



A T L A N T I S S E

FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2018 AND FOR THE YEAR ENDED DECEMBER 31, 2018

Tallinn, 22/07/2019

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STATEMENT OF FINANCIAL POSITION	Note	31 December 2018	31 December 2017
Assets			
Fixed assets		3 802	16 740
Intangible assets	1	0	0
Tangible fixed assets	2	0	23
Investment property	3	0	9 982
Long-term receivables	4	0	0
Long-term financial assets	5	3 515	6 406
Long-term accruals and prepayments	6	8	329
Long term assets held for sales	11	279	0
Current assets		8 483	2 299
Inventories		0	0
Short-term receivables	7	224	1 727
Short-term financial assets	8	8 253	467
Cash and cash equivalents	9	2	99
Short-term accruals and prepayments	10	4	6
Total assets		12 285	19 039

Liabilities			
Equity		11 604	18 170
Share capital	12	2 750	2 993
Resulting exchange differences		-481	18
Supplementary capital	13	32 594	32 594
Revaluation capital	14	-11 812	-8 673
Capital from merger of entities	15	-4	0
Other provisions	16	473	233
Retained earnings / Unallocated financial result	17	-11 916	-8 995
II. Long-term liabilities		41	399
Deferred income tax provision	18	8	329
Other long-term liabilities	19	33	70
III. Short-term liabilities	20	640	470
Financial liabilities due to issuance of securities			
Credits and loans	20	52	236
Trade liabilities	20	45	57
Other liabilities	20	540	175
Other provisions	21	3	2
Total liabilities		12 285	19 039

Book value		12 113	18 196
Number of shares		25 000 000	25 000 000
Book value per share (EUR)	19	0.5	0.7
Diluted number of shares		25 000 000	25 000 000
Diluted book value per share (EUR)	19	0.5	0.7

OFF-BALANCE SHEET ITEMS		31 December 2018	31 December 2017
1. Contingent receivables	23	15 111	15 584
2. Contingent liabilities	23	809	0
Off-balance sheet items, total		15 111	15 584

INCOME STATEMENT	Note	The period ended 31.12.2018	The period ended 31.12.2017
Continued operations			
Net revenue from sales of products, goods and materials	24	139	85
Cost of products, goods and materials sold		0	0
Gross profit (loss) on sales (I-II)		139	85
Selling costs	25	0	0
General management costs	25	-255	-266
Other operating revenues	26	4	23
Other operating costs	27	-218	-14
Profit (loss) on operating activities		-330	-172
Financial revenues	28	438	0
Financial costs	29	-91	-249
Pre-tax profit		18	-421
Income tax	30	0	0
Net profit (loss) on continued operations	31	18	-421
Discontinued operations		0	0
Revenues from sales of products, goods, materials	33	466	291
Other operating revenues	33	6	1 047
Total operating costs	33	-358	-269
Other operating costs	33	-325	0
Pre-tax profit (loss)	33	-211	1 069
Profit/loss from divestment	33	-2 727	0
Profit/loss from discontinued operations	33	-2938	1 069
Net profit/loss		-2921	648
Net profit (loss) from continued and discontinued operations		-2 921	648
The weighted average number of ordinary shares		25 000 000	25 000 000
Profit (loss) from continued and discontinued operations per one ordinary share (in EUR)	32	-0,12	0,03
The weighted diluted average number of ordinary shares		25 000 000	25 000 000
Diluted profit (loss) from continued and discontinued operations per one ordinary share (in EUR)	32	-0,12	0,03
Net profit (loss) from continued operations		18	-422
The weighted average number of ordinary shares		25 000 000	25 000 000
Profit (loss) from continued operations per one ordinary share (in EUR)	32	0,00	-0,02
The weighted diluted average number of ordinary shares		25 000 000	25 000 000
Diluted profit (loss) from continued operations per one ordinary share (in EUR)	32	0,00	-0,02

STATEMENT OF COMPREHENSIVE INCOME	The period ended 31.12.2018	The period ended 31.12.2017
Net profit/loss for the period	-6 571	648
Other total income, including:	-3 650	-2 104
Elements which could not be transferred to the income statement in the next periods	-4	0
- settlement of merger of entities	-4	0
Elements which could be transferred to the income statement in the next periods	-3 646	-2 104
- settlement from revaluation capital, including:	-3 165	-2 122
- valuation of the financial assets held for sale	-3 165	-2 122
- all resulting exchange differences	-481	18
Total revenue for the period	-5 872	-1 456

STATEMENT OF CHANGES IN EQUITY	The period ended 31.12.2018	The period ended 31.12.2017
Opening balance of equity	18 170	19 676
Opening balance of equity after reconciliation to comparable data	18 170	19 676
Opening balance of share capital	2 993	20 948
Changes in the share capital	-243	-17 955
b) decrease (due to)	-243	-17 955
- decrease of the nominal value of shares	-239	-17 955
currency exchange differences	4	0
Closing balance of share capital	2 750	2 993
Opening balance of called up share capital	0	0
Closing balance of called up share capital	0	0
Opening balance of own shares	0	0
Closing balance of own shares	0	0
Opening balance of supplementary capital	32 594	14 639
Changes in supplementary capital	0	17 955
a) increase (due to)	0	17 955
- decrease of the nominal value of shares	0	17 955
Closing balance of supplementary capital	32 594	32 594
Opening balance of revaluation capital	-8 673	-6 506
Changes in revaluation capital	-3 139	-2 167
increase (due to)	0	0
decrease (due to)	-3 139	-2 167
- valuation of financial assets	-3 139	-2 167
Closing balance of capital from revaluation	-11 812	-8 673
Opening balance of capital from merger of entities	0	0
increase (due to)	-4	0
- merger of entities	-4	0
Closing balance of capital from merger of entities	-4	0
Opening balance of other reserve capital	233	233
Changes in other reserve capital	233	0

/in EUR thousands/

increase (due to)	240	0
- reduction of share capital	240	0
Closing balance of other reserve capital	473	233
Opening balance of retained profit/not settled loss of previous years	-8 995	-9 643
increase (due to)	-2 921	648
Profit/loss for the period	-2 921	648
Closing balance of retained profit/not settled loss of previous years	-11 916	-8 995
Currency exchange differences	-481	18
Closing balance of equity	11 604	18 170

CASH FLOW STATEMENT	The period ended 31.12.2018	The period ended 31.12.2017
Operating activities		
I. Gross profit (loss)	-2921	648
II. Total adjustments	2855	-717
Amortisation	7	12
Exchange gains (losses)	-2	2
Interest and profit sharing (dividends)	7	-26
Profit (loss) on investment activities	2785	-827
Change in provisions	0	312
Change in supplies	0	0
Change in receivables and prepayments	1503	-16
Change in liabilities	-1477	132
Change in accruals	2	-306
Other adjustments	77	0
Currency exchange differences	-47	0
I. Net cash flow from operating activities	-66	-69
Investment activities		
I. Inflows from investment activities	5297	440
Sales of intangible and tangible fixed assets	11	0
Sales of financial assets	393	0
Received repayments of the loans	4871	409
Received interest	22	31
II. Outflows from investment activities	13974	479
Investment in real properties	488	196
Expenses for purchasing of financial assets	0	81
Loans granted	13486	202
Other expenses		
II. Net cash flow from investment activities	-8677	-39
Financial activities		

/in EUR thousands/

I. Inflows	13335	228
Credits and loans	8648	228
Issuance of debt securities	4687	0
II. Outflows from financial activities	4687	21
Repayment of loans and credits	4687	19
Interest	0	2
III. Net cash flow from financial activities	8648	207
Net cash flow, total (I+/-II+/-III)	-95	98
Exchange differences	-2	0
Net cash flow, total (I+/-II+/-III) with exchange differences	-97	98
Balance sheet change in cash	97	-98
Cash opening balance	99	1
Cash closing balance	2	99

1. General information

Atlantis S.A. registered in the District Court for the Capital City of Warsaw, XIV Commercial Division of the National Court Register, KRS no: 0000033281, NIP 522 -000-07-43, Regon 012246565. On 19.04.2018 as a result of merger of Atlantis Spółka Akcyjna with Atlantis 1 Polska Akciová společnost headquartered in Ostrava, the Company Atlantis changed its legal form to European Company (SE), registered in the District Court for the Capital City of Warsaw, XIV Commercial Division of the National Court Register, KRS no: 0000728463. NIP 522 -000-07-43 Regon 012246565. Registered office: ul. Padlewskiego 18 lok. C 09-400 Płock.

On 02.01.2019 the commercial register appropriate for the Estonian law (Ariregister) registered the transfer of the registered office of the Issuer to Estonia, pursuant to provisions of the transfer proposal of 24.04.2018, under no: 14633855.

Registered office:

Narva mnt 5,
10117, Tallinn, Estonia

The business activities of the Company in 2018 were:

According to the list of classification of business activities in Poland PKD, the basic business activity of the Company is - other financial service activities, except insurance and pension funding not elsewhere classified (PKD 64.99.Z)

- 35 21, z, Manufacture of gaseous fuels
- 35 11, z, Production of electricity
- 35 12, z, Transmission of electricity
- 35 13, z, Distribution of electricity
- 35 14, z, Trade of electricity
- 35 30, z, Steam, hot water and air conditioning manufacturing and supply
- 41 20, z, Building works related to erection of residential and non-residential buildings
- 42 11, z, Works related to construction of roads and motorways
- 42 12, z, Works related to construction of railways and underground railways
- 42 13, z, Works related to construction of bridges and tunnels
- 42 22, z, Works related to construction of telecommunications and electricity lines
- 42 99, z, Works related to construction of other civil engineering projects not elsewhere classified
- 49 31, z, Urban and suburban passenger land transport
- 49 39, z, Other passenger land transport not elsewhere classified
- 49 41, z, Freight transport by road
- 52 29, c, Other transportation agencies activities
- 61 10, z, Wired telecommunications activities
- 61 20, z, Wireless telecommunications activities, excluding satellite telecommunications activities
- 61 30, z, Satellite telecommunications activities
- 62 01, z, Computer programming activities
- 62 02, z, Computer consultancy activities

- 63 11, z, Data processing, hosting and related activities
- 63 12, z, Web portals
- 63 99, z, Other information service activities not elsewhere classified
- 64 91, z, Financial leasing
- 68 10, z, Buying and selling of own real estate
- 68 20, z, Rental and operating of own or leased real estate
- 68 31, z, Real estate agencies
- 68 32, z, Management of real estate on a fee or contract basis
- 74 90, z, Other professional, scientific and technical activities not elsewhere classified
- 77 40, z, Leasing of intellectual property and similar products, except copyrighted works
- 82 30, z, Organisation of conventions and trade shows
- 82 99, z, Other business support service activities not elsewhere classified
- 64 99, z, other financial service activities, except insurance and pension funding not elsewhere classified

The duration of the company is indefinite.

Financial statements of ATLANTIS SE for 2018 ended 31 December 2018 and comparable statements for 2017 ended 31 December 2017 is prepared in accordance with International Financial Reporting Standards, which were adopted by the European Community and related interpretations published in the form of the European Commission Regulations. The financial statements was approved to be published by the Management Board on 30 April 2019.

Management Board of the Company

Anna Kajkowska – Chairman of the Management Board from 01.01.2018 to 11.01.2019
Damian Patrowicz- Chairman of the Management Board from 16.01.2019 - still

Supervisory Board

The Supervisory Board consists of the following members:

Wojciech Hetkowski – Chairman of the Supervisory Board
Małgorzata Patrowicz – Member of the Supervisory Board
Jacek Koralewski – Member of the Supervisory Board
Damian Patrowicz – Member of the Supervisory Board until 15.01.2019
Martyna Patrowicz- Member of the Supervisory Board

2. Statement of compliance and basis for preparation

Statement of compliance

Under the Minister of Finance Regulation of 29 March 2018 on current and periodic information provided by issuers of securities and conditions of recognition as equivalent information required by the law of a non member state (Official Journal 2018, item 757), the Management Board of the Company declares that according to the best knowledge, this financial statements and comparative data were prepared in compliance with applied accounting principles and that given data reflects the property and financial situation of the Company and its financial result, in reliable, accurate and clear way.

The Management Board declares also that this statement presents a true overview of the development, achievements and the Issuer's situation, including the basic risks and exposures.

These financial statements were prepared using accounting principles in accordance with the International Financial Reporting Standards which were adopted by the European Community and related interpretations published in the form of the European Commission Regulations and in the scope required under the Minister of Finance Regulation of March 2018 on current and periodic information provided by issuers of securities and conditions of recognition as equivalent information required by the law of a non member state (Official Journal 2018, item 757). These financial statements present the period from 1 January 2018 to 31 December 2018 and comparative period from 1 January to 31 December 2017.

The Management Board declares that the entity authorized to audit the financial statements, performing the audit of the financial statements has been selected in accordance with law and that the entity and certified auditors performing the audit conformed to the requirements for the issue of an impartial and independent opinion on audited annual financial statements, pursuant to applied law and professional standards.

The certified auditor has been selected by the Supervisory Board of Atlantis SE in the resolution no 1/02/07/2018 of 2 July 2018 on election of a certified auditor. The Supervisory Board of Atlantis SE made a selection with regards to ensuring a full independence and objectivity the selection itself as well as fulfilment of tasks by the auditor.

Functional currency and presenting currency

The financial statements were prepared in EUR, though the functional currency of the Company is Polish Zloty. Data of the financial statements are presented in EUR thousand, unless provided in more details in the particular situation.

Applied accounting principles (accounting policy)

Basis for the preparation of the financial statements

The foregoing financial statements were prepared assuming that the Company will continue its operation in the foreseeable future. As at the date of these financial statements there is no evidence indicating a threat of the Company's business continuation.

The Company uses the overarching measurement principles based on historical price of acquisition, purchase or production, excepting the part of financial assets which were measured at fair value, according to IFRS standards.

Change of applied accounting principles

The financial statements included in this report were prepared according to the same accounting principles as the financial statements of 31 December 2017, excepting accounting principles and rules of valuation resulting from application of IFRS 9 and IFRS 15 presented below.

