 March 2018, the Group held the following current financial assets:

- zero-coupon corporate bonds in a total nominal amount of PLN 45,000 thousand maturing on 17 July 2018 and 10 August 2018, acquired for a total price of PLN 44,529 thousand, shown at PLN 44,703 thousand as at 31 March 2018;
- certificates of deposit: 38,000 instruments with a principal amount of PLN 1 thousand per certificate, maturing on 1 October 2018, bearing interest at WIBOR 6M as at 27 March 2018 plus 0.05%, shown at PLN 38,004 thousand as at 31 March 2018.

These transactions diversify the sources of financial income to generate income greater than what is available from bank deposits in compliance with the requirements of GPW's investment policy: to invest in secured or investment grade corporate debt at arm's length. The transactions are made at arm's length at the time of the contract. Consequently, the fair value of those instruments is not materially different from their carrying amount as at 31 March 2018.

8. Assets held for sale

The Management Board of the parent entity started negotiations of a potential sale of shares of the associate Aquis Exchange ("Aquis"), in which GPW holds 20.31% of votes and economic rights. In March 2018, the Management Board of the parent entity approved the boundary conditions of a potential sale of shares of Aquis (on the assumption that the shares of Aquis will be sold at not less than GBP 11,475,000) if Aquis decides to initiate an IPO. The final price will depend on market conditions.

On 23 March 2018, the GPW Supervisory Board passed a resolution approving the sale of shares of the associate Aquis. On 23 April 2018, the Extraordinary General Meeting of GPW passed a resolution approving the sale of shares of the associate Aquis.

As a result, as at 31 March 2018, the GPW Management Board decided that the investment in the associate Aquis was very likely to be sold and reclassified it as assets held for sale in the amount of PLN 12,151 thousand.

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

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

9. Changes in estimates

In the period from 1 January 2018 to 31 March 2018, impairment losses for assets were adjusted as follows:

Table 6: Changes in estimates

	PLN'000
Receivables allowance as at 31 December 2017	**2,529**
Adjustment on initial application of IFRS 9*	259
Receivables allowance as at 1 January 2018	**2,788**
Additions	1,613
Receivables written of as unenforceable in the period	(108)
Releases	(30)
Receivables allowance as at 31 March 2018	**4,263**

** The Group applied IFRS 9 as of 1 January. According to the simplification, the Group did not restate comparative data (7.2.15 of IFRS 9). For more information on the initial application of IFRS 9, see Note 20.*

Furthermore, in the period from 1 January 2018 to 31 March 2018, there were the following changes in estimates:

- employee benefits payable (mainly annual bonuses) were reduced by PLN 4,817 thousand (usage of PLN 7,900 thousand, provision additions of PLN 3,083 thousand);
- provisions against litigation and other provisions were reduced by PLN 144 thousand (usage of PLN 75 thousand, releases of PLN 115 thousand, provision additions of PLN 46 thousand).

10. Cash and cash equivalents

Table 7: Cash and cash equivalents

	As at	
	31 March 2018 *(unaudited)*	31 December 2017
Cash	1	1
Current accounts	22,297	40,361
Bank deposits	407,859	446,114
Total cash and cash equivalents	**430,157**	**486,476**

(all amounts in PLN'000 unless indicated otherwise)

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.

11. Bond issue liabilities

Table 8: Bond issue liabilities

	As at	
	31 March 2018 *(unaudited)*	**31 December 2017**
Liabilities under bond issue - non-current:	**243,670**	**243,573**
Series C bonds	124,113	124,050
Series D and E bonds	119,557	119,523
Liabilities under bond issue - current:	**2,070**	**1,938**
Series C bonds	1,668	682
Series D and E bonds	402	1,256
Total liabilities under bond issue	**245,740**	**245,511**

Series C bonds

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

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

Series D and E bonds

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

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

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

As at 31 March 2018, the fair value of series C bonds is PLN 129,360 thousand and the fair value of series D and E bonds is PLN 121,099 thousand.

