



REPORT OF FON SE
INCLUDING CONDENSED FINANCIAL STATEMENT
as at 31 March 2019 and for 15 months ended 31 March 2019

beginning of the financial period: 01.01.2018
end of the financial period: 31.03.2019

Company's name: FON SE
registry code: 14617916

address: Narva mnt 5
city: Tallinn, Harju maakond
postal code: 10117
Country: Estonia

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Management report

Brief description

FON SE is a public company with many years of traditions on the capital market. The basic direction of the Company's activity is financial activity. As part of its financial services, the Company offers medium-term cash loans to business entities. FON SE has got also the wind farm.

In the reporting period, the Issuer generated revenues mainly from wind farm owned, loan activities i.e. interest on loans granted.

The Company is listed on the Warsaw Stock Exchange.

As at 31/03/2019 Patro Invest OÜ owns 23.333.263 shares representing 33.33% votes on general meeting of shareholders of FON SE SE indirectly. As at 31/03/2019 the biggest shareholder of Patro Invest OÜ is Damian Patrowicz by the time of compiling these financial statements.

The Company moved its registered office from Poland to Estonia effective as at 30/11/2018, therefore the Management Board decided to publish the interim report for the period 01/01/2018 – 30/11/2018 (published on 29/04/2019) and the current interim report contains 15 months, i.e. the period since 01/01/2018 to 31/03/2019.

Business name:	FON SE (until 19.04.2018 FON S.A.)
Address:	Narva mnt 5, 10117 Tallinn, Estonia (until 30.11.2018 Zygmunta Padlewskiego Street 18C, 09-402 Plock, Poland)
Commercial Registry no.:	14617916 Äriregistri (until 30.11.2018 KRS:0000028913 NIP:5480075844 REGON:070009914)
Beginning of current financial year:	01.01.2018
End of current financial year:	30.06.2019
Beginning of interim period:	01.01.2018
End of interim period:	31.03.2019
Auditor:	Not appointed
Phone:	+48-796-118-929
E-mail:	biuro@fon-sa.pl
Internet homepage:	http://www.fon-sa.pl/



The main business activity of FON SE is financial activity. As part of its financial services, the Company offers medium-term cash loans to business entities. FON SE has got also the wind farm.

List of important events which occurred in the reporting period

On 28/03/2018 the Management Board has decided to make the revaluation of the value of the Company's assets on 31/12/2017 at the balance sheet date. 27.000.000 Ethereum blockchain-based tokens called PATRO-ICO1 purchased by the Issuer from Patro Invest OU based in Tallinn have been updated by reducing their value in the amount of PLN 6.577.000,00.

On 18/04/2018 the Company settled the entire loan granted to the company TOP MARKA S.A. since 30/12/2013 in the amount of PLN 18.295.394,34. The Issuer settled the whole loan by settling the value of the property taken over in Poznań at ul. Kopanina 54/56 in the amount of the last public sale announcement, i.e. in the amount of PLN 25.000.000,00.

As a result of obtaining satisfaction of all claims of the Issuer against TOP MARKA S.A. under the Loan Agreement of 30/12/2013, the Issuer was obliged to transfer the surplus value of the collateral realized over the value of claims due to INVESTMENT FRIENDS SE as a mortgage creditor secured on real estate in Poznań at Kopanina Street 54/56. In addition, pursuant to the Agreement of 18/04/2018, the parties agreed that after making a payment of PLN 6.699.234,28 and provided that the Issuer granted additional security to the remainder claims INVESTMENT FRIENDS SE in Płock against TOP MARKA SA in the form of the Issuer's surety up to the amount of PLN 590.000,00. INVESTMENT FRIENDS SE in Płock filed a statement of consent for the cancellation of the mortgage from the property in Poznań at Kopanina Street 54/56 up to PLN 15.000.000,00.

On 19/04/2018 the merger of the Issuer FON SPÓŁKA AKCYJNA with registered office in Płock with the company FON 1 Polska Akciowspółność with registered office in Ostrava in the Czech Republic was registered. As a result of this merger there was created FON SE with the share capital of EUR 7.700.000,00 which is divided into 70.000.000 shares with a nominal value of EUR 0,11.

