ATLAS ESTATES LIMITED
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
HALF YEAR 2014

Atlas Estates Limited
Martello Court
Admiral Park
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Guernsey GY1 3HB
Company number: 44284

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Financial Highlights

Selected Consolidated Financial Items	Six months ended 30 June 2014 (unaudited)	Year ended 31 December 2013 (audited) Restated	Six months ended 30 June 2013 (unaudited) Restated
	€'000	€'000	€'000
Revenues	20,647	64,957	15,414
Gross profit	7,256	22,597	5,860
Decrease in value of investment properties	(14,409)	(892)	-
(Loss)/ Profit from operations	(10,531)	10,124	4,987
(Loss)/ Profit before tax	(13,926)	4,299	(2,716)
(Loss)/ Profit for the period	(14,037)	3,727	(3,040)
(Loss)/ Profit attributable to owners of the parent	(14,037)	3,727	(3,040)
Cash flow from operating activities	8,323	29,513	7,198
Cash flow from investing activities	224	(1,811)	(538)
Cash flow from financing activities	(5,528)	(20,575)	(9,871)
Net increase/ (decrease) in cash	2,973	6,944	(3,929)
Non-current assets	227,121	243,172	230,200
Current assets	53,148	49,555	69,453
Total assets	280,843	293,327	300,353
Current liabilities	(46,811)	(43,400)	(155,123)
Non-current liabilities	(171,360)	(173,630)	(76,570)
Total liabilities	(218,171)	(217,030)	(231,693)
Basic net assets (1)	62,672	76,297	68,660
Number of shares outstanding	46,852,014	46,852,014	46,852,014
(Loss)/ Earnings per share (eurocents)	(30.0)	8.0	(6.5)
Basic net asset value per share (€)	1.3	1.6	1.9

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

ATLAS ESTATES LIMITED

Chairman's Statement

Dear Shareholders,

I am pleased to announce the financial results for Atlas Estates Limited ("Atlas" or "the Company") and its subsidiary undertakings (together "the Group") for the six months ended 30 June 2014.

In the current financial market conditions key priorities are enhancing liquidity, gaining access to capital as well as new land banks acquisition. All of these objectives are vital for operations as they will underpin our drive to progress the projects we currently have under development through to completion, whilst at the same time supporting growth of the operations.

Despite the challenging environment the Group was able to achieve several key objectives:

- the residential projects that the Group is currently developing in Warsaw (*Apartamenty przy Krasińskiego*, *Concept House* and *Capital Art Apartments III & IV*) are well placed to meet the ongoing demand for quality residential property, which is demonstrated by a high level of sales and pre-sales (as presented in the Property Manager's Report on page 11);

- the above described success in the development sector contributed to the full repayment of the loan facilities extended to *Apartamenty przy Krasińskiego, Platinum Towers* and *Concept House* projects in July 2013, December 2013 and February 2014, respectively;

- in July and August 2014, the Group signed the agreements on the purchase of the right of perpetual usufruct of real estate properties situated in Żoliborz and Wola districts of Warsaw, with a total area of over 18,990 sqm, for use in future residential development projects. The Company estimates that approximately 380 apartments can be developed on these properties.

Half Year Reported Results

As of 30 June 2014 the Group has reported basic net assets of €62.7 million.

The decrease of basic net asset value by €13.6 million (i.e. by 18%) from €76.3 million as at 31 December 2013 is primarily a result of decrease in fair value of investment properties amounting to €14.4 million. The significant decrease in the fair value of investment properties recorded as at 30 June 2014 mainly represents the fair value loss on land banks in Romania.

The Market Comparison Method has been used to obtain an initial value for these investment properties. The values were determined directly by reference to observable asking prices and recent realised arm's length transactions. However, these initial valuations have been modified through changes in the assumed orderly sale period between willing participants in order to establish the fair value under current market conditions, resulting in a decrease in valuation of 70%.

The recorded valuations are based on assumed orderly sale periods, of 6 months, rather than 18 months as per the initial and previous valuations, and takes into account the following factors:

- limited development financing available in Romania,
- limited numbers of investors prepared to invest in Romania assets,
- developers in Romania reducing their pipeline of scheduled projects and looking to exist planned projects rather than to acquiring new projects,
- active investors taking an opportunistic approach to acquire properties under distressed situations.

There remains a risk that eventual disposal prices of these properties could differ significantly from those included in the financial statements.

Loss after tax amounts to €14.0 million for the six months period ended 30 June 2014 as compared to loss after tax of €3.0 million for the six months period ended 30 June 2013. The loss increase amounting to €11.0 million is mainly attributable to:

- the above described fair value loss of investment properties of €14.4 million,

- drop of finance income from €2.9 million in the first half of 2013 to €0.2 million in the first half of 2014. €2.4 million bank loan write back was recorded in 2013 as the Group reached a settlement with the bank financing its property in Bulgaria based on which the Group received €2.4 million discount on the one off repayment of the outstanding loan facility;

offset by:

- increase in gross profit achieved (€7.3 million in the first half of 2014 as compared to €5.9 million in the first half of 2013);

- decrease in the foreign currency exchange losses from €7.7 million in the first half of 2014 to €0.7 million in the first half of 2014 mainly as a result of the stabilisation in the foreign exchange rates.

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 for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the interim condensed consolidated financial information for the six months ended 30 June 2014, as set out in note 1.

Investing Policy

Atlas mainly invests in Poland in a portfolio of real estate assets across a range of property types. The Group also operates in the Hungarian, Romanian and Bulgarian real estate markets. We actively target Poland, where the economy is believed to be the most attractive amongst CEE economies. The Group is searching there for new plots to commence new development projects.

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. 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 75% of the total value of its interest in income-generating properties within its property portfolio.

Given the positive prospects for the residential sector in Poland (and in Warsaw specifically), we currently attribute significant efforts in locating lands on which we can develop residential projects.

Net Asset Value ("NAV") and Adjusted Net Asset Value ("Adjusted NAV")

The Company has used NAV per share and Adjusted NAV per share as key performance measures since its IPO. In the six months to 30 June 2014, NAV per share, as reported in the interim condensed consolidated financial information, which has been prepared in accordance with International Financial Reporting Standards ("IFRS"), has decreased from the level of €1.6 per share as at 31 December 2013 to €1.3 per share 30 June 2014.

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 entire Group's assets portfolio takes place.

For the interim accounts valuations of key assets (*Hilton* Hotel and *Millennium Plaza*- office building located in Warsaw) as well as land banks in Romania were performed by external experts. As of 30 June 2014 Jones Lang LaSalle was acting as an independent external expert.

Corporate Governance

Atlas ensures that the Group applies a robust corporate governance structure, which is vital in the current economic conditions. This is important as there is a clear link between high quality corporate governance and shareholder value creation. The Group's annual financial statements for the year ended 31 December 2013 set out how Atlas applies the standards of corporate governance.

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Risks and uncertainties

The Board and the Property Manager continually assess and monitor the key risks of the business. The principal risks and uncertainties that could have a material impact on the Group's performance for the rest of the financial year 2014 are summarised in the Property Manager's Report on pages 14 and 15 below.

Prospects

With the ongoing economic recovery in Poland we also focus on driving our sales activities in several residential projects in Warsaw as presented in the Review of the Property Manager.

Andrew Fox
CHAIRMAN
29 August 2014

ATLAS ESTATES LIMITED

Review of the Property Manager

In this review we present the financial and operating results for the six months ended 30 June 2014. Atlas Management Company Limited ("AMC") is the Property Manager appointed by the Company to oversee the operation and management of Atlas' portfolio and advise on new investment opportunities. At 30 June 2014 the Company held a portfolio of twenty properties comprising twelve investment properties of which eight are income yielding properties, three are held for capital appreciation and one is held for sale, two hotels and six development properties.

It could be a long road to recovery for the real estate market in Central & Eastern Europe (CEE). Before the global financial crisis, investors perceived the individual countries of the CEE more as one region, resulting in narrowing differences between the individual countries' investment markets. In reaction to the global financial crisis and the reappraising of risk, investors are increasingly tending to look at each country and its economy individually. This divergence and a search for quality have produced a mixed picture in the region, albeit since 2009 the time has been challenging for everyone.

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 several new developments have commenced in the latest periods.

Markets and Key Properties

Poland

This is the major market of operation for the Group, with approximately 80% of the Group's portfolio located there. The Polish economy has been one of the most resilient economies in Europe with GDP growth of 1.6% in 2013 (3.1% expected in 2014). There had been significant increases in property prices in previous years. These were reversed in 2009, which showed significant drop in assets values. Starting at 2010 a trend of stabilisation at the lower levels of valuations was noted on the market, which is continued till now.

Hilton Hotel, Warsaw

The Hilton hotel in the Wola district of Warsaw is the Group's flagship asset. The hotel is continuously performing at an outstanding level.

Platinum Towers

With its construction finished, all apartments and penthouses have been sold or presold to date. This residential development alongside the Hilton hotel provides a unique development in the city. The plan is also to build a mixed use (residential and office) tower, on the neighbouring plot, which will enhance the attractiveness of this site.

Capital Art Apartments

The *Capital Art Apartments* project in Warsaw is another development in the Wola district of Warsaw close to the city centre. It is a four stage development which will release 784 apartments in the city with parking and amenities, including retail facilities.

With both the first and the second stage completed, the Company has, to date, sold all of the 219 apartments in the first stage, with a further 296 out of 300 apartments in the second stage having been sold. Construction of the third and fourth stages, comprising 265 apartments, is in progress and as of 30 June 2014 the Company pre-sold 190 apartments. Construction of the third stage should be completed by December 2014 and of the fourth stage by August 2015.

Concept House

The *Concept House* project is a development in the Mokotów district of Warsaw. It consists of 160 apartments in the city with parking and amenities, including retail facilities.

The construction of the development was completed in 2013 and as of 30 June 2014 only 23 apartments are unsold.

Apartamenty przy Krasińskiego

Apartamenty przy Krasińskiego project is a development in the Żoliborz district of Warsaw. This development includes 303 apartments in the city with parking as well as amenities, including retail facilities.

The construction of the development was completed in 2013 and as of 30 June 2014 only 13 apartments are unsold.

Other properties in Poland

The Group also owns two investment properties in Poland.

The *Millennium Plaza* is a 32,700 sqm office and retail building centrally located in Warsaw with occupancy rate of 69% as of 30 June 2014.

The *Sadowa* office is a 6,550 sqm office building in Gdańsk. During the year its occupancy ratio remains high (100% as of 30 June 2014 and 2013).

The Group's portfolio also contains valuable land assets in Warsaw and Gdańsk.