(all amounts in PLN'000 unless indicated otherwise)

12. Performance obligations

Table 9: Performance obligations

	As at	
	31 March 2018 *(unaudited)*	**1 January 2018*** *(restated)*
Trading	*490*	*-*
Listing	*14,132*	*-*
Information services and benchmark calculation	*13,772*	*2,200*
Financial market	28,394	2,200
Trading	*4,315*	*2,912*
Clearing	*-*	*1,694*
Commodity market	4,315	4,606
Other revenue	328	21
Total performance obligations	**33,037**	**6,827**

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

Current performance obligations relating to services provided on the financial and commodity market include annual and quarterly fees charged from market participants. Those were presented as deferred income as at 31 December 2017. For more information on the initial application of IFRS 15, see Note 20.

This was the only change of presentation on the initial application of IFRS 15. As at 31 March 2018 and as at 31 December 2017, the Group had no assets in relation to performance obligations. Trade receivables are described in Note 6.

Performance obligations stood at PLN 6,827 thousand as at 1 January 2018, of which PLN 1,308 thousand was recognised as income in the three months ended 31 March 2018.

13. Accruals and deferred income

Non-current deferred income includes a subsidy for assets received by TGE in the PCR project at a carrying amount of PLN 6,011 thousand as at 31 March 2018, including PLN 5,452 thousand presented as non-current and PLN 559 thousand presented as current (for details on the recognition of the subsidy, see Note 18 to the Consolidated Financial Statements of the GPW Group for the year ended 31 December 2017). As at 31 December 2017, the carrying amount of the subsidy was PLN 6,151 thousand, including PLN 5,592 thousand presented as non-current and PLN 559 thousand presented as current.

14. Other current liabilities

Other current liabilities as at 31 March 2018 include mainly TGE's liabilities in respect of the VAT of the current period (PLN 18,115 thousand), as well as liabilities in respect of margins securing purchase/sale of electricity on the balancing market of InfoEngine (PLN 1,636 thousand). As at 31 December 2017, other current liabilities included mainly TGE's current VAT liabilities at PLN 17,065 thousand, as well as liabilities of InfoEngine in respect of margins securing purchase/sale of electricity on the balancing market at PLN 591 thousand.

(all amounts in PLN'000 unless indicated otherwise)

15. Income tax

Table 10: Income tax by current and deferred tax

	Three-month period ended 31 March	
	2018	2017
Current income tax	11,613	14,566
Deferred tax	(4,956)	(6,539)
Total income tax	**6,657**	**8,027**

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

Table 11: Reconciliation of the theoretical amount of tax arising from profit before tax and the statutory tax rate with the income tax expense presented in the statement of comprehensive income

	Three-month period ended 31 March	
	2018	2017
Profit before income tax	35,149	35,773
Income tax rate	19%	19%
Income tax at the statutory tax rate	**6,678**	**6,797**
Tax effect:	**(21)**	**1,230**
Non-tax-deductible expenses	228	1,518
Deferred tax asset on investment in an associate	(176)	-
Tax losses of subsidiaries not recognised in deferred tax	68	-
Non-taxable share of profit of associates	(142)	(284)
Other adjustments	-	(3)
Total income tax	**6,657**	**8,027**

16. Related party transactions

Related parties of the Group include its associates (KDPW S.A. Group, Centrum Giełdowe S.A. and Aquis Exchange Limited) and the State Treasury as the parent entity (holding 35.00% of the share capital and 51.76% of the total number of voting rights as at 31 March 2018), entities controlled and jointly controlled by the State Treasury and entities on which the State Treasury has significant influence. Furthermore, related parties include the key management personnel of the Group.

16.1. Information about transactions with companies which are related parties of 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.

(all amounts in PLN'000 unless indicated otherwise)

Companies with a stake held by the State Treasury

The Group keeps no records which would clearly identify and aggregate transactions with all entities which are related parties of the State Treasury.

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

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

All trade transactions with entities with a stake held by the State Treasury are concluded in the normal course of business and are carried out on an arm's length basis.