On 24/04/2018 the Management Board of FON SE concluded with FON Zarządzanie Nieruchomościami Sp. z o.o. in Płock, an agreement under which the Issuer, in exchange for a cash benefit in the amount of PLN 25.000.000,00, will exempt FON Zarządzanie Nieruchomościami Sp. z o.o. from the obligation to transfer back the ownership of the property in Poznań at ul. Kopanina 54/56.

On 24/04/2018 FON SE granted the company FON Zarządzanie Nieruchomościami Sp. z o.o. in Płock a cash loan in the amount of PLN 19.044.400,00 for the period up to 24/04/2021. The loan is subject to variable interest rate equal to WIBOR 1 month, increased by 4,5%. FON Zarządzanie Nieruchomościami Sp. z o.o. secured the return of the loan amount with real estate in Poznań at ul. Kopanina 54/56.

On 26/04/2018 The Management Board replaced 13.001.000 ordinary bearer shares of series B into 13.001.000 ordinary registered series B shares.

On 28/05/2018 the Management Board has decided to make the revaluation of the value of the Company's assets on 31/03/2018 at the balance sheet date. 27.000.000 Ethereum blockchain-based tokens called PATRO-ICO1 purchased by the Issuer from Patro Invest OU based in Tallinn have been updated by reducing their value in the amount of PLN 675.000,00.

On 26/08/2018 the Management Board has decided to make the revaluation of the value of the Company's assets on 30/06/2018 at the balance sheet date. 27.000.000 Ethereum blockchain-based tokens called PATRO-ICO1 purchased by the Issuer from Patro Invest OU based in Tallinn have been updated by reducing their value in the amount of PLN 225.000,00.

On 11/10/2018 the Issuer has concluded with the company PATRO INWESTYCJE Sp. z o.o. headquartered in Płock, a trust deed. The subject of the trusteeship agreement is the day-to-day management and administration of the Issuer's real estate and the procedure of searching for buyers and selling the Company's real estate. As part of the trust agreement, the Issuer transferred to PATRO INWESTYCJE Sp. z o.o. in Płock, the Company's rights to real estate, which comprise two undeveloped land properties located in Wisła (Śląskie Voivodeship), two land properties located in Zielona (Masovian Province) and the Company's share in perpetual usufruct of land and share in a compound on this land of building real estate located in Płock. Total estimated market value of the real estate subject to the Trust Agreement of 11/10/2018 PLN amounts to PLN 682.000,00. Securities have been established for the Issuer with the Agreement of 11/10/2018.

On 7/11/2018 the Issuer made a decision as a result of financial analysis based on received financial data of IFEA Sp. z o.o. about making on 30/09/2018 value revaluation in the Issuer's financial assets due to changes in



the value of owned 12.899 shares of IFEA Sp. z o.o. constituting 44,58% in the share capital, reducing their value by PLN 12.010 thousand.

On 16/11/2018 the Management Board has decided to make the revaluation of the value of the Company's assets on 30/09/2018 at the balance sheet date. 27.000.000 Ethereum blockchain-based tokens called PATRO-ICO1 purchased by the Issuer from Patro Invest OU based in Tallinn have been updated by reducing their value in the amount of PLN 450.000,00.

On 30/11/2018 the Management Board of FON SE informed that a register of commercial companies (Ariregister) relevant to the law of Estonia registered the transfer of the registered office of the Issuer to Estonia in accordance with the provisions of the Transfer Plan of 19/03/2018 and Resolutions of the General Meeting of Shareholders of 30/05/2018 and 19/11/2018. The new address of the Issuer is Tallinn, Estonia, Narva mnt 5, 10117.

On 18/03/2019 the Company has obtained licences for carrying on financial activities, including providing services related to trading of virtual currency which are considered to be legal tenders. The licences were issued by Estonian Financial Intelligence Unit and are registered under the following numbers: FRK000677 and FVR000776.

List of important events which occurred after the balance date

On 12/04/2019 the Management Board of FON SE headquartered in Tallinn concluded an agreement with PATRO INVEST OÜ headquartered in Tallinn regarding redemption of owned 27.000.000 (twenty-seven million) of Ethereum blockchain-based tokens called PATRO-ICO1 (<https://www.ethereum.org>). Upon concluded agreement, the Parties decided that PATRO INVEST OÜ headquartered in Tallinn on 12/04/2019 redeems 27.000.000 Ethereum blockchain-based tokens for the total price PLN 2.467.800,00 with payment term up to 31/12/2019.

