

ATLAS ESTATES LIMITED
CONDENSED CONSOLIDATED QUARTERLY REPORT
THIRD QUARTER 2016

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

ATLAS ESTATES LIMITED

Contents

Page

3	Financial Highlights
4	Chairman's Statement
7	Review of the Property Manager
17	Property Portfolio Information
19	Interim Condensed Consolidated Financial Information
25	Selected Notes to the Interim Condensed Consolidated Financial Information

ATLAS ESTATES LIMITED

Financial Highlights

Selected Consolidated Financial Items	Nine months ended	Three months ended	Nine months ended	Three months ended
	30 September 2016	30 September 2016	30 September 2015	30 September 2015
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	€'000	€'000	€'000	€'000
Revenues	24,297	7,377	48,440	31,756
Gross profit	9,823	2,873	17,359	10,401
Increase/ (Decrease) in value of investment properties	2,001	-	(5,468)	-
Profit from operations	6,743	1,270	6,825	8,817
Profit before tax	1,663	2,761	27,570	7,250
Profit for the period	1,506	2,511	28,457	7,372
Profit attributable to owners of the parent	1,506	2,511	28,457	7,372
Cash flow from operating activities	1,331	2,513	10,386	2,540
Cash flow from investing activities	848	572	(641)	(245)
Cash flow from financing activities	(13,486)	(9,112)	(9,819)	(2,722)
Net (decrease)/ increase in cash	(11,708)	(5,969)	320	(440)
Non-current assets	187,043	187,043	187,412	187,412
Current assets	30,799	30,799	55,829	55,829
Total assets	217,842	217,842	243,241	243,241
Current liabilities	(79,136)	(79,136)	(97,245)	(97,245)
Non-current liabilities	(70,691)	(70,691)	(72,295)	(72,295)
Total liabilities	(149,827)	(149,827)	(169,540)	(169,540)
Basic net assets (1)	68,015	68,015	73,701	73,701
Number of shares outstanding	46,852,014	46,852,014	46,852,014	46,852,014
Profit per share (eurocents)	3.2	5.4	60.7	15.7
Basic net asset value per share (€)	1.5	1.5	1.6	1.6

(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 unaudited financial results for Atlas Estates Limited ("Atlas" or "the Company") and its subsidiary undertakings ("the Group") for the nine and three months ended 30 September 2016.

In the current financial market conditions key priorities are enhancing liquidity, gaining access to capital as well as acquisition of new land banks. 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:

- in the fourth quarter of 2015 the Group commenced construction of the second stage of *Apartamenty przy Krasieńskiego* development project in Warsaw. In 2016 the Group secured bank financing for this new project and started pre sales;
- the residential projects that the Group is currently developing in Warsaw (*Capital Art Apartments III & IV*, *Apartamenty przy Krasieńskiego stage I* and *Concept House*) were successful and their sales are nearly complete;
- on 14 September 2016 the Group concluded the agreement with Erste Group Bank AG defining the terms of an acquisition of the outstanding loan facility extended to *Millennium Plaza* (amounting to €58.9 million as of the date of this agreement and €50.8 million as of 30 September 2016), for further details please refer to page 10.

Reported Results

As of 30 September 2016 the Group has reported basic net assets of €68.0 million.

The increase of basic net asset value by €2.1 million from €65.9 million as at 31 December 2015 is primarily a result of:

- €2.0 million fair value gains on investment properties recorded as at 30 June 2015;
- €1.5 million revaluation of Hilton recorded as at 30 June 2016; offset by:
- €1.2 million loss on the derivative financial instruments associated with bank loans;

Profit after tax amounts to €1.5 million for the nine months period ended 30 September 2016 as compared to profit after tax of €28.5 million for the nine months period ended 30 September 2015. The significant change of the noted results was mainly a joint effect of:

- the decrease of gross profit realized by the Group from €17.4 million for the nine months period ended 30 September 2015 to €9.8 million for the nine months period ended 30 September 2016 mainly due to sale of 243 apartments in *Capital Art Apartments stages III&IV* residential project in the third quarter of 2015;
- the settlement reached in June 2015 by the Group with the bank financing its two projects in Romania (part of *the portfolio of cross collateralised banking facilities*) based on which the Group received €22.2 million bank debt write off resulting in finance income decrease from €22.4 million in the nine months ended 30 September 2015 to €0.1 million in the nine months ended 30 September 2016;
- movements in the foreign currency exchange differences from gain of €1.2 million in the nine months ended 30 September 2015 to loss of €0.8 million in the nine months ended 30 September 2016 mainly as a result of the appreciation of the local currencies (PLN, HUF, RON) against the EURO in in the nine months ended 30 September 2015 as compared to depreciation (PLN mainly) in the nine months ended 30 September 2016,
- increase of finance costs from €2.9 million in the nine months ended 30 September 2015 to €4.3 million in the nine months ended 30 September of 2016 mainly due to loss on the derivative instrument associated with *Hilton* bank loan facility; offset by:
- movement in valuation of investment properties from decrease of €5.5 million in the nine months ended 30 September 2015 to increase of €2.0 million in the nine months ended 30 September of 2016 mainly due to change in valuation of *Millennium Plaza*.