Influence of the new and amended standards and interpretations

International Accounting Standards Board approved to use after 1 January 2018 the new standards:

- IFRS 9 „Financial Instruments”, that replaced the IAS 39 „Financial instruments: recognition and measurements”,
- IFRS 15 „Revenue from contracts with customers” and Amendments to IFRS 15 explaining some requirements of the standard, which replaced standards of IAS 11 and 18 and interpretations: : IFRIC 13, 15 i 18 and SIC 31.

Influence of aforementioned standards on accounting policy of the Company and financial statements.

IFRS 9 Financial instruments

The Company has not implemented earlier introduction of IFRS 9 and has applied the requirements of IFRS 9 retrospectively for the periods starting after 1 January 2018. Pursuant to allowed by this standard possibility, the Company has not adjusted the comparative data. Implementation of IFRS 9 influenced the accounting policy in the field of recognition, classification and valuation of financial assets, assessment of liabilities.

Published and approved by EU standards, which have not entered into force yet

In this report, the Company has not implemented standards, amendments of standards and interpretations which were published and approved by the EU but have not entered into force yet. The Company does not envisage any significant influence of such standards on the Company's financial statements.

Selected accounting policy

Valuation of assets and financial liabilities

Since 1 January 2018 the Company has qualified financial assets into the following categories:

- measured at amortised cost,
- measured at fair value through comprehensive income,
- measured at fair value through financial result.

Classification is made upon initial recognition of assets. Classification of debt securities depend on the business model of financial assets management as well as on contractual cash flow characteristics (test SPPI-Solely Payment of Principal and Interest) for each element of financial assets.

Into the category of assets measured at amortised cost the Company classifies trade receivables, loans granted which pass the SPPI test on, other receivables and cash and cash equivalents.

Financial assets measured at amortised cost are valued using effective interest rate, taking into account write-offs due to impairment loss.

Trade receivables with maturity period up to 12 months from its origination date are not discounted and are measured at nominal value.

Financial assets purchased or emerged, impaired at the moment of initial recognition are measured at amortised cost using effective interest rate adjusted for credit risk.

Into the category of assets measured at **fair value through comprehensive income** are classified:

1. element of debt securities if there are fulfilled the following conditions:

- it is kept in business model which aim is to receive contractual cash flows due to owned financial assets as well as due to sales of financial assets, and
- contractual conditions give the right to receive, in the indicated dates, cash flows constituting only on capital and interest on capital (it means it passed the SPPI test on).

2. Equity instrument for which there was made an irreversible classification to this category, at the moment of initial recognition. The option of the fair value through comprehensive income is not possible for instruments dedicated to trading.

Profits and losses, either from valuation of realization, emerged from these assets are recognized in other total income, excluding income from received dividends.

To the category of **assets measured at fair value through financial result** the Company classifies loans granted which did not pass the contractual cash flows test.

Profits and losses on **financial assets measured at fair value through financial result are recognized in the financial result from the period in which they emerged (including income due to interest and dividends)**.

Since January 1, 2018 the Company classifies financial liabilities to the following categories:

- measured at amortised cost,
- measured at fair value through financial result,
- securing financial instruments.

To the group of liabilities measured at amortised cost are classified liabilities different than those measured at fair value through financial result (i.a. trade liabilities, credits and loans), except for:

- financial liabilities arising in case of transfer of financial assets which are not classified to derecognition,
- agreements of financial guarantees which are measured at higher of:
- value of the write-off for excepted credit losses settled according to IFRS 9
- value initially recognized (i.e. at fair value increased by costs of transaction that may be directly assigned to the financial liabilities component), reduced by accumulated amount of income recognized according to provisions of IFRS 15 Revenue from contracts with customers.

To liabilities measured at fair value through financial result are classified liabilities due to derivatives which are not assigned for hedge accounting purposes.

Impairment of financial assets

IFRS 9 introduces a new approach to estimation of losses with regard to financial assets measured at amortised cost. This approach is based on designation of expected losses, independently on the fact whether there were any premises to do it or not.

The Company applies the following models of determining impairment write-offs:

- general model (basic),
- simplified model.

In the general model, the Company monitors changes of credit risk's level related to the particular component of the financial assets.

In the simplified model the Company does not monitors changes of credit risk's level during the instrument's lifetime, estimates expected credit loss within the maturity date of the instrument. To estimate expected credit loss the Company uses:

- in the general model - levels of probability of insolvency,
- in the simplified model – historical levels of repayment of receivables from contractors.

As insolvency event, the Company recognizes lack of obligation's fulfilment by a contractor after 90 days since maturity date of a receivable.

The Company takes into account informations regarding future in applied parameters of model for estimating expected loss, by adjustment of basic indexes of insolvency probability (for receivables) or by calculation of parameters of insolvency probability on the basis of current market quotes (for other financial assets).

The Company applies the simplified model of calculation of impairment write-offs for trade receivables.

The general model is applied for other types of financial assets, including debt financial assets measured at fair value through comprehensive income.

Impairment losses for debt financial instruments measured at amortised cost (at the moment of initial recognition and calculated for every next day ending financial period) are recognized in other operating costs. Profits (reversal of the write-off) due to reduction of value of expected impairment loss are recognized in other operating revenues.

For purchased and emerged financial assets impaired due to credit risk at the moment of initial recognition, favourable changes of expected credit losses are recognized as impairment profit in other operating revenues.

Losses due to impairment of debt financial instruments measured at fair value through other comprehensive income are recognized in other operating costs in correspondence with other comprehensive income.

Profits (reversal of a write-off) due to reduction of value of expected credit loss are recognized in other operating revenues.

Below chart summarizes influence of IFRS 9 on change of classification and measurement of financial instruments of the Company as at 1 January 2018.

/in EUR thousands/

	Classification according to IAS 39	Classification according to IFRS 9	Balance value according to IAS 39	Balance value according to IFRS 9
Financial assets			31 December 2017	1 January 2018
Financial assets	Held for sale	Fair value through comprehensive income	6141	6141
Financial assets	Financial assets measured at fair value through financial result	Fair value through financial result	243	243
Loans granted	Loans and receivables	Amortised cost	210	210
Trade and other receivables	Loans and receivables	Amortised cost	1727	1727
Cash and cash equivalents	Loans and receivables	Amortised cost	99	99

IFRS 15 revenues from agreements with customers

Since 1 January 2018 the Company has been applied IFRS 15, published and approved by the European Parliament to be used in the European Union.

Under IFRS 15 revenues are recognized at the moment of fulfilling of a claim (or when it is being fulfilled), obligation to fulfil a claim by handing-over of promised good or service (i.e. element of assets) to a customer. Handing-over of an element of assets is done at the moment when a customer gains control on this element of assets.

Control of an element of assets regards to ability to direct disposal of this element of assets and obtainment of all other benefits basically.

Under introduced changes regarding method of recognition and presentation of revenues from agreements with customers, the Issuer made an overview and analysis of existing agreements concerning guidelines of IFRS15 according to five-part model of revenues' recognition.

Recognized so far, and also under the influence of the new provisions of IFRS 15 an element of assets is the right to repayment in the form of trade receivables, recognized at the same time as revenue from sales. Presentations of advanced prepayments received from customers that represent obligation to deliver goods or services up to the date of its settlement and recognition in revenues after realization of each delivery, also has not been changed. With regard to agreements concluded with customers, presentation of data for 2017 has not been changed for this reason. In the Company's opinion there is no significant issues related to agreements that should be presented in other than current manner.

The first application of IFRS 15 when applying retrospectively with cumulative effect of the first application of the standard remains without influence on correction of opening balance of retained profit as at 1 January 2018 as well as on other items of financial statements of the current period as well as as at 1 January 2018, in comparison with standards and interpretations related to them, applicable before this change.

While preparing this financial statements, in relation to the previous periods, the Company has not been changed optionally any accounting standards used so far.

Other accounting principles applied for preparing of financial statements are coherent with those used for preparing financial statements for the year ended on 31/12/2017, excluding adjustments to standards and new interpretations applicable for annual periods starting as at or after 01/01/2018.

Tangible fixed assets

Tangible fixed assets such as: lands, buildings, machines and equipment used to production, delivery of products and providing services or to managing aims are measured as at the balance date according to purchase price or production cost, reduced by amortisation and impairment write-offs.

Value of components of property produced in our own includes cost of materials and labour as well as surcharge of indirect costs. Manufacturing cost of components of property are increased of reasonable part of external financing cost.

Fixed assets are depreciated according to the straight-line method, as per expected period of usage for particular type group. Applied depreciations rates for particular type groups of components of fixed property are as follows:

- perpetual usufruct of lands	83 years
- buildings and structures	40 years
- machinery and technical devices	5 to 12 years
- equipment and other fixed assets	5 to 10 years

Fixed assets are depreciated starting from the following month on which a fixed assets was taken to operation. Lands do not subjected into depreciation, acquired right of perpetual usufruct of lands is amortised. Expenditures on repair which do not cause increase of value in use of a particular component of property, are charged to costs of the period in which these costs were incurred.

Intangible assets

Intangible assets acquired under separate transaction are activated at acquiring price. Intangible assets acquired under transaction related to merger of entities are recognized in assets separately from the value of the Company, if at initial recognition it is possible to establish their fair value. These values can derive from contractual rights or from legal provisions independently on possibility of their separation. If these values do not derive from contractual arrangements, they shall be separated from other assets in order to sale, exchanging, issuing of licence, etc.

Goodwill of the Company is indicated according to acquisition price reduced by total value of impairment write-offs made.

Other intangible assets are amortised according to straight-line method in the period of their expected usage. Expected period of usage of intangible assets is 2 to 5 years.

Impairment loss of tangible fixed assets and intangible assets, excluding goodwill of the company.

In case of occurrence of premises indicating on possibility of impairment loss of owned components of tangible fixed assets and intangible assets, there is impairment test carried out, and established values of revaluating write-offs reduce balance value of the property's component to which they are related and are referred to income statement.

Investment properties

As at 01/01/2017 the Company change a decision regarding valuation of investment properties. Since 2017 the initial recognition of investment properties has been done according to acquisition price including transaction cost. After initial recognition, investment properties are disclosed at fair value. Profit or loss deriving from changes of fair value of investment properties is recognized in income statement in the period in which they emerged.

Under IAS 40, if a real estate is used to gain profits from rents or is held because of its value's increasing, and in the other part - is used for production, delivery of goods, providing services or administrative activities, the for accounting purposes these parts shall be considered separately, if it is possible to sale or give them in financial leasing separately. If such separation is not possible, the real estate may be treated as investment property on condition that only marginal part of the property is used for production, delivery of goods, providing services or administrative activities.

Initial recognition of investment properties is made according to acquisition price including cost of transaction. Balance value of the component of property includes cost of exchange of a part of a property investment at the moment of its incurrence, on condition that criteria of recognitions are fulfilled and it does not include on-going costs of the property's maintenance.

After initial recognition, investment properties are recognized at fair value.

Profits or losses resulting from change of fair value of the investment properties are recognized in income statement in the period in which they emerged.

In case of disposal of an investment property or in case of permanent removal of an investment property from usage, when any future benefits from its sale are not expected, investment properties are removed from balance. All profits or losses resulting from removal of an investment property from balance are recognized in the income statement in the period in which this removal was made.

Transfer of assets to investment properties is made only when there is a change in usage method confirmed with the termination of usage of a given element of assets by the owner or conclusion of an operational leasing agreement.

If an element of assets used by the Company becomes an investment property, the Company uses rules applicable for *Tangible fixed assets*, until the date of change in usage method of this real estate. In case of transfer of assets from supplies to investment properties, the differences between the fair value of the real estate established as at the date of transfer, and its previous balance value is recognized in the income statement.

In case of transfer of an investment property to assets used by the Company or to supplies, deemed cost of such an element of assets which will be adopted for the purpose of its recognition in the other category, is equal to the fair value of an real estate established as at the date of change in its usage method.

Stocks and shares in subsidiaries

Stocks and shares in subsidiaries and associates are disclosed at historical cost after deducting any possible impairment write-offs.

Stocks and shares in subsidiaries and associates for which an active market exists are measured at fair value.

Financial instruments

Assets and liabilities are recognized at the moment when an entity becomes a party of a financial instrument agreement.

Financial assets measured at fair value through result

Financial assets are classified as measured at fair value through financial result when these financial assets are designated to trade or are indicated to be classified in this category. An element of financial assets is classified as designated for trade if:

- it was purchased mainly in order to resale in the near future; or
- it is a part of a particular portfolio of financial instruments which the Company manages entirely.

An element of financial assets, different than designated to trade, can be classified as measured at fair value through result at initial recognition, if:

- such classification eliminates or significantly reduces inconsistency of valuation or recognition occurring in other circumstances; or
- an element of financial assets belongs to the group of assets or financial liabilities, or both of these groups under management, and its results are measured at fair value in compliance with documented strategy of risk management or investments if the Company.

Financial assets measured at fair value through financial result are disclosed at fair value, whereas all profits or losses due to revaluation are recognized in the financial result. Profit or loss recognized in the financial result includes all dividends or interest gained from financial assets and it is recognized in other financial revenues or costs.

Investments held up to maturity date

Investments held up to maturity date are non-derivative financial assets with determined or determinable payables and established maturity dates which the Company is going to and is able to held up to this date. After initial recognition investments held up to maturity date are measured at amortised cost according to effective interest rate method taking into account impairment loss.

Financial assets held for sale

Financial assets held for sale are non-derivative financial assets classified to this category or not classified to loans and receivables, held up to maturity date or measured at fair value through financial result.

Dividends from capital instrument held for sale are recognized in the result at the moment of acquisition of the right to dividend by the Group. Capital investment held for sale and unlisted on active market which fair value can not be reliably measured, and derivatives financial instruments related to them and settled in a form of carrying such unlisted capital investments, are measured at cost reduced by impairment loss at the end of each reporting period.

Financial assets held for sale are classified as fixed assets on condition that it is not intention to dispose of an investment within 1 year since the balance date, or to the current assets - otherwise, financial assets held for sale are measured as at each reporting day at fair value, while profits and losses (excluding impairment losses) are recognized in equity.