Hungary

In Hungary, the Group's portfolio is comprised of seven properties, all of which are located in Budapest. Five are income producing assets. One of them – *Moszkva* office building – has been classified as an asset held for sale – as disclosed in note 15 of the interim condensed consolidated financial statements.

The Hungarian economy has suffered from the global credit crisis and lack of liquidity available for development projects. As a result, Atlas has stopped development activity and has experienced client losses and pricing pressures affecting its income yielding assets. In 2013 a slight increase in GDP of 1.1% was noted. In 2014 GDP increase of 2.0% is expected.

Romania

The Group's portfolio contains three properties in Romania, including the *Golden Tulip* hotel and two significant land banks. The Romanian GDP increased by 3.5% in 2013 (GDP increase of 2.2% is expected in 2014). Despite the difficult trading conditions, occupancy rates at the Golden Tulip remained stable and amounted to 54% for the six month period ended 30 June 2014 (57% for the six month period ended 30 June 2013).

As of 30 June 2014 the market value of the two land banks in Romania was significantly reduced as further discussed on page 38.

Bulgaria

The Group holds one property in Bulgaria, which is a ca. 3,500 sqm office building in Sofia.

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 over exposed 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

An independent valuation of the entire property portfolio is carried out on an annual basis. For the interim semi-annual accounts the external experts performed the valuations of the key assets held at market value (i.e. *Millennium Plaza*-office building and *Hilton* hotel) as well as Romanian land banks. As of 30 June 2014 Jones Lang LaSalle was acting as independent expert.

Loans

As at 30 June 2014, the Company's share of bank debt associated with the portfolio of the Group was €185 million (31 December 2013: €188 million; 30 June 2013: €189 million). Loans, valuations and Loan to Value ratios ("LTV") for those periods in which valuations were undertaken may be analysed as follows:

	Loans	Valuation	Loan to Value Ratio	Loans	Valuation	Loan to Value Ratio	Loans	Valuation	Loan to Value Ratio
	30 June 2014			31 December 2013			30 June 2013		
	€ millions	€ millions	%	€ millions	€ millions	%	€ millions	€ millions	%
Investment property	128	130	98%	129	145	89%	109	134	81%
Hotels	57	91	63%	58	90	64%	60	89	67%
Development property in construction	-	12	0%	1	13	8%	6	48	13%
Other development property	-	-	0%	-	-	0%	14	12	117%
Total	**185**	**233**	**79%**	**188**	**248**	**76%**	**189**	**283**	**67%**

The valuations in the table above differ from the values included in the consolidated balance sheet as at 30 June 2014, 31 December 2013 and 30 June 2013 due to the treatment under IFRS of land held under operating leases and development property.

LTV ratio of investment property increased from 81% as of 30 June 2013 to 89% as of 31 December 2013 mainly due to reclassification of one Romanian property and its related loan balance from the development to investment property (as disclosed in note 10). The further increase of this ratio to 98% as of 30 June 2014 was mainly impacted by the significant decrease in the valuation of Romanian land banks as described on page 38.

As of 30 June 2014 The LTV ratio of hotels amounted to 63% and remained at a similar level as compared to 31 December 2013 (64%) and 30 June 2013 (67%).

The LTV ratio of development property under construction has improved significantly over the analysed periods as a result of the repayment of facilities extended to *Apartamenty przy Krasińskiego* and *Platinum Towers* projects. As of 30 June 2014 the loan extended to the development project in construction *Capital Art Apartments* is minimal (€50 thousand) but this was only temporary situation as the further drawdowns are planned to utilize this loan facility.

As of 31 December 2013 and 30 June 2014 the LTV ratio of other development property decreased as compared to 30 June 2013 due to the above mentioned reclassification of property from development to investment property line.

The gearing ratio is 72% based upon net debt as a percentage of total capital (net debt plus equity attributable to equity holders). The ratios remained at the similar levels as compared to 31 December 2013 (69%).

Debt financing

New loans

On 2 September 2013 the Group obtained financing for *Galeria Platinum Towers* project located in Warsaw. The loan facility amounted to €4.3 million and is to be repaid by 30 June 2018. This facility was used as refinancing of the facility extended to *Platinum Towers* project.
In 2014 no new loans were extended to the Group.

Repaid loans

On 31 July 2013 and 4 December 2013 the Group fully repaid the loan facilities extended to the development projects: *Apartamenty przy Krasińskiego* and *Platinum Towers*.

On 11 February 2014 the loan facility extended to *Concept House* residential development was repaid.

Portfolio of cross collateralised *banking facilities*

The Group has four facilities that have been cross collateralised since February 2010 totalling €90.7 million (31 December 2013: €90.9 million; 30 June 2013: €91.7 million). Since two of these facilities were due but not paid as of 30 June 2013 all four facilities totalling €91.7million were presented as bank loans and overdrafts due within one year or on demand in the statement of financial position as of 30 June 2013.

On 15 October 2013 the Company signed the amendment to the existing bank loan agreements extending repayment date of unpaid facilities to 31 December 2015. Since 15 October 2013 all four facilities are not in default and are classified as non-current liabilities in the consolidated statement of financial position as of 31 December 2013 and 30 June 2014.

Other loans

In the preparation of the interim condensed consolidated financial statements for the six months period ended 30 June 2014, the directors have classified:
- loan facility totalling €15.7 million as bank loans and overdrafts due within one year or on demand, since covenant breaches or defaults arose on this loan. The Company is in dialogue with the bank and is discussing restructuring of this loan;
- loan facility totalling €10.0 million as bank loans and overdrafts due within one year or on demand since this facility is overdue. On 4 March 2014 the Company signed the compromise agreement with the bank, based on which the Company repaid €1.2 million (PLN5.0 million) and the bank was obliged not to execute any collaterals resulting from the loan facility agreement till 31 March 2014. The intention of the Company's management is to continue negotiations with the bank relating to the further extension of this loan facility agreement.

Review of the operational performance

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	Six months ended 30 June 2014 € millions	Six months ended 30 June 2013 € millions
Revenue	6.1	5.2	9.2	0.1	20.6	15.4
Cost of operations	(2.8)	(4.3)	(6.3)	-	(13.4)	(9.5)
Gross profit	3.3	0.9	2.9	0.1	7.2	5.9
Administrative expenses	(0.3)	(0.3)	(1.6)	(1.4)	(3.6)	(3.5)
Gross profit less administrative expenses	3.0	0.6	1.3	(1.3)	3.6	2.4
Gross profit %	54%	17%	32%	100%	35%	38%
Gross profit less administrative expenses %	49%	12%	14%	-1300%	17%	16%

Revenues and cost of operations

Total revenues for six months ended 30 June 2014 were €20.6 million compared to €15.4 million for the six months ended 30 June 2013. The Group's principal revenue streams are from its hotel operations, property rental income and income from the sale of the residential apartments that the Group develops. As the Group maintains a diversified portfolio of real estate investments, seasonality or cyclicality of yielded income or results is also highly diversified.

Cost of operations were €13.4 million in the six months ended 30 June 2014 compared to €9.6 million for the six months ended 30 June 2013. €3.9 million increase is principally due to higher number of apartments handed over in residential projects in 2014 (30 June 2014: 109 apartment) as compared to 2013 (30 June 2013: 1 apartment).

Development Properties

	6 months period ended 30 June 2014 € millions	6 months period ended 30 June 2013 € millions	**Total change 2014 v 2013 € millions**	Translation foreign exchange effect € millions	Operational change 2014 v 2013 € millions
Revenue	5.2	0.2	**5.0**	-	5.0
Cost of operations	(4.3)	(0.6)	**(3.7)**	-	(3.7)
Gross profit	0.9	(0.4)	**1.3**		1.3
Administrative expenses	(0.3)	(0.3)	**-**	-	-
Gross profit less administrative expenses	0.6	(0.7)	**1.3**		1.3

Proceeds from the sale of residential apartments developed by the Group are only recognised when apartments have been handed over to new owners with notarial deed signed. At this moment the economic risks and rewards are transferred to the new owner and in accordance with the Group's accounting policy, the revenue and associated costs of these apartment are recognised in the income statement. Please note that for:
- *Concept House* and *Apartamenty przy Krasińskiego* projects construction was finalized in 2013 and the Group has been recognizing the sales and associated costs in the consolidated income statement starting from the fourth quarter of 2013 as the above mentioned criteria have been met;
- *Capital Art Apartments III&IV* project no sales and associated costs have been recognized in the income statement as the project is under construction.

The increase in gross profit realised in the first half of 2014 as compared to the same period in 2013 is mainly a result of an increase in the number of apartments sold. As presented in the table below as of 30 June 2014 the Group managed to complete the sale of 109 apartments (in *Apartamenty przy Krasińskiego, Concept House, Platinum Tower* and *Capital Art Apartments I&II* projects), whereas in the first half of 2013 only the revenues from the sale of the apartments in *Capital Art Apartments II* were recognized.

Apartment sales in developments in Warsaw

	CAA stage 1	**CAA stage 2**	**CAA stage 3&4**	**Platinum Towers**	**Concept House**	**Apartamenty przy Krasińskiego**	**Total**
Total apartments for sale	219	300	265	396	160	303	1,567
Sales completions in 2008-2012	216	287	-	388	-	-	891
Sales completions in 2013	1	6	-	4	53	255	319
Sales completions in 2014	-	3	-	4	76	26	109
Total sales completions	217	296	-	396	129	281	1,319
Sales not completed as of 30 June 2014 (only preliminary agreements concluded)	2	-	190	-	8	9	203
Apartments available for sale as of 30 June 2014	-	4	75	-	23	13	45

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Property Rental

	6 months period ended 30 June 2014 € millions	6 months period ended 30 June 2013 € millions	**Total change 2014 v 2013 € millions**	Translation foreign exchange effect € millions	Operational change 2014 v 2013 € millions
Revenue	6.1	6.2	**(0.1)**	-	(0.1)
Cost of operations	(2.8)	(3.1)	**0.3**	-	0.3
Gross profit	3.3	3.1	**0.2**		0.2
Administrative expenses	(0.3)	(0.6)	**0.3**	-	0.3
Gross profit less administrative expenses	3.0	2.5	**0.5**		0.5

In the first six months of 2014 the gross margin realized by the Property Rental segment increased as compared to the first six months of 2013 mainly as a result of higher efficiency in cost management.