ATLAS ESTATES LIMITED

Financing, Liquidity and Forecasts

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

While there will always remain some inherent uncertainty within the aforementioned cash flow forecasts, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence and to manage its loan facilities for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the interim condensed consolidated financial information for the nine months ended 30 September 2016, 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, where approximately 85% of its assets are located. 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.

We invest 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 80% of the total value of its interest in income-generating properties within its property portfolio.

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

The Company has used NAV per share and Adjusted NAV per share as key performance measures since its IPO. In the nine months to 30 September 2016, 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 not changed significantly from the level of €1.4 per share as at 31 December 2015 to €1.5 per share 30 September 2016.

As previously reported, 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.

The latest valuations were performed as of 30 June 2016 and comprised key assets (*Hilton Hotel* and *Millennium Plaza*-office building located in Warsaw). As of 30 June 2016 the following external independent qualified experts were engaged:

- Jones Lang LaSalle responsible for the valuation of *Millennium Plaza*,
- Wyceny i Ekspertyzy Sp. z o.o. dr inż. Andrzej Zalewski responsible for the valuation of *Hilton* hotel in Poland.

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. A statement on Atlas compliance with the corporate governance recommendations and principles contained in Best Practice for WSE listed companies is presented on Atlas corporate website.

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 2016 are summarised in the Property Manager's Report on pages 15 and 16 below.

ATLAS ESTATES LIMITED

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.

Mark Chasey
CHAIRMAN
14 November 2016

ATLAS ESTATES LIMITED

Review of the Property Manager

In this report we present the operating results for the nine and three months ended 30 September 2016. 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 September 2016, the Company held a portfolio of eighteen properties comprising eight investment properties of which five are income yielding properties, two are held for capital appreciation and one is held for sale, two hotels and eight development properties.

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

Markets and Key Properties

Poland

This is the major market of operation for the Group, with 85% (by value) of the Group's portfolio located there. The Polish economy has been one of most resilient economies in Europe with GDP growth of 3.6% in 2015 (3.1% expected in 2016).

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.

Millenium Plaza, Warsaw

The *Millennium Plaza* is a 39,138 sqm office and retail building centrally located in Warsaw with occupancy rate of 87% as of 30 September 2016 (78% as of 30 September 2015 and 81% as of 31 December 2015).

Sadowa, Gdańsk

The *Sadowa* office building is a 6,872 sqm office building in Gdańsk. During the last 12 months its occupancy ratio increased from 55% as of 30 September 2015 and 31 December 2015 to 66% as of 30 September 2016. The Company is actively looking for new tenants.

Platinum Towers and Atlas Estates Tower

Platinum Towers - with its construction finished, all apartments and penthouses have been sold. 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) Atlas Estates Tower, on the neighbouring plot, which will further enhance the attractiveness of this site.

Apartamenty przy Krasińskiego (the first stage) and Apartamenty przy Krasińskiego II (the second stage)

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

The first stage of this development includes 303 apartments as well as parking and amenities and retail facilities. The construction of the first stage was completed in 2013. As of 30 September 2016 all apartments were sold and only 2 retail units were available for sale.

Apartamenty przy Krasińskiego II is the second stage of this successful development project. This stage will release approximately 123 apartments as well as parking and retail facilities. The construction commenced in November 2015 and is still in progress. 27 apartments have been presold as of 30 September 2016

Capital Art Apartments

The *Capital Art Apartments* project in Warsaw is another development in Warsaw close to the city centre. It is a four stage development with 784 apartments as well as parking and amenities, including retail facilities. As of 30 September 2016 only 3 apartments and 7 retail units remain available for sale.

ATLAS ESTATES LIMITED

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 September 2016 only 3 apartments and 1 retail unit are unsold.

Nakielska Apartments Project

Nakielska Apartment Project is a residential development that will consist of two stages which will release around 240 apartments as well as parking and retail facilities.

