

ATLAS ESTATES LIMITED
CONDENSED CONSOLIDATED QUARTERLY REPORT
FIRST QUARTER 2019

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ATLAS ESTATES LIMITED

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Financial Highlights

Selected Consolidated Financial Items	Three months ended	Year ended	Three months ended
	31 March 2019 (unaudited) €'000	31 December 2018 (audited) €'000	31 March 2018 (unaudited) €'000
Revenues	8,100	45,037	15,039
Gross profit	2,970	16,294	4,998
Increase in value of investment properties	-	7,022	-
Profit from operations	787	14,691	3,268
Loss before tax	(772)	8,863	1,841
Loss for the period	(918)	5,805	1,319
Net cash (used in)/ from operating activities	(1,453)	11,452	1,809
Net cash (used in)/ from investing activities	(2,215)	6,525	(405)
Net cash (used in)/ from financing activities	(1,273)	(8,245)	(1,703)
Net (decrease)/ increase in cash	(4,928)	9,437	(455)
Non-current assets	170,681	183,136	189,347
Current assets	37,790	41,543	33,085
Total assets	208,471	224,679	222,432
Current liabilities	(23,725)	(44,339)	(45,108)
Non-current liabilities	(93,684)	(88,537)	(91,643)
Total liabilities	(117,409)	(132,876)	(136,751)
Basic net assets (1)	91,062	91,803	85,681
Number of shares outstanding	46,852,014	46,852,014	46,852,014
Profit per share (eurocents)	(2.0)	12.4	2.8

(1) "Basic net assets" represent net assets value as per the consolidated balance sheet.

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Chairman's Statement

Dear Shareholders,

I am pleased to announce the unaudited condensed consolidated quarterly report of Atlas Estates Limited ("Atlas" or "the Company") and its subsidiary undertakings (together "the Group") for the quarter ended 31 March 2019.

In 2019 the Group was able to achieve several key objectives:

- In 2018 the Group completed renovation of the main lobby as well as other common spaces at *Atlas Tower* (former name *Millennium Plaza*) which attracted several new tenants and resulted in the outstanding occupancy ratio of 92% as of 31 March 2019;
- On 31 January 2019 the Group concluded preliminary sale agreement of Nakielska Apartment Project at the net sale price of PLN 33.5 million (equivalent of ca €7.8 million). The book value of this project (classified as inventory) as of 31 March 2019 amounted to €5.5 million. This transaction was completed on 13 May 2019 and full sale price was received.

Despite the efforts of the Company's management on 27 February 2019, following the decision of the Metropolitan Companies' Court in Budapest ordering the compulsory strike off of the Company's subsidiary- Felikon Kft. a process of liquidation and deletion of Felkon Kft. from the companies register was commenced. No gain or loss was recognised in the interim consolidated financial statements for the three months ended 31 March 2019 as a result of this event;

Reported Results

As of 31 March 2019 the Group has reported basic net assets of €91.1 million.

The slight decrease of basic net asset value by €0.7 million (i.e. 1% only) from €91.8 million as at 31 December 2018 is primarily a result of €0.6 million annual depreciation charge on property, plant and equipment recorded in the first quarter 2019.

Loss after tax amounts to €0.9 million for the three months period ended 31 March 2019 as compared to profit after tax amounts to €1.3 million for the three months period ended 31 March 2018. The change of the noted results was mainly attributable to €2.3 million gross profit realised on completion of sales in the second stage of *Apartamenty przy Krasińskiego* development project in Warsaw in the first quarter 2018.

Financing, Liquidity and Forecasts

The Directors consider that the current outlook presents operating as well as financing challenges in which the Group operates.

The Group's forecasts and projections have been prepared taking into account the economic environment and its challenges and mitigating factors. These forecasts incorporate management's best estimate of future trading performance, potential sales of properties and the future financing requirements of the Group.

While there will always remain some inherent uncertainty within the aforementioned cash flow forecasts, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence and to manage its loan facilities for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the condensed consolidated financial information for the three months ended 31 March 2019, as set out in accounting policies to the condensed consolidated financial information.

Investing Policy

Atlas invests mainly in Poland in a portfolio of real estate assets across a range of property types, where approximately 86% of its assets are located. We actively target Poland, where the economy is believed to be the most attractive amongst CEE economies. The Group also operates in the Hungarian, Romanian and Bulgarian real estate markets.

We invest both on our own and, where appropriate, with joint venture partners in residential, industrial, retail, office and leisure properties in order to create an appropriately balanced portfolio of income-generating properties and development projects.

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We may employ leverage to enhance returns on equity. Wherever possible, the Directors intend to seek financing on a non-recourse, asset by asset basis. The Company has no set limit on its overall level of gearing. However, it is anticipated that the Company shall employ a gearing ratio of up to 80% of the total value of its interest in income-generating properties within its property portfolio.

Net Asset Value (“NAV”) and Adjusted Net Asset Value (“Adjusted NAV”)

In the three months to 31 March 2019, NAV per share, as reported in the interim condensed consolidated financial information, which has been prepared in accordance with International Financial Reporting Standards (“IFRS”), remained stable at the level of €1.9 per share as compared to €2.0 per share at 31 December 2018 and €1.8 per share as at 31 March 2018.

As in the previously reported quarterly results, the Adjusted NAV per share, which includes valuation gains net of deferred tax on development properties held in inventory and land held under operating lease, has not been included. The Adjusted NAV per share is calculated on an annual basis when the market valuation of the Group’s assets portfolio takes place.

Prospects

With the ongoing economic recovery in Poland we also focus on strengthening as well as expanding our real estate portfolio including development of additional residential units.

Mark Chasey
CHAIRMAN
23 May 2019

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Review of the Property Manager

In this review we present the financial and operating results for the three months ended 31 March 2019. Atlas Management Company Limited (“AMC”) is the Property Manager appointed by the Company to oversee the operation and management of Atlas’ portfolio and advice on new investment opportunities. At 31 March 2019, the Company held a portfolio of fourteen properties comprising five investment properties of which three are income yielding properties, two are held for capital appreciation, two hotels and seven development properties. Two development projects were presold as of the date of this report (see note 10 and note 12).

It could be a long road to recovery for the real estate market in Central & Eastern Europe (CEE). As a result of these uncertainties and changing conditions, management has taken measures to mitigate risks across the portfolio. This has included reducing costs and staffing levels and putting on hold higher risk investment activity. Nevertheless, key development projects have been completed on time and new developments have commenced.

Markets and Key Properties

Poland

This is the major market of operation for the Group, with 86% (by value) of the Group’s portfolio located there. The Polish economy has been one of most resilient economies in Europe with annual real GDP growth of 4.4% in 2018.

Hilton Hotel, Warsaw

The Hilton hotel in the Wola district of Warsaw is the Group’s flagship asset. The hotel is continuously performing at a satisfactory level.

Atlas Tower (former name *Millennium Plaza*), Warsaw

The *Atlas Tower* is a 39,138 sqm office and retail building centrally located in Warsaw with occupancy rate of 92% as of 31 March 2019 and 89% as of 31 December 2018 (80% as of 31 March 2018). The Group has recently completed a renovation project of some of the public spaces, which attracts new tenants.

Atlas Estates Tower

The Group was planning to build a mixed use (residential and office) Atlas Estates Tower, on the neighbouring plot alongside the *Hilton* hotel, however since the scale of the development now exceeds the Group’s investment abilities on 22 November 2018 the Group decided to enter into a preliminary sale agreement and dispose this property at the sale price of PLN147 million (i.e. equivalent of €34 million) to a third party. The completion of this transaction is expected in September 2019.

Galeria Platinum Towers

Commercial area on the ground and first floors of Platinum Towers with 1,904 sqm of gallery and 208 parking places almost fully let to tenants.

Apartamenty przy Krasińskiego

Apartamenty przy Krasińskiego project is a development in the Żoliborz district of Warsaw.

The first stage of this development included 303 apartments as well as parking and amenities and retail facilities. The construction of the first stage was completed in 2013. As of 31 March 2019 all apartments were sold or presold with only 1 retail unit available for sale.

The second stage of this successful development project released 123 apartments as well as parking and retail facilities. The construction commenced in November 2015 and was completed in August 2017. As of 31 March 2019 only 1 retail unit was available for sale.

Capital Art Apartments

The *Capital Art Apartments* project in Warsaw is another development in Warsaw close to the city centre. It is a four stage development with 784 apartments as well as parking and amenities, including retail facilities. As of 31 March 2019 all apartments from all stages were either sold or presold, whereas 4 retail units remain available for sale.

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Nakielska Apartments Project

This is a residential development that was planned to be constructed in Wola district of Warsaw. On 13 May 2019 the Group sold this project as disclosed in note 10.