Loans and receivables

Loans and receivables are non-derivative financial instruments with determined or determinable payables, unlisted on active market. Loans and receivables (including: trade receivables, balances on bank accounts and funds on bank accounts) are measured at amortised cost with effective interest rate method taking into account impairment loss.

Revenue from interest are recognized using effective interest rate method excluding short-term receivables for which recognized interest would be not meaningful.

Impairment of financial assets

At the end of each reporting period there is conducted an analysis of financial assets excluding financial assets measured at fair value through result, in order to identify indicators of impairment. It is recognized that impairment loss of financial assets occurred when there is objective evidence indicating that as a result of single or multiple events, after the date of initial recognition of a given element of assets, future estimated cash flow on investment decreased.

In case of capital investments held for sale, as an objective evidence of impairment is recognized significant or extending decrease of fair value of securities below their cost.

For all other kinds of financial assets, the objective evidence of impairment can include:

- significant financial difficulties of an issuer or a contractor;
- breach of an agreement, e.g. failing or delay in payment of interest or capital;
- probability of a bankruptcy or financial restructuring of a debtor's company;
- disappearance of an active market for a given element of financial assets as a result of financial difficulties.

For some categories of financial assets - e.g. trade receivables, assets which have not been impaired individually there are additional collective assessment of occurrence of impairment evidences carried out. Objective impairment evidences regarding portfolio of receivables may include experiences of the Company concerning enforcing of

payables, increasing number of payables delayed over 60 days in portfolio, and visible change of domestic or local economic conditions correlating with failure in receivable's repayment,

Impairment of an element of financial assets measured according to principles of amortised cost is equal to a difference between balance value of this element and current value of anticipated future cash flows discounted according to its original effective interest rate.

Impairment of an element of financial assets measured at cost is equal to a difference between balance value of this element and current value of anticipated future cash flows discounted according to current market rate of a similar element of financial assets. Such a writ-off does not subject into reversal in the future periods.

Balance value of an element of financial assets is subjected into direct decrease by the amount of a write-off due to impairment, excluding trade receivables which balance value is reduced using reserve account. In case of recognition of trade receivables as irrecoverable, they are written off to reserve account. In case of recovering of an amount that had been previously written off, this amount shall be added to the balance of a reserve account. Change in balance of reserve account is recognized in result.

In case of impairment of an element of financial assets held for sale, cumulated profits or losses, previously recognized in other total income are transferred to financial result of a given period.

If impairment of an element of financial assets measured at amortised cost decreased in the next financial period, and this decrease can be objectively linked with an event that occurred after recognition of impairment, a write-off due to this is reversed through financial result in the balance amount of an investment without taking impairment into account.

Impairment of securities held for sale recognized previously in the result is not reversed through this result. Increase of fair value after the impairment is recognized in other total income and cumulated in revaluation capital item. The amount of impairment of debt securities held for sale is reversed through the financial result if increase of fair value of investment can be reliably linked to an event that occurred after the date of this impairment.

Removal of financial assets from the balance

The Company removes an element of financial assets from balance sheet in case when contractual rights to cash flows generated by this element expire or when this element of financial assets and all kinds of risk and benefits related to ownership rights are transferred to another entity. In case when the Company neither transfers all kind of risk and benefits resulting from ownership rights nor retains them, but still control the transferred element of financial assets, then preserving contribution in this element and related liabilities that will have to be paid, are recognized. If the Company retains all kinds of risk and benefits resulting from the ownership rights to the transferred element of financial assets, then this element and secured external financing due to received benefits are recognized.

At the moment of final removal of an element of financial assets from the balance sheet, the difference between its balance value and a sum of received and due repayment and cumulated profit or loss recognized in other total income and cumulated in equity, is recognized in the result.

Financial liabilities

There are only other financial liabilities in the Company.

After initial recognition, other financial liabilities (including credits and loans, trade and other liabilities) are measured at amortised cost with effective interest rate method.

Effective interest rate method is a manner of calculation of amortised cost of a financial liability and allocation of interest's cost to the proper period. Effective interest rate is a precise rate of discount of estimated future cash flows (including all paid or received charges and items consisting of integral part of an effective interest rate, costs of transaction and other bonuses or discounts) within the period of anticipated usability of a financial liability or - if necessary - in shorter period, to the net balance value at the moment of initial recognition.

Supplies

Supplies of resources and materials as well as purchased goods are measured as at the balance date: purchase price (manufacturing cost) not higher than their net value possible to gain as at the balance date. Applied method for determining of purchase price of resources, materials and goods is the 'first in - first out' method.

Value of supplies of production in progress and finished products - the Company measures supplies according to net value possible to gain as at the balance date taking into account level of production's progress.

Manufacturing cost does not include costs of external financing.

Trade and other receivables

Trade receivables of which maturity date is usually from 30 up to 90 days are recognized according to originally invoiced amount, taking into account write-offs due to irrecoverable receivable. Revaluation write-offs of irrecoverable receivables are estimated if recovering of the full amount of a receivable discontinues to be probable.

Costs of created revaluation write-offs of receivables are referred respectively to other operating costs or to financial costs - dependently on a type of a receivable that is subjected into revaluation write-off.

Cash and cash equivalents

Cash and cash equivalents includes funds on a bank accounts and cash as well as short-term deposit of the original maturity date not longer than three months.

Credits and interest loan

At the moment of initial recognition bank credits and loans are recognized according to acquisition price corresponding to fair value of received cash, reduced by cost connected to getting a credit or a loan.

Supplementary capital from sale of shares at a price exceeding their nominal value

Differences between fair value of received repayment and nominal value of shares are recognized in reserve capital from sale of shares at a price exceeding their nominal value. In case of redemption of shares the amount paid for the shares charges equity and it is disclosed in own share item.

Cost of issuance of shares incurred by setting up the joint stock company or increasing the share capital decrease supplementary capital of an entity to the amount of surplus of issuance value over nominal value of shares, and the remaining part is accounted to financial cost.

Retained profits / losses

The item retained profits/losses from previous years includes cumulated financial results of the Company, including results transferred to reserve capital under a resolution of the General Meeting of Shareholders.

Provisions

Provisions are created when the Company has an obligation (legal or constructive) resulting from past events and when it is probable that fulfilling of such an obligation will cause outflow of funds and that it is possible to reliably estimate amount of this liability. If there is reliable existing expectation that covered by the provision costs will be returned, then this return is recognizes as a separate element of assets but only if it is virtually certain that this return will be done (e.g. under a concluded insurance agreement).

Revenues

Revenues are recognized in the amount in which it is probable that the Company will gain economic benefits related to a particular transaction and when the amount of revenues can be reliably valued. There are the following criteria applied while determining revenues:

Sale of goods and products

Revenues are recognized if significant risk and benefits resulting from the ownership rights of goods and products were transferred to a purchaser and when the amount of revenues can be reliably valued.

Interest

Revenues from interest are recognized successfully as they arise.

Income tax

Tax liabilities include current taxation with income tax on legal person and change of provisions' balance or assets due to deferred tax provisions. Current tax liabilities are established on the basis of currently applicable tax law and income determined to be taxed.

An element of assets due to deferred income tax is recognized referring to all negative temporary differences, as well as unused assets due to deferred income tax and unused tax losses to be deducted in the future periods in the amount in which gaining of income to be taxed is probable, that will allow to use aforementioned.

Balance value of an element of assets due to deferred income tax is verified as at each balance day and it is subjected into write-off in case when there is a doubt regarding usage of economic benefits related to use of tax assets by the Company.

Deferred income tax is determined on the basis of tax rates which according to anticipation of the management will be applicable in the period when an element of assets will be realized or provision will be terminated, taking as a basis tax rates applicable legally or actually as at the balance date.

Change of provisions' balance and deferred tax assets is disclosed in the income statement, excluding situations when financial effects of events causing occurrence or termination of deferred tax are recognized directly in the equity of the Company.

Financial leasing

Leasing agreements under which the Company bears virtually entire risk and gain almost all benefits resulting from ownership of assets' elements are classified as financial leasing agreements. Assets owned by the Company under financial leasing agreements are disclosed initially at fair value or current value of minimal leasing charges, dependently on which of these amounts is lower. Initial value of assets used under financial leasing agreements is reduced by amortisation write-offs and impairment write-offs. When there is no enough certain that the Company will gain ownership title after termination of leasing, then given element of assets used under financial leasing agreement is amortised within shorter period: leasing period or economic usability period. In other cases the Company applies amortisation periods same as for tangible fixed assets.

Leasing charges are divided into capital and interest parts with fixed internal rate of return of an asset, interest part charges income statement within duration of an agreement.

Operating leasing

Agreements under which significant part of a risk and benefits resulting from ownership of an element of assets belongs to a lessor, are recognized as an operational leasing.

Leasing charges are recognized as costs in the income statement within duration of a leasing.

Related parties

For the purposes of financial report, as related parties are indicated: main shareholders, subsidiaries, associated companies and co-subsidiaries, members of the management board and supervisory board of companies which constitute the Group, their immediate families and entities controlled by them.

Significant values based on professional judgements and estimates

Professional judgement

In case when a given transaction is not regulated in any standard or interpretation, the Management Board guided by its subjective judgement, shall determine and apply accounting policy to ensure that financial statements include relevant and reliable information and that:

- > properly, clearly and fairly present property and financial statement of the Company, results of its activity and cash flow,
- > reflect the economic content of transaction,
- > is objective,
- > is prepared according to prudent valuation principle,
- > complete in all their essential aspects.

This financial statements do not include significant areas in which there was a significant meaning a professional judgement of the management .

Uncertainty of estimates

Pursuant to accounting principles applied in the Company, the Management Board is obliged to make estimates, judgements and assumptions regarding amounts of valuations of particular elements of assets and liabilities. Estimates and assumptions related are made on the basis of historical experiences and other factors recognizes as significant. Actual results may differ from applied estimates. Preparation of the financial statements requires from the Management of the Company, making of estimations because of the fact that many informations included in the financial statements can not be valued precisely. The Management Board verifies adopted estimates on the basis of change of factors taken into account while they are made, new informations or past experiences. Because of this, estimates made as at 31 December 2018 may be change in the future. The main estimates are described in the following notes concerning fair value of financial instruments which significantly affect the financial statements of the Company.

The Management Board assess that in the report for 2018, there is no significant areas for which there is a risk related to uncertainty of estimates.

Information regarding operating segments

Operating segment is a component of an entity:

- a) which is engaged in economic activities from which the Company may gain revenues and incur costs (including revenues and costs related to transactions with other components of the same entity),
- b) Which results of activities are regularly reviewed by the main governing body responsible for making operating decisions in the entity and using these results while deciding on allocation of reserves to segments and while assessing results of a segment's activity, as well as
- c) in case for which are available separate financial informations.

Pursuant to requirements of IFRS 8, operating segments shall be identified on the basis of internal reports concerning these components of the Group which are regularly verified by the people deciding on allocation of reserves do the particular segment and estimating its financial results.

Note 1

The company has no intangible assets.

Note 2

TANGIBLE FIXED ASSETS	31/12/2018	31/12/2017
a) fixed assets, including:	0	23
- land (including the right of perpetual usufruct of land)	0	0
- buildings, premises and objects of civil engineering	0	10
- technical devices and machines	0	0
- means of transport	0	13
- other fixed assets	0	0
b) fixed assets under construction	0	0
c) advance payment for fixed assets under construction	0	0
Total tangible fixed assets	0	23

BALANCE SHEET FIXED ASSETS (OWNERSHIP STRUCTURE)	31/12/2018	31/12/2017
a) own	0	23
b) used under a leasing contract	0	0
Total balance sheet fixed assets	0	23

2018

CHANGES OF FIXED ASSETS (ACCORDING TO THE TYPE OF GROUP)						
	Land (including the right to perpetual usufruct of land)	Buildings and premises	Technical devices and machines	Other fixed assets	Means of transport	Total fixed assets
a) the gross value of fixed assets at the beginning of the period	0	10	2	0	71	83
b) increases (due to)	0	0	0	0	0	0
c) decreases (due to)	0	10	2	0	71	83
- liquidation	0	0	2	0	0	2
- sale	0	0	0	0	71	71
- reclassification		10	0	0	0	10
d) gross value of fixed assets at the end of the period		0	0	0	0	0
e) accumulated depreciation (amortization) at the beginning of the period	0	1	1	0	58	60
f) depreciation for the period (due to)	0	0	0	0	7	7
g) decreases	0	1	0	0	65	66
h) accumulated depreciation (amortization) at the end of the period	0	0	1	0	0	1
j) the net value of fixed assets at the end of the period	0	0	0	0	0	0

2017

CHANGES OF FIXED ASSETS (ACCORDING TO THE TYPE OF GROUP)						
	Land (including the right to perpetual usufruct of land)	Buildings and premises	Technical devices and machines	Other fixed assets	Means of transport	Total fixed assets
a) the gross value of fixed assets at the beginning of the period	0	10	2	0	73	85
b) increases (due to)	0	0	0	0	0	0
c) decreases (due to)	0	0	0	0	0	0
- converting into investment property	0	0	0	0	0	0
d) gross value of fixed assets at the end of the period	0	10	2	0	73	85
e) accumulated depreciation (amortization) at the beginning of the period		-1	-1	0	-49	-51
f) depreciation for the period (due to)	0	0	0	0	-11	-12
g) decreases	0	0	0	0	0	0
h) accumulated depreciation (amortization) at the end of the period	0	-1	-1	0	-60	-63
j) the net value of fixed assets at the end of the period	0	9	1	0	13	23

Note 3**Investment property****PROPERTY LOCATED IN PŁOCK**

On 30/11/2016 the Company acquired a five-storey office building with the right to perpetual usufruct of a plot of land No. 91/15 with an area of 0.2122 ha and perpetual usufruct right to land plot No. 90/7 with an area of 0.3225 ha, perpetual usufruct right to the plot plot no. 91/42 with an area of 0.0028 ha, plot of land 91/52 with an area of 0.0300 ha, land plot 91/64 with an area of 0.0502 ha.