Hotels

	6 months period ended 30 June 2014 € millions	6 months period ended 30 June 2013 € millions	**Total change 2014 v 2013 € millions**	Translation foreign exchange effect € millions	Operational change 2014 v 2013 € millions
Revenue	9.2	9.0	**0.2**	-	0.2
Cost of operations	(6.3)	(5.8)	**(0.5)**	-	(0.5)
Gross profit	2.9	3.2	**(0.3)**		(0.3)
Administrative expenses	(1.6)	(1.6)	**-**	-	-
Gross profit less administrative expenses	1.3	1.6	**(0.3)**		(0.3)

In the first six months of 2014 the hotel operations remained at the similar level in comparison to the first six months of 2013.

Administrative expenses

Administrative expenses increased by €0.1 million as compared to the six months ended 30 June 2013 mainly due to increase of property manager fee as a result of higher adjusted NAV (i.e. base of the performance manager fee).

Other operating income and expenses

Other operating income and expenses are items that do not directly relate to the day-to-day activities of the Group. Such items include: income and expenses for items that are recharged to contractors and other suppliers at cost, and other such items.

The decrease of other operating income by €0.8 million is mainly due to €0.6 million refund of VAT received in 2013.

The decrease of the other operating expenses by €3.0 million is mainly due to €2.9 million impairment of property, plant and equipment recognized in 2013. The impairment resulted from €1.3 million decrease in the valuation of the hotel in Romania and €1.6 million tangible assets write off (associated with liquidated subsidiary).

Valuation movement

As of 30 June 2014 the decrease of the market value of the investment properties portfolio was of €14.4 million as compared to increase of €4.6 million as of 30 June 2013. This significant movement in 2014 is mainly impacted by the valuation losses recognised in relation to the assets located in Romania as further discussed on page 38.

Finance income and costs

Finance income decreased by €2.7 million primarily due to a previous €2.4 million bank loan write off. In the first quarter 2013 the Group reached a settlement with the bank financing its property in Bulgaria based on which the Group received €2.4 million discount on the one off repayment of the outstanding loan facility.

The income statement includes finance costs of €2.9 million for the six months ended 30 June 2014, compared with €2.7 million in comparative period in 2013, representing mainly interests on bank loans and related bank charges.

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.

In the six months ended 30 June 2014 the Group reported exchange losses of €0.7 million as compared to €7.7 million losses in the six months ended 30 June 2013. These losses were due to the unrealised foreign exchange losses on EUR denominated bank loans in Polish subsidiaries. The foreign exchange losses occurred as a result of depreciation of HUF against EUR in the first half of 2014 and PLN, HUR and RON in the first half of 2013.

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				
30 June 2014	4.1609	310.19	4.3870	1.9558
31 December 2013	4.1472	296.91	4.4847	1.9558
% Change	0%	4%	-2%	0%
30 June 2013	4.3292	295.16	4.4588	1.9558
31 December 2012	4.0882	291.29	4.4287	1.9558
% Change	6%	1%	1%	0%
Average rates				
1.1-30.06.2014	4.1757	306.94	4.3951	1.9558
Year 2013	4.1850	289.42	4.4895	1.9558
% Change	0%	6%	-2%	0%
1.1-30.06.2013	4.1783	296.08	4.4765	1.9558

Net Asset Value

The Group's property assets are categorised into three classes, when accounted for in accordance with International Financial Reporting Standards. The recognition of changes in value from 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 operated by the Group to produce income, such as the Hilton hotel or land held for development of 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 recognised deficit below cost.

The Property Manager's basic fee and performance fee are determined by the annual adjusted NAV. For the six months to 30 June 2014 the basic fee payable to AMC was €1.0 million - based on the adjusted NAV as of 31 December 2013 (€0.7 million for the six months period ended 30 June 2013- based on the adjusted NAV as of 31 December 2012).

Ongoing activities

During the first half of 2014, the Company continued to identify ways by which it can generate added value through the active management of its yielding asset portfolio. It has also continued to crystallise the value of development projects by the pre-selling of apartments under construction and by the completion of development property in the course of construction.

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 control and reduce construction costs at its development projects, particularly in the light of global variations in commodity prices. Another key objective is the refinancing of the portfolio, the securing of construction loans and the evaluation of various fund raising opportunities.

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, it 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 and reporting procedures and IT systems in order to generate appropriate and timely management information for the ongoing assessment of the Group's performance. There is in operation 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 Manger 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.

An impact of the economic uncertainty is the fluctuations in exchange rates of countries in the region. AMC has been advising the Board on a regular basis with respect to financial performance and the effect of external factors on the business.

Financing and liquidity

Management has experienced a change in the approach and requirements of 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. Negotiation and completion of financing agreements is also taking longer than previously experienced. 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. The allocation of capital and investment decisions are reviewed and approved by local operational management, the executive team, the central finance and operational teams, by the investment committee of AMC and, finally, by Atlas' Board. This approach provides the Company with a rigorous risk management framework. 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

Foreign exchange and interest rate 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 Company'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 Company 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 Company is identified and appropriate translation mechanisms put in place.

ATLAS ESTATES LIMITED

Conclusions and Prospects

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 property and provide the Company with local market knowledge and expertise. Good progress has been made with the sales of key development projects in Warsaw (*Apartamenty przy Krasińskiego*, *Concept House* and *Capital Art Apartments III&IV*). The last apartments in *Platinum Towers* were sold in 2014. In April and July 2013 the constructions of *Concept House and Apartamenty przy Krasińskiego* were successfully completed and as of 30 June 2014 the construction of the third and fourth stage of *Capital Art Apartments* is in progress.

Reuven Havar
Chief Executive Officer
Atlas Management Company Limited
29 August 2014

Ziv Zviel
Chief Financial Officer
Atlas Management Company Limited

ATLAS ESTATES LIMITED

Property Portfolio Information

Location/Property	Description	Company's ownership
Poland		
Hilton Hotel	First Hilton 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%
Platinum Towers	396 apartments in two towers; the residential development has been completed in the 3rd quarter of 2009 with two residential towers and a piazza. Location close to the central business district in Wola area of Warsaw.	100%
Atlas Estates Tower *(former name: Platinum Towers – offices)*	Land with zoning for an office/residential tower planned over 42 floors.	100%
Galeria Platinum Towers	Commercial area on the ground and first floors Platinum Towers with 1,842 square meters of gallery and 208 parking places almost fully let to tenants.	100%
Capital Art Apartments	784 apartments, four stage development, with Stage 1 completed in 4th quarter 2008 and all apartments sold. Stage 2, with the construction of 300 apartments, completed in 2009, out of which 296 have already been sold. Construction of stages 3 and 4 commenced in 4th quarter 2012 and 3rd quarter 2013. Location close to the central business district in Wola area of Warsaw.	100%
Apartamenty przy Krasińskiego	Residential project in Warsaw. The construction was completed in July 2013. The project released 303 apartments out of which 290 were sold or presold till 30 June 2014.	100%
Millennium Tower	32,700 square meters of office and retail space in the central business district of Warsaw with 6,100 square meters of retail and 26,600 square meters of office space.	100%
Concept House	The construction of this residential project was completed in April 2013. Location in Mokotow district close to the central business district of Warsaw. As of 30 June 2014 only 23 apartments out of 160 apartments were still available for sale.	50%
Sadowa project	6,550 square meters office building with 100% occupancy close to the city centre of Gdansk.	100%
Kokoszki, Gdansk	431,591 square meters plot in Gdansk with zoning for construction of 125,000 square meters of mixed use development, situated on the outskirts of Gdansk.	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	100%
Metropol Office Centre	7,600 square meters office building in the 13th district of central Budapest.	100%
Atrium Homes	Two phase development of 22,000 square meters of 456 apartments with 235 apartments in phase 1 with building permits, located in the 13th district in central Budapest.	100%
Ligetvaros Centre	6,300 square meters of office/retail space with rights to build extra 6,400 square meters, located in the 7th district, a central district in Budapest.	100%
Varosliget Centre	12,000 square meters plot in the 7th district in central Budapest, with zoning for a mixed use development of 31,000 gross square meters.	100%

Location/Property	Description	Company's ownership
Moszkva Square	600 square meters of office and retail space in the Buda district of Budapest.	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 83 room hotel in central Bucharest in the city centre of Bucharest.	100%
Bulgaria		
The Atlas House	Office building in Sofia's city centre with 3,472 square meters of lettable area.	100%

ATLAS ESTATES LIMITED

Independent Review Report on the Interim Condensed Consolidated Financial Information for the six month period ended 30 June 2014

To Atlas Estates Limited

Introduction

We have been engaged by the company to review the interim condensed consolidated and non-consolidated financial information in the half-yearly financial report for the six months ended 30 June 2014, which comprises the consolidated income statement, the consolidated and non-consolidated statements of comprehensive income, the consolidated and non-consolidated statements of financial position, the consolidated and non-consolidated statements of changes in equity, the consolidated and non-consolidated statements of cash flows and the related explanatory notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim condensed consolidated financial information.

Directors' responsibilities

The half-yearly financial report is the responsibility of and has been approved by the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the rules of the Warsaw Stock Exchange.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The interim condensed consolidated and non-consolidated financial information included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, ''Interim Financial Reporting'', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the interim condensed consolidated and non-consolidated financial information in the half-yearly financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting its responsibilities in respect of the requirements of the rules of the Warsaw Stock Exchange and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity". A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated and non-consolidated financial information in the half-yearly financial report for the six months ended 30 June 2014 is not prepared, in all material respects, in accordance with IAS 34, as adopted by the European Union.

BDO LLP, Chartered Accountants
London, United Kingdom

29 August 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

ATLAS ESTATES LIMITED

Declarations of the Board of Directors

Declaration concerning accounting policies

The Board of Directors of Atlas Estates Limited ("the Company") confirms that, to the best of their knowledge, interim condensed consolidated and non-consolidated financial statements together with comparative figures have been prepared in accordance with applicable accounting standards and give a true and fair view of the state of affairs and the financial result of the Group and the Company for the period.

The Directors and Property Manger's Reports in this report give a true and fair view of the situation on the reporting date and of the developments during the period, and include a description of the major risks and uncertainties.

Declaration concerning election of the Company's auditor for the interim condensed consolidated and non-consolidated financial statements

The Company's auditor has been elected according to applicable rules. The audit firm engaged in the review of the financial statements of Atlas Estates Limited meet the objectives to present an objective and independent report in accordance with applicable laws and professional regulations.