Hungary

In Hungary, the Group's portfolio is comprised of three properties, all of which are located in Budapest. Two are income producing assets. One of them has been classified as an asset held for sale – as disclosed in note 16 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 2015 GDP increase of 2.9% was noted (in 2016 an increase in GDP 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 3.7% in 2015 (in 2016 an increase in GDP of 5.0% is expected). Despite the difficult trading conditions, occupancy rates at the Golden Tulip improved from 67% for the nine months ended 30 September 2015 to 70% for the nine months ended 30 September 2016.

Bulgaria

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

ATLAS ESTATES LIMITED

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 valuation of selected assets was performed as described on page 5.

Loans

As at 30 September 2016, the Company's bank debt was €125 million (31 December 2015: €137 million; 30 September 2015: €145 million). Loans, valuations and Loan to Value ratios ("LTV") for those periods may be analysed as follows:

	Loan to Value			Loan to Value			Loan to Value		
	Loans	Valuation	Ratio	Loans	Valuation	Ratio	Loans	Valuation	Ratio
	30 September 2016			31 December 2015			30 September 2015		
	€ millions	€ millions	%	€ millions	€ millions	%	€ millions	€ millions	%
Investment property	73	82	89%	84	85	99%	91	92	99%
Hotels	51	85	60%	53	87	61%	54	91	59%
Development property in construction	1	6	17%	-	-	-	-	-	-
Total	125	173	72%	137	172	80%	145	183	79%

The valuations in the table above differ from the values included in the consolidated balance sheet as at 30 September 2016, 31 December 2015 and 30 September 2015 due to the treatment under IFRS of land held under operating leases and development property.

LTV ratio of investment property significantly reduced to 89% as of 30 September 2016 (as compared to 99% as of 30 September 2015 and 31 December 2015) due to the settlement reached with Erste Group Bank AG (as disclosed on page 10) based on which the Group has partially repaid Millennium loan facility in September 2016.

LTV ratio of hotels amounted to 60% and remained at a similar level as compared to 31 December 2015 and 30 September 2015.

LTV ratio of development property in construction concerns new loan which has been drawn down to finance development project in Warsaw- *Apartamenty przy Krasińskiego stage II*.

The gearing ratio is 63% based upon net debt as a percentage of total capital (net debt plus equity attributable to equity holders). The ratio remained stable as compared to 31 December 2015 (64%) and as compared to 30 September 2015 (62%).

Debt financing

Portfolio of cross collateralised banking facilities extended by Erste Group Bank AG

In June 2015 the Group reached a settlement with the bank financing its two projects in Romania (*part of portfolio of cross collateralised banking facilities*) based on which the Group received €22.2m discount on the repayment of the outstanding loan facility. The Group could be obliged to pay an additional amount to the bank in connection with this transaction upon closing of disposal of *Millennium Plaza*. The additional amount ("Price Adjustment") is calculated as follows:

- the amount by which net proceeds from the disposal of *Millennium Plaza* exceed the outstanding debt facility at the time of disposal constitute "Excess Disposal Proceeds";
- the additional amount shall be the sum of:
 - 100% of Excess Disposal Proceeds not exceeding €10.0 million,
 - 50% of Excess Disposal Proceeds exceeding €10.0 million.

Currently this additional amount is expected to be €nil.

ATLAS ESTATES LIMITED

In November 2015 the Group sold Ligetvaros office building in Hungary (*part of portfolio of cross collateralised banking facilities*) and consequently settled the outstanding loan facility extended to this project.

As of 30 September 2016, after the above described repayment of two Romanian and one Hungarian facility, the Group has facility extended to Atlas Estates Millenium Sp. z o.o. ("Millennium") by Erste Group Bank AG that had been cross collateralised totalling €50.8million. On 14 September 2016 the Group signed with the bank the agreement based on which by 29 September 2017 the bank will sell/ transfer to Atlas Projects B.V. (subsidiary of Atlas Estates Limited) its outstanding facility (amounting to €58.9 million at the date of this agreement) due from Millennium at the price of €1 subject mainly to the following conditions:

1) repayment by or on behalf of Millennium and receipt by the bank of principal in the aggregate amount of € 39,500,000 with interests indicated in this agreement in the following four instalments:

- a) € 8,075,000 to be paid by 10 business days after the signing of this agreement; this amount has been paid by Millenium by the date of this report;
- b) € 3,950,000 by 30 November 2016;
- c) € 3,950,000 by 31 March 2017;
- d) € 23,525,000 by 29 September 2017;

2) payment by Atlas Projects B.V. the transfer price in amount of € 1;

Upon completion (which has not yet taken place and is expected to take place by 29 September 2017) of the transfer of this facility to Atlas Project BV:

- the bank shall relinquish any mortgage, lien, charge pledge, promissory note, letter of comfort or other security interest or any other type of guarantee granted by Millennium and/or third party for the benefit of the bank to secure the claims of the bank against Millennium. Moreover, upon the completion of this transfer no Price Adjustment defined on page 9 shall be due to the bank.
- Atlas Estates Limited in its consolidated financial statements will record a finance income of €19.4 million representing bank debt discount resulting from this transaction.