Shares

Since 27 May 1999, the shares of FON SE have been listed on the Warsaw Stock Exchange. FON SE has issued 70.000.000 registered shares, each with the book value of 0,11 EUR. The shares are freely transferable, no statutory restrictions apply.

The share, with a price of 0,19 PLN at the end of 2017, closed at 0,12 PLN at the end of November 2018.

The share, with a price of 0,12 PLN at the end of November 2018, closed at 0,0898 PLN at the end of March 2019.

The list of direct shareholders with over 5% holdings as at 31/03/2019:

Shareholder	Number of shares	% ownership	Number of votes	% votes
Patro Invest OÜ	23.333.263	33,33%	23.333.263	33,33%
Other	46.666.737	66,67%	46.666.737	66,67%
Total	70.000.000	100%	70.000.000	100%

Management

The Management Board of FON SE has one member – Damian Patrowicz. The Members of the Supervisory Board of FON SE delegated Damian Patrowicz as a Member of Supervisory Board to perform the duties of Chairman of FON SE until 29/06/2018. On 05/07/2018 Damian Patrowicz was appointed by the Supervisory Board as the Chairman of the Management Board.

The law, the articles of association, decisions and goals stated by the shareholders and the Supervisory Board are followed in the managing the company.



Ratios	31.03.2019	30.11.2018
Assets	10.454.158 EUR	45.116.000 PLN
Return on assets (ROA)	18,27%	-17,75%
Equity	10.430.109 EUR	44.979.000 PLN
Return on equity (ROE)	-18,32%	-17,80%
Debt ratio	0,2%	0.30%
Net loss	-1.910.324 EUR	-8.010.000 PLN

Shares (31.03.2019)	31.03.2019	30.11.2018
Price per share	0.0898 PLN	0.12 PLN
Profit per share	-0,03 EUR	-0.11 PLN
Book value per share	0,15 EUR	0.64 PLN
Current liquidity ratio	35,34	49,35

Description of main risks

Risk management objectives and principles

The main types of risks resulting from financial instruments of the Company include: interest rate risk, liquidity risk, credit risk and risk related to financial securities. The Management Board is responsible for establishment of risk management in the Company and supervision of its observance. The principles of risk management aim at identification and analysis of risks the Company is exposed to, setting out proper limits and control, as well as monitoring of the risks and compliance with the limits.

Credit risk

Credit risk refers to the risk of financial loss in case of a borrower or the other part of the contract defaults on its contractual obligations. Credit risk is connected mainly with receivables. Exposure of the Company on credit risk derives mainly from individual features of every customer. The Company continuously monitors its receivables. The Company prepares write-offs due to impairment which corresponds to estimated value of incurred losses on trade receivables, other receivables and investments. The aim of applied by the Company credit policy is maintenance of high and safe level of financial liquidity, timely regulation of payables toward suppliers and minimisation of costs related to bank payables handling. Minimisation of use of bank credits and financial costs connected to them is also obtained via proper policy of payables and receivables management toward suppliers and recipients. The aim of this policy is to agree such timeframes of payments which allow the Company to use trade credit and meet prescribed payment deadlines, at the same time.

Liquidity risk

The process of liquidity risk management is based on monitoring of anticipated cash flows, and then matching maturities of assets and liabilities, analysis of working capital and maintenance of access to various kinds of financial sources. The Company's aim is to maintain a balance between continuity and flexibility of financing by use of financing sources such as: loan, bank credit, financial lease agreements.

Risk of shares price's fluctuations and limited liquidity

Immanent feature of market trading are shares' price fluctuations and short-term fluctuations of turnover. It might result in possible sale or purchase of the qualifying holding of the Issuer's shares will be connected with a necessity to accept significantly less favourable price than the reference price. The Issuer can not also exclude significant, temporary limitations of liquidity which may significantly hamper sales or purchase of the Issuer's shares,

Risk connected to links between members of the Issuer's corporate bodies

There are interpretations indicating the possibility of risks based on negative influence of links between members of the governing bodies of the Company on their decisions. It refers especially to influence of these



links on the Supervisory Board of the Issuer with regard to supervision of ongoing activities of the Company. While estimating the possibility of such risk occurrence, it should be taken into consideration that supervising bodies are under control of the other governing body - General Meeting, and it is in the interest of the Supervisory Board member to fulfil their duties in reliable and legal manner. Otherwise, the Supervisory Board members can be sanctioned by the General Meeting or they can be exposed to criminal liability due to act to detriment of the Company.