Andrew Fox
Chairman

Mark Chasey
Director

Guy Indig
Director

29 August 2014

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2014

		Six months ended 30 June 2014 (unaudited) €'000		**Six months ended 30 June 2013 (unaudited restated) €'000**	**Note**
Revenues		20,647		15,414	3
Cost of operations		(13,391)		(9,554)	4.1
Gross profit		**7,256**		**5,860**	
Property manager fee	*(1,023)*		*(729)*		
Central administrative expenses	*(200)*		*(230)*		
Property related expenses	*(2,453)*		*(2,560)*		
Administrative expenses		(3,676)		(3,519)	4.2
Other operating income		480		1,263	5.1
Other operating expense		(182)		(3,170)	5.2
(Decrease)/ Increase in value of investment properties		(14,409)		4,553	
Profit from operations		**(10,531)**		**4,987**	
Finance income		168		2,884	
Finance costs- interests and other	*(2,853)*		*(2,632)*		
Other (losses)/ gains – foreign exchange	*(665)*		*(7,729)*		
Finance cost		(3,518)		(10,361)	
Share of losses from equity accounted joint ventures		(45)		(226)	
Loss before taxation		**(13,926)**		**(2,716)**	
Tax charge		(111)		(324)	6
Loss for the period		**(14,037)**		**(3,040)**	
Attributable to:					
Owners of the parent		(14,037)		(3,040)	
(Loss) per €0.01 ordinary share – basic (eurocents)		(30.0)		(6.5)	8
(Loss) per €0.01 ordinary share – diluted (eurocents)		(30.0)		(6.5)	8

All amounts relate to continuing operations.
The notes on pages 26 to 50 form part of this condensed consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2014

	Six months ended 30 June 2014 (unaudited)	**Six months ended 30 June 2013 (unaudited restated)**
	€'000	**€'000**
LOSS FOR THE PERIOD	**(14,037)**	**(3,040)**
Other comprehensive income:		
Items that will not be recycled through profit or loss		
Revaluation of buildings	1,155	1,892
Total	1,155	1,892
Items that may be recycled through profit or loss		
Exchange adjustments	(862)	(4,166)
Deferred tax on exchange adjustments	119	260
Total	(743)	(3,906)
Other comprehensive income/ (loss) for the period (net of tax)	**412**	**(2,014)**
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(13,625)**	**(5,054)**
Total comprehensive income attributable to:		
Owners of the parent	(13,625)	(5,054)

The notes on pages 26 to 50 form part of this condensed consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

	30 June 2014 (unaudited) €'000	31 December 2013 (audited restated) €'000	30 June 2013 (unaudited restated) €'000	Note
ASSETS				
Non-current assets				
Intangible assets	170	225	216	
Land under operating lease - prepayments	11,633	11,743	11,319	
Total investment in equity accounted joint ventures	2,192	3,195	2,870	
Property, plant and equipment	80,070	79,934	79,109	9
Investment property	128,580	143,937	132,821	10
Deferred tax asset	4,476	4,138	3,865	
	227,121	**243,172**	**230,200**	
Current assets				
Inventories	24,263	24,784	55,067	11
Trade and other receivables	5,191	4,050	4,538	
Cash and cash equivalents	23,694	20,721	9,848	12
	53,148	**49,555**	**69,453**	
Assets held within disposal groups classified as held for sale	574	600	700	15
	53,722	**50,155**	**70,153**	
TOTAL ASSETS	**280,843**	**293,327**	**300,353**	
Current liabilities				
Trade and other payables	(17,846)	(13,866)	(31,521)	
Bank loans	(28,922)	(29,506)	(123,224)	14
Derivative financial instruments	(43)	(28)	(378)	
	(46,811)	**(43,400)**	**(155,123)**	
Non-current liabilities				
Other payables	(7,850)	(8,150)	(4,172)	
Bank loans	(156,435)	(158,715)	(65,411)	14
Derivative financial instruments	(135)	(119)	(1,034)	
Deferred tax liabilities	(6,940)	(6,646)	(5,953)	
	(171,360)	**(173,630)**	**(76,570)**	
TOTAL LIABILITIES	**(218,171)**	**(217,030)**	**(231,693)**	
NET ASSETS	**62,672**	**76,297**	**68,660**	

The notes on pages 26 to 50 form part of this consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

	30 June 2014	31 December 2013	30 June 2013
	(unaudited)	(audited restated)	(unaudited restated)
	€'000	€'000	€'000
EQUITY			
Share capital account	6,268	6,268	6,268
Revaluation reserve	15,866	14,711	16,909
Other distributable reserve	194,817	194,817	194,817
Translation reserve	(8,390)	(7,647)	(10,715)
Accumulated loss	(145,889)	(131,852)	(138,619)
Issued capital and reserves attributable to owners of the parent	**62,672**	**76,297**	**68,660**
Non-controlling interests	-	-	-
TOTAL EQUITY	**62,672**	**76,297**	**68,660**
Basic net asset value per share	€ 1.3	€ 1.6	€ 1.5

The notes on pages 26 to 50 form part of this consolidated financial information. The condensed consolidated financial information on pages 20 to 50 was approved by the Board of Directors on 29 August 2014 and signed on its behalf by:

Andrew Fox
Chairman

Mark Chasey
Director

Guy Indig
Director

29 August 2014

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 30 June 2014

Six Months Ended 30 June 2014 (unaudited)	**Share capital account**	**Other reserves**	**Accumulated loss**	**Total**	**Non-controlling interest**	**Total equity**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
As at 1 January 2014	6,268	201,881	(131,852)	76,297	-	76,297
Loss for the period	-	-	(14,037)	(14,037)	-	(14,037)
Other comprehensive income for the period	-	412	-	412	-	412
As at 30 June 2014	**6,268**	**202,293**	**(145,889)**	**62,672**	**-**	**62,672**

Year ended 31 December 2013 (audited)	**Share capital account**	**Other reserves**	**Accumulated loss**	**Total**	**Non-controlling interest**	**Total equity**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
As at 1 January 2013	6,268	203,025	(135,579)	73,714	-	73,714
Profit for the year	-	-	3,727	3,727	-	3,727
Other comprehensive loss for the year	-	(1,144)	-	(1,144)	-	(1,144)
As at 31 December 2013	**6,268**	**201,881**	**(131,852)**	**76,297**	**-**	**76,297**

Six Months Ended 30 June 2013 (unaudited)	**Share capital account**	**Other reserves**	**Accumulated loss**	**Total**	**Non-controlling interest**	**Total equity**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
As at 1 January 2013	6,268	203,025	(135,579)	73,714	-	73,714
Loss for the period	-	-	(3,040)	(3,040)	-	(3,040)
Other comprehensive loss for the period	-	(2,014)	-	(2,014)	-	(2,014)
As at 30 June 2013	**6,268**	**201,011**	**(138,619)**	**68,660**	**-**	**68,660**

The notes on pages 26 to 50 form part of this condensed consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2014

	Note	Six months ended 30 June 2014 (unaudited) €'000	Six months ended 30 June 2013 (unaudited restated) €'000
Cash inflow generated from operations	13	**8,267**	**7,203**
Tax paid		56	(5)
Net cash inflow from operating activities		**8,323**	**7,198**
Investing activities			
Interest received		132	70
Purchase of investment property		(139)	(355)
Purchase of intangible assets		(27)	-
Purchase of property, plant and equipment		(700)	(253)
Loans repaid by equity accounted joint ventures		958	-
Net cash from/ (used in) investing activities		**224**	**(538)**
Financing activities			
Interest paid		(1,975)	(2,501)
New bank loans raised		3,722	5,303
Repayments of bank loans		(7,275)	(12,673)
Net cash used in financing activities		**(5,528)**	**(9,871)**
Net increase/ (decrease) in cash and cash equivalents in the period		**3,019**	**(3,211)**
Effect of foreign exchange rates		(46)	(718)
Net increase/ (decrease) in cash and cash equivalents in the period		**2,973**	**(3,929)**
Cash and cash equivalents at the beginning of the period		**20,721**	**13,777**
Cash and cash equivalent at the end of the period		**23,694**	**9,848**
Cash and cash equivalents			
Cash at bank and in hand		23,694	9,848
		23,694	**9,848**

The notes on pages 26 to 50 form part of this condensed consolidated financial information.

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2014

1. Basis of preparation

This interim condensed consolidated and non-consolidated financial statements for the six months ended 30 June 2014 have 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 fair value. The consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated cash flow statement 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 2013. The six month financial results are not necessarily indicative of the full year results.

In assessing the going concern basis of preparation of the condensed consolidated interim financial information for the six months ended 30 June 2014, the directors have taken into account the status of current negotiations on loans. These are disclosed in note 14 as part of the bank loans note.

The Directors are aware that the liquidity position of the company has been and still continues to be a key management priority. The company so far has been successful in managing its cash position carefully and will continue to do so, despite the various pressures. Managing this situation will require the Company to use its various pockets of liquidity within its portfolio of assets and at the same time to delicately manage its ongoing operations and relationships with its lending banks.

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 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 they continue to adopt the going concern basis in preparing the condensed consolidated financial statements for the six months ended 30 June 2014.

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 2013, as described in the annual financial statements for the year ended 31 December 2013, except from the implementation of IFRS 11 Joint Agreements, and with those expected to be applied to the financial statements for the year ended 31 December 2014.

The Group changed its accounting policy on joint ventures from 1 January 2014 following the introduction of IFRS 11 Joint Arrangements, which applies to the current period. Under IFRS 11, the group's share of joint ventures have been accounted for using the equity method rather than proportionally consolidated, from the beginning of the earliest period presented (1 January 2013). As a result the previously reported consolidated statement of financial position, consolidated income statement and consolidated cash flow statement had to be restated.

The group's share of joint ventures is now disclosed as a single line item as "total investment in equity accounted joint ventures" on the consolidated statement of financial position measured at the aggregate of the carrying amounts of the assets and liabilities that had previously been proportionally consolidated (shown on each line of the statement of financial position) together with the group's subsequent share of profits and losses of the joint ventures, its share of other comprehensive income and expenses, loans granted less any impairment.