New loan

In February 2016 Atlas Estates (Przasnyska 9) Sp. z o.o. was granted a loan for the construction of the second stage of *Apartamenty przy Krasieńskiego* project in Warsaw.

Under the agreement the bank will grant a loan in a total amount of PLN 42.9 million in the following tranches:

- a construction loan in an amount of PLN 41.4 million, and
- a VAT loan (i.e. revolving loan to finance Polish VAT) in an amount of PLN 1.5 million.

The final repayment date of the construction part of the loan will fall on the day falling 12 months after the last day of the availability period for the construction part of the loan (i.e. a day falling 24 months after the first draw down of the construction loan or 31 March 2018, whichever occurs earlier) or on 31 March 2019, whichever occurs earlier.

The final repayment date of VAT part of the loan will fall on the day falling 6 months after the last day of the availability period (as explained above) for the VAT part of loan or on 30 September 2018, whichever occurs earlier. The first draw down of the loan took place in the third quarter of 2016. The outstanding loan facility as of 30 September 2016 amounted to €1 million.

Other loans

In the preparation of the consolidated financial statements as of 30 September 2016, the directors have classified the loan facility extended to a Hungarian subsidiary totalling €13.7 million as current since covenant breaches arose on this loan. The Company is in dialogue with the bank and is discussing restructuring of this loan.

ATLAS ESTATES LIMITED

Review of the operational performance of the nine and three months ended 30 September 2016

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	Nine months ended 30 September 2016 € millions	Nine months ended 30 September 2015 € millions
Revenue	7.9	2.4	13.9	0.1	24.3	48.4
Cost of operations	(3.9)	(2.0)	(8.6)	-	(14.5)	(31.1)
Gross profit	4.0	0.4	5.3	0.1	9.8	17.3
Administrative expenses	(0.6)	(0.3)	(2.2)	(1.9)	(5.0)	(5.1)
Gross profit less administrative expenses	3.4	0.1	3.1	(1.8)	4.8	12.2
Gross profit %	51%	17%	38%	-	40%	36%
Gross profit less administrative expenses %	43%	4%	22%	-	20%	25%

	Property Rental € millions	Development Properties € millions	Hotel Operations € millions	Other € millions	Three months ended 30 September 2016 € millions	Three months ended 30 September 2015 € millions
Revenue	2.5	0.6	4.3	-	7.4	31.8
Cost of operations	(1.3)	(0.4)	(2.8)	-	(4.5)	(21.4)
Gross profit	1.2	0.2	1.5	-	2.9	10.4
Administrative expenses	(0.3)	(0.1)	(0.7)	(0.6)	(1.7)	(1.6)
Gross profit less administrative expenses	0.9	0.1	0.8	(0.6)	1.2	8.8
Gross profit %	48%	33%	35%	-	39%	33%
Gross profit less administrative expenses %	36%	17%	19%	-	16%	28%

Revenues and cost of operations

Total revenues for the nine months ended 30 September 2016 were €24.3 million compared to €48.4 million for the nine months ended 30 September 2015. 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 cyclicity of yielded income or results is also highly diversified.

Cost of operations were €14.5 million in the nine months ended 30 September 2016 compared to €31.1 million for the nine months ended 30 September 2015.

ATLAS ESTATES LIMITED

Development Properties

	Nine months ended 30 September 2016 € millions	Nine months ended 30 September 2015 € millions	Total change 2016 v 2015 € millions	Translation foreign exchange effect € millions	Operational change 2016 v 2015 € millions
Revenue	2.4	25.6	(23.2)	(1.1)	(22.1)
Cost of operations	(2.0)	(18.2)	16.2	-	16.2
Gross profit	0.4	7.4	(7.0)	-	(7.0)
Administrative expenses	(0.3)	(0.3)	-	-	-
Gross profit less administrative expenses	0.1	7.1	(7.0)	-	(7.0)

Proceeds from the sale of residential units (i.e. apartments, retail units, parking places, storages) developed by the Group are only recognised when residential units 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 residential units are recognised in the income statement. Please note that:

- *Apartamenty przy Krasińskiego stage 1* project 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;
- *Apartamenty przy Krasińskiego stage 2* project construction is in progress and no sales and associated costs have been recognized in the consolidated income statement as the above mentioned criteria have not been met;
- *Capital Art Apartments* project (all stages) construction was finalized and the Group has been recognizing the sales and associated costs in the consolidated income statement starting as the above mentioned criteria have been met;
- *Concept House* is a joint venture project and therefore differently accounted as compared to other development projects. The revenues and associated costs of this development are netted and disclosed separately as a single line item as "total investment in equity accounted joint ventures" on the consolidated statement of financial position.