Risk connected with taken loan and given warranty

There is a risk of defaulting in payment of the taken loan, and therefore a necessity for a lender to realize given warranty based on entry in the Company's real estate mortgage. The Company will make any reasonable actions in order to reduce this risk. However, because of significance and complexity of the organizational and legal changes, it is impossible to exclude occurrence of unfavourable events.

Risk connected to change of the seat and article of association of the Issuer

While transferring the seat of the Company to Estonia, there is a risk related to effective adaptation of the Issuer to organizational and legal laws applicable in Estonia. These changes can temporary influence organizational effectiveness of the Issuer and risk of possible mistakes and errors in law interpretations, obligations of entities operating in Estonia, local and related to listing of the Company's shares on Warsaw Stock Exchange disclosure obligations, and their proper implementation by the Issuer can occur.

Risk related to shareholder structure

As at the date of preparing this financial statements 33,03% of the share capital and 33,03% of votes at the general meeting of the Issuer directly belongs to Patro Invest OU. Thereof, this Shareholder has significant influence on adopted by the general meeting resolutions.

Risk related to economic situation in Poland and Estonia

Economic situation and prosperity in Poland has significant influence on financial result obtained by all entities, including the Issuer. Development of companies investing in financial instruments and carrying out the financial activities is dependent mainly on circumstances of business activity. In case of transferring the Company's seat to Estonia, this risk will concern the new seat.



Management Board's declaration

The Management Board confirms the correctness and completeness of the unaudited interim report of FON SE for the period 01.01.2018 - 31.03.2019.

The Management Board confirms that to the best of their knowledge:

- the accounting policies and presentation of information applied in the preparation of the interim report are in compliance with International Financial Reporting Standards;
- the interim report presents a true and fair view of the financial position, the results of operations and cash flows of the Company;
- the management report presents true and fair view of significant events that took place during the accounting period and their impact to financial statements and includes the description of major risks and doubts;
- company is going concern.

Member of the Management Board
Damian Patrowicz
30.04.2019



Financial report

BALANCE SHEET	31/03/2019 (unaudited) in thous. EUR	30/11/2018 (unaudited) in thous. PLN	31/12/2017 (audited) in thous. PLN
A S S E T S			
I. Fixed assets	9 604	41 612	41 857
Intangible assets (note 9)	6	2 250	4 725
Property, plant and equipment (note 8)	216	1 008	1 383
Long-term financial assets (notes 6,7)	8 859	38 288	35 703
Long-term accruals	523	66	46
II. Current assets	850	3 504	23 335
Inventory (note 4)	293	1 287	1 291
Short-term receivables (note 3,7)	392	416	92
Short-term financial assets	0	1 628	21 581
Cash and cash equivalents (note 2)	165	164	363
Short-term accruals	0	9	8
TOTAL ASSETS	10 454	45 116	65 192
LIABILITIES			
I. Equity	10 430	44 979	64 999
Share capital (note 10)	7 700	32 116	35 000
Supplementary capital	21 780	93 655	93 655
Capital from merger of equities	3 866	16 624	16 640
Revaluation capital	-10 726	-45 204	-33 210
Other provisions	3 716	15 980	13 096
Losses from previous years and the current year	-15 906	-68 192	-60 182
II. Long-term liabilities	0	66	45
Deferred income tax provision	0	66	45
III. Short-term liabilities	24	71	148
Trade liabilities	22	25	107
Other liabilities	2	36	21
Reserves for liabilities	0	10	20
TOTAL LIABILITIES	10 454	45 116	65 192
Book value	10 430	44 979	64 999
Number of shares	70 000 000	70 000 000	70 000 000
Book value per share	0,15EUR	0,64PLN	0,93PLN
Diluted number of shares	70 000 000	70 000 000	70 000 000
Diluted book value per share	0,15EUR	0,64PLN	0,93PLN