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2014

Consolidated Income Statement (impact of change in accounting policy)

	30 June 2014 (unaudited) as per previously reported accounting policy	Adjustment	30 June 2014 (unaudited) as per new accounting policy	31 December 2013 (audited) as previously reported	Adjustment	31 December 2013 (unaudited) as per new accounting policy	30 June 2013 (unaudited) as previously reported	Adjustment	30 June 2013 (unaudited) as per new accounting policy
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Revenues	25,023	(4,376)	20,647	68,261	(3,304)	64,957	15,414	-	15,414
Cost of operations	(17,663)	4,272	(13,391)	(45,625)	3,265	(42,360)	(9,654)	100	(9,554)
Gross profit	**7,360**	**(104)**	**7,256**	**22,636**	**(39)**	**22,597**	**5,760**	**100**	**5,860**
Administrative expenses	(3,752)	76	(3,676)	(10,194)	8	(10,186)	(3,519)	-	(3,519)
Other operating income	532	(52)	480	1,900	(230)	1,670	1,401	(138)	1,263
Other operating expense	(205)	23	(182)	(3,065)	-	(3,065)	(3,170)	-	(3,170)
(Decrease)/ Increase in value of investment properties	(14,409)	-	(14,409)	(892)	-	(892)	4,553	-	4,553
Profit from operations	**(10,474)**	**(57)**	**(10,531)**	**10,385**	**(261)**	**10,124**	**5,025**	**(38)**	**4,987**
Finance income	170	(2)	168	3,040	21	3,061	2,884	-	2,884
Finance costs	(2,906)	53	(2,853)	(6,117)	186	(5,931)	(2,702)	70	(2,632)
Other (losses)/ gains – foreign exchange	(728)	63	(665)	(2,977)	160	(2,817)	(7,932)	203	(7,729)
Share of (losses)/ profits from equity accounted joint ventures	-	(45)	(45)	-	(138)	(138)	-	(226)	(226)
(Loss)/ Profit before taxation	**(13,938)**	**12**	**(13,926)**	**4,331**	**(32)**	**4,299**	**(2,725)**	**9**	**(2,716)**
Tax charge	(99)	(12)	(111)	(604)	32	(572)	(315)	(9)	(324)
(Loss)/ Profit for the period	**(14,037)**	**-**	**(14,037)**	**3,727**	**-**	**3,727**	**(3,040)**	**-**	**(3,040)**

Consolidated Statement of Comprehensive Income (impact of change in accounting policy)

	30 June 2014 (unaudited) as per previously reported accounting policy	Adjustment	30 June 2014 (unaudited) as per new accounting policy	31 December 2013 (audited) as previously reported	Adjustment	31 December 2013 (unaudited) as per new accounting policy	30 June 2013 (unaudited) as previously reported	Adjustment	30 June 2013 (unaudited) as per new accounting policy
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
(Loss)/ Profit for the period	**(14,037)**	**-**	**(14,037)**	**3,727**	**-**	**3,727**	**(3,040)**	**-**	**(3,040)**
Other comprehensive (loss)/ income:									
Revaluation of buildings	1,155	-	1,155	(306)	-	(306)	1,892	-	1,892
Exchange adjustments	(862)	-	(862)	(920)	-	(920)	(4,166)	-	(4,166)
Deferred tax on exchange adjustments	119	-	119	82	-	82	260	-	260
Other comprehensive (loss)/ income for the period (net of tax)	**412**	**-**	**412**	**(1,144)**	**-**	**(1,144)**	**(2,014)**	**-**	**(2,014)**
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD	**(13,625)**	**-**	**(13,625)**	**2,583**	**-**	**2,583**	**(5,054)**	**-**	**(5,054)**
Total comprehensive (loss)/ income attributable to:									
Owners of the parent	(13,625)	-	(13,625)	2,583	-	2,583	(5,054)	-	(5,054)
Non-controlling interests	-	-	-	-	-	-	-	-	-
	(13,625)	**-**	**(13,625)**	**2,583**	**-**	**2,583**	**(5,054)**	**-**	**(5,054)**
(Loss)/ Profit per €0.01 ordinary share – basic (eurocents)	(30.0)	-	(30.0)	8.0	-	8.0	(6.5)	-	(3.3)
(Loss)/ Profit per €0.01 ordinary share – diluted (eurocents)	(30.0)	-	(30.0)	8.0	-	8.0	(6.5)	-	(3.3)

Consolidated Statement of Financial Position (impact of change in accounting policy)

	30 June 2014 (unaudited) as per previously reported accounting policy	Adjustment	30 June 2014 (unaudited) as per new accounting policy	31 December 2013 (audited) as previously reported	Adjustment	31 December 2013 (unaudited) as per new accounting policy	30 June 2013 (unaudited) as previously reported	Adjustment	30 June 2013 (unaudited) as per new accounting policy
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
ASSETS									
Non-current assets									
Intangible assets	170	-	170	225	-	225	216	-	216
Land under operating lease – prepayments	11,633	-	11,633	11,743	-	11,743	11,319	-	11,319
Interests in equity accounted joint ventures	-	2,192	2,192	-	3,195	3,195	-	2,870	2,870
Property, plant and equipment	80,126	(56)	80,070	80,072	(138)	79,934	79,109	-	79,109
Investment property	128,580	-	128,580	143,937	-	143,937	132,821	-	132,821
Other loans receivable	1,852	(1,852)	-	2,358	(2,358)	-	3,347	(3,347)	-
Deferred tax asset	4,708	(232)	4,476	4,366	(228)	4,138	4,143	(278)	3,865
	227,069	**52**	**227,121**	**242,701**	**471**	**243,172**	**230,955**	**(755)**	**230,200**
Current assets									
Inventories	26,544	(2,281)	24,263	31,202	(6,418)	24,784	67,777	(12,710)	55,067
Trade and other receivables	5,208	(17)	5,191	4,077	(27)	4,050	4,592	(54)	4,538
Cash and cash equivalents	23,782	(88)	23,694	21,310	(589)	20,721	10,774	(926)	9,848
	55,534	**(2,386)**	**53,148**	**56,589**	**(7,034)**	**49,555**	**83,143**	**(13,690)**	**69,453**
Assets held within disposal groups classified as held for sale	574	-	574	600	-	600	700	-	700
	56,108	**(2,386)**	**53,722**	**57,189**	**(7,034)**	**50,155**	**83,843**	**(13,690)**	**70,153**
TOTAL ASSETS	**283,177**	**(2,334)**	**280,843**	**299,890**	**(6,563)**	**293,327**	**314,798**	**(14,445)**	**300,353**

	30 June 2014 (unaudited) as per previously reported accounting policy	Adjustment	30 June 2014 (unaudited) as per new accounting policy	31 December 2013 (audited) as previously reported	Adjustment	31 December 2013 (unaudited) as per new accounting policy	30 June 2013 (unaudited) as previously reported	Adjustment	30 June 2013 (unaudited) as per new accounting policy
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Current liabilities									
Trade and other payables	(18,336)	490	(17,846)	(17,075)	3,209	(13,866)	(36,293)	4,772	(31,521)
Bank loans	(28,922)	-	(28,922)	(30,509)	1,003	(29,506)	(129,349)	6,125	(123,224)
Derivative financial instruments	(43)	-	(43)	(28)	-	(28)	(378)	-	(378)
	(47,301)	**490**	**(46,811)**	**(47,612)**	**4,212**	**(43,400)**	**(166,020)**	**10,897**	**(155,123)**
Non-current liabilities									
Other payables	(9,694)	1,844	(7,850)	(10,501)	2,351	(8,150)	(7,516)	3,344	(4,172)
Bank loans	(156,435)	-	(156,435)	(158,715)	-	(158,715)	(65,411)	-	(65,411)
Derivative financial instruments	(135)	-	(135)	(119)	-	(119)	(1,034)	-	(1,034)
Deferred tax liabilities	(6,940)	-	(6,940)	(6,646)	-	(6,646)	(6,157)	204	(5,953)
	(173,204)	**1,844**	**(171,360)**	**(175,981)**	**2,351**	**(173,630)**	**(80,118)**	**3,548**	**(76,570)**
TOTAL LIABILITIES	**(220,505)**	**2,334**	**(218,171)**	**(223,593)**	**6,563**	**(217,030)**	**(246,138)**	**14,445**	**(231,693)**
NET ASSETS	**62,672**	**-**	**62,672**	**76,297**	**-**	**76,297**	**68,660**	**-**	**68,660**
EQUITY									
Share capital account	6,268	-	6,268	6,268	-	6,268	6,268	-	6,268
Revaluation reserve	15,866	-	15,866	14,711	-	14,711	16,909	-	16,909
Other distributable reserve	194,817	-	194,817	194,817	-	194,817	194,817	-	194,817
Translation reserve	(8,390)	-	(8,390)	(7,647)	-	(7,647)	(10,715)	-	(10,715)
Accumulated loss	(145,889)	-	(145,889)	(131,852)	-	(131,852)	(138,619)	-	(138,619)
Issued capital and reserves attributable to owners of the parent	**62,672**	**-**	**62,672**	**76,297**	**-**	**76,297**	**68,660**	**-**	**68,660**
Non-controlling interests	-	-	-	-	-	-	-	-	-
TOTAL EQUITY	**62,672**	**-**	**62,672**	**76,297**	**-**	**76,297**	**68,660**		**68,660**

Consolidated Cash Flow Statement (impact of change in accounting policy)

	30 June 2014 (unaudited) as per previously reported accounting policy	Adjustment	30 June 2014 (unaudited) as per new accounting policy	31 December 2013 (audited) as previously reported	Adjustment	31 December 2013 (unaudited) as per new accounting policy	30 June 2013 (unaudited) as previously reported	Adjustment	30 June 2013 (unaudited) as per new accounting policy
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Net cash flows from operating activity	8,825	(502)	8,323	26,753	2,760	29,513	8,058	(860)	7,198
Net cash flows from investing activity	224	-	224	(1,811)	-	(1,811)	(538)	-	(538)
Net cash flows from financing activity	(6,531)	1,003	(5,528)	(17,962)	(2,613)	(20,575)	(10,541)	670	(9,871)
Effect of foreign exchange rates	(46)	-	(46)	(183)	-	(183)	(718)	-	(718)
Net increase/ (decrease) in cash and cash equivalents	2,472	501	2,973	6,797	147	6,944	(3,739)	(190)	(3,929)

3. Business segments

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 divisions is presented below:

Six months ended 30 June 2014 (unaudited)	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2014 €'000
Revenues	6,126	5,149	9,240	132	20,647
Cost of operations	(2,817)	(4,273)	(6,301)	-	(13,391)
Gross profit	**3,309**	**876**	**2,939**	**132**	**7,256**
Administrative expenses	(348)	(240)	(1,664)	(1,424)	(3,676)
Gross profit less administrative expenses	**2,961**	**636**	**1,275**	**(1,292)**	**3,580**
Other operating income	162	330	(12)	-	**480**
Other operating expenses	(19)	(31)	(114)	(18)	**(182)**
Decrease in value of investment properties	(14,409)	-	-	-	**(14,409)**
Profit / (loss) from operations	**(11,305)**	**935**	**1,149**	**(1,310)**	**(10,531)**
Finance income	33	99	34	2	**168**
Finance costs	(1,991)	(95)	(767)	-	**(2,853)**
Other gains and (losses) – foreign exchange	(677)	136	(105)	(19)	**(665)**
Share of losses from equity accounted joint ventures	-	(45)	-	-	**(45)**
Segment result before tax	**(13,940)**	**1,030**	**311**	**(1,327)**	**(13,926)**
Tax charge					(111)
Loss for the period as reported in the income statement					**(14,037)**
Net loss attributable to owners of the parent					**(14,037)**