The decrease in gross profit realised in the nine months ended 30 September 2016 as compared to the same period in 2015 is mainly a result of a decrease in the number of apartments sold. As presented in the table below as of 30 September 2016 the Group managed to complete the sale of 17 apartments (in *Capital Art Apartments III&IV*, *Apartamenty przy Krasińskiego* projects), whereas in the first nine months of 2015 the revenues from the sale of 249 apartments (in *Capital Art Apartments III&IV*, *Apartamenty przy Krasińskiego* projects) projects were recognized.

Apartment sales in developments in Warsaw

	CAA stage 1	CAA stage 2	CAA stage 3&4	Apartamenty przy Krasińskiego	Apartamenty przy Krasińskiego II	Concept House*
Total apartments for sale	219	300	265	303	123	160
Sales completions in 2008-2014	217	297	-	294	-	146
Sales completions in 2015	1	-	249	8	-	10
Sales completions in 2016	-	-	16	1	-	1
Total sales completions	218	297	265	303	-	157
Sales not completed as of 30 September 2016 (only preliminary agreements concluded)	1	-	-	-	27	-
Apartments available for sale as of 30 September 2016	-	3	-	-	96	3

* Joint venture project

ATLAS ESTATES LIMITED

Property Rental

	Nine months ended 30 September 2016 € millions	Nine months ended 30 September 2015 € millions	Total change 2016 v 2015 € millions	Translation foreign exchange effect € millions	Operational change 2016 v 2015 € millions
Revenue	7.9	9.0	(1.1)	(0.3)	(0.8)
Cost of operations	(3.9)	(4.2)	0.3	0.1	0.2
Gross profit	4.0	4.8	(0.8)	(0.2)	(0.6)
Administrative expenses	(0.6)	(0.7)	0.1	-	0.1
Gross profit less administrative expenses	3.4	4.1	(0.7)	(0.2)	(0.5)

In the first nine months of 2016 the gross margin realized by the Property Rental segment decreased as compared to the first nine months of 2015 mainly due to sale of properties in Hungary- Ligetvaros and Varosliget in November 2015 and Metropol in January 2016.

Hotels

	Nine months ended 30 September 2016 € millions	Nine months ended 30 September 2015 € millions	Total change 2016 v 2015 € millions	Translation foreign exchange effect € millions	Operational change 2016 v 2015 € millions
Revenue	13.9	13.8	0.1	(0.6)	0.7
Cost of operations	(8.6)	(8.7)	0.1	0.3	(0.2)
Gross profit	5.3	5.1	0.2	(0.3)	0.5
Administrative expenses	(2.2)	(2.5)	0.3	0.1	0.2
Gross profit less administrative expenses	3.1	2.6	0.5	(0.2)	0.7

In the first nine months of 2016 the hotel operations improved as compared to the first nine months of 2015 mainly due to improved occupancy ratios of both *Hilton* and *Golden Tulip* hotels in Warsaw and Bucharest.

Administrative expenses

Administrative expenses decreased by €0.1 million as compared to the nine months ended 30 September 2015 mainly due to a decrease in property manager fee as a result of lower adjusted NAV (i.e. base of the performance manager fee).

Valuation movement

As of 30 September 2016 the increase of the market value of the investment properties portfolio was of €2 million as compared to a decrease of €5.5 million as of 30 September 2015. The movements mainly relate to change in value of *Millenium Plaza*.

Finance income and costs

Finance income decreased by €22.3 million primarily due to a €22.2 million bank loan write back. On 30 June 2015 the Group reached a settlement with the bank financing its two projects in Romania (*part of the portfolio of cross collateralised banking facilities*) based on which the Group received €22.2 million discount on the repayment of the outstanding loan facilities.

The income statement includes finance costs of €4.3 million for the nine months ended 30 September 2016, compared with €2.9 million in comparative period in 2015, representing mainly interests on bank loans, loss on interests rate swaps associated with bank facilities and related bank charges.