REPORT OF FON SE
INCLUDING CONDENSED FINANCIAL STATEMENT
as at 31 March 2019 and for 15 months ended 31 March 2019

FON SE



INCOME STATEMENT	1/01/2018 – 31/03/2019 (unaudited) in thous. EUR	1/10/2018 – 30/11/2018 (unaudited) in thous. PLN	1/01/2018 - 30/11/2018 (unaudited) in thous. PLN	1/01/2017 – 31/12/2017 (audited) in thous. PLN
I.Revenue from sales of products, goods and materials	483	843	1 921	2 444
II.Cost of products,goods and materials sold	62	109	226	594
III.Gross profit on sales	421	734	1 695	1 850
IV.General management costs	187	258	573	847
V.Other operating revenues	12	26	50	33
VI.Other operating costs	650	881	2 718	6 838
VII.Loss on operating activities	-405	-379	-1 546	-5 818
VIII.Financial revenues	7	21	29	1
IX.Financial costs	1 512	5 308	6 477	855
X.Pre-tax profit	-1 910	-5 666	-7 994	-6 673
XI.Income tax	0	-6	16	-603
XII.Net loss	-1 910	-5 660	-8 010	-6 070
The weighted average number of ordinary shares			70 000 000	49 226 027
Loss per one ordinary share (in PLN)			-0,11	-0,12
The weighted diluted average number of ordinary shares			70 000 000	49 226 027
Diluted loss per one ordinary share (in PLN)			-0,11	-0,12

REPORT OF FON SE
INCLUDING CONDENSED FINANCIAL STATEMENT
as at 31 March 2019 and for 15 months ended 31 March 2019

FON SE



CHANGES IN EQUITY	01/01/2018- 31/03/2019 in thous. EUR	01/01/2018- 30/11/2018 in thous. PLN	01/01/2017- 31/12/2017 in thous. PLN
Opening balance of equity	15 116	64 999	65 694
Opening balance of share capital	8 140	35 000	76 000
Increase due to issue of shares	0	0	11 250
Reduction due to reduction of the share capital	440	2 884	52 250
Closing balance of share capital	7 700	32 116	35 000
Opening balance of supplementary capital	21 780	93 655	58 045
Increase due to reduction of the nominal value of shares	0	0	52 250
Closing balance of supplementary capital	21 780	93 655	110 295
Opening balance of revaluation capital	-7 723	-33 210	-27 335
Reduction in the valuation of financial assets	2 789	11 994	5 875
Closing balance of capital from revaluation	-10 513	-45 204	-33 210
Opening balance of capital from merger of entities	3 870	16 640	0
Reduction due to merger	217	16	0
Closing balance of capital from merger of entities	3 652	16 624	0
Opening balance of other reserve capital	3 046	13 096	13 096
Increase due to reduction of the share capital	671	2 884	0
Closing balance of other reserve capital	3 716	15 980	13 096
Opening balance of retained profit/not settled loss of previous years	-13 996	-60 182	-54 112
Decrease due to loss for the reporting period	1 910	3 625	6 070
Closing balance of retained profit/not settled loss of previous years	-15 906	-63 807	-60 182
Closing balance of equity	10 430	49 364	64 999

Note 1. Accounting policies

General information

The interim financial report for 15 months (01.01.2018 - 31.03.2019) of FON SE has been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted in the European Union.

The company belongs to the small business category. The interim report is compiled completely according to the regulations introduced for middle-sized companies.

The financial statements have been prepared in euros, though the bookkeeping has been kept in Polish currency (PLN).

Changes in accounting policies or presentation of information

The company moved its registered office from Poland to Estonia effective as at 30.11.2018, therefore the Management Board decided to publish the interim report for the period 01.01.2018 – 30.11.2018 in PLN and according to IFRS. This interim report contains 15 months and is compiled in accordance with International Financial Reporting Standards (IFRS) adopted in the European Union. The exceptions are informations presented in notes to this financial statement which were prepared for the period of 4 months (i.e. for the period from 12/12/2018 to 31/03/2019).