Six months ended 30 June 2014 (unaudited)	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2014 €'000
Reportable segment assets	140,395	46,128	93,026	-	279,549
Unallocated assets	-	-	-	1,294	1,294
Total assets	**140,395**	**46,128**	**93,026**	**1,294**	**280,843**
Reportable segment liabilities	(140,484)	(12,258)	(61,376)	-	(214,118)
Unallocated liabilities	-	-	-	(4,053)	(4,053)
Total liabilities	**(140,484)**	**(12,258)**	**(61,376)**	**(4,053)**	**(218,171)**

Six months ended 30 June 2014 (unaudited)	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2014 €'000
Other segment items					
Capital expenditure	144	481	209	32	**866**
Depreciation	24	50	1,407	10	**1,491**
Amortisation	1	13	89	50	**153**

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2014

Six months ended 30 June 2013 (unaudited restated)	**Property rental €'000**	**Residential sales €'000**	**Hotel operations €'000**	**Other €'000**	**2013 €'000**
Revenues	6,212	239	8,963	-	15,414
Cost of operations	(3,055)	(672)	(5,827)	-	(9,554)
Gross profit	**3,157**	**(433)**	**3,136**	**-**	**5,860**
Administrative expenses	(562)	(298)	(1,570)	(1,089)	(3,519)
Gross profit less administrative expenses	**2,595**	**(731)**	**1,566**	**(1,089)**	**2,341**
Other operating income	33	1,017	195	18	**1,263**
Other operating expenses	(92)	(154)	(1,224)	(1,700)	**(3,170)**
Decrease in value of investment properties	4,553	-	-	-	**4,553**
Profit / (loss) from operations	**7,089**	**132**	**537**	**(2,771)**	**4,987**
Finance income	382	50	13	2,439	**2,884**
Finance costs	(1,821)	(134)	(667)	(10)	**(2,632)**
Other gains and (losses) – foreign exchange	(4,153)	(290)	(3,003)	(283)	**(7,729)**
Share of losses from equity accounted joint ventures	-	(226)	-	-	**(226)**
Segment result before tax	**1,497**	**(468)**	**(3,120)**	**(625)**	**(2,716)**
Tax charge					(324)
Loss for the period as reported in the income statement					**(3,040)**
Net loss attributable to owners of the parent					**(3,040)**

Six months ended 30 June 2013 (unaudited restated)	**Property rental €'000**	**Residential sales €'000**	**Hotel operations €'000**	**Other €'000**	**2013 €'000**
Reportable segment assets	142,562	63,342	92,074	-	297,978
Unallocated assets	-	-	-	2,375	2,375
Total assets	**142,562**	**63,342**	**92,074**	**2,375**	**300,353**
Reportable segment liabilities	(121,648)	(42,437)	(62,836)	-	(226,921)
Unallocated liabilities	-	-	-	(4,772)	(4,772)
Total liabilities	**(121,648)**	**(42,437)**	**(62,836)**	**(4,772)**	**(231,693)**

Six months ended 30 June 2013 (unaudited restated)	**Property rental €'000**	**Residential sales €'000**	**Hotel operations €'000**	**Other €'000**	**2013 €'000**
Other segment items					
Capital expenditure	367	229	67	1	**664**
Depreciation	26	67	1,201	5	**1,299**
Amortisation	1	25	72	28	**126**

There are immaterial sales between the business segments.

Unallocated costs represent corporate expenses. 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, and deferred tax assets. Unallocated liabilities include accrued costs and deferred taxation liabilities within the Company and selected sub-holding companies as at the balance sheet date. Unallocated liabilities also include borrowings, as these are non-operating activities.

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

	Six months ended 30 June 2014 (unaudited) €'000	Six months ended 30 June 2013 (unaudited) restated €'000
Costs of sale of residential property	(3,874)	(162)
Utilities, services rendered and other costs	(5,321)	(5,285)
Legal and professional expenses	(707)	(696)
Staff costs	(2,445)	(2,425)
Sales and direct advertising costs	(491)	(619)
Depreciation and amortisation	(655)	(465)
Reversal of impairment/ (impairment on inventory)	102	98
Cost of operations	**(13,391)**	**(9,554)**

4.2 Administrative expenses

	Six months ended 30 June 2014 (unaudited) €'000	Six months ended 30 June 2013 (unaudited) restated €'000
Audit and tax services	(121)	(112)
Incentive and management fee	(1,023)	(729)
Legal and other professional fees	(299)	(359)
Utilities, services rendered and other costs	(656)	(665)
Staff costs	(619)	(539)
Depreciation and amortisation	(989)	(960)
Other administrative expenses	31	(155)
Administrative expenses	**(3,676)**	**(3,519)**

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2014

5.1 Other operating income

	Six months ended 30 June 2014 (unaudited) €'000	Six months ended 30 June 2013 (unaudited) restated €'000
Income from insurance	6	6
Income from tax refund	316	587
Reversal of land bank impairment	-	309
Other operating income	158	361
Other operating income	**480**	**1,263**

5. 2 Other operating expenses

	Six months ended 30 June 2014 (unaudited) €'000	Six months ended 30 June 2013 (unaudited) restated €'000
Interest and fees	(9)	(89)
Loss on disposal of property , plant and equipment	(77)	-
Other operating expenses	(96)	(182)
Impairment on property, plant and equipment	-	(2,899)
Other operating expenses	**(182)**	**(3,170)**

6. Tax expense

Continuing operations	Six months ended 30 June 2014 (unaudited) €'000	Six months ended 30 June 2013 (unaudited) restated €'000
Current tax	(21)	(30)
Deferred tax	(90)	(294)
Tax charge for the period	**(111)**	**(324)**

On an individual company basis, an estimate has been made of the effective tax rate for the full year and has been applied to the half-year results.

7. Dividends

There were no dividends declared or paid in the six months ended 30 June 2014 (2013: €nil).

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2014

8. Loss per share ("LPS")

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

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

Six months ended 30 June 2014 (unaudited)	**Loss**	**Weighted average number of shares**	**Per share amount**
Continuing operations	**€'000**		**Eurocents**
Basic (LPS)			
Loss attributable to equity shareholders of the Company	(14,037)	46,852,014	**(30.0)**
Diluted (LPS) Adjusted loss	**(14,037)**	**46,852,014**	**(30.0)**

Six months ended 30 June 2013 (unaudited) restated	**Loss**	**Weighted average number of shares**	**Per share amount**
Continuing operations	**€'000**		**Eurocents**
Basic (LPS)			
Loss attributable to equity shareholders of the Company	(3,040)	46,852,014	(6.5)
Effect of dilutive securities			
Share warrants	-	-	-
Diluted (LPS) Adjusted loss	**(3,040)**	**46,852,014**	**(6.5)**

9. Property, plant and equipment

	Buildings	**Plant and equipment**	**Motor vehicles**	**Total**
Restated	**€'000**	**€'000**	**€'000**	**€'000**
Cost or valuation				
At 1 January 2013	81,540	11,316	95	92,951
Additions at cost	301	637	-	938
Exchange adjustments	(1,252)	(153)	-	(1,405)
Disposals	(211)	(170)	-	(381)
Revaluation	(1,984)	(480)	-	(2,464)
At 31 December 2013	**78,394**	**11,150**	**95**	**89,639**
Additions at cost	70	630	-	700
Revaluation	262	-	-	262
Disposals	-	(166)	-	(166)
Exchange adjustments	(141)	(45)	(1)	(187)
At 30 June 2014	**78,585**	**11,569**	**94**	**90,248**

Restated				
Accumulated depreciation				
At 1 January 2013	(2,622)	(4,719)	(63)	(7,404)
Charge for the year	(1,902)	(765)	(8)	(2,675)
Exchange adjustments	138	56	-	194
Disposals	65	115	-	180
At 31 December 2013	**(4,321)**	**(5,313)**	**(71)**	**(9,705)**
Charge for the period	(893)	(594)	(4)	(1,491)
Adjustment due to revaluation	893	-	-	893
Disposals	-	89	-	89
Exchange adjustments	12	24	-	36
At 30 June 2014	**(4,309)**	**(5,794)**	**(75)**	**(10,178)**
Net book value at 30 June 2014	**74,276**	**5,775**	**19**	**80,070**
Net book value at 31 December 2013	**74,073**	**5,837**	**24**	**79,934**

	Buildings	**Plant and equipment**	**Motor vehicles**	**Total**
Restated	**€'000**	**€'000**	**€'000**	**€'000**
Cost or valuation				
At 1 January 2013	81,540	11,316	95	92,951
Additions at cost	182	71	-	253
Exchange adjustments	(4,067)	(564)	(3)	(4,634)
Revaluation	(1,446)	(476)	-	(1,922)
At 30 June 2013	**76,209**	**10,347**	**92**	**86,648**
Accumulated depreciation				
At 1 January 2013	(2,622)	(4,719)	(63)	(7,404)
Charge for the period	(915)	(380)	(4)	(1,299)
Adjustment due to revaluation	915	-	-	915
Exchange adjustments	-	247	2	249
At 30 June 2013	**(2,622)**	**(4,852)**	**(65)**	**(7,539)**
Net book value at 30 June 2013	**73,587**	**5,495**	**27**	**79,109**

The Group's hotels, the Hilton in Warsaw and Golden Tulip in Bucharest constitute the majority of the total property, plant and equipment balance. The latest valuation of all hotels was performed as of 30 June 2014 (Hilton hotel) and 31 December 2013 (Golden Tulip hotel) by qualified professional valuers working for the company of Jones Lang LaSalle Sp. z o.o., Chartered Surveyors, acting in the capacity of External Valuers. 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 to the extent they exceed the balance, if any, held on the property revaluation reserve relating to a previous increase in the revaluation of that asset.

The Group has pledged property, plant and equipment of €78.9 million (31 December 2013: €79.2 million, 30 June 2013: €78.2 million) to secure certain banking facilities granted to subsidiaries. Borrowings for the value of €57.7 million (31 December 2013: €58.7 million, 30 June 2013: €59.6 million) are secured on these properties.