ATLAS ESTATES LIMITED

Foreign exchange

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

In the nine months ended 30 September 2016 the Group reported exchange losses of €0.8 million as compared to €1.2 million gains in the nine months ended 30 September 2015. These gains and losses were due to the unrealised foreign exchange gains and losses on EUR denominated bank loans in Polish, Hungarian and Romanian subsidiaries. The foreign exchange losses occurred mainly as a result of depreciation of PLN against EUR in the nine months period ended 30 September 2016. The foreign exchange gains occurred mainly as a result of appreciation of PLN against EUR in the nine months period ended 30 September 2016.

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 September 2016	4.3120	309.15	4.4523	1.9558
31 December 2015	4.2615	313.12	4.5245	1.9558
% Change	1%	-1%	-2%	0%
30 September 2015	4.2386	313.32	4.4167	1.9558
31 December 2014	4.2623	314.89	4.4821	1.9558
% Change	-1%	0%	-1%	0%
Average rates				
1 Jan- 30 September 2016	4.3578	312.15	4.4506	1.9558
Year 2015	4.1839	309.90	4.5040	1.9558
% Change	4%	1%	-1%	0%
1 Jan- 30 September 2015	4.1547	309.01	4.4232	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 nine months to 30 September 2016 the basic fee payable to AMC was €1.2 million - based on the adjusted NAV as of 31 December 2015 (€1.1 million for the nine months period ended 30 September 2015 - based on the adjusted NAV as of 31 December 2014).

ATLAS ESTATES LIMITED

Ongoing activities

During nine months ended 30 September 2016, 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, the Group is continually improving and developing its financial management and operational infrastructure and capability. Experienced operational teams are in place in each country, where there is significant activity, otherwise a central operational team and investment committee monitor and control investments and major operational matters. As such, the management team continually reviews its operating structures to optimise the efficiency and effectiveness of its network, which is particularly important given the current environment.

We continue to enhance our internal control 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 Manager closely monitor the effects that the current global economic conditions have on the business and will continue to take steps to mitigate, as far as possible, any adverse impact that may affect the business.

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 strict 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. 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, 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

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

ATLAS ESTATES LIMITED

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.

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. In the first quarter of 2016 the new financing for the second stage of the very successful development project in Warsaw- *Apartamenty przy Krasińskiego II* was secured. The construction of this project commenced in the last quarter of 2015. Additionally in September 2016 the Group managed to conclude an agreement with Erste Group Bank AG (as disclosed on page 10) which will result in €19.4 million bank debt write back upon the completion of this agreement in the second quarter of 2017.

Reuven Havar
Chief Executive Officer

Atlas Management Company Limited
14 November 2016

Ziv Zviel
Chief Financial Officer
Chief Operating Officer

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%
Atlas Estates Tower (former name: <i>Platinum Towers – offices</i>)	Land with zoning for an office/residential tower planned up to 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 2008, Stage 2 in 2009, Stage 3 in January 2015 and Stage 4 in February 2015. Location close to the central business district in Wola area of Warsaw. As of 30 September 2016 only 3 apartments and 7 retail units were available for sale.	100%
Nakielska Apartment Project	<i>Nakielska Apartment Project</i> is a residential development in the Wola district of Warsaw. It will be a two stage development which will release 240 apartments with parking and amenities, including retail facilities. This project is an early planning phase.	100%
Apartamenty przy Krasieńskiego, stage I	Residential project in Warsaw. The construction was completed in July 2013. The project released 303 apartments. As of 30 September 2016 all apartments were sold and only 2 retail units were available for sale.	100%
Apartamenty przy Krasieńskiego, stage II	The second stage of the successful development project in Warsaw. It is estimated that it will release approximately 123 apartments with underground parking and retail facilities. The construction commenced in November 2015.	100%
Millennium Tower	39,138 square meters of office and retail space in the central business district of Warsaw.	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 September 2016 only 3 apartments out of 160 apartments were still available for sale.	50%
Sadowa office building	6,872 square meters office building close to the city centre of Gdańsk.	100%

ATLAS ESTATES LIMITED

Location/Property	Description	Company's ownership
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 16 th district, a suburban area of Budapest	100%
Atrium Homes	Development land of 8,165 square meters which building rights are subject to concept design and different construction parameters which apply in the 13 th district in central Budapest, where the property is located.	100%
Moszkva Square	600 square meters of office and retail space in the Buda district of Budapest. (disclosed as held for sale as at 30 September 2016).	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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED INCOME STATEMENT For the nine and three months ended 30 September 2016