The presentation of the financial statements complies with the requirements of IAS 34 "Interim Financial Reporting" with the exception that similar comparative data for the previous period have been omitted. The reason for the omission is the change of the Issuer's registered office on 30/11/2018 and adoption of resolution regarding change of financial year of the Company. As the result of these changes the current financial period lasts longer than the previous financial year and reporting currency has changed (from PLN to EUR). Data for the period since January 2018 to March 2019 should be compared with the data for the whole 2017 with regard to the I quarter of 2018. The accounting policies that have been used in the preparation of the interim report are the same as those used in the annual report for the year ended 31 December 2017.

Financial assets

Financial assets are cash, short-term financial investments, trade receivables and other current and non-current receivables.

Financial assets are initially recognized at cost, which is the fair value of the consideration paid or received for the financial asset. The initial cost includes all transaction costs directly related to the financial asset.

Financial assets are removed from the balance sheet when the entity loses the right to receive cash flows from the financial asset or transfers the cash flows from the asset to a third party and from most of the risks and rewards of financial assets.

Purchases and sales of financial assets are consistently recognized on the value date, ie the date on which the entity becomes the owner of the financial asset or loses ownership of the financial asset sold.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and in the bank, demand deposits, short-term (less than 3-month redemption) bank deposit and money market fund units that do not have a significant market value risk.

Foreign currency transactions and assets and liabilities denominated in a foreign currency

The company's economic activities are in PLN. The company's accounts have been kept also in PLN. Currency exchange rate is stable, fluctuations are small.

Transactions denominated in foreign currencies are recorded on the basis of the exchange rates of the European Central Bank at the date of the transaction. Foreign exchange gains and losses are recognized in the income statement as income and expenses for the period.

Assets and liabilities have been translated into euros on the basis of the exchange rates of the European Central Bank at the balance sheet date. Income and expenses of the period are translated into euros on the basis of weighted average rate of PLN to EUR during the period 01.12.2018-31.03.2019.

Financial investments

Short-term financial investments in shares are valued in the balance sheet based on their fair value. The fair value is determined by the market value of the financial investment at the balance sheet date. Gains and losses arising from changes in value are recognized in the income statement of the period.

In cases where fair value cannot be estimated reliably, short-term financial investments are recognized in the balance sheet at their cost.

All long-term financial investments excluding held-to-maturity financial instruments are carried at fair value through the balance sheet. Gains and losses arising from changes in value are recognized in the income statement of the period.

Shares of subsidiaries and associates

Shares in affiliated companies and other securities acquired for a longer period than one year are recorded in the balance sheet as long-term financial investments.

All long-term financial investments excluding held-to-maturity financial instruments are carried at fair value through the balance sheet. Gains and losses arising from changes in value are recognized in the income statement of the period.

Long-term financial investments that an entity intends to hold to maturity are recognized in the balance sheet at amortized cost.

Receivables and prepayments

Accounts receivable are short-term receivables generated in the course of ordinary business. Accounts receivable are recorded at amortized cost (i.e. nominal value less possible write-off).

Accounts receivable are evaluated on an individual basis, if possible. If the evaluation of the receivables on an individual basis proves impossible, only the material receivables will be evaluated. Other receivables are evaluated as a set of receivables, considering the information available regarding the customer's previous debts. Collection of receivables, which have been previously expensed as doubtful receivables, are reported as an adjustment to doubtful receivables.

Plant, property and equipment and intangible assets

Assets with an acquisition cost of over 1,000 euros and a useful life of over 1 year are recorded as property, plant and equipment in the balance sheet. Assets with a lower cost or shorter useful life are expensed when they are put into use and are accounted for off-balance sheet.

Intangible assets are accounted for and recognized in the balance sheet using the same principles applied to property, plant and equipment. A straight-line method is used to depreciate intangible assets.



Minimal acquisition cost 1 000

Useful life by assets group (years)

Assets group name	Useful life
Land	100%
Buildings and constructions	2,5%
Other tangibles assets	6,7%
Intangible assets	1,5%

Provisions and contingent liabilities

The Company makes provisions for liabilities for which the timing or amount of realization is uncertain. The size and timing of the provision are based on estimates made by management or experts in the field.

The provision is recognized when the enterprise has a legal or operational obligation prior to the balance sheet date, the provision is likely to be realized as a resource outflow (over 50%) and the amount of the provision can be reliably determined.