As of 1/01/2017 the Company changed its decision regarding the method of investment property valuation. Since 2017, the initial recognition of investment property is based on the purchase price including transaction costs.

After initial recognition, investment properties are carried at fair value. Gains or losses resulting from changes in the fair value of investment property are recognized in the profits and losses account in the period in which they arose.

On 19/12/2018 between the Issuer and ELKOP S.A. in Płock, an agreement on the transfer of the Company's real estate was concluded to secure claims of ELKOP S.A. under the Loan Agreement of 14/12/2018. The Issuer has transferred to ELKOP S.A. ownership title to land and an office building located on these properties with a total area of 10.319,55 square meter located in Płock. The transfer of real estate is a security for claims of the lender ELKOP S.A. up to PLN 37.000.000,00. The transfer of ownership agreement provides that if the Issuer fails to meet the loan repayment dates and interest under the Loan Agreement dated 14/12/2018 then the lender will be entitled to satisfy by selling or taking over the property in accordance with the value of PLN 37.000.000,00 determined by the parties. Despite the expiry determined on 29/12/2018 the Issuer did not make timely repayment of the debt resulting from the Loan Agreement of 14/12/2018. The Issuer announces that it has decided to allocate the assets of the Company, such as real estate securing the repayment of obligations under the loan agreement of 14/12/2019 to satisfy all claims off the lender, exhausting them fully. On 31/12/2018 the Issuer received a statement by ELKOP S.A. regarding the takeover of ownership of real property transferred to ELKOP

/in EUR thousands/

S.A. to secure the claims of this Company under the Loan Agreement of 14/12/2018. Pursuant to the transfer agreement of 19/12/2018 ELKOP S.A. was entitled to take over the ownership of the Company's real estate in case the Issuer fail to meet its obligations under the contracted loans at the agreed dates. As a result of submitted statement on the acquisition of ownership of the property by ELKOP on 31/12/2018 there has been met to claim ELKOP S.A. under the Loan Agreement of 14/12/2018 and the definitive transfer of ownership of the property to ELKOP S.A.

Details on the investment property and information on the fair value hierarchy as at 31/12/2018 are as follows:

	LEVEL 3 (in EUR thousands)	Fair value as at of 31/12/2018
Real Estate in Płock	0	0
Total	0	0

	LEVEL 3 (in EUR thousands)	Fair value as at of 31/12/2017
Real Estate in Płock	9 982	9 982
Total	9 982	9 982

The company valued the property as at 31/12/2018 based on the appraisal reports prepared by the Real Estate Appraiser Engr. Zbigniew Dąbrowski of 12/03/2018.

Note 4

LONG-TERM RECEIVABLES (in EUR thousands)	31/12/2018	31/12/2017
Receivables from related parties	0	0
Receivables from other entities	0	0
Total gross long-term receivables	0	0

Note 5

LONG-TERM FINANCIAL ASSETS (in EUR thousands)	31/12/2018	31/12/2017
a) in related entities	0	81
- shares in foreign companies not listed		0
b) shares in affiliated entities	14 564	15020
- impairment losses of shares in IFEA Sp. z o.o.	-11 561	-8695
- balance sheet value	3 003	6325
c) shares of other entities	0	0
- impairment losses of shares	0	0
- balance sheet value	0	0
d) borrowed shares	0	0
e) loans granted	512	0
Total long-term assets	3 515	6406

As at 31/12/2018 ATLANTIS SE in long-term financial assets shows the following shares:

12.529 shares of IFEA Sp. z o.o. based in Płock with a nominal value of PLN 5.000,00 each, the total nominal value of shares held by the Issuer amounted to PLN 62.645.000,00. The Management Board of ATLANTIS SE decided to change the fair value of shares in IFEA Sp. z o.o. reducing it by PLN 49.730.000,00. The value of the shares of IFEA Sp. z o.o. after the change in the fair value amounted to PLN 12.915.000,00.

As at of 31/12/2017 the Company had 2 shares of the company ATLANTIS1 Polska A.S. with its registered office in Ostrava, representing 100% of the total number of votes and 100% of the share capital of ATLANTIS1 Polska A.S. The shares of ATLANTIS1 Polska A.S. were acquired in order to merge the subsidiary company of Czech law with the Issuer in order to

/in EUR thousands/

obtain the status of a European Company. On 19/04/2018 the merge between Atlantis S.A. and ATLANTIS1 Polska A.S. was registered. As a result of this, Atlantis obtained the legal form of a European company. Settlement of the merger was accounted for using the uniting of interest.

As at 30/09/2018 the Company ATLANTIS SE in long-term financial assets shows:

- a loan agreement concluded on 22/12/2018 with Patro Invest sp.z o.o. based in Płock. The value of the loan granted is PLN 2.204.000,00. The interest rate is 6%. The deadline for returning the loan was established to 04/01/2020.

On 03/09/2018 Kopanina Administracja Spółka z ograniczoną odpowiedzialnością repaid to the Issuer the entire amount borrowed on 02/03/2018 in the amount of PLN 10.000.000,00 and interest due. On 04/09/2018 Kopanina Administracja Spółka z ograniczoną odpowiedzialnością Spółka komandytowa repaid a partial amount to the Issuer borrowed on 02/03/2018 in the amount of PLN 10.000.000,00 together with interest due on the contract, thereby making a full settlement of the loan contract.

Note 6

As at 31/12/ 2018 the Company recognized deferred income tax assets in the amount of EUR 8.000.

No.	Item of assets or liabilities	Book value (BV) (in EUR thousands)	Tax value (TV) (in EUR thousands)	Difference (BV-TV) (in EUR thousands)	Tax rate	Assets from defer. Tax (in EUR thousands)
	Liabilities					
1.	Interest accrued on loans granted	5	0	5	19%	1
2.	Shares valuation	11 568	0	11 568	19%	2 198
3.	Assets on tax losses	2 820	0	2 820	19%	536
4.	A tax asset reduced to the amount of tax provisions	0	0	0		-2 727
5.	Audit of the balance	3	0	3	19%	0
	Total	14 396	0	14 396	0	8

As at 31/12/2017 the Company recognized deferred income tax assets in the amount of EUR 319 thousand.

No.	Item of assets or liabilities	Book value (BV) (in EUR thousands)	Tax value (TV) (in EUR thousands)	Difference (BV-TV) (in EUR thousands)	Tax rate	Assets from defer. Tax (in EUR thousands)
	Liabilities					
1.	Interest accrued on loans granted	4	0	4	19%	1
2.	Shares valuation	10642	0	10642	19%	2022
3.	Audit of balance sheet	2	0	2	19%	0
4.	Assets on tax losses	2198	0	2198	19%	418
6.	A tax asset reduced to the amount of tax provisions	0	0	0	0	-2130
	Total	12 931	0	12931	0	311

/in EUR thousands/

The Issuer, both in 2018 and 2017 in connection with the uncertainty as to the possibility of realizing the deferred tax asset (prudential approach), recognizes assets up to provisions for deferred tax.

Note 7

SHORT-TERM RECEIVABLES (in EUR thousands)	31/12/2018	31/12/2017
Receivables from related entities:	28	15
- for deliveries and services, with a repayment period:	23	14
- up to 12 months	23	14
- other	6	1
Receivables from other entities:	196	1712
- for deliveries and services, with a repayment period	58	26
- up to 12 months	58	26
- due to taxes, subsidies, customs, social and health insurance and other benefits	111	1648
- other	27	5
Total net short-term receivables	224	1727
- impairment losses updating the value of receivables	2	380
Total short-term gross receivables	226	2107

CHANGE OF THE BALANCE OF REVALUATION WRITE-OFFS OF SHORT-TERM RECEIVABLES (in EUR thousands)	31/12/2018	31/12/2017
Opening balance	380	378
Exchange differences	-11	0
a) increases (due to)	0	378
- creation of write-offs for receivables	0	2
b) decreases (due to)	367	0
- liquidation of the Company	367	0
Closing balance of impairment losses on short-term receivables	2	380

As at 31/12/2018, the value of impairment losses on receivables in relation to 31/12/2017 increased by PLN 11 thousand (2 EUR thousands). A write-off was made for receivables from the company Turystyka i Biura Podróży Zarządzanie Spółka z ograniczoną odpowiedzialnością in connection with the petition for declaration of bankruptcy pursuant to art. 13 of the Bankruptcy Law. A write-off of PLN 1.576 thousand (367 EUR thousands) for the company Nowy Cotex Sp. o.o. did not change in 2018.

NET SHORT-TERM RECEIVABLES (CURRENCY STRUCTURE) (in EUR thousands)	31/12/2018	31/12/2017
a) in Polish currency	224	1 727
b) in foreign currencies (by currency and after conversion into PLN)		0
Total short-term receivables	224	1 727

Short-term receivables include trade receivables from related entities in the amount of PLN 98 thousand. Short-term receivables include trade receivables from other entities in the amount of PLN 251 thousand. Trade receivables do not bear interest and the payment period is from 14 to 30 days. Receivables from taxes, duties, insurance and similar are not interest-bearing.

Note 8

SECURITIES, SHARES AND OTHER SHORT-TERM FINANCIAL ASSETS (in EUR thousands)	31/12/2018	31/12/2017
1) in related entities	8222	6
in subsidiaries		

/in EUR thousands/

a) shares (balance sheet value):		
- value adjustments (+/-)		
- value according to purchase prices		
in the parent company		
a) shares (balance sheet value):		
- value adjustments (+/-)		
- value according to purchase prices		
in the affiliated company		
a) shares (balance sheet value):		
- value adjustments (+/-)		
- value according to purchase prices		
in related entities	8 222	6
a) shares (balance sheet value):	7	6
- value adjustments (+/-)	-6	-6
- value according to purchase prices	13	12
b) loans granted, including:	8 215	0
- value adjustments (+/-)	20	0
- value according to the value of granting loans	8 195	0
2) in other entities	31	461
a) shares (balance sheet value):	0	244
- value adjustments (+/-)	0	-1 964
- value according to purchase prices	0	2 208
b) loans granted, including:	31	217
- value adjustments (+/-)	-115	-131
- value according to the value of granting loans	146	348
c) bonds	0	0
Total value according to purchase prices	0	2 568
Together adjustments that update the value	0	2 101
Total balance sheet value	8 253	467

As at 31/12/2018 the Company has the following shares classified as short-term financial assets.

- IFERIA S.A. with registered office in Plock - 2.681.993 ordinary bearer shares with a total value of PLN 53.639,86, held shares represent 14,71% of the share capital of IFERIA S.A. and the same number of votes at the GM. The book value as at 31/12/2018 is PLN 27.000,00. On 19/02/2019, the Issuer sold all its shares for PLN 2.682,00.

As at 19/02/2018 the Company sold all shares of IQ Partners S.A. held by the Issuer i.e. 4.427.000 of shares for PLN 0,38 each share, for a total price of PLN 1.682.260,00. The Issuer informs that the sale of IQ Partners S.A. shares took place as part of a block transaction concluded on the regulated market of the Warsaw Stock Exchange in Warsaw. 4.427.000 sold shares of the IQ Partners constituted 19,80% of the share capital of IQ Partners S.A. and entitled to cast 4.427.000 votes at the General Meeting of IQ Partners S.A. representing 19,80% of the total number of votes at the General Meeting of IQ Partners S.A. As a result of this transaction, the Company made a profit on the sale of these shares in the amount of PLN 661 thousand.

As at 31/12/2018 the Company does not hold any bonds classified as short-term financial assets.

As at 31/12/ 2018 the Company shows the following short-term loans in short-term financial assets:

- Loan agreement concluded on 22/07/2013 with a natural person. The subject of this agreement is a cash loan in the amount of PLN 500.000,00. The interest rate is equal to the variable WIBOR rate for 3-month deposits, increased by 12%. Interest is calculated in 1-month periods. The borrower agreed to return the

/in EUR thousands/

abovementioned amounts up to 30/12/2014. The loan is secured with a promissory note, mortgage and a Declaration submitted under Art. 777 of the Code of Civil Procedure. The Company recognized a loan with interest with a full write-down. Following the precautionary principle, the Management Board decided to write down an impairment loss of 100%, taking into account the period during which enforcement proceedings will be conducted and potential difficulties that may arise during the performance of the collateral.

2. Loan agreement concluded on 20/05/2014 with a natural person. The value of the loan granted is PLN 60.000,00. As at 31/12/2017 the principal to repay amounted to PLN 36.000,00. The loan bears interest at a variable interest rate calculated annually on the loan amount. The interest rate is equal to the variable WIBOR rate for 3-month deposits, increased by 12%. Interest is repaid starting since 30/01/2015. The loan repayment date has been set as at 31/05/2016. Debt collections activities were undertaken. On 4/08/2016 the District Court in Płock granted the enforcement clause of the Notarial Act of 22/05/2014 containing the borrower's declaration of submission to enforcement. On 25/01/2019 the borrower made a full repayment of the loan.
3. Loan agreement concluded on 21/05/2018 with Office Center Sp. z o.o. based in Płock. The value of the loan granted is PLN 292 thousand. The interest rate is 6%. The deadline for the returning of the loan was set on 30/06/2019. On 04/01/2019 the loan was repaid.
4. Loan agreement concluded on 16/02/2017 with VINIT Sp. z o.o. based in Bydgoszcz and a natural person. The value of the loan granted is PLN 444.000,00. The interest rate is equal to the variable WIBOR rate for 3-month deposits, increased by 2,00%. The loan repayment deadline has been set at 6 months since the date of the loan's disbursement.
5. Loan agreement concluded on 14/12/2018 with IFEA Sp. z o.o. based in Płock. The value of the loan granted amounted to PLN 35.083.000,00. The interest rate is WIBOR6M + 3%. The deadline for returning the loan was set on 29/12/2018. On 31/12/2018 the Issuer concluded an Annex to the Loan Agreement indicating the new loan repayment date by the Borrower. The parties extended the loan repayment date by 30/06/2019, leaving the remaining terms of the loan agreement of 14/12/2018 unchanged.