	Nine months ended 30 September 2016 (unaudited) €'000	Three months ended 30 September 2016 (unaudited) €'000	Nine months ended 30 September 2015 (unaudited) €'000	Three months ended 30 September 2015 (unaudited) €'000	Note
Revenues	24,297	7,377	48,440	31,756	3
Cost of operations	(14,474)	(4,504)	(31,081)	(21,355)	4.1
Gross profit	9,823	2,873	17,359	10,401	
<i>Property manager fee</i>	(1,231)	(413)	(1,078)	(390)	
<i>Central administrative expenses</i>	(1,060)	(728)	(299)	(85)	
<i>Property related expenses</i>	(2,728)	(593)	(3,768)	(1,141)	
Administrative expenses	(5,019)	(1,734)	(5,145)	(1,616)	4.2
Other operating income	83	39	567	111	5.1
Other operating expense	(145)	92	(488)	(79)	5.2
Increase/ (Decrease) in value of investment properties	2,001	-	(5,468)	-	
Profit from operations	6,743	1,270	6,825	8,817	
Finance income	95	(67)	22,440	66	6
Finance costs	(4,333)	(976)	(2,941)	(951)	6
Other (losses)/ gains – foreign exchange	(806)	2,519	1,218	(652)	6
Share of (losses)/ profits from equity accounted joint ventures	(36)	15	28	(30)	
Profit before taxation	1,663	2,761	27,570	7,250	
Tax (charge)/ credit	(157)	(250)	887	122	7
Profit for the period	1,506	2,511	28,457	7,372	
Attributable to:					
Owners of the parent	1,506	2,511	28,457	7,372	
Non-controlling interests	-	-	-	-	
	1,506	2,511	28,457	7,372	
Profit per €0.01 ordinary share – basic (eurocents)	3.2	5.4	60.7	15.7	9
Profit per €0.01 ordinary share – diluted (eurocents)	3.2	5.4	60.7	15.7	9

All amounts relate to continuing operations.

The notes on pages 25 to 49 form part of this condensed consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the nine and three months ended 30 September 2016

	Nine months ended 30 September 2016 (unaudited) €'000	Three months ended 30 September 2016 (unaudited) €'000	Nine months ended 31 December 2015 (audited) €'000	Three months ended 30 September 2015 (unaudited) €'000
PROFIT FOR THE PERIOD	1,506	2,511	28,457	7,372
Other comprehensive income:				
<i>Items that will not be recycled through profit or loss</i>				
Revaluation of buildings	1,502	39	-	-
Deferred tax on revaluation	(285)	(7)	-	-
Total	1,217	32	-	-
<i>Items that may be recycled through profit or loss</i>				
Exchange adjustments	(627)	1,380	318	(924)
Deferred tax on exchange adjustments	25	(148)	(66)	95
Total	(602)	1,232	252	(829)
Other comprehensive income/ (loss) for the period (net of tax)	615	1,264	252	(829)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,121	3,775	28,709	6,543
Total comprehensive income attributable to:				
Owners of the parent	2,121	3,775	28,709	6,543
Non-controlling interests	-	-	-	-
	2,121	3,775	28,709	6,543

The notes on pages 25 to 49 form part of this condensed consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 30 September 2016

	30 September 2016	30 June 2016	31 December 2015	30 September 2015	Note
	(unaudited)	(unaudited)	(audited)	(unaudited)	
	€'000	€'000	€'000	€'000	
ASSETS					
Non-current assets					
Intangible assets	81	83	102	111	
Land under operating lease - prepayments	10,917	10,670	11,149	11,244	
Total investment in equity accounted joint ventures	521	635	813	1,012	
Property, plant and equipment	74,435	73,290	75,397	78,659	10
Investment property	92,239	90,391	89,953	89,835	11
Deferred tax asset	8,850	7,734	7,558	6,551	
	187,043	182,803	184,972	187,412	
Current assets					
Inventories	17,749	16,661	17,025	18,201	12
Trade and other receivables	4,542	4,684	3,851	4,714	
Cash and cash equivalents	7,890	13,859	19,598	22,281	13
	30,181	35,204	40,474	45,196	
Assets held within disposal groups classified as held for sale	618	604	4,168	10,633	16
	30,799	35,808	44,642	55,829	
TOTAL ASSETS	217,842	218,611	229,614	243,241	
Current liabilities					
Trade and other payables	(10,532)	(10,157)	(15,199)	(13,830)	
Bank loans	(66,771)	(75,289)	(77,260)	(83,364)	15
Derivative financial instruments	(1,833)	(1,774)	(614)	(51)	
	(79,136)	(87,220)	(93,073)	(97,245)	
Non-current liabilities					
Other payables	(4,006)	(3,187)	(3,276)	(3,381)	
Bank loans	(57,991)	(56,626)	(60,112)	(61,240)	15
Derivative financial instruments	-	-	-	(100)	
Deferred tax liabilities	(8,694)	(7,338)	(7,259)	(7,574)	
	(70,691)	(67,151)	(70,647)	(72,295)	
TOTAL LIABILITIES	(149,827)	(154,371)	(163,720)	(169,540)	
NET ASSETS	68,015	64,240	65,894	73,701	