Expenses related to the realization of the provision are assessed at the balance sheet date and the amount of the provision is reassessed at each balance sheet date. If the provision is likely to be realized in more than one year, it is recognized at discounted present value. The discount rate is based on the prevailing market interest rate for similar liabilities.

Contingent liabilities are those liabilities that have a probability of realization of less than 50% or the amount of which cannot be reliably estimated. Contingent liabilities are accounted for off-balance sheet.

Revenue recognition

Revenue from the sale of services is recognized based on the stage of completion method, revenue and profit from service provision are recognized pro rata over the same periods as the service cost.

Interest income is recognized based on the internal interest rate of the asset. Dividend income is recognized when a corresponding claim arises.

Expense recognition

Expenses are recognized in the same period as the related income. Expenditure that is likely to be involved in generating economic benefits in subsequent periods is recognized as an asset at the time it is incurred and recognized as an expense in the period in which it generates economic benefits.

Related parties

An entity considers parties to be related if one party has control over the other party or has significant influence over the other party's business decisions. Related parties are:

- Parent company (and owners of parent company);
- Subsidiaries and affiliates;
- Other companies belonging to the same consolidation group;
- The Company's Managing Director, Management Board and Supervisory Board, and non-controlling shareholders, unless such persons have no significant influence over the Company's business decisions. In

addition, related parties include close relatives of the persons described above and companies controlled by them or under their significant influence.

Assets whose realization is uncertain or the value of an asset cannot be reliably measured are classified as contingent assets. Contingent assets are accounted for off-balance sheet.

Note 2. Cash and cash equivalents (in EUR)

	31/03/2019	30/11/2018
Cash and money on accounts	4 474	5 722
Overnight deposit	160 308	32 391
Total cash and cash equivalents	164 782	38 113

Note 3. Receivables and prepayments (in EUR)

	31/03/2019	Allocation by remaining maturity		Note
		Within 12 months	1-5 years	
Accounts receivables	12 414	12 414		
Receivables from related parties	14 625	14 625		
Tax prepayments and receivables	2 578	2 578		
Other receivables	4 742 388	361 554	4 380 834	
Loans receivables	4 573 567	328 740	4 244 827	7
Interest receivables	167 216	32 814	134 402	7
Accrued income	1 605		1 605	
Prepayments	126	126		
Other paid prepayments	126	126		
Deposit and other prepayments	609	609		
Total receivables and prepayments	4 772 740	391 906	4 380 834	

	30/11/2018	Allocation by remaining maturity		Note
		Within 12 months	1-5 years	
Accounts receivables	33 519	33 519		
Receivables from related parties	61 000	61 000		
Other receivables	4 817 240	381 183	4 436 057	
Loans receivables	4 646 670	345 328	4 301 342	
Interest receivables	168 962	34 247	164 715	
Accrued income	1 608	1 608		
Prepayments	2 070	2 070		
Other paid prepayments	2 070	2 070		
Deposit and other prepayments	1 641	1 641		
Total receivables and prepayments	4 915 470	479 413		

Note 4. Inventories (in EUR)

	31/03/2019
Merchandise	293 292
Total inventories	293 292

On 11/10/2018 the Issuer has concluded with the company PATRO INWESTYCJE Sp. z o.o. headquartered in Płock, a trust deed. The subject of the trusteeship agreement is the day-to-day management and administration of the Issuer's real estate and the procedure of searching for buyers and selling the Company's real estate. As part of the trust agreement, the Issuer transferred to PATRO INWESTYCJE Sp. z o.o. in Płock, the Company's rights to real estate, which comprise two undeveloped land properties located in Wisła (Śląskie Voivodeship), two land properties located in Zielona (Masovian Province) and the Company's share in perpetual usufruct of land and share in a compound on this land of building real estate located in Płock.

Note 5. Shares of associate (in EUR)

30/11/2018 - 31/03/2019					
Associate's registry code	Name of associate	Country of incorporation	Principal activity	Ownership interest (%)	
				30/11/2018	31/03/2019
	IFEA Sp. z o.o.	POLAND		44,6%	44,6%
	IFERIA S.A.	POLAND			

Shares of associates, detailed information				
Name of associate	30/11/2018	Profit (loss) by equity equity method	Other changes	31/03/2019
IFEA S.A.	4 484 261	0	-10 428	4 473 833
IFERIA Sp. z o.o.	4 465	0	-10	4 455
Total shares of associates, at end of previous period	4 488 726	0		4 478 288

The changes in shares value during the year 2019 are due to currency fluctuations.