Hungary

In Hungary, as of 31 December 2018 and 31 March 2018 , the Group owned one income yielding property, Ikarus Business Park, located in Budapest held by the Company's subsidiary Felikon Kft. On February 2019 this entity commenced a process of liquidation as described in note 17.

Romania

The Group's portfolio contains three properties in Romania, including the *Golden Tulip* hotel and two significant land banks – Voluntari and Solaris. The Romanian real annual GDP increased by 4.0% in 2018. The occupancy rates at the Golden Tulip increased from 52% for the three months ended 31 March 2018 to 57% for the three months ended 31 March 2019.

Bulgaria

The Group holds one income yielding property in Bulgaria, the Atlas House, which is a ca. 3,500 sqm office building in Sofia.

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Financial Review

The on-going analysis of the economics of the region and the key measures of the sectors in which the Group operates are vital to ensure it does not become overexposed to, or reliant on, any one particular area. AMC evaluates the risks and rewards associated with a particular country, sector or asset class, in order to optimise the Company's return on investment and therefore the return that the Company is able to deliver to Shareholders over the longer term.

Portfolio valuation and valuation methods

The latest independent valuation was performed on 31 December 2018 and has been used in the interim condensed consolidated financial information at 31 March 2019.

A valuation of the entire property portfolio is carried out on an annual basis by external and internal experts. The internal valuations calculated by the Property Manager concerned only completed development projects in Warsaw. The results of these internal valuations were not reflected in net assets as presented in the consolidated statement of financial position since these projects are classified as inventory and there is no need to impair these balances.

As of 31 December 2018 the following external independent qualified experts were engaged:

- Jones Lang LaSalle responsible for the valuation of properties located in Poland and Romania,
- Takarek Ingatlan Zrt (*former name FHB Ingatlan Zrt*) responsible for the valuation of property located in Hungary.

Loans and valuations

As at 31 March 2019, the Company's share of bank debt associated with the portfolio of the Group was €76 million (31 December 2018: €89 million; 31 March 2018: €92 million). Loans and valuations may be analysed as follows for those periods in which valuations were undertaken (please note that the most recent valuation was performed as of 31 December 2018):

	LTV			LTV			LTV		
	Loans	Valuation	Ratio*	Loans	Valuation	Ratio*	Loans	Valuation	Ratio*
	31 March 2019			31 December 2018			31 March 2018		
	€	€	%	€	€	%	€	€	%
	€ millions	millions	%	millions	€ millions	%	€ millions	millions	%
Investment property	25	69	36%	38	81	47%	43	81	53%
Hotels	51	94	54%	51	94	54%	49	93	53%
Total	76	163	47%	89	175	51%	92	174	53%

*LTV Ratio- Loan to Value Ratio

The valuations in the table above differ from the values included in the consolidated balance sheet as at 31 March 2019, 31 December 2018 and 31 March 2018 due to the treatment under IFRS of land held under operating leases and development property.

LTV ratio of investment property decreased from 53% as of 31 March 2018 to 47% as of 31 December 2018 mainly due to the sale of *Sadowa* office building and the repayment of the facility extended to this project as well as increase in the valuation of *Atlas Tower*. Further decrease to 36% as of 31 March 2019 is attributable to deconsolidation of the Company's subsidiary Felikon Kft and related derecognition of the bank loan extended to this subsidiary as well the property (amounting to €12 million each).

LTV ratio of hotels remains at the comparable level in the period from 31 March 2018 to 31 March 2019.

The gearing ratio is 38% based upon net debt as a percentage of total capital (net debt plus equity attributable to equity holders). The ratio remained at the similar level as of 31 December 2018 (41%) and decreased as compared to 31 March 2018 (48%) mainly due to the full repayment of the loan extended to *Sadowa office* project as well increase of valuation of *Atlas Tower*.

Debt financing

Key developments were described in note 14.

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Review of the operational performance and key items on the Income Statement

The financial analysis of the income statement set out below reflects the monitoring of operational performance by segment as used by management.

	Property Rental € millions	Development Properties € millions	Hotel Operations € millions	Other € millions	Three months ended 31 March 2019 € millions	Three months ended 31 March 2018 € millions
Revenue	2.4	0.8	4.9	-	8.1	15.0
Cost of operations	(1.3)	(0.8)	(3.0)	-	(5.1)	(10.0)
Gross profit/ (loss)	1.1	-	1.9	-	3.0	5.0
Administrative expenses	(0.3)	(0.1)	(0.8)	(0.9)	(2.1)	(1.8)
Gross profit / (loss) less administrative expenses	0.8	(0.1)	1.1	(0.9)	0.9	3.2
Gross profit/ (loss) %	46%	0%	39%	0%	37%	33%
Gross profit/ (loss) less administrative expenses %	33%	-13%	22%	0%	11%	21%

Revenues and cost of operations

Total revenues for the first three months ended 31 March 2019 were €8.1 million compared to €15.0 million for the three months ended 31 March 2018. The Group's principal revenue streams are from its hotel operations, property rental and from the sale of the residential apartments that the Group develops. As the Group maintains a diversified portfolio of real estate investments, seasonality or cyclicalities of yielded income or results is also highly diversified.

Cost of operations as at 31 March 2019 were €5.1 million compared to €10.0 million as at 31 March 2018.

Development Properties

	Three months ended 31 March 2019 € millions	Three months ended 31 March 2018 € millions	Total change 2019 v 2018 € millions	Translation foreign exchange gain/ (loss) € millions	Operational change 2019 v 2018 € millions
Revenue	0.8	7.8	(7.0)	-	(7.0)
Cost of operations	(0.8)	(5.5)	4.7	-	4.7
Gross profit/ (loss)	-	2.3	(2.3)	-	(2.3)
Administrative expenses	(0.1)	(0.1)	-	-	-
Gross profit/ (loss) less administrative expenses	(0.1)	2.2	(2.3)	-	(2.3)

Sale of residential units (i.e. apartments, retail units, parking places, storages) developed by the Group are recognised when the performance obligations have been fulfilled in line with the Group's accounting policies. The performance obligations are considered fulfilled when the customer takes control of the property units documented by the signing of the relevant notarial deed. In 2017 the Group, following a completion of *Apartamenty przy Krasińskiego stage II* project in August 2017, has started signing notarial deeds and consequently recognised first sales and associated costs of this project.

As a result, as presented in the table below, in the three months ended 31 March 2018 the Group managed to complete the sale of 67 apartments (in *Apartamenty przy Krasińskiego stage II*), whereas in 2019 the revenues from the sale of 2 retail units (in *Capital Art Apartments and Apartamenty przy Krasińskiego stage II*) projects were recognized.

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Apartment sales in developments in Warsaw

	CAA stage I	CAA stage II	CAA stage III&IV	Apartamenty przy Krasieńskiego I	Apartamenty przy Krasieńskiego II	Concept House*
Total apartments for sale	219	300	265	303	123	160
Sales completions in 2008-2017	218	298	265	303	8	160
Sales completions in 2018	-	-	-	-	112	-
Total sales completions	218	298	265	303	120	160
Sales not completed as of 31 March 2019 (only preliminary agreements concluded)	1	2	-	-	3	-
Apartments available for sale as of 31 March 2019	-	-	-	-	-	-

*Joint venture project fully sold out as at 31 December 2017

Property Rental

	Three months ended 31 March 2019 € millions	Three months ended 31 March 2018 € millions	Total change 2019 v 2018 € millions	Translation foreign exchange gain/ (loss) € millions	Operational change 2019 v 2018 € millions
Revenue	2.4	2.5	(0.1)	-	(0.1)
Cost of operations	(1.3)	(1.4)	0.1	-	0.1
Gross profit	1.1	1.1	-	-	-
Administrative expenses	(0.3)	(0.2)	(0.1)	-	(0.1)
Gross profit less administrative expenses	0.8	0.9	(0.1)	-	(0.1)

In the first quarter of 2019 the gross margin realized by the Property Rental segment remained stable as compared to the first quarter 2018.

Hotel operations

	Three months ended 31 March 2019 € millions	Three months ended 31 March 2018 € millions	Total change 2019 v 2018 € millions	Translation foreign exchange gain/ (loss) € millions	Operational change 2019 v 2018 € millions
Revenue	4.9	4.7	0.2	-	0.2
Cost of operations	(3.0)	(3.1)	0.1	-	0.1
Gross profit	1.9	1.6	0.3	-	0.3
Administrative expenses	(0.8)	(0.8)	-	-	-
Gross profit less administrative expenses	1.1	0.8	0.3	-	0.3

In the first quarter of 2019 the hotel operations improved as compared to the first quarter of 2018 mainly due to increase of occupancy ratio of both hotels and related increase of room sales.