Polish Financial Supervision Authority

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

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

In the three-month period ended 31 March 2018, the operating expenses of the GPW Group included an estimated amount of the annual fee at PLN 9,023 thousand. The fee charged to the expenses of the GPW Group in the three-month period ended 31 March 2017 was PLN 11,357 thousand.

16.2. Transactions with associates

Table 12: Transactions of GPW Group companies with associates

	As at 31 March 2018 *(unaudited)*		Three-month period ended 31 March 2018 *(unaudited)*	
	Receivables	Liabilities	Sales revenue	Operating expenses
KDPW S.A. Group	9	-	11	37
Centrum Giełdowe S.A.	-	10	-	313
Aquis Exchange Limited	-	-	1	-
Total	**9**	**10**	**12**	**350**

** Including trade and other payables*

(all amounts in PLN'000 unless indicated otherwise)

Table 13: Transactions of GPW Group companies with associates

	As at 31 March 2017 *(unaudited)*		Three-month period ended 31 March 2017 *(unaudited)*	
	Receivables	Liabilities	Sales revenue	Operating expenses
KDPW S.A. Group	-	-	-	28
Centrum Giełdowe S.A.	-	14	-	271
Aquis Exchange Limited	7	-	7	-
Total	**7**	**14**	**7**	**299**

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

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

In 2018 and 2017, GPW also concluded transactions with the Książęca 4 Street Housing Cooperative of which it is a member. The expenses amounted to PLN 941 thousand in the first three months of 2018 and PLN 948 thousand in the first three months of 2017.

16.3. 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 2017 and 2018, respectively.

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

Table 14: Remuneration and benefits to the key management personnel of the Group

	Three-month period ended 31 March *(unaudited)*	
	2018	2017
Base salary	387	717
Bonus - bonus bank	-	140
Bonus - one-off payment	393	105
Bonus - phantom shares	-	105
Other benefits	-	19
Total remuneration of the Exchange Management Board	**780**	**1,087**
Remuneration of the Exchange Supervisory Board	**146**	**119**
Total remuneration of the key management personnel	**926**	**1,207**

17. Dividend

No resolution concerning the distribution of the Company's profit earned in 2017 was passed on or before the date of publication of this report.

18. Seasonality

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

19. Segment reporting

These Condensed Consolidated Interim Financial Statements disclose information on segments based on components of the entity which are monitored by managers to make operating decisions. Operating segments are components of the entity for which discrete financial information is available and whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess the Group's performance.

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

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

The Financial Market includes three subsegments:

- Trading (mainly revenue from trading fees which depends on turnover on the exchange, fees for access to 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).

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

2) **Commodity Market** segment, which covers the activity of the Group including organising trade in commodities as well as related activities. The Group provides clearing and settlement on the commodity market through the company Warsaw Commodity Clearing House ("IRGiT") and offers exchange trade in commodities (electricity, gas) and operates the Register of Certificates of Origin of electricity through the company TGE. The GPW Group also earns revenues from the activity of a trade operator on the electricity market.

The Commodity Market includes the following sub-segments:

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

The Commodity Market segment includes the TGE Group.

3) The segment **Other** includes the company IAiR.

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

(all amounts in PLN'000 unless indicated otherwise)

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 Condensed Consolidated Interim Financial Statements.