Note 9

CASH AND CASH EQUIVALENTS (in EUR thousands)	31/12/2018	31/12/2017
Cash in hand		0
Funds on the bank accounts	2	99
Other cash - deposits		0
Total cash and other cash assets	2	99

Note 10

SHORT-TERM ACCRUALS (in EUR thousands)	31/12/2018	31/12/2017
a) active accruals of costs including:	4	6
- costs for subsequent periods	4	6
Total short-term accruals	4	6

Note 11**LONG-TERM ASSETS INTENDED TO BE DISPOSED**

ASSETS HELD TO BE SOLD/DISPOSED	31 December 2018	31 December 2017
Assets held for sale – an apartment, lands, a transformer station, car park.	279	0
TOTAL	279	0

On 08/01/2019 the Company concluded as a borrower, a secured loan agreement, securities of which is a dwelling located in Płock, lands built up with car park, an electric power generator and a transformer station located in Płock, and two-quarters of a part in sharing perpetual usufruct of the lands indicated in the report for 2018 as held for sale.

Note 12

SHARE CAPITAL (STRUCTURE) as at 31/12/2018							
Series / issue	Type of shares	The type of share preference	The type of restriction on rights to shares	The number of shares	Series/issue value by nominal value	The method of capital coverage	Date of registration
A	Bearer	lack	lack	25.000.000	0,11 EUR nominal value per one share	Shares of a limited liability company and cash	19/04/2018
Total number of shares				25.000.000			
Share capital					2.750.000 EUR		
Nominal value per one share = 0,11 EUR							

The share capital is fully paid up. The number of shares in 2018 has not changed. According to the resolution of EGM of 03/01/2018 the Company's share capital was reduced by PLN 1.030.025,00 (i.e. from PLN 12.500.000,00 to PLN 11.469.975,00, equivalent to EUR 2.750.000,00.) The share capital of the Company was decreased by reducing the nominal value of each share of the Company from the current nominal value of PLN 0,50 to the nominal value PLN 0,458799, which was the equivalent of EUR 0,11. The reduction of the share capital was aimed at transferring the amount of PLN 1.030.025,00 to the separate reserve capital of the Company.

On 19/04/2018 together with the registration of the merger of the Issuer previously acting as a public limited company under the Polish law under the name ATLANTIS SPÓŁKA AKCYJNA with the company ATLANTIS1 Polska Akciová společnost, changes in the share capital of the Company have been registered. The capital was expressed in EURO currency and amounts to EUR 2.750.000,00 and is divided into 25.000.000 series A bearer shares with a nominal value of EUR 0,11.

SHARE CAPITAL (STRUCTURE) as of 31/12/2017							
Series / issue	Type of shares	The type of share preference	The type of restriction on rights to shares	The number of shares	Series/issue value by nominal value	The method of capital coverage	Date of registration
A	Bearer	lack	lack	25.000.000	12.500.000	Shares of a limited liability company and cash	29.11.1996
The total number of shares				25.000.000			
Total share capital					12.500.000 PLN		
Nominal value per one share = 0,50 PLN							

At 31/12/2017 the number of shares equals 25.000.000.

The share capital is fully paid up.

As of 31/12/2018

/in EUR thousands/

No.	SHAREHOLDER	Number of shares	% SHARES	Number of votes	% VOTES	DATE
1	Patro Invest OU	15 035 832	60,14%	15 035 832	60,14%	11.12.2018
2	Other	9 964 168	39,86%	9 964 168	39,86%	11.12.2018
	Total	25 000 000	100	25 000 000	100	-

Note 13

SUPPLEMENTARY CAPITAL (in EUR thousands)	31/12/2018	31/12/2017
a) from the sale of shares above their nominal value	17056	17056
b) redemption of own shares	-2297	-2297
c) change of the nominal value of shares	17955	17955
d) division of the Company	-120	-120
Total supplementary capital	32 594	32 594

Note 14

REVALUATION CAPITAL (in EUR thousands)	31/12/2018	31/12/2017
Opening balance of the revaluation capital	-8673	-6505
- Increases	0	0
- Decreases	-3139	-2168
a) Valuation of financial assets	-3139	-2168
Closing balance of the revaluation capital	- 11 812	-8 673

Revaluation capital from available-for-sale financial assets includes the valuation of shares of IFEA Sp. z o.o.

This item records the revaluation of available-for-sale financial assets at fair value.

The presented capital is not subdivided.

Note 15

CAPITAL FROM THE COMBINATION OF THE UNITS (in EUR thousands)	31/12/2018	31/12/2017
Opening balance of the revaluation capital	0	0
- Increases	-4	0
- Decreases	0	0
Closing balance of the revaluation capital	-4	0

On 19/04/2018 the merger of the Issuer previously operating as a public limited company under Polish law under the name ATLANTIS SPÓŁKA AKCYJNA with the company ATLANTIS1 Polska Akciová společnost was registered. The acquiring company ATLANTIS S.A. operates in the high-value loans industry, while ATLANTIS 1 Polska Akciová společnost operates in the industry of production, trade and other services in accordance with the subject of activity

disclosed in the relevant register. ATLANTIS1 Polska Akciová společnost is a special-purpose entity, registered on 10/10/2017.

As a result of registration of the merger by the District Court for the Capital City of Warsaw in Warsaw, the Issuer took the legal form of the European Company and currently operates under the name ATLANTIS SE with its registered office in Płock at Padlewskiego Street 18C, Poland, entered in the Register of Entrepreneurs of the National Court Register kept by the District Court for the Capital City of Warsaw in Warsaw, 14th Commercial Division, under the number 0000728463.

The merger took place on the terms specified in the Merger Plan of 30/11/2017 made available free of charge to the public on the websites of the merging companies under the addresses ATLANTIS S.A. - <http://www.atlantis-sa.pl> and ATLANTIS1 Polska Akciová společnost - <http://atlantise.eu> and also via the current report of ATLANTIS S.A. ESPI No. 42/2017 on 30/11/2017.

The merger took place by the way of takeover by ATLANTIS S.A. the company ATLANTIS1 Polska Akciová společnost, in accordance with the provisions of Article 2 para. 1 in connection with article 17 par. 2 letters a and 18 of the EC Council Regulation No. 2157/2001 of 8/10/2001 on the Statute for a SE European company of 8/10/2001 Journal No. U.L. item 294, p. 1.

The merger was approved by the General Meeting of the Issuer on 3/01/2018 with Resolution No. 9, published to the public in the current report ESPI No. 1/2018 on 3/01/2018.

Note 16

RESERVE CAPITAL (in EUR thousands)	31/12/2018	31/12/2017
- other reserve capitals	473	233
Total reserve capital	473	233

In accordance with the resolution of the EGM of 3/01/2018 the Company's share capital was reduced by PLN 1.030.025,00 (i.e. from PLN 12.500.000,00 to PLN 11.469.975,00, equivalent to EUR 2.750.000,00) The share capital of the Company was decreased by reducing the nominal value of each share of the Company from the current nominal value of PLN 0,50 to the nominal value PLN 0,458799, which was the equivalent of EUR 0,11. The reduction of the share capital was aimed at transferring the amount of PLN 1.030.025,00 to the separate reserve capital of the Company.

Note 17

Item Retained earnings / Unallocated financial result includes:

Unallocated financial loss for previous years as at 31/12/2018 amounts to PLN 49.961 thousand, including for the current year 2018, the net loss PLN 12 463 thousand.

Note 18

CHANGE OF THE STATE OF THE RESERVE FROM DEFERRED INCOME TAX (in EUR thousands)	31/12/2018	31/12/2017
1. Reserve balance due to deferred income tax at the beginning of the period, including:	329	17
Exchange differences	-10	0
a) charged to the financial result, including:	319	17
- tax on the valuation of short-term shares	0	0
- tax on unpaid interest	14	17
- tax on the valuation of bonds	0	0
- property valuation	305	0
2. Increases	18	316
a) charged to the financial result of the period due to temporary differences	18	208

/in EUR thousands/

- unpaid interest on receivables and valuation of short-term investments	15	1
- property valuation	3	207
a) charged to the equity of the period due to temporary differences	0	108
- property valuation	0	108
3. Decreases	-329	-4
a) charged to the financial result of the period from positive temporary differences	-329	-4
- interest paid on loans	-21	-4
- property valuation	-308	-0
4. Deferred income tax reserve at the end of the period together, including:	8	329
- tax on unpaid interest	8	14
- tax on the valuation of bonds	0	0
- a commission tax on the loan granted	0	0
- property valuation	0	315

Note 19

LONG-TERM LIABILITIES (in EUR thousands)	31/12/2018	31/12/2017
1. Liabilities to related entities	0	0
2. Liabilities to other entities	33	70
- deposits	1	30
- remaining liabilities (transformation of the right of perpetual usufruct of land into ownership - final repayment date March 2023)	32	40
Total long-term liabilities at the end of the period	33	70

Note 20

SHORT-TERM LIABILITIES (in EUR thousands)	31/12/2018	31/12/2017
a) Liabilities to related entities	595	401
- for loans	52	237
- liabilities due to debt securities	0	0
- for deliveries and services	15	7
- other	528	157
b) liabilities to other entities	45	69
- for deliveries and services	32	50
- credits and loans	0	0
- for taxes, duties, insurance and other benefits	4	6

/in EUR thousands/

- due to remuneration	0	0
- deposits	0	0
- other	9	13
- from the purchase of shares and bonds		0
Short-term accruals	0	0
Total short-term liabilities	640	470

On 29/03/2017 the Company concluded a cash loan agreement with RESBUD S.A. The subject of the Loan Agreement is a cash loan in the amount of PLN 200.000,00. According to the annex, the parties agreed that the loan will be repaid by 31/12/2018. The interest on the loan amount has been set at 6.0% per annum. The interest will be payable together with the return of the loan amount. The loan repayment was secured by the borrower by issuing a blank promissory note together with a declaration for the Issuer. On 10/12/2018, as a result of the cession, the borrower is Patro Invest OU.

On 02/10/2017 the Company concluded a cash loan agreement with RESBUD S.A. The subject of the Loan Agreement is a cash loan in the amount of PLN 32.000,00. According to the annex, the parties agreed that the loan will be repaid by 08/02/2018. The interest rate on the loan amount has been set at 6.0% per annum. The interest will be payable together with the return of the loan amount. The repayment of the loan was secured by the borrower by issuing a blank promissory note together with a declaration for the Issuer. The borrower repaid the loan in May 2018.

On 21/11/2017 the Company concluded a cash loan agreement with DAMF KSIĘGOWOŚĆ sp. z o.o. The subject of the Loan Agreement is a cash loan in the amount of PLN 740.000,00. The parties decided that the loan will be repaid by 30/06/2018. The interest rate on the loan amount has been set at 5.7% per annum. The repayment of the loan was secured by the borrower by issuing a blank promissory note together with a declaration for the Issuer.

On 31/01/2018 the Company has contracted a cash loan agreement with DAMF KSIĘGOWOŚĆ sp. z o.o. The subject of the Loan Agreement is a cash loan in the amount of PLN 1.900.000,00. The parties have agreed that the loan will be repaid by 31/01/2019. The interest on the loan amount has been set at 5.7% per annum. The repayment of the loan was secured by the borrower by issuing a blank promissory note together with a declaration for the Issuer. Both loans from DAMF KSIĘGOWOŚĆ sp. z o.o. they were settled with compensation on 10/12/2018.

On 14/12/2018 the Company concluded a loan agreement as a borrower with the company ELKOP S.A. in Płock as a lender. Subject of the Loan Agreement of 14/12/2018 was a cash loan in the amount of PLN 36.900.000,00. The parties have agreed that the loan will be repaid by 29/12/2018. The interest on the loan amount has been set at WIBOR 6M + 2.00 percentage points on a yearly basis. The loan repayment by the Issuer was secured by issuing to the lender its own promissory note with a declaration. In addition, additional security was established in the form of transfer of the land property owned by the Issuer and COTEX OFFICE CENTER office building with a total area of 10.319,55 m2 located in Płock. The transfer of property to the lender constituted the security for the claims of the lender up to the amount of PLN 37.000.000,00. The agreement of transfer of ownership provided that in the event of failure of the Issuer to meet the loan repayment dates and interest under the Loan Agreement of 14/12/2018 the lender will be entitled to satisfy by selling or taking over the property in accordance with the value of PLN 37.000.000,00 determined by the parties. As a result of submitted statement on the acquisition of ownership of the property by ELKOP on 31/12/2018 there has been met to claim ELKOP S.A. under the Loan Agreement of 14/12/2018 and the definitive transfer of ownership of the property to ELKOP S.A.

In December 2017 and January 2018, the Company concluded cash acceptance agreements. Based on these agreements, the Company received 10.000 thousand of Czech crowns. The company is obliged to return the above-mentioned amounts at the request of an authorized entity or as a result of the following events:

- in the case of registering a merger of the companies (the Principal and the Entitled),
- in the event of receiving a written request of the Entitled Person (within 5 days).

The Company settled all contracts in 2018.

SHORT-TERM LIABILITIES (CURRENCY STRUCTURE) (in EUR thousands)	31/12/2018	31/12/ 2017
a) in the Polish currency	640	312

/in EUR thousands/

b) in foreign currencies (by currency and after conversion into PLN)	0	0
- by Czech crown	0	959
- after conversion into PLN	0	158
Total short-term liabilities	640	470

Liabilities for deliveries and services are interest-free and settled within 14-30 days. Liabilities for taxes, insurance duties and other benefits are interest-free and settled on a monthly basis.