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Foreign exchange

The fluctuations in exchange rates in the underlying currencies in the countries in which the Group operates and owns assets have resulted in significant foreign exchange differences.

The movements in value of the functional currencies resulted in foreign exchange loss of €0.5 million in the consolidated income statement for the first quarter 2019 (Q1 2018: €0.4 million). These losses were due to the unrealised foreign exchange losses on EUR denominated bank loans in Polish, Hungarian and Romanian subsidiaries. The foreign exchange losses occurred mainly as a result of depreciation of RON against EUR in the first quarter 2019. The foreign exchange losses occurred mainly as a result of depreciation of PLN and HUF against EUR in the first quarter 2018.

A summary of exchange rates by country for average and closing rates against the reporting currency as applied in the interim condensed consolidated financial information are set out below.

	Polish Zloty	Hungarian Forint	Romanian Lei	Bulgarian Lev
Closing rates				
31 March 2019	4.3013	320.79	4.7628	1.95583
31 December 2018	4.3000	321.51	4.6639	1.95583
% Change	0%	0%	2%	0%
31 March 2018	4.2085	312.55	4.6576	1.95583
31 December 2017	4.1709	310.14	4.6597	1.95583
% Change	1%	1%	0%	0%
Average rates				
1 st quarter 2019	4.3032	318.07	4.7538	1.95583
Year 2018	4.2623	318.87	4.6530	1.95583
% Change	1%	0%	2%	0%
1 st quarter 2018	4.1811	311.03	4.6605	1.95583

Net Asset Value

The Group's property assets are categorised into three classes, when accounted for in accordance with International Financial Reporting Standards as adopted by the EU. The recognition of changes in value in each category is subject to different treatment as follows:

- Yielding assets let to paying tenants – classed as investment properties with valuation movements being recognised in the Income Statement;
- Property, plant and equipment (“PPE”) operated by the Group to produce income, such as the Hilton hotel or land held for development of yielding assets are disclosed as PPE – revaluation movements are taken directly to reserves, net of deferred tax; and
- Property developments, including the land on which they will be built – held as inventory, with no increase in value recognised in the financial statements unless where an increase represents the reversal of previously recognized deficit below cost.

The Property Manager's management and performance fees are based on the adjusted NAV. For the three months to 31 March 2019 the combined fee payable to AMC by the Group was €0.5 million (€0.5 million in the first quarter of 2018 (as presented in note 15a).

Ongoing activities

During the three months ended 31 March 2019, the Company continued to identify ways by which it can generate added value through the active management of its yielding asset portfolio.

The property portfolio is constantly reviewed to ensure it remains in line with the Company's stated strategy of creating a balanced portfolio that will provide future capital growth, the potential to enhance investment value through active and innovative asset management programmes and the ability to deliver strong development margins.

A key management objective is to monitor operations of hotel activity, enhance occupancy of income yielding assets, as well as remodel valuable assets in order to attract new tenants.

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Financial management, operational management and material risks

In continuing to fulfil its obligations to its Shareholders and the markets, together with maintaining its policy of maximum disclosure and timely reporting, the Group is continually improving and developing its financial management and operational infrastructure and capability. Experienced operational teams are in place in each country, where there is significant activity, otherwise a central operational team and investment committee monitor and control investments and major operational matters. As such, the management team continually reviews its operating structures to optimise the efficiency and effectiveness of its network, which is particularly important given the current environment.

We continue to enhance our internal control, reporting procedures and IT systems in order to generate appropriate and timely management information for the ongoing assessment of the Group's performance. We operate a financial reporting system, which provides the Group with the required reporting framework, financial management and internal control.

Global economic conditions

The Board and the Property Manager closely monitor the effects that the current global economic conditions have on the business and will continue to take steps to mitigate, as far as possible, any adverse impact that may affect the business.

The Group derives its revenue from activities carried out mainly in the Polish market with Romania and Hungary also contributing, however at a much lower level. The Group's financial results are therefore contingent on factors such as the stability of the political systems at the given moment and the macroeconomic data related mainly to the condition of the Polish but also Romanian and Hungarian economies, in particular the level of GDP growth, investment spending, levels of household income, interest rates, foreign exchange rates and inflation rate. Any deterioration to the macroeconomic conditions in these countries may expose the Group's business to risk, thus affecting its future financial results and prospects for development.

Financing and liquidity

Management has experienced strict requirements of the lenders for financing in the CEE region which has been reflected in the covenants that are applied to facilities, such as a reduction of loan to value ratio, increasing margins and an increase in levels of required pre-sales on development projects. The management team see this as a potential risk to the ongoing development of the Company and as a result are devoting significant resource to the management of banking relationships and the monitoring of risk in this area.

Cash is managed both at local and head office levels, ensuring that rent collection is prompt, surplus cash is suitably invested or distributed to other parts of the Group, as necessary, and balances are held in the appropriate currency. Where possible, the Company will use debt facilities to finance its projects, which the Company will look to secure at appropriate times and when available, depending on the nature of the asset – yielding or development.

Currency and foreign exchange

Currency and foreign exchange rates exposures are continually monitored. Foreign exchange risk is largely managed at a local level by matching the currency in which income and expenses are transacted and also the currencies of the underlying assets and liabilities.

Most of the income from the Group's investment properties is denominated in Euro and our policy is to arrange debt to fund these assets in the same currency. Where possible, the Group looks to match the currency of the flow of income and outgoings. Some expenses are still incurred in local currency and these are planned for in advance. Development of residential projects has created receipts largely denominated in local currencies and funding facilities are arranged accordingly. "Free cash" available for distribution within the Group is identified and appropriate translation mechanisms put in place.

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Conclusions

AMC's key strategic objective is the maximisation of value for the Company's Shareholders, which it continues to work towards. Its teams are very experienced in the active management of investment and development properties and provide the Company with local market knowledge and expertise. AMC currently focuses its efforts on searching new investment opportunities in Poland, mainly in Warsaw.

Ziv Zviel
Chief Executive Officer
Atlas Management Company Limited
23 May 2019

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Key Property Portfolio Information

Location/Property	Description	Company's ownership
Poland		
Hilton Hotel	First <i>Hilton</i> Hotel in Poland – a 4 star hotel with 314 luxury rooms, large convention centre, fitness club and spa Holmes Place Premium, casino and retail outlets. Location close to the central business district in Wola area of Warsaw.	100%
Atlas Estates Tower	Land located next to <i>Hilton</i> hotel in Warsaw. Land with zoning for an office/residential tower planned up to 42 floors. This property is subject to preliminary sale agreement as disclosed on page 6.	100%
Galeria Platinum Towers	Commercial area on the ground and first floors Platinum Towers with 1,904 square meters of gallery and 208 parking places almost fully let to tenants.	100%
Nakielska Apartments Project	Residential development in the Wola district of Warsaw. This property was sold on 13 May 2019 as disclosed in note 10.	100%
Apartamenty przy Krasińskiego,	Development in the Żoliborz district of Warsaw. The first stage of this development included 303 apartments as well as parking and amenities and retail facilities. The construction of the first stage was completed in 2013. As of 31 March 2019 all apartments were sold with only 1 retail unit being available for sale. The second stage of this successful development project released 123 apartments as well as parking and retail facilities. The construction commenced in November 2015 and was completed in August 2017. As of 31 March 2019 only 1 retail unit was available for sale. Remaining apartments and retails were either sold or presold.	100%
Atlas Tower (former name: <i>Millennium Plaza</i>)	39,138 square meters of office and retail space in the central business district of Warsaw.	100%
Capital Art Apartments	The <i>Capital Art Apartments</i> project in Warsaw is another development in Warsaw close to the city center. It is a four stage development with 784 apartments as well as parking and amenities, including retail facilities. As of 31 March 2019 all apartments were sold or presold, whereas 4 retail units remain available for sale.	100%
Hungary		
Ikarus Business Park	283,000 square meters plot with 110,000 square meters of built business space and 70,000 of currently lettable, located in the 16th district, a suburban area of Budapest. On February 2019 this entity commenced a process of liquidation as described in note 18, and was deconsolidated in the condensed interim financial information for the three months ended 31 March 2019.	100%
Romania		
Voluntari	86,861 square meters of land in three adjacent plots at the pre-zoning stage, in the north eastern suburbs of the city, known as Pipera.	100%
Solaris Project	32,000 square meters plot for re-zoning to mixed-use development in a central district of Bucharest.	100%
Golden Tulip Hotel	4 star 78 room hotel in central Bucharest.	100%
Bulgaria		
The Atlas House	Office building in Sofia's city center with 3,472 square meters of lettable area.	100%