Table 15: Business segments: Statement of comprehensive income

	Three-month period ended 31 March 2018 *(unaudited)*					
	Financial Market	Commodity Market	Other	Total segments	Exclusions and adjustments	Total segments and exclusions
Sales revenue:	50,107	36,281	2,453	**88,841**	(2,905)	**85,936**
To third parties	*49,572*	*36,213*	*151*	***85,936***	-	***85,936***
Sales between segments and intragroup transactions	*535*	*68*	*2,302*	***2,905***	*(2,905)*	**-**
Operating expenses:	(33,103)	(18,038)	(117)	**(51,258)**	2,898	**(48,360)**
including depreciation and amortisation	*(5,268)*	*(2,557)*	-	***(7,825)***	-	***(7,825)***
Profit/(Loss) on sales	**17,004**	**18,244**	**2,336**	**37,583**	**(7)**	**37,576**
Profit/(Loss) on other operations	(2,319)	(513)	-	**(2,832)**	-	**(2,832)**
Operating profit (loss)	**14,685**	**17,731**	**2,336**	**34,751**	**(7)**	**34,744**
Profit/(Loss) on financial operations:	(824)	479	4	**(341)**	-	**(341)**
interest income	*845*	*652*	-	***1,497***	*(7)*	***1,490***
interest cost	*(1,900)*	*(7)*	-	***(1,907)***	*7*	***(1,900)***
Share of profit of associates	-	-	-	**-**	746	**746**
Profit before income tax	**13,861**	**18,210**	**2,340**	**34,410**	**739**	**35,149**
Income tax	(3,371)	(3,462)	-	**(6,833)**	176	**(6,657)**
Net profit	**10,490**	**14,748**	**2,340**	**27,577**	**915**	**28,492**

Table 16: Business segments: Statement of financial position

	As at 31 March 2018 *(unaudited)*					
	Financial Market	Commodity Market	Other	Total segments	Exclusions and adjustments *	Total segments and exclusions
Total assets	790,194	365,806	2,107	**1,158,107**	35,129	**1,193,236**
Total liabilities	306,531	52,785	25	**359,340**	(6,045)	**353,295**
Net assets (assets - liabilities)	**483,663**	**313,021**	**2,082**	**798,766**	**41,174**	**839,941**

** Exclusions and adjustments include mainly an adjustment of investments in associates shown at cost in the Financial Market segment adjusted to equity valuation (PLN 184 million) less consolidation adjustments (PLN 143 million).*

(all amounts in PLN'000 unless indicated otherwise)

Table 17: Business segments: Statement of comprehensive income

	Three-month period ended 31 March 2017 *(unaudited)*					
	Financial Market	Commodity Market	Other	Total segments	Exclusions and adjustments	Total segments and exclusions
Sales revenue:	55,881	35,030	1,590	**92,501**	(1,467)	**91,034**
To third parties	*55,708*	*35,030*	*296*	***91,034***	-	***91,034***
Sales between segments and intragroup transactions	*173*	-	*1,294*	***1,467***	*(1,467)*	**-**
Operating expenses:	(31,984)	(15,930)	(71)	**(47,985)**	1,470	**(46,515)**
including depreciation and amortisation	*(4,908)*	*(1,485)*	-	***(6,393)***	-	***(6,393)***
Profit/(Loss) on sales	**23,897**	**19,100**	**1,519**	**44,516**	**3**	**44,519**
Profit/(Loss) on other operations	(3,147)	(937)	-	**(4,084)**	-	**(4,084)**
Operating profit (loss)	**20,750**	**18,163**	**1,519**	**40,432**	**3**	**40,435**
Profit/(Loss) on financial operations:	(1,778)	(4,403)	11	**(6,170)**	13	**(6,157)**
interest income	*998*	*348*	*11*	***1,357***	-	***1,357***
interest cost	*(1,834)*	*(4,756)*	-	***(6,590)***	-	***(6,590)***
Share of profit of associates	-	-	-	**-**	1,495	**1,495**
Profit before income tax	**18,972**	**13,760**	**1,530**	**34,262**	**1,511**	**35,773**
Income tax	(4,431)	(3,605)	9	**(8,027)**	-	**(8,027)**
Net profit	**14,541**	**10,155**	**1,539**	**26,235**	**1,511**	**27,746**

Table 18: Business segments: Statement of financial position

	As at 31 December 2017					
	Financial Market	Commodity Market	Other	Total segments	Exclusions and adjustments *	Total segments and exclusions
Total assets	762,651	345,524	2,229	**1,110,404**	36,649	**1,147,053**
Total liabilities	291,501	47,531	31	**339,063**	(3,491)	**335,572**
Net assets (assets - liabilities)	**471,150**	**297,993**	**2,198**	**771,341**	**40,140**	**811,481**