Note 6. Long-term financial investments (in EUR)

	Other	Total
30/11/2018	2 627 907	2 627 907
30/11/2018	2 627 907	2 627 907
	Other	Total
30/11/2018	2 627 907	2 627 907
Profi (loss) from disposal and revaluation	-2 104 651	-2 104 651
31/03/2019	523 256	523 256
Carried at fair value	523 256	523 256

Nota 7. Other receivables (in EUR)

	31/03/2019	Allocation by remaining maturity		Interest rate	Base currencies	Due date
		Within 12 months	1-5 years			
Loans receivables	4 573 567	328 740	4 244 827			
Patro Invest OÜ	69 767	69 767			PLN	31/12/2019
Patro Invest Sp. z o.o.	47 006	47 006		3%	PLN	31/12/2019
Fly.pl Sp. z o.o.	109 057	109 057		WIBOR 3M +1%	PLN	31/12/2019
AUTO KLUGE	54 651	54 651		12,5%	PLN	31/12/2019
Private person 1	45 248	45 248		9,9%	PLN	31/12/2019
Private person 2	3 011	3 011		8%	PLN	31/12/2019
Fon Zarządzanie Nieruchomościami Sp. z o.o.	4 244 827		4 244 827	WIBOR 1M +4,5%	PLN	24/04/2021
Interest receivables	167 216	32 814	134 402			
Accrue income	1 605		1 605			
Other advances	1 605		1 605			
Total other receivables	4 742 388		4 380 834			
	30/11/2018	Allocation by remaining maturity				
		Within 12 months	1-5 years			
Loan receivables	4 646 670	345 328	4 301 342			
Interest receivables	168 962	34 247	134 715			

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FON SE



Accrued income	1 608	1 608	
Total other receivables	4 817 240	381 183	4 436 057

Note 8. Property, plant and equipment (in EUR)

	Land	Equipment	Other machinery and equipment	Total
30/11/2018				
Carried at cost	5 132	11 603	568 494	585 229
Accumulated depreciation		-2 127	-354 835	-356 962
Residual cost	5 132	9 476	213 659	228 267
Depreciation		-97	-12 640	-12 737
31/03/2019				
Carried at cost	5 132	11 603	568 494	585 229
Accumulated depreciation		-2 224	-367 475	-369 699
Residual cost	5 132	9 379	201 019	215 530

Note 9. Intangible assets (in EUR)

	Other intangible assets	Total
30/11/2018		
Carried at cost	7 002	7 002
Accumulated depreciation	-698	-698
Residual cost	6 304	6 304
Depreciation	-34	-34
31/03/2019		
Carried at cost	7 002	7 002
Accumulated depreciation	-732	-732
Residual cost	6 270	6 270

Note 10. Share capital (in EUR)

	31/03/2019	30/11/2018
Share capital	7 700 000	7 700 000
Number of shares (pcs.)	70 000 000	70 000 000
Nominal value of shares	0,11	0,11

Note 11. Related parties (in EUR)

Name of accounting entity's parent company	Patro Invest OÜ
Country where accounting entity's parent company is registered	Estonia

	31/03/2019
	Receivables
Parent company	69 767
Management and higher supervisory body and individuals with material ownership interest and material influence of management	14 625
Close family members and entities under their prevalent and material influence of management	4 291 833

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30/11/2018 - 31/03/2019	Given loans	Given repayments	loans	Interest rate	Base currencies	Due date
Parent company						
Patro Invest OÜ	69 767					
Legal person with material ownership interest						
Patro Invest Sp. z o.o.	188 866	141 860		3%	PLN	31/12/2019
Fon Zarządzanie Nieruchomościami Sp. z o.o.	4 244 827			WIBOR 1M+4,5%	PLN	24/04/2021

	30/11/2018 - 31/03/2019	01/01/2018 - 30/11/2018	
	Purchases	Purchases	Sales
Close family members and entities under their prevalent and material influence of management	5 396	5 361	24 009

Signatures:

Damian Patrowicz
Członek Zarządu
30.04.2019