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INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED INCOME STATEMENT

For the three months ended 31 March 2019

	Three months ended 31 March 2019 (unaudited) €'000	Three months ended 31 March 2018 (unaudited) €'000	Note
Revenues	8,100	15,039	3
Cost of operations	(5,130)	(10,041)	4.1
Gross profit	2,970	4,998	
<i>Property manager fee</i>	(623)	(553)	
<i>Central administrative expenses</i>	(111)	(85)	
<i>Property related expenses</i>	(1,395)	(1,091)	
Administrative expenses	(2,129)	(1,729)	4.2
Other operating income	73	20	
Other operating expense	(127)	(21)	
Profit from operations	787	3,268	
Finance income	92	45	4.3
Finance costs	(1,161)	(1,057)	4.3
Other gains/(losses) – foreign exchange	(486)	(383)	4.3
Share of losses from equity accounted joint ventures	(4)	(32)	
(Loss)/ Profit before taxation	(772)	1,841	
Tax charge	(146)	(522)	5
(Loss)/ Profit for the period	(918)	1,319	
Attributable to:			
Owners of the parent	(918)	1,319	
Non-controlling interests	-	-	
	(918)	1,319	
(Loss) /Profit per €0.01 ordinary share – basic (eurocents)	(2.0)	2.8	7
(Loss)/ Profit per €0.01 ordinary share – diluted (eurocents)	(2.0)	2.8	7

All amounts relate to continuing operations.

The notes on pages 21 to 38 form part of these consolidated financial information.

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INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2019

	Three months ended 31 March 2019	Three months ended 31 March 2018
	€'000	€'000
(LOSS)/ PROFIT FOR THE PERIOD	(918)	1,319
Other comprehensive income:		
<i>Items that will not be recycled through profit or loss</i>		
Revaluation of buildings	-	-
Deferred tax on revaluation	-	-
Total	-	-
<i>Items that may be recycled through profit or loss</i>		
Exchange adjustments	183	(784)
Deferred tax on exchange adjustments	(6)	82
Total	177	(702)
Other comprehensive (loss)/ income for the period (net of tax)	177	(702)
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD	(741)	617
Total comprehensive (loss)/ income attributable to:		
Owners of the parent	(741)	617
	(741)	617

The notes on pages 21 to 38 form part of these consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	31 March 2019 (unaudited) €'000	31 December 2018 (audited) €'000	31 March 2018 (unaudited) €'000	Note
ASSETS				
Non-current assets				
Intangible assets	21	25	46	
Land under operating lease - prepayments	6,868	6,893	10,978	
Total investment in equity accounted joint ventures	-	-	131	
Property, plant and equipment	75,164	75,795	75,763	8
Investment property	79,657	91,625	91,869	9
Deferred tax asset	8,971	8,798	10,560	
	170,681	183,136	189,347	
Current assets				
Inventories	8,193	8,958	14,401	10
Trade and other receivables	3,624	3,088	4,133	
Cash and cash equivalents	19,515	24,443	14,551	11
Assets held within disposal groups classified as held for sale	6,458	5,054	-	12
	37,790	41,543	33,085	
TOTAL ASSETS	208,471	224,679	222,432	
Current liabilities				
Trade and other payables	(19,064)	(27,922)	(28,828)	13
Bank loans	(2,814)	(15,058)	(15,559)	14
Derivative financial instruments	(1,847)	(1,359)	(721)	
	(23,725)	(44,339)	(45,108)	
Non-current liabilities				
Other payables	(9,356)	(3,224)	(3,316)	13
Bank loans	(73,159)	(73,965)	(76,773)	14
Deferred tax liabilities	(11,169)	(11,348)	(11,554)	
	(93,684)	(88,537)	(91,643)	
TOTAL LIABILITIES	(117,409)	(132,876)	(136,751)	
NET ASSETS	91,062	91,803	85,681	

The notes on pages 21 to 38 form part of these consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	31 March 2019	31 December 2018	31 March 2018
	€'000	€'000	€'000
EQUITY			
Share capital account	6,268	6,268	6,268
Revaluation reserve	22,839	22,839	19,445
Other distributable reserve	194,817	194,817	194,817
Translation reserve	(9,867)	(10,044)	(8,286)
Accumulated loss	(122,995)	(122,077)	(126,563)
Issued capital and reserves attributable to owners of the parent - total equity	91,062	91,803	85,681
Basic net asset value per share	€ 1.9	€ 2.0	€ 1.8

The notes on pages 21 to 38 form part of the consolidated financial information. The condensed consolidated financial information on pages 15 to 38 were approved by the Board of Directors on 23 May 2019 and signed on its behalf by:

Mark Chasey
Chairman

Andrew Fox
Director

Guy Indig
Director

23 May 2019

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2019

	Share capital account €'000	Revaluation reserve €'000	Other distributable reserve €'000	Translation reserve €'000	Accumulated loss €'000	Total equity €'000
Three months ended 31 March 2019						
As at 1 January 2019	6,268	22,839	194,817	(10,044)	(122,077)	91,803
Loss for the period	-	-	-	-	(918)	(918)
Other comprehensive income for the period	-	-	-	177	-	177
As at 31 March 2019	6,268	22,839	194,817	(9,867)	(122,995)	91,062
Year ended 31 December 2018						
As at 1 January 2018	6,268	19,445	194,817	(7,584)	(127,882)	85,064
Profit for the period	-	-	-	-	5,805	5,805
Other comprehensive income for the period	-	3,394	-	(2,460)	-	934
As at 31 December 2018	6,268	22,839	194,817	(10,044)	(122,077)	91,803
Three months ended 31 March 2018						
As at 1 January 2018	6,268	19,445	194,817	(7,584)	(127,882)	85,064
Profit for the period	-	-	-	-	1,319	1,319
Other comprehensive loss for the period	-	-	-	(702)	-	(702)
As at 31 March 2018	6,268	19,445	194,817	(8,286)	(126,563)	85,681

The notes on pages 21 to 38 form part of the consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED CASH FLOW STATEMENT Three months ended 31 March 2019

	Note	Three months ended 31 March 2019 (unaudited) €'000	Three months ended 31 March 2018 (unaudited) €'000
(Loss)/ Profit for the year		(918)	1,319
Adjustments for:			
Effects of foreign currency		44	562
Finance costs		1,113	878
Finance income		(11)	(8)
Tax charge		146	522
Share of losses from equity accounted joint ventures		4	32
Depreciation of property, plant and equipment	8	582	599
Amortisation charges		38	41
		998	3,945
Changes in working capital			
Decrease in inventory		765	5,224
Increase in trade and other receivables		(634)	(765)
Decrease in trade and other payables		(1,712)	(6,042)
Effects of foreign currency on working capital translation		359	9
		(1,222)	(1,574)
Cash (outflow)/ inflow from operations		(224)	2,371
Tax paid		(1,229)	(562)
Net cash (used in)/ from operating activities		(1,453)	1,809
Investing activities			
Interest received		11	8
Purchase of investment property	9	(104)	(410)
Purchase of property, plant and equipment	8, 12	(1,500)	(3)
Assets and liabilities of deconsolidated subsidiary- net of cash disposed		(622)	-
Net cash used in investing activities		(2,215)	(405)
Financing activities			
Interest paid		(612)	(753)
New bank loans raised		-	-
Repayments of bank loans	14	(661)	(950)
Net cash used in financing activities		(1,273)	(1,703)
Net decrease in cash and cash equivalents in the period		(4,941)	(299)
Effect of foreign exchange rates		13	(156)
Net decrease in cash and cash equivalents in the period		(4,928)	(455)
Cash and cash equivalents at the beginning of the period		24,443	15,006
Cash and cash equivalent at the end of the period	21	19,515	14,551

The notes on pages 21 to 38 form part of the consolidated financial information.

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2019

1. Basis of preparation

This condensed interim financial information for the three months ended 31 March 2019 has been prepared in accordance with International Accounting Standard No. 34, "Interim Financial Reporting" ("IAS 34"). The financial information has been prepared on a going concern basis and on a historical cost basis as amended by the revaluation of land and buildings and investment property, and financial assets and financial liabilities at amortised cost. The consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity are unaudited. This unaudited interim condensed consolidated financial information should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended 31 December 2018. The quarterly financial results are not necessarily indicative of the full year results.

As described in the Chairman's Statement and in the Review of the Property Manager, the economic environment still continues to present a lot of challenges for the Group and its management. As a result the Group has reported a loss for the three months period ended 31 March 2019 of €0.9 million (compared to profit of €1.3 million in the three months ended 31 March 2018).