* *Exclusions and adjustments include mainly an adjustment of investments in associates shown at cost in the Financial Market segment adjusted to equity valuation (PLN 170 million) less consolidation adjustments (PLN 130 million).*

(all amounts in PLN'000 unless indicated otherwise)

20. Effect of the initial application of new standards

Table 19: Impact of adjustments on selected items of the statement of comprehensive income as at 1 January 2018

		As at 31 December 2017 a)	Adjustment on initial application of IFRS 9 and IFRS 15	As at 1 January 2018 (restated)
Non-current assets		**596,354**	**49**	**596,403**
Deferred tax asset	2	3,803	49	3,852
Available-for-sale assets	1	271	(271)	-
Financial assets measured at fair value through other comprehensive income	1	-	271	271
Current assets		**550,699**	**(259)**	**550,440**
Trade and other receivables	2	64,096	(259)	63,837
TOTAL ASSETS		**1,147,053**	**(210)**	**1,146,843**
Equity		**811,481**	**(210)**	**811,271**
Equity of the shareholders of the parent entity		**810,908**	**(210)**	**810,698**
Retained earnings	2	745,696	(210)	745,486
Current liabilities		**75,621**	**-**	**75,621**
Performance obligations	3	-	6,827	6,827
Accruals and deferred income	3	7,386	(6,827)	559
TOTAL EQUITY AND LIABILITIES		**1,147,053**	**(210)**	**1,146,843**

a) The Group implemented IFRS 9 and IFRS 15 as of 1 January 2018. The Management Board decided to use the simplification under 7.2.15 of IFRS 9, i.e., not to apply retrospective restatement. IFRS 15 was implemented retrospectively with the cumulative effect of initial application at 1 January 2018.

1) IFRS 9 - reclassification in new categories of financial assets
2) IFRS 9 - increase of impairment allowances based on expected credit losses
3) IFRS 15 - changes to the presentation of data on charged annual and quarterly fees under a new line: "Performance obligations"

Table 20: Impact of the application of IFRS 15 on selected items of the statement of financial position as at 31 March 2018

	As at 31 March 2018 (on application of IFRS 15)*	Adjustment on application of IFRS 15	As at 31 March 2018 (before application of IFRS 15)
Current liabilities	**33,596**	**-**	**33,596**
Performance obligations	33,037	(33,037)	-
Accruals and deferred income	559	33,037	33,596

** No effect of the application of IFRS 15 in the statement of comprehensive income. No material effect in the statement of cash flows (only a change of presentation under cash flows from operating activities).*

The expected credit loss allowance is shown in the statement of comprehensive income under "Impairment losses of trade receivables" as of 1 January 2018 (it was shown under "Other expenses" in previous years).

IFRS 9 Financial Instruments

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

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

replacing them with a new classification:

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

Classification of financial assets depends on the business model of asset portfolio management and the contractual terms of the financial asset. Financial assets held by the 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 will recognise and measure impairment under the "expected credit loss" model replacing the "incurred loss" impairment model. The amendment mainly affects the estimation of allowances for trade receivables.

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

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

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

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers, which applies to annual periods starting after 1 January 2018, replaces most of the existing detailed guidelines for recognition of revenue under IFRS. The new Standard specifies that revenue should be recognised at transaction price when (or as) an entity transfers control of goods or services to a customer. The implementation of the Standard impacts the presentation of data concerning annual and quarterly fees charged from customers under contracts and regulations in interim consolidated financial statements. Such fees were previously presented as "Accruals and deferred income" but are now presented in accordance with IFRS 15 as "Performance obligations".

21. Events after the balance sheet date

There were no events after the balance sheet date impacting these financial statements.

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

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

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

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

Signature of the person responsible for keeping the accounting records:

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

Warsaw, 26 April 2018