Note 21

CHANGE OF THE BALANCE OF OTHER RESERVE (in EUR thousands)	2018	2017
2. Other reserves at the beginning of the period, including:	3	2
a) charged to the financial result	3	2
3. charged to equity	0	0
4. Increases	4	2
a) charged to the financial result	4	2
- reserve for balance sheet audit	4	2
5. Decreases	4	2
a) charged to the financial result	4	2
Total other reserves at the end of the period	3	2

Note 22

Book value as at 31/12/2018	49 910 thousand. PLN = 11 603 thousand. EUR
The number of shares as at 31/12/2018	25 000 000
Book value per share	
/ 52 105 thousand. PLN / 25 000 000/	2,00 PLN = 0.46 EUR
Diluted number of shares -	25 000 000
Diluted book value per share	2,00 PLN = 0.46 EUR

Book value as at 31/12/2017	75 893 thousand. PLN = 18 196 thousand. EUR
The number of shares as at 31/12/2017	25 000 000
Book value per share	
/ 75 893 thousand. PLN / 25 000 000/	3,04 PLN = 0.73 EUR
Diluted number of shares -	25 000 000
Diluted book value per share	3,04 PLN = 0.73 EUR

Note 23**Contingent liabilities and contingent assets**

As at 31/12/2017 and as at 31/12/2018, the Company disclosed contingent assets due to:

- Agreements of transfer of 20.000 bonds of IFEA Sp. z o.o. for collateral, with a total nominal value of 22.200 thousand PLN.
- Securing the contract in the form of deposited shares of companies listed on the Stock Exchange SA
 - 36 337 774 shares of FON S.A. worth 22 166 thousand PLN.
 - 5.346.920 shares of Investment Friends Capital S.A. with the nominal value of 3.047 thousand PLN.

On 19/01/2019, the contract as a result of which the above assets were established expired.

As at 31/12/2018 and as at 31/12/2017, contingent liabilities do not exist.

EXPLANATORY NOTES TO PROFITS AND LOSS ACCOUNTS

Note 24

NET REVENUES FROM THE SALE OF PRODUCTS (TOTAL STRUCTURE - TYPES OF ACTIVITY) (in EUR thousands)	2018	2017
Interest income from investing activities (interest on loans granted)	83	31
space rental	0	0
other sales	56	54
Total net revenues from the sale of products	139	85
- including: from related parties	128	64

NET REVENUES FROM THE SALE OF PRODUCTS (TERRITORIAL STRUCTURE) (in EUR thousands)	2018	2017
a) country	139	85
b) export	0	0
Total net revenues from the sale of products	139	85
- including: from related parties	128	64

NET REVENUES FROM SALE OF GOODS AND MATERIALS (in EUR thousands)	2018	2017
a) country	0	0
b) export	0	0
Total net revenues from sales of goods and materials	0	0
- including: from related parties	0	0

(in EUR thousands)	01/01/2018-31/12/2018	01/01/2017-31/12/2017
Revenues from the sale of products, goods, materials	466	291
Other operating income	6	1047
Total operating expenses	-358	-269
Other operating cost	-325	0
Profit / (loss) before tax	-211	1069
Result from revaluation of the carrying amount to fair value minus disposal costs	0	0
Profit / loss on disposal of operations	-2727	0
Income tax	0	0
Net result attributed to discontinued operations	-2938	1069

At the same time, the Management Board informs that it provides well-secured cash loans to many reliable entities. The Issuer's Management Board is of the opinion that the current economic situation will allow the Company to successfully compete with other entities from the financial sector.

The Management Board indicates that in its opinion the proposed course of business will allow the Company to multiply its assets in a safe and effective manner.

Note 25

COSTS ACCORDING TO THE TYPE (in EUR thousands)	2018	2017
a) depreciation	-7	-12
b) usage of materials and energy	-5	-21
c) third party services	-90	-88
d) taxes and fees	-4	-20
e) remuneration	-126	-111
f) social security and other benefits	-17	-14
g) other costs	-6	0
Total costs by type	-255	-266
Change in inventories, products and accruals	0	0
The cost of producing products for the entity's own needs (negative value)	0	0
Basic activity costs (negative value)	0	0
General administrative expenses (negative value)	-255	-266
The value of sold goods and materials		

Note 26

OTHER OPERATING REVENUES (in EUR thousands)	2018	2017
a) revaluation of non-financial assets (real estate)	0	0
b) profit from the sale of non-financial assets	4	0
c) other, including:	0	23
- revenues from the property issue	0	0
- compensation	0	14
- reinvoices	0	9
- other	0	0
Total other operating income	4	23

Note 27

OTHER OPERATING COSTS (in EUR thousands)	2018	2017
a) write-down on receivables	0	-3
b) revaluation of non-financial assets	-217	0
c) other, including:	-1	-11
- the costs of taking over the property	0	0
- real estate modernization costs	0	0
- reinvoices	0	0
- penalties	0	0
- other	-1	-11
Total other operating costs	-218	-14

Note 28

FINANCIAL REVENUES FROM INTEREST (in EUR thousands)	2018	2017
a) other interest	0	0
- from related parties	0	0
- from other entities	0	0
Total financial income on interest	0	0

OTHER FINANCIAL REVENUES (in EUR thousands)	2018	2017
a) positive exchange rates differences	3	0
b) Profit from the sale of financial assets	155	0
- stocks and shares	155	0
- from related parties	0	0
- from other entities	155	0
c) investment value revaluation:	0	0
- revaluation of short-term shares	0	0
d) other, including:	280	0
- revenues from cession	280	0
- remuneration from contracts	0	0
- write-off solution - loans	0	0
Total other financial income	438	0

Note 29

FINANCIAL COSTS FOR INTEREST (in EUR thousands)	2018	2017
a) on loans and borrowings, bonds	-86	-6
b) other interest	-1	-1
Total financial expenses due to interest	-87	-7

OTHER FINANCIAL COSTS (in EUR thousands)	2018	2017
c) update from the share valuation	0	-240
d) loan write-down	0	0
e) other, including:	0	0
- services related to the merger of companies	-3	0
- exchange rates differences	0	-2
- others	0	0
Total other financial costs	-4	-242

Note 30

INCOME CURRENT TAX (in EUR thousands)	2018	2017
1. Gross profit (loss)	-2921	648
2. Differences between gross profit (loss) and the basis for income tax (Gross profit (loss)+ Basis for income tax)	-475	984

/in EUR thousands/

a) permanent differences between gross profit (loss) and taxable income, including:		
- penalties	486	1233
- exchange rates differences	-321	0
- balance sheet value of sales of short-term shares	0	0
- property valuation	1920	0
- property depreciation	-1129	1066
- others	191	191
	-175	-24
b) temporary differences between gross profit (loss) and taxable income	-11	-249
- receivable revaluation	0	-3
- revaluation of short-term shares	0	-239
- valuation of interest on loans	-11	-4
- revaluation of borrowed short-term shares	0	0
- exchange rates differences	-2	0
- others	2	-3
3. Basis for income tax	2446	336
4. Loss from previous years	0	0
5. Income tax at the rate of 19%	0	0
6. Increases, omissions, dismissals, deductions	0	0
7. Current income tax recognized in the tax return for the period	0	0

Note 31

The Management Board will propose to cover the loss for the financial year 2018 in the amount of -2 921 thousand EUR for future profits.

Note 32**Profit per one share as at of 31/12/2018****From continued and discontinued operations**

Weighted average number of shares	25 000 000
Profit for 12 months	-12 463 thousand PLN = -2 921 thousand EUR
Profit / loss per ordinary share	- 0,50 PLN = -0.11 EUR

From continued operations

Weighted average number of shares	25 000 000
Profit for 12 months	75 thousand PLN = 17 thousand EUR
Profit / loss per ordinary share	0,00 PLN = 0.00 EUR

There were no diluting factors and the weighted average number of shares equals the diluted number of shares.

Profit per one share as at of 31/12/2017**From continued and discontinued operations**

Weighted average number of shares	25 000 000
Profit for 12 months	2 759 thousand PLN
Profit / loss per ordinary share	0,11 PLN

From continued operations

Weighted average number of shares	25 000 000
Profit for 12 months	-1 792 thousand PLN
Profit / loss per ordinary share	-0,07 PLN

There were no diluting factors and the weighted average number of shares equals the diluted number of shares.

Note 33

Discontinued operations

Financial results of discontinued operating are as follows:

On 19/12/2018 between the Issuer and ELKOP S.A. in Płock, an agreement on the transfer of the Company's real estate was concluded to secure claims of ELKOP S.A. under the Loan Agreement of 14/12/2018. The Issuer has transferred to ELKOP S.A. ownership title to land and an office building located on these properties with a total area of 10.319,55 square meter located in Płock. The transfer of real estate is a security for claims of the lender ELKOP S.A. up to PLN 37.000.000,00. The transfer of ownership agreement provides that if the Issuer fails to meet the loan repayment dates and interest under the Loan Agreement dated 14/12/2018 then the lender will be entitled to satisfy by selling or taking over the property in accordance with the value of PLN 37.000.000,00 determined by the parties. Despite the expiry determined on 29/12/2018 the Issuer did not make timely repayment of the debt resulting from the Loan Agreement of 14/12/2018. The Issuer announces that it has decided to allocate the assets of the Company, such as real estate securing the repayment of obligations under the loan agreement of 14/12/2019 to satisfy all claims from the lender, exhausting them in full. On 31/12/2018 the Issuer received a statement by ELKOP S.A. regarding the takeover of ownership of real property transferred to ELKOP S.A. to secure the claims of this Company under the Loan Agreement of 14/12/2018. Pursuant to the transfer agreement of 19/12/2018 ELKOP S.A. was entitled to take over the ownership of the Company's real estate in case the Issuer fail to meet its obligations under the contracted loans at the agreed dates. As a result of the statement on the acquisition of ownership of the property submitted by ELKOP in Płock on 31/12/2018 has been met to claim ELKOP S.A. under the Loan Agreement of 14/12/2018 and the definitive transfer of ownership of the property to ELKOP S.A.

(in EUR thousands)	01/01/2018 - 31/12/2018	01/01/2017 - 31/12/2017
Revenues from the sale of products, goods, materials	466	291
Other operating revenues	6	1047
Total operating expenses	-358	-269
Other operating cost	-325	0
Profit / (loss) before tax	-211	1069
Result from revaluation of the carrying amount to fair value minus disposal costs	0	0
Profit / loss on divestment	-2727	0
Profit/loss on discontinued activity	-2938	0
Net result attributed to discontinued operations	-2921	1069

The net cash flows of discontinued operating are as follows:

(in EUR thousands)	01/01/2018 - 31/12/2018	01/01/2017 - 31/12/2017
Cash flows from operating activities	-66	-69
Cash flows from investing activities	0	0
Cash flows from financial activities	0	0
Net inflows / (outflows) of cash	-66	-69

EXPLANATORY NOTES TO THE CASH FLOW STATEMENT

I. The item "other adjustments" in operating activity for 2018 in the amount of 330.000,00 PLN refers to the settlement of a business combination.

1. Transactions with related entities

Ties of Atlantis SE

I Personal ties - the Management Board:

Anna Kajkowska - the Chairman of Atlantis SE in 2018 and the Chairman of RESBUD SE and Office Center Sp. z o.o., the Member of Supervisory Board of Investment Friends SE and IQ Partners S.A.

II Personal ties - the Supervisory Board:

1. Wojciech Hetkowski - the Member of the Supervisory Boards: Elkop S.A, Damf Inwestycje S.A., FON SE, ATLANTIS SE, RESBUD SE, Investment Friends SE, Investment Friends Capital SE.

2. Małgorzata Patrowicz - the Member of the Supervisory Boards: Atlantis SE, Investment Friends Capital SE, Elkop S.A., Damf Inwestycje S.A., FON SE, RESBUD SE, Investment Friends SE, the Chairman of DAMF INVEST S.A., the Member of the Management Board of IFERIA S.A., the Chairman of Patro Invest Sp.z o.o.

3. Jacek Koralewski – the Member of Supervisory Boards: Damf Inwestycje S.A. , FON SE, Atlantis SE, RESBUD SE, Investment Friends Capital SE, Investment Friends SE. The Chairman of Elkop S.A.

4. Damian Patrowicz - the Member of Supervisory Boards: Atlantis SE, Elkop S.A. , Damf Inwestycje S.A., FON SE, RESBUD SE, Investment Friends Capital SE, Investment Friends SE, Shareholder of Damf Invest S.A., delegated from the Supervisory Board to act the function of the Chairman of FON SE, the Member of Supervisory Board of IFERIA S.A., Damf Invest S.A.

5. Martyna Patrowicz - the Member of Supervisory Board of Atlantis SE, Elkop S.A., Damf Inwestycje S.A., FON SE, RESBUD SE, Investment Friends Capital SE, Damf Invest S.A., IFERIA S.A.

Transactions :

1a .Transactions with related entities.