As at 31 March 2019 the Group held land and building assets with a market value of €163 million, compared to external debt of €76 million. Subject to the time lag in realising the value in these assets in order to generate cash, this "loan to value ratio" gives a strong indication of the Group's ability to generate sufficient cash in order to meet its financial obligations as they fall due. Any land and building assets and associated debts which are ring-fenced in unique, specific, corporate vehicles, may be subject to repossession by the bank in case of a default of loan terms but will not result in additional financial liabilities for the Company or for the Group. There are also unencumbered assets which could potentially be leveraged to raise additional finance.

In assessing the going concern basis of preparation of the condensed consolidated interim financial information for the three months ended 31 March 2019, the directors have taken into account the fact of the ongoing working capital management and noted the following:

- Property development inventories and assets held for sale included in current assets are held at cost and are forecasted to realise cash revenues in excess of this carrying value in future period. The assets with the carrying value of €12 million have been, or are in the process of sale for €42 million;
- Within trade payables of the Group is a performance fee payable to the Property Manager (as disclosed in note 13). The payment terms of this fee are subject to consultation between the parties, and the actual payment will be subject to available cash flows of the Group.

Although the Directors are aware that the management of the liquidity position of the Group has been and still continues to be a high priority, the Company so far has been successful in managing its cash position carefully and will continue to do so.

The Group's forecasts and projections have been prepared taking into account the economic environment and its challenges and the mitigating factors referred to above. These forecasts take into account reasonably possible changes in trading performance, potential sales of properties, favourable arrangements for the payment timetable for the AMC performance fee and the future financing of the Group. They show that the Group will have sufficient facilities for its ongoing operations.

While there will always remain some inherent uncertainty within the aforementioned cash flow forecasts, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly the Directors continue to adopt the going concern basis in preparing the consolidated financial statements for the three months ended 31 March 2019.

2. Accounting policies

The accounting policies adopted and methods of computation are consistent with those of the annual financial statements for the year ended 31 December 2018, as described in the annual financial statements for the year ended 31 December 2018, and with those expected to be applied to the financial statements for the year ended 31 December 2019.

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2019

3. Segmental information

For management purposes, the Group is currently organised into three operating divisions – the ownership and management of investment property, the development and sale of residential property and the ownership and operation of hotels. These divisions are the basis on which the Group reports its segment information. Segment information about these businesses is presented below:

Three months ended 31 March 2019	Property rental €'000	Development properties €'000	Hotel operations €'000	Other €'000	Total €'000
Revenues	2,424	800	4,867	9	8,100
Cost of operations	(1,284)	(787)	(3,059)	-	(5,130)
Gross profit	1,140	13	1,808	9	2,970
Administrative expenses	(339)	(81)	(801)	(908)	(2,129)
Gross profit/ (loss) less administrative expenses	801	(68)	1,007	(899)	841
Other operating income	68	-	4	1	73
Other operating expenses	(39)	(9)	(62)	(17)	(127)
Profit/ (Loss) from operations	830	(77)	949	(915)	787
Finance income	10	77	4	1	92
Finance cost	(336)	(1)	(823)	(1)	(1,161)
Finance costs - other gains – foreign exchange	(405)	(11)	(69)	(1)	(486)
Share of losses from equity accounted joint ventures	-	(4)	-	-	(4)
Segment result before tax	99	(16)	61	(916)	(772)
Tax (expense)/ credit	19	(2)	(189)	26	(146)
Net loss attributable to owners of the parent					(918)

Three months ended 31 March 2019	Property rental €'000	Development properties €'000	Hotel operations €'000	Other €'000	Total €'000
Reportable segment assets	91,922	19,974	93,360	-	205,256
Unallocated assets	-	-	-	3,215	3,215
Total assets	91,922	19,974	93,360	3,215	208,471
Reportable segment liabilities	(36,063)	(4,418)	(59,271)	-	(99,752)
Unallocated liabilities	-	-	-	(17,657)	(17,657)
Total liabilities	(36,063)	(4,418)	(59,271)	(17,657)	(117,409)

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2019

Three months ended 31 March 2019	Property rental	Development properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Other segment items					
Capital expenditure	104	1,416	84	-	1,604
Depreciation	-	-	577	5	582
Amortisation	-	23	15	-	38

Three months ended 31 March 2018	Property rental	Development properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Revenues	2,542	7,832	4,665	-	15,039
Cost of operations	(1,427)	(5,484)	(3,130)	-	(10,041)
Gross profit	1,115	2,348	1,535	-	4,998
Administrative expenses	(178)	(85)	(758)	(708)	(1,729)
Gross profit/ (loss) less administrative expenses	937	2,263	777	(708)	3,269
Other operating income	3	3	5	9	20
Other operating expenses	(1)	(6)	(14)	-	(21)
Profit/ (Loss) from operations	939	2,260	768	(699)	3,268
Finance income	29	7	8	1	45
Finance cost	(365)	(1)	(689)	(2)	(1,057)
Finance costs - other gains – foreign exchange	(314)	6	(37)	(38)	(383)
Share of losses from equity accounted joint ventures	-	(32)	-	-	(32)
Segment result before tax	289	2,240	50	(738)	1,841
Tax (expense)/ credit	(54)	(367)	(106)	5	(522)
Profit for the period as reported in the income statement					1,319
Attributable to non-controlling interests					-
Net profit attributable to owners of the parent					1,319

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2019

Three months ended 31 March 2018	Property rental	Development properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Reportable segment assets	104,895	23,898	93,149	-	221,942
Unallocated assets	-	-	-	490	490
Total assets	104,895	23,898	93,149	490	222,432
Reportable segment liabilities	(61,022)	(7,348)	(56,566)	-	(124,936)
Unallocated liabilities	-	-	-	(11,815)	(11,815)
Total liabilities	(61,022)	(7,348)	(56,566)	(11,815)	(136,751)
Three months ended 31 March 2018	Property rental	Development properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Other segment items					
Capital expenditure	410	-	-	3	413
Depreciation	7	-	592	-	599
Amortisation	-	-	34	7	41

Segment assets include investment property, property, plant and equipment, intangible assets, inventories, debtors and operating cash. Segment liabilities comprise operating liabilities and financing liabilities.

Unallocated assets represent cash balances, receivables and other assets held by the Company and those of selected sub-holding companies.

Unallocated liabilities include accrued costs and deferred taxation liabilities within the Company and selected sub-holding companies as at the balance sheet date.

Unallocated costs represent corporate expenses.

The Group manages its business segments on a region wide basis. The operations in the reporting periods were based in four main countries within the Group's region of focus with mainly cash balances being held by the parent company. The four principal territories were:

- Poland,
- Hungary,
- Bulgaria, and
- Romania.

4. Analysis of expenditure

4.1 Cost of operations

	Three months ended 31 March 2019 (unaudited) €'000	Three months ended 31 March 2018 (unaudited) €'000
Costs of sale of residential property	(760)	(5,399)
Utilities, services rendered and other costs	(2,229)	(2,422)
Legal and professional expenses	(349)	(482)
Staff costs	(1,399)	(1,341)
Sales and direct advertising costs	(245)	(244)
Depreciation and amortisation	(148)	(153)
Cost of operations	(5,130)	(10,041)

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2019

4.2 Administrative expenses

	Three months ended 31 March 2019 (unaudited) €'000	Three months ended 31 March 2018 (unaudited) €'000
Audit and tax service	(61)	(58)
Incentive and management fee	(623)	(553)
Legal and other professional fees	(278)	(105)
Utilities, services rendered and other costs	(235)	(240)
Staff costs	(378)	(240)
Depreciation and amortisation	(472)	(487)
Other administrative expenses	(82)	(46)
Administrative expenses	(2,129)	(1,729)

4.3 Finance income and finance costs- net

	Three months ended 31 March 2019 (unaudited) €'000	Three months ended 31 March 2018 (unaudited) €'000
Other	92	45
Finance income	92	45
Interest payable on bank borrowings	(613)	(753)
Loss on interest rate derivative	(488)	(103)
Other similar charges	(60)	(201)
Finance costs	(1,161)	(1,057)
Finance (costs)/ income, excluding foreign exchange – net	(1,069)	(1,012)
Other gains and (losses) – foreign exchange	(486)	(383)
Finance income/ (costs), including foreign exchange – net	(1,555)	(1,395)

5. Tax

	Three months ended 31 March 2018 (unaudited) €'000	Three months ended 31 March 2017 (unaudited) €'000
Continuing operations		
Current tax	(50)	(556)
Deferred tax	(96)	34
Tax charge for the period	(146)	(522)

6. Dividends

There were no dividends declared or paid in the three months ended 31 March 2019 (2018: €nil).