10. Investment property

	30 June 2014 (unaudited) €'000	31 December 2013 (audited restated) €'000	30 June 2013 (unaudited restated) €'000
At beginning of the year	144,537	134,545	134,545
Transfer from other assets categories	-	11,800	-
Capitalised subsequent expenditure	139	1,097	355
Exchange movements	(1,112)	(2,011)	(5,931)
PV of annual perpetual usufruct fees	(1)	(2)	(1)
Fair value gains/ (losses)	(14,409)	(892)	4,553
At the end of period	**129,154**	**144,537**	**133,521**
Less assets classified as held within disposal groups classified as held for sale (note 14)	(574)	(600)	(700)
	128,580	**143,937**	**132,821**

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 2013 (except for one property in Poland, i.e. Millennium Plaza and two land banks in Romania, which are based on the valuation carried out at 30 June 2014):
- 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 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 significant decrease of the fair value of investment properties recorded as of 30 June 2014 mainly represent the fair value loss of land banks in Romania. The Market Comparison Method has been used to obtain an initial value for these investment properties. The values were determined directly by reference to observable asking prices and recent realised arm's length transactions. However, these initial valuations have been modified through changes in the assumed orderly sale period between willing participants in order to establish the fair value under current market conditions, resulting in a decrease in valuation of 70%.

The recorded valuations are based on assumed orderly sale periods, of 6 months, rather than 18 months as per the initial and previous valuations, and takes into account the following factors:

- limited development financing available in Romania,
- limited numbers of investors prepared to invest in Romania assets
- developers in Romania reducing their pipeline of scheduled projects and looking to exist planned projects rather than to acquiring new projects
- active investors taking an opportunistic approach to acquire properties under distressed situations.

There remains a risk that eventual disposal prices of these properties could differ significantly from those included in the financial statements.

The Group has pledged investment property of €125.9 million (31 December 2013: €136.0 million; 30 June 2013: €124.9 million) to secure certain banking facilities granted to subsidiaries.

As of 31 December 2013 inventory of €11.8 million was reclassified to investment property category as the Directors intention is rather to sell this asset than develop it in the future.

11. Inventories

	30 June 2014 (unaudited) €'000	31 December 2013 (audited restated) €'000	30 June 2013 (unaudited restated) €'000
Land held for development	3,495	3,730	32,140
Assets under construction	15,092	11,658	15,092
Completed properties	4,449	8,147	6,652
Hotel inventory	1,227	1,249	1,183
Total inventories	**24,263**	**24,784**	**55,067**

€3.9 million (31 December 2013: €26.1 million; 30 June 2013: €0.2 thousand) of inventories was released to cost of operations in the income statement during the period. €0.1 million was recognised in the income statement in relation to reversal of impairment on inventories (31 December 2013: €0.1 million; 30 June 2013: €0.4 million in relation to impairment on inventories). The stock which is held (below cost) at fair value less cost to sell amounts to €5.2 million (31 December 2013: €5.4 million; 30 June 2013: €21.5 million)

Bank borrowings are secured on the inventory for the value of €15.8 million (31 December 2013: €19.8 million; 30 June 2013: €43.6 million) (note 14).

For the six months period ended 30 June 2014 borrowing costs of €0.01 million (year ended 31 December 2013: €0.3 million, six months ended 30 June 2013: €0.2 million) that are directly attributable to the construction of qualifying assets are capitalized as part of the cost of inventory until they are substantially ready for use or sale.

12. Cash and cash equivalents

	30 June 2014 (unaudited)	31 December 2014 (audited) restated	30 June 2013 (unaudited) restated
	€'000	€'000	€'000
Cash and cash equivalents			
Cash and cash equivalents	19,486	9,515	8,874
Short term bank deposits	4,208	11,206	974
Total	**23,694**	**20,721**	**9,848**

Included in cash and cash equivalents is €8.8 million (31 December 2013: €8.2 million; 30 June 2013: €9.2 million) restricted cash relating to security and customer deposits.

13. Cash generated from operations

	Six months ended 30 June 2014 (unaudited)	Six months ended 30 June 2013 (restated)
	€'000	€'000
Loss for the period	**(14,037)**	**(3,040)**
Adjustments for:		
Effects of foreign currency	623	8,051
Finance costs	2,865	2,654
Finance income	(132)	(518)
Tax charge	111	362
Share of profits/ (losses) from equity accounted joint ventures	45	226
Depreciation of property, plant and equipment	1,491	1,299
Amortisation charges	153	126
Decrease/ (increase) in value of investment property	14,409	(4,552)
Reversal of impairment on inventory	(102)	(407)
Impairment on property, plant and equipment	-	2,899
Loss on disposal of property, plant and equipment	77	-
Bank loan write off	-	(2,376)
	5,503	**4,724**

Changes in working capital		
Increase /(decrease) in inventory	637	(416)
Increase in trade and other receivables	(1,141)	(426)
Increase in trade and other payables	3,603	4,863
Effects of foreign currency on working capital translation	(335)	(1,542)
	2,764	**2,479**
Cash inflow generated from operations	**8,267**	**7,203**

14. Bank loans

	30 June 2014 (unaudited) €'000	31 December 2013 (audited) restated €'000	30 June 2013 (unaudited) restated €'000
Current			
Bank loans and overdrafts due within one year or on demand			
Secured	**(28,922)**	**(29,506)**	**(123,224)**
Non-current			
Repayable within two years			
Secured	(144,726)	(145,719)	(4,042)
Repayable within three to five years			
Secured	(7,946)	(9,147)	(57,359)
Repayable after five years			
Secured	(3,763)	(3,849)	(4,010)
	(156,435)	**(158,715)**	**(65,411)**
Total	**(185,357)**	**(188,221)**	**(188,635)**

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

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 – 30 June 2014		**175,272**	**10,085**	**185,357**
Bank loans and overdrafts – 31 December 2013	Restated	176,862	11,359	**188,221**
Bank loans and overdrafts – 30 June 2013	Restated	181,588	7,047	**188,635**

New loans

On 2 September 2013 the Group obtained financing for *Galeria Platinum Towers* project located in Warsaw. The loan facility amounted to €4.3 million and is to be repaid by 30 June 2018. This facility was used as refinancing of the facility extended to *Platinum Towers* project.
In 2014 no new loans were extended to the Group.

Repaid loans

On 31 July 2013 and 4 December 2013 the Group fully repaid the loan facilities extended to the development projects: *Apartamenty przy Krasińskiego* and *Platinum Towers*.

On 11 February 2014 the loan facility extended to *Concept House* residential development was repaid.

Portfolio of cross collateralised *banking facilities*

The Group has four facilities that have been cross collateralised since February 2010 totalling €90.7 million (31 December 2013: €90.9 million; 30 June 2013: €91.7 million). Since two of these facilities were due but not paid as of 30 June 2013 all four facilities totalling €91.7million were presented as bank loans and overdrafts due within one year or on demand in the statement of financial position as of 30 June 2013.

On 15 October 2013 the Company signed the amendment to the existing bank loan agreements extending repayment date of unpaid facilities to 31 December 2015. Since 15 October 2013 all four facilities are not in default and are classified as non-current liabilities in the consolidated statement of financial position as of 31 December 2013 and 30 June 2014.

Other loans

In the preparation of the interim condensed consolidated financial statements for the six months period ended 30 June 2014, the directors have classified:
- loan facility totalling €15.7 million as bank loans and overdrafts due within one year or on demand, since covenant breaches or defaults arose on this loan. The Company is in dialogue with the bank and is discussing restructuring of this loan;
- loan facility totalling €10.0 million as bank loans and overdrafts due within one year or on demand since this facility is overdue. On 4 March 2014 the Company signed the compromise agreement with the bank, based on which the Company repaid €1.2 million (PLN5.0 million) and the bank was obliged not to execute any collaterals resulting from the loan facility agreement till 31 March 2014. The intention of the Company's management is to continue negotiations with the bank relating to the further extension of this loan facility agreement.

15. Assets classified as held for sale and directly associated liabilities

In March 2011 Atlas management started to actively market for sale Moszkva office building located in Budapest, Hungary. In September 2012 the Company entered into conditional agreement to sell half of the building for the total price of €700 thousand. This transaction was completed in December 2012.

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

Assets:	**30 June 2014 (unaudited) €'000**	**31 December 2013 (audited) restated €'000**	**30 June 2013 (unaudited) restated €'000**
Investment property	574	600	700
Assets held within disposal groups classified as held for sale	**574**	**600**	**700**

	30 June 2014 (unaudited)	31 December 2013 (audited) restated	30 June 2013 (unaudited) restated
	€'000	€'000	€'000
At beginning of the year	600	700	1,900
Disposals	-	-	(700)
Exchange movements	(26)	(14)	133
Fair value gains/ (losses)	-	(86)	(633)
At the end of the year	**574**	**600**	**700**

16. Related party transactions

(a) Key management compensation

	30 June 2014 (unaudited)	30 June 2013 (unaudited) restated
	€'000	€'000
Fees for non-executive directors	21	13

The Company has appointed AMC to manage its property portfolio. In consideration of the services provided, AMC received a management fee of €1.0 million (for the year ended 31 December 2013: €1.5 million; 6 months ended 30 June 2013: €0.7 million). Under the agreement, AMC are entitled to a performance fee based on the increase in value of the properties over the 12 month period to 31 December 2014. No performance fee has been accrued for the 6 months ended 30 June 2014 (6 months ended 30 June 2013: €nil) as the performance fee can only be reasonable estimated after the annual valuation of the assets portfolio. For the year ended 31 December 2013 the Company has accrued a performance fee of €2.9 million.

On 15 July 2013 AMC Poland entered into an agreement with the Company's subsidiary – Capital Art Apartments Sp. z o.o. SKA. Based on this agreement AMC Poland administers the sale process of *Capital Art Apartments* development project. As of 30 June 2014 AMC Poland received a fee of €33.5 thousand (31 December 2013: €58 thousand) in relation to this agreement.

As of 30 June 2014 €3.4 million included in current trade and other payables was due to AMC (31 December 2013: €3.2 million; 30 June 2013: €0.7 million) for current period and historic management and performance fee.

(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 30 June 2014 the purchase price of €0.8 million (31 December 2013: €1.6 million, 30 June 2013: €2.9 million) is due to former non-controlling shareholder (Coralcliff Limited).

17. Post balance sheet events

17. 1 Financing

Details of bank financing post balance sheet events have been included in note 14.

No specific significant events have occurred which would require an adjustment to this report.

17.2 Significant agreements

No significant agreements have been concluded.

17.3 Other transactions

In July and August 2014, the Group signed the agreements on the purchase of the right of perpetual usufruct of real estate properties situated in Żoliborz and Wola districts of Warsaw, with a total area of over 18,990 sqm, for use in future residential development projects. The Company estimates that approximately 380 apartments can be developed on these properties

18. Other items

18.1 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 10% the Company's net equity, except for legal proceeding against:

Atlas Estates Limited and Atlas Estates Investment B.V.