As at 31/12/2018, the Company has the following loans granted to related entities:

FINANCIAL LIABILITIES FROM CREDITS AND LOANS								
Name of company	Headquarters	Amount of loan		Amount of loan to be repaid		Interests	Term of repayment	Securities
		PLN	currency	PLN	currency			
PATRO INVEST SP. Z O.O.	Płock	2 200 000,00	PLN	2 203 978,09	PLN	6%	04.01.2020	bill of exchange
OFFICE CENTER SP Z O.O..	Płock	253 203,84	PLN	254 827,12	PLN	6%	31.12.2018	bill of exchange
IFEA SP. Z O.O.	Płock	35 000 000,00	PLN	35 082 676,71	PLN	WIBOR 6M +3%	31.12.2018	bill of exchange, guarantee

Financial liabilities due to loans are presented in the table below:

FINANCIAL LIABILITIES FROM CREDITS AND LOANS						
Name of company	Headquarters	Amount of loan	Amount of loan to be repaid	Interests	Term of repayment	Securities

/in EUR thousands/

		Amount of loan		Amount of loan to be repaid		Interests	Term of repayment	Securities
		PLN	currency	PLN	currency			
PATRO INVEST OU		200 000,00	PLN	222 891,75	PLN	6%	31.12.2018	bill of exchange

As at 31/12/2017, there were no loans granted to related entities in the Company. Financial liabilities due to loans are presented in the table below:

FINANCIAL LIABILITIES FROM CREDITS AND LOANS								
Name of company	Headquarters	Amount of loan		Amount of loan to be repaid		Interests	Term of repayment	Securities
		PLN	currency	PLN	currency			
RESBUD S.A.	Płock	200 000,00	PLN	209 710,34	PLN	6%	31.12.2018	bill of exchange
RESBUD S.A.	Płock	32 000,00	PLN	32 392,38	PLN	6%	08.02.2018	bill of exchange
DAMF KSIĘGOWOŚĆ SP. Z O.O.	Płock	740 000,00	PLN	744 622,47	PLN	5,7%	30.06.2018	bill of exchange

TRANSACTIONS WITH RELATED ENTITIES FOR THE PERIOD ENDED 31/12/2018 (in EUR thousands)	Sale products, goods and materials to related entities	of and to related entities	Revenues from interest on related entities	Purchases from related entities	Interest expenses to related entities	Penalty costs	Receivables from deliveries and services at the end of the period from related entities	Other receivables at the end of the period from related entities	Receivables from loans and interest from related entities	Liabilities due to deliveries and services and other liabilities at the end of the period towards related entities
DAMF KSIĘGOWOŚĆ SP. Z O.O.	10		0	0	23	0	1	0	0	0
ELKOP S.A.	20		0	1	18	0	13	6	0	80
FON SE	0		0	2	0	0	0	0	0	0
FON CAPITAL SP. Z O.O.	0		0	0	0	0	0	0	0	0
IFEA SP. Z O.O.	0		19	0	0	0	0	0	8222	0
RESBUD SE	0		0	20	3	0	2	0	0	1
Investment Friends SE	11		0	0	0	0	0	0	0	0
Investment Friends Capital SE	7		0	0	0	0	1	0	0	0
Office Center Sp. z o.o.	47		3	63	0	321	5	0	60	268
Patro Invest Sp. z o.o.	1		1	0	0	0	0	0	517	0
Platynowe Inwestycje SE	1		0	0	0	0	0	0	0	0
Kopanina Administracja Sp. z o.o. spółka komandytowa	0		24	0	0	0	0	0	0	0
Kopanina Administracja Sp. z o.o.	0		24	0	0	0	0	0	0	0
total	97		71	86	44	321	22	6	8799	349

TRANSACTIONS WITH RELATED ENTITIES FOR THE PERIOD ENDED 31/12/2017 (in EUR thousands)	Sale of products, goods and materials to related entities	Revenues from interest on related entities	Purchases from related entities	Interest expenses to related entities	Receivables from deliveries and services at the end of the period from related entities	Other receivables at the end of the period from related entities	Receivables from loans and interest from related entities	Liabilities due to deliveries and services and other liabilities at the end of the period towards related entities
DAMF INVEST S.A.	10	0	0	23	0	1	0	0
ELKOP S.A.	20	0	1	18	0	13	6	0
FON S.A.	0	0	2	0	0	0	0	0
RESBUD S.A.	0	0	0	0	0	0	0	0
Investment Friends S.A.	0	20	0	0	0	0	0	8265
Investment Friends Capital S.A.	0	0	20	3	0	2	0	0

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/in EUR thousands/

Office Center Sp. z o.o.	12	0	0	0	0	0	0	0
total	7	0	0	0	0	1	0	0

1b. Loss of control over subsidiaries and long-term investments

It did not appear in the company.

Remuneration of the Management Board and Supervisory Board

Chairman of the Board	2018	2017
Remuneration of the Chairman of the Board under a contract of employment and performed function in gross amount	163 thousand PLN = 38 thousand EUR	162 thousand PLN = 38 thousand EUR

Supervisory Board	2018	2017
Remuneration of the Supervisory Board in respect of the performed function in the gross amount	27 thousand PLN = 6 thousand EUR	66 thousand PLN = 16 thousand EUR

The issuer's management and supervisory board members did not receive any advance payments, loans, guarantees or sureties.

Supervisory Board 01/01/2018– 31/12/2018

1	Hetkowski Wojciech	10 000,00 PLN	2 344 EUR
2	Koralewski Jacek	1 600,00 PLN	375 EUR
3	Patrowicz Damian	7 087,91 PLN	1661 EUR
4	Patrowicz Małgorzata	7 087,91 PLN	1661 EUR
5	Patrowicz Martyna	1 134,07 PLN	266 EUR

Supervisory Board 01/01/2017– 31/12/2017

1	Hetkowski Wojciech	20 000,00 PLN	4 712 EUR
2	Koralewski Jacek	3 200,00 PLN	754 EUR
3	Patrowicz Damian	20 000,00 PLN	4 712 EUR
4	Patrowicz Małgorzata	20 000,00 PLN	4 712 EUR
5	Patrowicz Marianna	2 314,04 PLN	545 EUR
6	Patrowicz Martyna	886,96 PLN	209 EUR

1. Information about financial instruments**31/12/2018**

Classes of financial instruments (in EUR thousands)	Fair value through comprehensive income	Fair value through the financial result	Amortized cost	Financial liabilities measured at amortized cost	Total
Total financial assets	3003	6	8984	0	11993
Shares in carrying amount	3003	6	0	0	3009
-The valuation value included in the profit and loss account	0	-6	0	0	-6
- The valuation value included in the revaluation reserve	-11561	0	0	0	-11561
-Value in the purchase price	14564	13	0	0	14576
Debt securities	0	0	0	0	0
Loans granted	0	0	8253	0	8253
Receivables due to deliveries and services and other receivables	0	0	224	0	224
Cash and cash equivalents	0	0	2	0	2
Other financial assets	0	0	0	0	0
Total financial liabilities	0	0	0	52	52
Liabilities arising from the issue of securities	0	0	0	0	0
Liabilities due to loans received	0	0	0	52	52

31/12/2017**(transformed data)**

Classes of financial instruments (in EUR thousands)	Fair value through comprehensive income	Fair value through the financial result	Amortized cost	Total
Total financial assets	6334	251	2048	8632
Shares in carrying amount	6334	251	0	6585
-The valuation value included in the profit and loss account	0	-1970	0	-1970
- The valuation value included in the revaluation reserve	-8685	0	0	-8685
-Value in the purchase price	15020	2221	0	17240
Debt securities	0	0	0	0
Loans granted	0	0	217	217
Receivables due to deliveries and services and other receivables	0	0	1727	1727
Cash and cash equivalents	0	0	99	99
Other financial assets	0	0	0	0

Valuation methods at fair value of financial instruments presented at fair value (value hierarchy)

The company uses the following hierarchy for the purpose of disclosing information about financial instruments measured at fair value - broken down by valuation methods:

Level 1: prices listed on an active market (uncorrected) for identical assets or liabilities;

Level 2: valuation methods in which all data having a significant impact on the estimated fair value are observable, directly or indirectly, market data;

Level 3: valuation methods in which inputs having a significant impact on the estimated fair value are not based on observable market data.

The table below presents financial instruments at fair value as at 31/12/2018:

(in EUR thousands)	31/12/2018	Level 1	Level 2	Level 3
Short-term shares listed on the WSE and NC	0	0	0	0
Short-term shares unlisted	6	0	0	6
Long-term shares not listed	3003	0	0	3003
Total financial assets at fair value	3009	3009	0	3009
Financial liabilities at fair value	-	-	-	-

The table below presents financial instruments at fair value as at 31/12/2017:

(in EUR thousands)	31/12/2017	Level 1	Level 2	Level 3
Short-term shares listed on the WSE and NC	244	244	-	-
Short-term shares unlisted	6	-	-	6
Long-term shares not listed in thous. PLN	6415	0	0	6415
Total financial assets at fair value	6665	244	-	6421
Financial liabilities at fair value	-	-	-	-

In the reporting period, there were no movements in the valuation of instruments between the levels of the fair value hierarchy. As part of market risk management, the Management Board controls the degree of exposure of the company to market risk within the limits of the parameters adopted, while at the same time striving to optimize the rate of return.

Reconciliation of the fair value of level 3 with the valuation of financial assets as at of 31/12/2018.

(in EUR thousands)	Shares not listed on the stock exchange (in thous. EUR)	Others (in thous. EUR)	Total (in thous. EUR)
As at the beginning of the period 01/01/2018	6334	0	6334
Total profits or losses			
- in financial result			
- in other comprehensive income	0	0	0
Short-term shares listed on the WSE and NC	0	0	0
Long-term not listed shares	-3238	0	-3238
Purchases / acquisition of shares	0	0	0
Issues	0	0	0
Disposals / settlements	0	0	0
Transfers to assets held for issue	0	0	0

/in PLN thousands/

As at the end of the period 31/12/2018	3003	0	3003
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Reconciliation of the fair value of level 3 with the valuation of financial assets as at of 31/12/2017.

(in EUR thousands)	Shares not listed on the stock exchange (in thous. EUR)	Others (in thous.EUR)	Total (in thous. EUR)
As at the beginning of the period 01/01/2017	8505		8505
Total profits or losses			
- in financial result			
- in other comprehensive income	-2171		-2171
Short-term shares listed on the WSE and NC			
Long-term not listed shares			
Purchases / acquisition of shares			
Issues			
Disposals / settlements			
Transfers to assets held for issue			
As at the end of the period 31/12/2017	6334		6334

Reconciliation of the opening and closing balance of items measured at fair value, classified at level 3 in the fair value hierarchy.

At the end of 2018, the Company holds shares in IFEA Sp. z o.o. (net value after revaluation write-down 12 915 thousand PLN).

Description of the method of valuation of available-for-sale assets assigned to the valuation under level 3 of the fair value hierarchy as at 31/12/2018.

Fair value of shares held by IFEA Sp. o.o. in Atlantis SE was determined on the basis of a comparison of the investment value to the percentage share held by Atlantis SE in the value of IFEA Sp. z o.o.

As at 31/12/2018, in the opinion of the Management Board, there are no impairment triggers specified in IAS 39 with respect to the shares held by IFEA Sp. z o.o.

The value of investments classified as available for sale reflects the fair value of these investments as at 31/12/2018.

Sensitivity analysis of the valuation of assets available for sale assigned to the valuation under level 3 of the fair value hierarchy

Potentially possible changes in market risk were estimated by the Company as follows:

1. -9.50%, change of WIG listing prices for 2018.
2. 23.17% change of WIG listing prices for 2017.

Item in the financial statements as at 31/12/2018	Item value in thous. PLN (value before the write-down)	Market risk of changes in fair value			
		Impact on the net result		Impact on equity / total income (net of deferred tax effect)	
		9,50%	-9,50%	9,50%	-9,50%
Financial assets not listed on the WSE - long-term investments - available for sale	12 915	0	0	1 226,93	-1 226,93

Item in the financial statements as at 31/12/2017	Item value in thous. PLN (value before the write-down)	Market risk of changes in fair value			
		Impact on the net result		Impact on equity / total income (net of deferred tax effect)	
		23,17%	-23,17%	23,17%	-23,17%
Financial assets not listed on the WSE - long-term investments - available for sale	26 756	0	0	6 199,37	-6 199,37

3. Combination of business entities and acquisition of non-controlling interests.

On 19/04/2018 the merger of the Issuer previously operating as a public limited company under Polish law under the name ATLANTIS SPÓŁKA AKCYJNA with the company ATLANTIS1 Polska Akciová společnost was registered. The acquiring company ATLANTIS S.A. operates in the high-value loans industry, while ATLANTIS 1 Polska Akciová společnost operates in the industry of production, trade and other services in accordance with the subject of activities disclosed in the relevant register, with ATLANTIS1 Polska Akciová společnost being a special-purpose entity, registered on 10/10/2017.

As a result of registration by the District Court for the Capital City of Warsaw in Warsaw the merger, the Issuer took the legal form of the European Company and currently operates under the name ATLANTIS SE with its registered office in Płock at Padlewskiego Street 18C, Poland, entered in the Register of Entrepreneurs of the National Court Register kept by the District Court for the Capital City of Warsaw in Warsaw, 14th Commercial Division, under the number 0000728463.

The merger took place on the terms specified in the Merger Plan of 30/11/2017 made available free of charge to the public on the websites of the merging companies under the addresses ATLANTIS S.A. - <http://www.atlantis-sa.pl> and ATLANTIS1 Polska Akciová společnost - <http://atlantise.eu> and also the current report ATLANTIS S.A. ESPI No. 42/2017 on 30/11/ 2017.

The merger took place by way of takeover by ATLANTIS S.A. ATLANTIS1 Polska Akciová společnost, in accordance with the provisions of Article 2 para. 1 in connection with article 17 par. 2 letters a and 18 of the EC Council Regulation No. 2157/2001 of 8/10/2001 on the Statute for a SE European company of October 8, 2001. Journal No. U.L. Nr. 294, p. 1.

The merger was approved by the General Meeting of the Issuer on 3/01/2018 with Resolution No. 9, published to the public in the current report ESPI No. 1/2018 on 3/01/2018.

Settlement of the merger in the Company's financial statements.

Pursuant to the aforementioned merger, the shareholders of the parent entity Atlantis SA had control over the company which was subject to merger and did not lose this control as a result of the operations carried out. In connection with the above, in the books of Atlantis SA it was possible to settle the merger using the pooling of shares method.

The general principle of applying the pooling of shares method is to sum up particular items of respective assets and liabilities as well as revenues and costs of the merged companies, as at the merger date, after adjusting their values to uniform valuation methods and making mutual exclusions.

The company settled the merger using the pooling of interests method in the following manner:

- The assets and liabilities were recognized in the books of Atlantis SA according to the value resulting from the books of the acquired company Atlantis1 Polska AS, after having been brought to comparability
- Intercompany receivables and liabilities, revenues and costs of business transactions effected in a given financial year were excluded, including shares held in the acquired company.
- The share capital of the acquired company was excluded. The difference between the total of acquired assets and liabilities was shown as a separate capital of the company.
- The costs incurred in connection with the merger have been included in the financial costs.

Transformation of the comparative period.

Due to the fact that Atlantis1 Poland AS was established on 10/10/2017, the balance sheet and the profit and loss account for the previous reporting period as a result of the merger of Atlantis SA and Atlantis1 Polska AS are not presented.