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2019

7. Loss/ Earning per share (“LPS”/ “EPS”)

Basic loss/ earnings per share is calculated by dividing the loss/ profit after tax attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Reconciliations of the loss/ profit and weighted average number of shares used in the calculations are set out below:

Three months ended 31 March 2019	Loss	Weighted average number of shares	Per share amount
Continuing operations	€'000		Eurocents
Basic LPS			
Loss attributable to equity shareholders of the Company	(918)	46,852,014	(2.0)
Diluted LPS			
Adjusted loss	(918)	46,852,014	(2.0)

Three months ended 31 March 2018	Profit	Weighted average number of shares	Per share amount
Continuing operations	€'000		Eurocents
Basic (EPS)			
Profit attributable to equity shareholders of the Company	1,319	46,852,014	2.8
Diluted (EPS)			
Adjusted profit	1,319	46,852,014	2.8

8. Property, plant and equipment

	Buildings	Plant and equipment	Motor vehicles	Total
	€'000	€'000	€'000	€'000
Cost or valuation				
At 1 January 2018	78,925	12,270	63	91,258
Additions at cost	393	80	-	473
Exchange adjustments	(2,641)	(353)	(1)	(2,995)
Revaluation	2,438	-	-	2,438
Transfer to assets classified as held for sale	-	(1,304)	-	(1,304)
At 31 December 2018	79,115	10,693	62	89,870
Additions at cost	68	16	-	84
Exchange adjustments	(172)	(7)	-	(179)
At 31 March 2019	79,011	10,702	62	89,775
Accumulated depreciation				
At 1 January 2018	(5,910)	(8,294)	(61)	(14,265)
Charge for the year	(1,761)	(674)	(1)	(2,436)
Adjustment due to revaluation	1,761	-	-	1,761
Exchange adjustments	625	239	1	865
At 31 December 2018	(5,285)	(8,729)	(61)	(14,075)
Charge for the year	(437)	(145)	-	(582)
Exchange adjustments	40	6	-	46
At 31 March 2019	(5,682)	(8,868)	(61)	(14,611)
Net book value at 31 March 2019	73,329	1,834	1	75,164
Net book value at 31 December 2018	73,830	1,964	1	75,795

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2019

	Buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Total €'000
Cost or valuation				
At 1 January 2018	78,925	12,270	63	91,258
Additions at cost	-	3	-	3
Exchange adjustments	(762)	(105)	-	(867)
At 31 March 2018	78,163	12,168	63	90,394
Accumulated depreciation				
At 1 January 2018	(5,910)	(8,294)	(61)	(14,265)
Charge for the period	(448)	(151)	-	(599)
Exchange adjustments	163	70	-	233
At 31 March 2018	(6,195)	(8,375)	(61)	(14,631)
Net book value at 31 March 2018	71,968	3,793	2	75,763

Hotels Hilton in Warsaw and Golden Tulip in Bucharest constitute the majority of the total property, plant and equipment balance as of 31 March 2019, 31 December 2018 and 31 March 2018. The latest valuation of the hotels was performed as of 31 December 2018. Hotels were valued by qualified professional valuers, Jones Lang LaSalle Sp. z o.o., Chartered Surveyors, acting in the capacity of External Valuers. All properties were valued on the basis of Market Value and the valuations were carried out in accordance with the RICS Appraisal and Valuation Standards. The results of valuation:

- revaluation adjustments, net of applicable deferred taxes, have been taken to the revaluation reserve in shareholders' equity,
- impairment adjustments have been taken to other operating expenses/ reversal of impairment adjustments have been taken to other operating income.

The Group has pledged property, plant and equipment of €75.1 million (31 December 2018: €75.7 million, 31 March 2018: €74.4 million) to secure certain banking facilities granted to subsidiaries. Borrowings for the value of €50.8 million (31 December 2018: €51.1 million, 31 March 2018: €49.5 million) are secured on these properties.

9. Investment property

	31 March 2019 (unaudited) €'000	31 December 2018 (audited) €'000	31 March 2018 (unaudited) €'000
At beginning of the year	91,625	92,187	92,187
Deconsolidation of subsidiary (note 18)	(11,962)	-	-
Disposal of property- <i>Sadowa</i> office building	-	(7,149)	-
Capitalised subsequent expenditure	104	2,202	410
Exchange movements	(110)	(2,635)	(728)
PV of annual perpetual usufruct fees	-	(2)	-
Fair value (losses)/ gains	-	7,022	-
As at the end of the period	79,657	91,625	91,869

The fair value of the Group's investment properties has been arrived at on the basis of the latest valuation carried out at 31 December 2018:

- for the properties located in Poland and Romania by Jones Lang LaSalle Sp. z o.o. external independent qualified valuer with recent experience valuing the properties in the location held by the Group;
- for the properties located in Hungary by Takarek Ingatlan Zrt (*former name FHB Ingatlan Zrt*) external independent qualified valuer with recent experience valuing the properties in the location held by the Group.

All properties were valued on the basis of Market Value and the valuations were carried out in accordance with the RICS Appraisal and Valuation Standards. The fair value of the investment property has not been adjusted for the purposes of financial reporting.

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2019

The Group has pledged investment property of €68.8 million (31 December 2018: €80.7 million; 31 March 2018: €81.3 million) to secure certain banking facilities granted to subsidiaries.

10. Inventories

	31 March 2019 (unaudited) €'000	31 December 2018 (audited) €'000	31 March 2018 (unaudited) €'000
Land held for development	5,143	5,144	5,261
Construction expenditures	353	353	351
Completed properties	1,553	2,314	7,596
Hotel inventory	1,144	1,147	1,193
As at period end	8,193	8,958	14,401

€0.8 million (31 December 2018: €10.5 million; 31 March 2018: €5.4 million) of inventories was released to cost of operations in the income statement during the period. €nil million was recognised in the income statement in relation to impairment or reversal of impairment on inventories (31 December 2018: €nil; 31 March 2018: €nil). The stock which is held at fair value less cost to sell amounts to €0.5 million (31 December 2018: €0.5 million; 31 March 2018: €0.5 million).

Nakielska Apartments Project- sale agreement

On 31 January 2019 the Group concluded preliminary sale agreement of Nakielska Apartment Project at the net sale price of PLN 33.5 million (equivalent of ca €7.8 million). The book value of this project (classified as inventory) as of 31 March 2019 amounted to €5.5 million. This transaction was completed on 13 May 2019 and full sale price was received.

11. Cash and cash equivalents

	31 March 2019 (unaudited) €'000	31 December 2018 (audited) €'000	31 March 2018 (unaudited) €'000
Cash and cash equivalents	16,296	18,743	10,442
Short term bank deposits	3,219	5,700	4,109
Aa at period end	19,515	24,443	14,551

Included in cash and cash equivalents is €7.0 million (31 December 2018: €8.2 million; 31 March 2017: €7.5 million) restricted cash relating to security and customer deposits.

12. Assets classified as held for sale

On 22 November 2018 the Group decided to enter into a preliminary sale agreement and dispose Atlas Estates Tower plot at the sale price of PLN147 million (i.e. equivalent of €34 million) to the third party. The completion of this transaction is expected in September 2019.

The major classes of assets and liabilities held for sale were as follows:

	31 March 2019 (unaudited) €'000	31 December 2018 (audited) €'000	31 March 2018 (unaudited) €'000
Assets:			
Land held under operating lease- prepayments	3,738	3,750	-
Property, plant and equipment	2,720	1,304	-
Assets held within disposal groups classified as held for sale	6,458	5,054	-

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2019

	31 March 2019 (unaudited) €'000	31 December 2018 (audited) €'000	31 March 2018 (unaudited) €'000
At beginning of the year	5,054	-	-
Transfers	-	5,054	-
Additions (capitalized expenditures)	1,416	-	-
Exchange movements	(12)	-	-
As at period end	6,458	5,054	-

13. Trade and other payables	31 March 2019 (unaudited) €'000	31 December 2018 (audited) €'000	31 March 2018 (unaudited) €'000
Current			
Trade payables	(970)	(1,189)	(1,083)
Other tax and social security	(841)	(7,776)	(5,416)
Amounts due to Atlas Management Company Group in respect of management and performance fee (note 15a)	(11,189)	(12,737)	(9,538)
Other creditors	(219)	(131)	(240)
Amounts payable to majority shareholder (note 15d)	-	-	(1,950)
Amounts payable to related party (note 15b)	(240)	(240)	(240)
Accruals and deferred income	(5,592)	(4,650)	(10,138)
Income tax payable	(13)	(1,199)	(223)
Total current trade and other payables	(19,064)	(27,922)	(28,828)
Non-current – other payables			
Amounts payable to Felikon Kft (note 15e)	(6,086)	-	-
Other third party non-current trade and other payables	(3,270)	(3,224)	(3,316)
Total non-current trade and other payables	(9,356)	(3,224)	(3,316)
Total trade and other payables	(28,420)	(31,146)	(32,144)

14. Bank loans

	31 March 2019 (unaudited) €'000	31 December 2018 (audited) €'000	31 March 2018 (unaudited) €'000
Current			
<i>Bank loans and overdrafts due within one year or on demand</i>			
Secured	(2,814)	(15,058)	(15,559)
Non-current			
<i>Repayable within two years</i>			
Secured	(2,865)	(2,725)	(2,945)
<i>Repayable within three to five years</i>			
Secured	(29,042)	(29,036)	(29,823)
<i>Repayable after five years</i>			
Secured	(41,252)	(42,204)	(44,005)
	(73,159)	(73,965)	(76,773)
Total	(75,973)	(89,023)	(92,332)

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SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2019

The bank loans are secured on various properties of the Group by way of fixed or floating charges.