Atlas Estates Limited ("AEL") was notified on 9 March 2011 that Stronginfo Consultants Ltd and Columbia Enterprises Ltd (the "Plaintiffs") have submitted to an arbitrator a statement of claim against Atlas Estates Investment B.V. with its seat in Amsterdam, the subsidiary of AEL as the primary debtor and AEL itself as the guarantor (the "Defendants") asking arbitrator to order the Defendants to provide a full and accurate accounting basis for the calculation of the Completion Consideration as defined in the agreement dated May 8, 2006 on transfer of shares from the Plaintiffs to Atlas Estates Investment B.V. and demanding payments of Completion Consideration which in the absence of any actual accounting yet was estimated by the Plaintiffs of total 55,420,000 PLN.

AEL hereby informs that at the current stage it is not able to assess the legitimacy of the claim as both legal and factual basis of the claim are subject of the investigation of the AEL's legal advisors.

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

18.2 Financial forecasts

No financial forecasts have been published by the Company in relation to the year ended 31 December 2014.

18.3 Substantial shareholdings

As of 28 July 2014, the Board was aware of the following direct or indirect interest in 3% or more of the Company's ordinary share capital. All shares have equal voting rights.

Table 1 – Significant Shareholders	Number of Shares held	Percentage of Issued Share Capital
Vidacos Nominees Limited <BJB>	34,969,645	74.64
Forest Nominees Limited <GC1>	6,536,925	13.95
Euroclear Nominees Limited <EOCO1>	5,230,646	11.16
TOTAL	**46,737,216**	**99.75**

18.4 Directors' share interests

There have been no changes to the Directors' share interests during the six months ended 30 June 2014. No Director had any direct interest in the share capital of the Company or any of its subsidiaries during the six months ended 30 June 2014.

19. 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.

No new subsidiary undertakings were acquired and no significant investments were made in any additional joint ventures during the period ended 30 June 2014.

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%
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	Platinum Towers AEP Spółka z ograniczoną odpowiedzialnością SKA	Development	100%
Poland	Zielono AEP Spółka z ograniczoną odpowiedzialnością SKA	Development	100%
Poland	Properpol Sp. z o.o.	Investment	100%
Poland	Atlas Estates (Millennium) Sp. z o.o.	Investment	100%
Poland	Atlas Estates (Sadowa) Sp. z o.o.	Investment	100%
Poland	Capital Art Apartments AEP Spółka z ograniczoną odpowiedzialnością SKA	Development	100%
Poland	HGC Gretna Investments Spółka z ograniczoną odpowiedzialnością Spółka Jawna	Hotel operation	100%
Poland	HPO AEP Spółka z ograniczoną odpowiedzialnością SKA	Development	100%
Poland	Atlas Estates (Cybernetyki) Sp. z o.o.	Development	50%
Poland	Atlas Estates (Kokoszki) Sp. z o.o.	Investment	100%
Poland	Atlas FIZ AN	Holding	100%
Hungary	CI-2005 Investment Kft.	Development	100%
Hungary	Cap East Kft.	Investment	100%
Hungary	Felikon Kft.	Investment	100%
Hungary	Ligetváros Kft	Investment	100%
Hungary	Városliget Center 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%

ATLAS ESTATES LIMITED

INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2014

	30 June 2014 (unaudited) €'000	30 June 2013 (unaudited) €'000	Note
Revenues	-	-	
Cost of operations	-	-	
Gross profit	**-**	**-**	
Administrative expenses	(678)	(375)	
Other operating income	858	2,376	1
Other operating expenses	(19,129)	(7,176)	2
Loss from operations	**(18,949)**	**(5,175)**	
Finance income	88	78	
Finance costs	(32)	(19)	
Other (losses) and gains – foreign exchange	-	-	
Loss before taxation	**(18,893)**	**(5,116)**	
Tax expense	-	-	
Loss for the year	**(18,893)**	**(5,116)**	
Total comprehensive loss for the period	**(18,893)**	**(5,116)**	

ATLAS ESTATES LIMITED

INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

	30 June 2014 (unaudited) €'000	31 December 2013 (audited) €'000	30 June 2013 (unaudited) €'000	Note
ASSETS				
Non-current assets				
Investment in subsidiaries	85,095	104,224	100,310	3
Loans receivable from subsidiaries	-	-	-	
	85,095	**104,224**	**100,310**	
Current assets				
Trade and other receivables	14	1	43	
Cash and cash equivalents	603	308	2	
	617	**309**	**45**	
TOTAL ASSETS	**85,712**	**104,533**	**100,355**	
Non-current liabilities				
Other payables	(3,165)	(3,133)	(3,102)	
	(3,165)	**(3,133)**	**(3,102)**	
Current liabilities				
Trade and other payables	(2,963)	(2,923)	(234)	
	(2,963)	**(2,923)**	**(234)**	
TOTAL LIABILITIES	**(6,128)**	**(6,056)**	**(3,336)**	
NET ASSETS	**79,584**	**98,477**	**97,019**	
EQUITY				
Share capital account	6,268	6,268	6,268	
Other distributable reserve	194,817	194,817	194,817	
Accumulated loss	(121,501)	(102,608)	(104,066)	
TOTAL EQUITY	**79,584**	**98,477**	**97,019**	

ATLAS ESTATES LIMITED

INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 30 June 2014

Six Months Ended	**Share capital account**	**Other reserves**	**Accumulated loss**	**Total**
30 June 2014 (unaudited)	**€'000**	**€'000**	**€'000**	**€'000**
As at 1 January 2014	6,268	194,817	(102,608)	98,477
Total comprehensive loss for the period	-	-	(18,893)	(18,893)
As at 30 June 2014	**6,268**	**194,817**	**(121,501)**	**79,584**

Year ended	**Share capital account**	**Other reserves**	**Accumulated loss**	**Total**
31 December 2013 (audited)	**€'000**	**€'000**	**€'000**	**€'000**
As at 1 January 2013	6,268	194,817	(98,950)	102,135
Total comprehensive loss for the year	-	-	(3,658)	(3,658)
As at 31 December 2013	**6,268**	**194,817**	**(102,608)**	**98,477**

Six Months Ended	**Share capital account**	**Other reserves**	**Accumulated loss**	**Total**
30 June 2013 (unaudited)	**€'000**	**€'000**	**€'000**	**€'000**
As at 1 January 2013	6,268	194,817	(98,950)	102,135
Total comprehensive loss for the period	-	-	(5,116)	(5,116)
As at 30 June 2013	**6,268**	**194,817**	**(104,066)**	**97,019**

ATLAS ESTATES LIMITED

INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2014

	Six months ended 30 June 2014 (unaudited) €'000	Six months ended 30 June 2013 (unaudited) €'000
Loss for the year	**(18,893)**	**(5,116)**
Adjustments for:		
Effects of foreign currency	-	-
Finance costs	32	19
Finance income	(88)	(78)
Profit on assignment of loan receivable	-	(2,376)
Impairment on investments	19,129	2,746
(Reversal of impairment)/ Impairment against loans receivables from subsidiaries	(858)	4,430
	(678)	**(375)**
Changes in working capital		
Increase in trade and other receivables	(13)	(33)
Increase/ (Decrease) in trade and other payables	40	(487)
Net cash outflow from operating activities	**(651)**	**(895)**
Investing activities		
New loans advanced to subsidiaries	(95)	(201)
Repayment of loans made to subsidiary undertakings	1,041	790
Net cash from investing activities	**946**	**589**
Financing activities		
Interest received	-	-
Interest paid	-	-
Net cash (from)/ used in financing activities	**-**	**-**
Net decrease in cash and cash equivalents in the year as a result of cashflows	**295**	**(306)**
Effect of foreign exchange rates	-	-
Net decrease in cash and cash equivalents in the year	**295**	**(306)**
Cash and cash equivalents at the beginning of the year	**308**	**308**
Cash and cash equivalents at the end of the year	**603**	**2**
Cash and cash equivalents		
Cash at bank and in hand	603	2
Bank overdrafts	-	-
	603	**2**

1. Other operating income

	Six months ended 30 June 2014 (unaudited) €'000	Six months ended 30 June 2013 (unaudited) €'000
Reversal of impairment of loans receivable from subsidiaries	858	-
Profit on assignment of loan receivable	-	2,376
Other operating income	**858**	**2,376**

2. Other operating expenses

	Six months ended 30 June 2014 (unaudited) €'000	Six months ended 30 June 2013 (unaudited) €'000
Impairment of investments in subsidiaries	(19,129)	(2,746)
Impairment of loans receivable from subsidiaries	-	(4,430)
Other operating expenses	**(19,129)**	**(7,176)**

3. Investment in subsidiaries

	30 June 2014 (unaudited) €'000	31 December 2013 (audited) €'000	30 June 2013 (unaudited) €'000
Shares in subsidiary undertakings			
Cost			
At beginning of period	189,897	189,897	189,897
Additions in year	-	-	-
At the end of the period	189,897	189,897	189,897
Impairment			
At beginning of period	(85,673)	(86,841)	(86,841)
Additions	(19,129)	-	(2,746)
Reversals	-	1,168	-
At the end of the period	(104,802)	(85,673)	(89,587)
At the end of the period	**85,095**	**104,224**	**100,310**

Investments in subsidiary undertakings are stated at cost. Cost is recognised as the nominal value of the company's shares and the fair value of any other consideration given to acquire the share capital of the subsidiary undertakings. A list of principal subsidiary undertakings and joint ventures is given at note 19 of the interim condensed consolidated financial information.

The Company has carried out an impairment review of the carrying values of investments and loans receivable from subsidiaries. The Company considers the best indication of value of investments and loans to subsidiaries to be the valuation reports produced by Jones Lang LaSalle and FHB, the independent valuers- as described on page 5.

In the six months period ended 30 June 2014 €19.1 million was recognised in other operating expenses in respect of impairment of investment in subsidiaries and €0.9 million was recognized in other operating income in respect impairment reversal of loans receivable from subsidiaries (In 2013 €3.3 million was recognised in other operating expenses in respect of impairment of loans receivables from subsidiaries and €1.2 million in respect of impairment reversal of investment in subsidiaries; in the six months period ended 30 June 2013: 2013 €4.4 million was recognised in other operating expenses in respect of impairment of loans receivables from subsidiaries and €2.7 million in respect of impairment of investment in subsidiaries).

The method applied to assign value to the company's investments is fair value less costs to sell and has been based on the property valuations assessed by independent experts. In assessing the value of each investment the Company has considered not only the asset value recognised in the books of the individual entities but also the valuation amount of elements held at cost. Substantially, this has resulted in the carrying values of investments and loans receivable from subsidiaries being compared to the adjusted net asset value of the group.