4. Risks

Risk related to investments

The Issuer makes investments in companies that are listed companies on the WSE and NewConnect market characterized by high volatility of share prices and low liquidity. There is a risk related to high exchange rate fluctuations, suspension of company quotations and risk related to a decrease in the exchange rate and the possibility of excluding financial instruments - which may result in significant losses for the Issuer. The Issuer undertakes investments in securities encumbered with this risk with its consideration and striving for its possible minimization through appropriate selection of investments.

Risk of investments in financial instruments of the non-public market

The Issuer makes investments in financial instruments of the non-public market, which are characterized by the fact that they are not admitted to trading on regulated markets, ie. stock exchanges. These include, among others shares and stocks of non-public companies, bonds issued by these companies. Investing on the private market consists in concluding transactions in the scope of financial instruments between the Issuer and Investors or only between Investors. Placing funds in private issues is connected with the possibility of obtaining a higher rate of return compared to the portfolio of companies listed on the WSE, while taking a higher risk. Non-public market instruments in comparison with exchange-listed instruments are generally characterized by lower liquidity and are less available to individual investors. As a rule, they have a limited, quantitative number of Investors who can realistically influence the company's operations through, inter alia, recapitalization of the company, the possibility of financial restructuring, industry consolidation. Issuers deciding to put funds in non-public market instruments, however, are exposed to greater risk than Issuers buying shares of public companies listed on the Warsaw Stock Exchange. This risk results from a number of circumstances related to non-public nature, in particular resulting from the lack of information obligations on entities with a public character, and actually limited control over the activities of such entities. The Issuer points out that non-public companies are not obliged to disclose financial data and other material data about the company's operations, which increases the risk of making unprofitable investments. Holders of smaller blocks of shares and shares of companies must take into account the lack of influence on the company's business policy, management and development strategy and other activities taking place in the company. The risk of investing in non-public securities also entails the possibility of investing in shares or stocks of companies which, as a result of changes in the environment and erroneous decisions of the Management Board, may declare bankruptcy. In the case of small private equity companies, which usually focus on the implementation of one investment, the risk is much higher than that of large listed companies. In such a situation there is a risk of losing all or part of the invested funds, which may translate directly into the Issuer's financial result. The Issuer points out that it undertakes a number of activities to prevent this risk, in particular through due verification of entities and their operations.

Loans granted

The Issuer makes investments in the form of loans granted. These loans involve the risk of possible insolvency of entities to whom loans were granted. The Issuer points out that it undertakes a number of activities to prevent this risk, in particular through proper verification of entities and their operations, as well as by obtaining collateral for the most important portfolio positions, ie mortgage collateral.

Targets and principles of financial risk management

The company is exposed to the following risks arising from the use of financial instruments:

- Credit risk
- Market risk
- Liquidity risk
- Interest rate risk

The main financial instruments used by the Company include assets at fair value through profit or loss and available-for-sale financial assets. The company also has other financial instruments, such as receivables and liabilities for deliveries and services, which arise directly in the course of its business.

The company does not enter into any transactions involving derivative instruments.

The main types of risk resulting from the Company's financial instruments include interest rate risk, liquidity risk and market risk.

Basic principles of risk management

The Management Board is responsible for establishing the risk management principles in the Company and supervising their observance. The Company's risk management principles are aimed at identifying and analysing risks to which the Company is exposed, determining appropriate limits and controls, as well as monitoring risk and the degree of matching limits.

Credit risk

Credit risk is the risk of incurring a financial loss by the Company in a situation where the client or the other party to a contract for a financial instrument fails to meet the obligations arising from the contract. Credit risk is primarily related to receivables.

Receivables from deliveries and services, and others

The Company's exposure to credit risk results mainly from the individual characteristics of each client. The Company has no receivables due to deliveries in connection with the financial activity conducted so far. The company monitors its receivables on an ongoing basis.

The Company creates impairment allowances that correspond to the estimated value of losses incurred on trade and other receivables and on investments.

The company does not create a write-down for receivables from related clients, for overdue receivables up to 90 days.

Investments

The market risk is that changes in market prices, such as share prices, will affect the Company's results, or the value of financial instruments held. The objective of market risk management is to maintain and control the Company's exposure to market risk within the limits of the adopted parameters, while striving to optimize the rate of return.

Guarantees

The company did not issue any guarantees, nor did it issue securities.

Liquidity risk

Liquidity risk is the risk of difficulties in meeting the obligations of the Company related to financial liabilities, which are settled through the release of cash or other financial assets. The liquidity management by the Company consists in ensuring, to the highest degree possible, that the Company always has sufficient liquidity to settle the required liabilities. The cash held by the Company is sufficient to cover the expected operating expenses and to service financial liabilities.

Currency risk

The company has no assets in foreign currencies. Therefore, there is no risk of currency fluctuations.

Interest risk rate

The company invests free cash in short-term deposits with a variable interest rate. All such investments have a maturity of up to one year.

In addition, the Company is a party to loan agreements described in detail in note 3 and 5.
The company did not apply interest rate hedges, considering that the interest rate risk is not significant.

Sensitivity analysis**a) Interest rate risk**

The company has no significant positions in financial instruments whose fair value and future cash flows related to them may fluctuate due to changes in market interest rates. Due to the above, no sensitivity analysis was carried out.

b) Currency risk

The company has no significant financial instruments whose fair value and future cash flows related to them may fluctuate due to changes in exchange rates. Therefore, the impact of changes in exchange rates on the Company's results was not estimated.

Capital management

The Management Board's policy is to maintain a solid capital base in order to maintain investor confidence and to ensure the future development of business operations.

The company manages its capital in order to maintain the ability to continue operations, including the implementation of planned investments, so that it can generate returns for shareholders.

In line with market practice, the Company monitors capital, among others, based on the equity ratio and the loans and other sources of financing / EBITDA ratio.

The equity ratio is calculated as the ratio of the net asset value (equity decreased by intangible assets) to the balance sheet total.

The debt / EBITDA ratio is calculated as the ratio of liabilities due to credits, loans and financial leasing minus free cash and short-term investments with maturity of up to 1 year to EBITDA (net profit after adding depreciation).

In order to maintain financial liquidity and creditworthiness allowing obtaining external financing at a reasonable level of costs, the Company assumes maintaining the equity ratio at a level not lower than 0.5, while the ratio: credits, loans and other sources of financing / EBITDA at the level of up to 2.0.

(in EUR thousands)	31/12/2018	31/12/2017
Equity	11604	18170
Minus: intangible assets	0	
Net value of assets	11604	18170
Balance sheet total	12285	19039
	0	
Equity ratio	0	0,95
	0	
Net profit	-2921	648
Plus: depreciation	7	12
EBITDA	-2914	660
Loans and other sources of financing	686	871
Free cash and short-term investments	8255	566
Ratio: Loans and other sources of financing/EBITDA	-1	0.31

2. Remuneration of the auditor or entity authorized to audit financial statements, paid or due for the audited period

	2018
Audit of the financial statements for the period since 01/01/2018 to 31/12/2018	
Review of the financial statements for the period since 01/01/2018 to 30/06/2018.	1406 EUR

	2017
Audit of the financial statements for the period since 01/01/2017 to 31/12/2017	2356 EUR
Review of the financial statements for the period since 01/01/2017 to 30/06/2017.	1060 EUR

3. Average employment

Employment structure		
The average employment in the Company was as follows:		
	31/12/2018	31/12/2017
Management	1	1
Administration	11	10
Together	12	11

4. Information on business segments

In accordance with the requirements of IFRS 8, operating segments should be identified based on internal reports on those elements of the Company that are regularly verified by persons deciding on the allocation of resources to a given segment and assessing its financial results. The company conducts a homogeneous activity consisting in providing other financial services.

In the current period, rental activities were discontinued. This omission is described in detail in Note 33. The Management Board did not identify operating segments in the Company.

Geographical information.

The following below are the revenues from external customers, broken down into operational areas and information about non-current assets broken down by the location of these assets:

for 2018

GEOGRAPHICAL AREA FOR FINANCIAL ACTIVITIES (in EUR thousands)	REVENUES FROM EXTERNAL CLIENTS	TANGIBLE FIXED ASSETS
PŁOCK	83	0
Total for financial activities	83	0
GEOGRAPHICAL AREA FOR OTHER ACTIVITIES (in EUR thousands)	REVENUES FROM EXTERNAL CLIENTS	TANGIBLE FIXED ASSETS
PŁOCK	57	0
Total for other activities	57	0

for 2017

GEOGRAPHICAL AREA FOR FINANCIAL ACTIVITIES (in EUR thousands)	REVENUES FROM EXTERNAL CLIENTS	TANGIBLE FIXED ASSETS
PŁOCK	85	0
Total for financial activities	85	0

Information about leading clients.

In the period since 01/01/2018 to 31/12/2018, the Company generated revenues from transactions with an external single client exceeding 10% of the entity's total revenues:

Client No. 1 - 23.14% of total revenues

Client No. 2 - 23.14% of total revenues

Client No. 3 - 18.96% of total revenues

Client No. 3 - 10.73% of total revenues

In the period since 01/01/2017 to 31/12/2017, the Company generated revenues from transactions with an external single client exceeding 10% of the entity's total revenues:

Client No. 1 - 27.28% of total revenues

Client No. 2 - 21.44% of total revenues

Client No. 3 - 10.22% of total revenues

Client No. 3 - 10.06% of total revenues

5. EURO exchange rates used to convert selected financial data.

Selected financial data presented in the financial statements was converted into EUR as follows:

- balance sheet items are translated at the average exchange rate announced by the National Bank of Poland in force as at the balance sheet date:
 - On 31/12/2018 1 EUR = 4,3014
 - On 29/12/2017 1 EUR = 4,1709
 - On 31/12/2017 1EUR = 4.1770
- the items of the income statement and the cash flow statement are translated using the exchange rate being the arithmetic average of the average exchange rates published by the National Bank of Poland effective on the last day of each month in the reporting period:
 - In the period since 1/01/2018 to 31/12/2018 1 EUR = 4,26694
 - In the period since 1/01/2017 to 31/12/2017 1 EUR = 4,22570

average rates in the reporting period	reporting period since 01/01/2018 to 31/12/2018		reporting period since 01/01/2017 to 31/12/2017	
	exchange rate	date	exchange rate	date
	exchange rate on the last day of the period	4,300	31/12/2018	4,1709
the average arithmetic exchange rate in the period	4,2669	since 01/01/2018 to 31/12/2018	4,2447	since 01/01/2017 to 31/12/2017
lowest exchange rate	4,1423	29/01/2018	4,1709	29/12/2017
highest exchange rate	4,3978	03/07/2018	4,4157	02/01/2017

*exchange rate being the arithmetic average of the average rates announced by the National Bank of Poland effective on the last day of each month in the reporting period

Reporting period since 01/01/2018 to 31/12/2018		Reporting period since 01/01/2017 to 31/12/2017	
Tab. No. 22 of the 31/01/2018	4,1488	Tab. No. 21 of the 31/01/2017	4,3308
Tab. No. 42 of the 28/02/2018	4,1779	Tab. No. 41 of the 28/02/2017	4,3166
Tab. No. 64 of the 30/03/2018	4,2085	Tab. No. 64 of the 31/03/2017	4,2198
Tab. No. 84 of the 30/04/2018	4,2204	Tab. No. 83 of the 28/04/2017	4,2170
Tab. No. 104 of the 30/05/2018	4,3195	Tab. No. 104 of the 31/05/2017	4,1737
Tab. No. 125 of the 29/06/2018	4,3616	Tab. No. 125 of the 30/06/2017	4,2265
Tab. No. 147 of the 31/07/2018	4,2779	Tab. No. 146 of the 31/07/2017	4,2545
Tab. No. 169 of the 31/08/2018	4,2953	Tab. No. 168 of the 31/08/2017	4,2618
Tab. No. 189 of the 28/09/2018	4,2714	Tab. No. 189 of the 29/09/2017	4,3091
Tab. No. 212 of the 31/10/2018	4,3313	Tab. No. 211 of the 31/10/2017	4,2498
Tab. No. 233 of the 30/11/2018	4,2904	Tab. No. 232 of the 30/11/2017	4,2055
Tab. No. 252 of the 31/12/2018	4,300	Tab. No. 251 of the 29/12/2017	4,1709
The average arithmetic rate in the period	4,2669	The average arithmetic rate in the period	4,2447

Selected financial data	YEAR	YEAR	YEAR	YEAR
	2018	2017	2018	2017
	PLN	PLN	EUR	EUR
Revenues from the sale of products, goods and materials from continuing operations	593	360	139	85
Revenues from the sale of products, goods and materials from discontinued operations	1 991	503	467	291
Profit (loss) from operating activities from continuing operations	-1 409	-733	-330	-173
Profit (loss) before tax from continuing operations	75	-1 792	18	-422
Profit (loss) on discontinued operations	-12 538	4 551	-2 938	1 072
Net profit (loss)	-12 463	2 759	-2 920	650
Net cash flow from operating activities	-281	-306	-66	-72
Net cash flows from investing activities	-37 025	-168	-8 677	-40
Net cash flow from financing activities	36 900	884	8 648	208
Change in cash and cash equivalents	-406	410	-95	97
Total assets	52 838	79 525	12 288	19 067
Short-term liabilities	2 753	1 965	640	471
Equity	49 910	75 893	11 607	18 196
Share capital	11 470	12 500	2 667	3 000
Weighted average diluted number of shares (in pcs)	25 000 000	25 000 000	25 000 000	25 000 000
Profit (loss) from continuing operations per share (in PLN / EUR)	0,00	-0,07	0,00	-0,02
Profit (loss) per share (in PLN / EUR)	-0,50	0,11	-0,12	0,03
Book value per one share (in PLN / EUR)	2,00	3,04	0,47	0,72

6. Events after the balance sheet date

Events after the balance sheet date are described in the comment of the Management Board of the Company.

Tallinn, 22/07/2019
Publication 22/07/2019

Signatures of all Members of the Board

Damian Patrowicz	Chairman of the Management Board
First name and last name	position/function	Signature

Signature of the person entrusted with the bookkeeping

Jolanta Gałuszka
First name and last name	Signature