The fair value of the fixed and floating rate borrowings approximated their carrying values at the balance sheet date, as the impact of marking to market and discounting is not significant. The fair values are based on cash flows discounted using rates based on equivalent fixed and floating rates as at the end of the year.

Bank loans are denominated in a number of currencies and bear interest based on a variety of interest rates. An analysis of the Group's borrowings by currency:

	Euro €'000	Zloty €'000	Total €'000
Bank loans and overdrafts – 31 March 2019	45,374	30,599	75,973
Bank loans and overdrafts – 31 December 2018	58,231	30,792	89,023
Bank loans and overdrafts – 31 March 2018	60,269	32,063	92,332

Debt financing

Changes in the three months ended 31 March 2019

During three months ended 31 March 2019 the Group paid €0.7 million in respect of scheduled partial repayments of several loans extended to the Group's projects (*Hilton* and *Golden Tulip* hotels, *Atlas Tower*, *Galeria Platinum Towers*).

Following the deconsolidation of the Company's subsidiary Felikon Kft the loan facility extended to this subsidiary totalling €12.4 million is derecognized as the Group's bank loan in the consolidated financial statements as of 31 March 2019.

Changes in the year ended 31 December 2018

New Atlas Tower (former name: Millennium Plaza) loan facility

On 13 September 2017 *Atlas Tower* signed a new loan agreement with Bank Zachodni WBK S.A. based on which it was able to borrow €23.5 million. As of 31 December 2018 this bank facility amounted to €22.0 million (as of 31 March 2018: €22.7 million) and the final repayment date of this facility is September 2022. In 2018 €1.1 million (3 months ended 31 March 2018: €0.3 million) was repaid in respect of this loan.

Amount increase of the existing Hilton loan facility

On 7 February 2018 the Company's subsidiaries: Mantezja 3 Sp. z o.o. and HGC Gretna Investments Sp. z o.o. Sp. J., which operate *Hilton* hotel in Warsaw concluded an annex with Bank Pekao S.A. and PEKAO Bank Hipoteczny S.A. to the existing loan facility agreement dated 29 June 2015 based on which the subsidiaries were allowed to borrow additional funds in the amount of €3.5 million for financing *Hilton* expenses and other *Atlas* projects. As of 31 December 2018 total outstanding loan facility amounted to €48.9 million (as of 31 March 2018: €47.1 million).

Sadowa office loan facility- full repayment

On 11 December 2018 following the sale of *Sadowa* office building the loan extended to this project and amounting to €3.6 million was fully repaid.

Other loans- partial repayments

During 2018 the Group paid €1.6 million (3 months ended 31 March 2018: €0.4 million) in respect of scheduled partial repayments of other loans extended to the Group's projects (*Hilton* and *Golden Tulip* hotels, *Sadowa* office building and *Galeria Platinum Towers*).

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Three months ended 31 March 2019

Galeria Platinum Towers project - loan facility extension

On 25 January 2018 Properpol Sp. z o.o. (the Company's subsidiary) signed an amendment agreement with mBank S.A. to the facility agreement dated 2 September 2013 based on which the final repayment date of the facility was extended from 30 June 2018 to 30 June 2021. As of 31 December 2018 this facility amounted to €3.5 million (as of 31 March 2018: €3.6 million) and is used for financing of *Galeria Platinum Towers* project.

15. Related party transactions

(a) Key management compensation

	31 March 2019 (unaudited) €'000	31 March 2018 (unaudited) €'000
Fees for non-executive directors	16	16

The Company has appointed AMC, a company under common control, to manage its property portfolio. In consideration of the services provided, AMC charged a management fee of €0.5 million for the three months ended 31 March 2019 (year ended 31 December 2018: €2.2 million; 3 months ended 31 March 2018: €0.5 million). Under the agreement, AMC is also entitled to a performance fee based on the increase in value of the properties over the year. No performance fee has been accrued for the three months ended 31 March 2019 (year ended 31 December 2018: €4.1 million; 3 months ended 31 March 2018: €nil million).

As of 31 March 2019, €11.2 million included in current trade and other payables was due to AMC in respect of the performance and management fee (31 December 2018: €12.7 million; 31 March 2018: €9.5 million).

(b) On 22 November 2012, the Group acquired 24% interest in the voting shares of Zielono Sp. z o.o., increasing its interests to 100%. As of 31 March 2019 the purchase price of €0.2 million (31 December 2018: €0.2 million, 31 March 2018: €0.2 million) is due to former non-controlling shareholder (Coralcliff Limited).

(c) In 2018 Mr Ziv Zviel, the Chief Executive Officer of AMC, signed final contract for an apartment, parking place and storage in *Apartamenty przy Krasińskiego II* for a total value of €46 thousand (after receiving a discount of €40 thousand). As of 31 March 2019 and 31 December 2018 this agreement was settled. As of 31 March 2018 €27 thousand was due.

(d) In November 2016 Atlas Estates Limited ("AEL") received a loan from its majority shareholder Fragiolig Holdings Limited ("Fragiolig") amounting to €3.5 million. The loan repayment date was 30 January 2017 however it was subsequently extended to 30 May 2018. In March 2017 AEL received an additional €3.75 million and as a result the loan amount was increased to €7.25 million. In September and November 2017 AEL executed several repayments totalling €5.3 million therefore as of 31 March 2018 the loan balance amounted to €1.95 million. In May 2018 AEL repaid the last tranche totalling €1.95 million. As of 31 December 2018 (and 31 March 2019) the loan is fully repaid.

Moreover on 31 January 2017 AEL concluded an option agreement with Fragiolig based on which AEL granted to Fragiolig an option to acquire (through AEL's subsidiaries) whole or part of the partnership interest in the partnership in its indirect subsidiary- HPO AEP Sp. z o.o. Sp. j. with its seat in Warsaw ("HPO"). The option expired on 30 May 2018.

(e) Following deconsolidation of the Company's subsidiary Felikon Kft (as described in note 18) the Group has a loan payable due to Felikon Kft. The loan repayment date is 31 December 2020 however it can be extended to 31 December 2025. As of 31 March 2019 the Group owes €6.1 million.

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2019

16. Post balance sheet events

No specific significant events have occurred (except sale of Nakielska project as described in note 10) which would require an adjustment to this report.

17. Other items

17.1 Information about court proceedings

The Company is not aware of any proceedings instigated before a court, a competent arbitration body or a public administration authority concerning liabilities or receivables of the Company, or its subsidiaries, whose joint value constitutes at least 15% the Company's net equity.

There are no other material legal cases or disputes that are considered material to the consolidated financial information that would either require disclosure or provision within the financial information.

17.2 Financial forecasts

No financial forecasts have been published by the Company in relation to the year ended 31 December 2019.

17.3 Substantial shareholdings

Significant shareholders

The Board is aware of the following direct or indirect interest in 5% or more of the Company's ordinary share capital (excluding 3,470,000 treasury shares, which have no voting rights). All shares have equal voting rights.

1. Direct shareholders (i.e. shareholders holding the shares for the benefit of other parties)

Significant Shareholders	Number of Shares held	Voting Rights
Euroclear Nominees Limited <EOCO1>	40,308,174	86.03
Atlas International Holdings Limited	6,461,425	13.79
TOTAL	46,769,599	99.82

2. Beneficial shareholders (i.e. shareholders for the benefit of which the above direct shareholders held the shares) based on the information provided to the Company by these shareholders under the applicable legislation (the notifications received from shareholders in accordance with Art. 70 with connection to art. 69 of the Act of 29 July 2005 on the Public Offering, Condition Governing the introduction of Financial Instruments to Organized Trading and Public Companies)

Significant Shareholders	Number of Shares held	Voting Rights
Fragiolig Holdings Limited	36,661,145	78.25
Atlas International Holdings Limited	6,461,425	13.79
TOTAL	43,122,570	92.04

3. The ultimate parent company is RIG Investments Sarl and the ultimate controlling party by a virtue of ownership is Mr Ron Izaki

17.4 Directors' share interests

There have been no changes to the Directors' share interests during the three months ended 31 March 2019. No Director had any direct interest in the share capital of the Company or any of its subsidiaries during the three months ended 31 March 2019.

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2019

18. Principal subsidiary companies and joint ventures

The table below lists the current operating companies of the Group. In addition, the Group owns other entities which have no operating activities. All Group companies are consolidated except for the subsidiaries over which the Group control was lost:

- a Polish subsidiary, Atlas Estates (Kokoszki) Sp. z o.o. which is under bank enforcement proceedings since 2014. The loss was recognised in the consolidated financial statements for the year ended 31 December 2014 as a result of this event.
- a Hungarian subsidiary, Felikon Kft., which received on 27 February 2019 a decision from the Metropolitan Companies' Court in Budapest ordering the compulsory strike off of Felikon Kft. The court's decision commenced a process of liquidation and deletion of Felkon Kft. from the companies register. No gain or loss was recognised in the consolidated financial statements for the three months ended 31 March 2019 as a result of this event;

	31 March 2019
	€'000
The fair value of any consideration received	-
The carrying amount of the deconsolidated subsidiary's assets and liabilities	-
	-

No new subsidiary undertakings were acquired and no significant investments were made in any additional joint ventures during the three months period ended 31 March 2019 and year ended 31 December 2018.

Country of incorporation	Name of subsidiary/ joint venture entity	Status	Percentage of nominal value of issued shares and voting rights held by the Company
Holland	Atlas Estates Cooperatief U.A.	Holding	100%
Holland	Atlas Estates Investment B.V.	Holding	100%
Holland	Atlas Projects B.V.	Holding	100%
Holland	Atlas Residential BV	Holding	100%
Holland	Atlas HPO BV	Holding	100%
Guernsey	Atlas Finance (Guernsey) Limited	Holding	100%
Curacao	Atlas Estates Antilles B.V.	Holding	100%
Cyprus	Fernwood Limited	Holding	100%
Poland	AEP Sp. z o.o.	Management	100%
Poland	AEP Sp. z o.o. 2 SKA	Holding	100%
Poland	AEP Sp. z o.o. 3 SKA	Holding	100%
Poland	Platinum Towers AEP Sp. z o.o. SKA	Development	100%
Poland	Zielono AEP Sp. z o.o. SKA	Development	100%
Poland	Properpol Sp. z o.o.	Investment	100%
Poland	Atlas Tower Sp. z o.o. (former name: Atlas Estates (Millennium) Sp. z o.o.)	Investment	100%
Poland	Atlas Estates (Sadowa) Sp. z o.o.	Investment	100%
Poland	Capital Art Apartments AEP Sp. z o.o. Sp. j.	Development	100%
Poland	HGC Gretna Investments Sp. z o.o. Sp. j.	Hotel operation	100%
Poland	Mantezja 3 Sp. z o.o.	Hotel operation	100%
Poland	HPO AEP Sp. z o.o. Sp. j.	Development	100%
Poland	Atlas Estates (Cybernetyki) Sp. z o.o.	Development	50%
Poland	Le Marin Sp. z o.o.	Development	100%
Poland	Atlas Estates (Przasnyska 9) Sp. z o.o.	Development	100%
Poland	La Brea Management Sp. z o.o.	Development	100%

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SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2019

Country of incorporation	Name of subsidiary/ joint venture entity	Status	Percentage of nominal value of issued shares and voting rights held by the Company
Poland	CAA Finance Sp. z o.o.	Development	100%
Poland	Gretna Investments Sp. z o.o.	Holding	100%
Poland	Gretna Investments Sp. z o.o. 4 SKA	Holding	100%
Poland	Negros 3Sp. z o.o.	Holding	100%
Hungary	CI-2005 Investment Kft.	Development	100%
Hungary	Felikon Kft.	Investment	100%
Hungary	Atlas Estates (Moszkva) Kft.	Investment	100%
Romania	World Real Estate SRL	Investment	100%
Romania	Atlas Solaris SRL	Development	100%
Romania	D.N.B. - Victoria Towers SRL	Hotel operation	100%
Bulgaria	Immobul EOOD	Investment	100%
Luxembourg	Gretna SCSP	Holding	100%
Luxembourg	Residential SCSP	Holding	100%
Luxembourg	Gretna Projects Sarl	Holding	100%
Luxembourg	HPO SCSP	Holding	100%
Luxembourg	Residential Projects Sarl	Holding	100%

19. Ultimate Parent Company and Ultimate Controlling Party

The ultimate parent company is RIG Investments Sarl and the ultimate controlling party by a virtue of ownership is Mr Ron Izaki.

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SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2019

20. INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2019

	31 March 2018 (unaudited) €'000	31 March 2017 (unaudited) €'000
Revenues	-	-
Cost of operations	-	-
Gross profit	-	-
Administrative expenses	(399)	(391)
Other operating income	-	2
Other operating expenses	-	-
Loss from operations	(399)	(389)
Finance income	-	200
Finance costs	(15)	(13)
Other (losses) and gains – foreign exchange	(1)	2
Loss before taxation	(415)	(200)
Tax expense	-	-
Loss for the period	(415)	(200)
Total comprehensive loss for the period	(415)	(200)

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2019

20. INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	31 March 2018 (unaudited) €'000	31 December 2017 €'000	31 March 2017 (unaudited) €'000
ASSETS			
Non-current assets			
Investment in subsidiaries	125,433	125,433	93,680
Loans receivable from subsidiaries	62	58	86
	125,495	125,491	93,766
Current assets			
Trade and other receivables	82	82	-
Cash and cash equivalents	15	278	139
	97	360	139
TOTAL ASSETS	125,592	125,851	93,905
Non-current liabilities			
Other paybles	(4,176)	(4,162)	(3,722)
	(4,176)	(4,162)	(3,722)
Current liabilities			
Trade and other payables	(11,423)	(11,281)	(7,825)
	(11,423)	(11,281)	(7,825)
TOTAL LIABILITIES	(15,599)	(15,443)	(11,547)
NET ASSETS	109,993	110,408	82,358
EQUITY			
Share capital account	6,268	6,268	6,268
Other distributable reserve	194,817	194,817	194,817
Accumulated loss	(91,092)	(90,677)	(118,727)
TOTAL EQUITY	109,993	110,408	82,358

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SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2019

20. INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 March 2019

Three months ended 31 March 2018 (unaudited)	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000
As at 1 January 2018	6,268	194,817	(90,677)	110,408
Total comprehensive loss for the period	-	-	(415)	(415)
As at 31 March 2018	6,268	194,817	(91,092)	109,993

Year ended 31 December 2017	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000
As at 1 January 2017	6,268	194,817	(118,527)	82,558
Total comprehensive income for the year	-	-	27,850	27,850
As at 31 December 2017	6,268	194,817	(90,677)	110,408

Three months ended 31 March 2017 (unaudited)	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000
As at 1 January 2017	6,268	194,817	(118,527)	82,558
Total comprehensive loss for the period	-	-	(200)	(200)
As at 31 March 2017	6,268	194,817	(118,727)	82,358

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SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2019

20. INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED CASH FLOW STATEMENT

Three months ended 31 March 2018

	Three months ended 31 March 2018 (unaudited) €'000	Three months ended 31 March 2017 (unaudited) €'000
Loss for the period	(415)	(200)
Adjustments for:		
Finance costs	14	13
Finance income	-	(1)
	(401)	(188)
Changes in working capital		
Decrease/ (Increase) in trade and other receivables	-	7
Increase/ (Decrease) in trade and other payables	142	112
Net cash used in operating activities	(259)	(69)
Investing activities		
New loans advanced to subsidiaries	(4)	(5)
Repayment of loans receivable from subsidiaries	-	100
Cash contribution to subsidiary undertaking	-	(3,750)
Net cash from investing activities	(4)	(3,655)
Financing activities		
Loan received from majority shareholder	-	3,750
Net cash (used in)/ from financing activities	-	3,750
Net increase/(decrease) in cash and cash equivalents in the year as a result of cashflows	(263)	26
Effect of foreign exchange rates	-	-
Net increase/ (decrease) in cash and cash equivalents in the period	(263)	26
Cash and cash equivalents at the beginning of the period	278	113
Cash and cash equivalents at the end of the period	15	139
Cash and cash equivalents		
Cash at bank and in hand	15	139
Bank overdrafts	-	-
	15	139