The notes on pages 25 to 49 form part of this consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 30 September 2016

	30 September 2016 (unaudited) €'000	30 June 2016 (unaudited) €'000	31 December 2015 (audited) €'000	30 September 2015 (unaudited) €'000
EQUITY				
Share capital account	6,268	6,268	6,268	6,268
Revaluation reserve	17,588	17,556	16,371	18,356
Other distributable reserve	194,817	194,817	194,817	194,817
Translation reserve	(10,399)	(11,631)	(9,797)	(9,662)
Accumulated loss	(140,259)	(142,770)	(141,765)	(136,078)
Issued capital and reserves attributable to owners of the parent	68,015	64,240	65,894	73,701
Non-controlling interests	-	-	-	-
TOTAL EQUITY	68,015	64,240	65,894	73,701
Basic net asset value per share	€ 1.5	€ 1.4	€ 1.4	€ 1.6

The notes on pages 25 to 49 form part of this consolidated financial information. The condensed consolidated financial information on pages 19 to 49 were approved by the Board of Directors on 14 November 2016 and signed on its behalf by:

Mark Chasey
Chairman

Andrew Fox
Director

Guy Indig
Director

14 November 2016

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF CHANGES IN EQUITY As at 30 September 2016

	Share capital account €'000	Revaluation reserve €'000	Other distributable reserve €'000	Translation reserve €'000	Accumulated loss €'000	Total €'000	Non-controlling interest €'000	Total equity €'000
<i>Nine months ended 30 September 2016</i>								
As at 1 January 2016	6,268	16,371	194,817	(9,797)	(141,765)	65,894	-	65,894
Profit for the period	-	-	-	-	1,506	1,506	-	1,506
Other comprehensive income for the period	-	1,217	-	(602)	-	615	-	615
As at 30 September 2016	6,268	17,588	194,817	(10,399)	(140,259)	68,015	-	68,015
<i>Three months ended 30 September 2016</i>								
As at 1 July 2016	6,268	17,556	194,817	(11,631)	(142,770)	64,240	-	64,240
Profit for the period	-	-	-	-	2,511	2,511	-	2,511
Other comprehensive income for the period	-	32	-	1,232	-	1,264	-	1,264
As at 30 September 2016	6,268	17,588	194,817	(10,399)	(140,259)	68,015	-	68,015
<i>Year ended 31 December 2015</i>								
As at 1 January 2015	6,268	18,356	194,817	(9,914)	(164,535)	44,992	-	44,992
Profit for the period	-	-	-	-	22,770	22,770	-	22,770
Other comprehensive loss for the year	-	(1,985)	-	117	-	(1,868)	-	(1,868)
As at 31 December 2015	6,268	16,371	194,817	(9,797)	(141,765)	65,894	-	65,894
<i>Nine months ended 30 September 2015</i>								
As at 1 January 2015	6,268	18,356	194,817	(9,914)	(164,535)	44,992	-	44,992
Profit for the period	-	-	-	-	28,457	28,457	-	28,457
Other comprehensive income for the period	-	-	-	252	-	252	-	252
As at 30 September 2015	6,268	18,356	194,817	(9,662)	(136,078)	73,701	-	73,701

The notes on pages 25 to 49 form part of this condensed consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF CASH FLOWS For the nine and three months ended 30 September 2016

	Note	Nine months ended 30 September 2016 (unaudited) €'000	Three months ended 30 September 2016 (unaudited) €'000	Nine months ended 30 September 2015 (unaudited) €'000	Three months ended 30 September 2015 (unaudited) €'000
Cash (outflow)/ inflow from operations	14	1,418	2,600	10,360	2,540
Tax (paid)/ received		(87)	(87)	26	-
Net cash (used)/ from operating activities		1,331	2,513	10,386	2,540
Investing activities					
Interest received		80	(71)	190	73
Purchase of investment property		(783)	407	(775)	(287)
Purchase of intangible assets		-	-	(24)	(24)
Purchase of property, plant and equipment		(124)	108	(361)	(90)
Cash consideration received in respect of sold subsidiaries- net of cash disposed		1,387	-	-	-
Loans repaid by equity accounted joint ventures		288	128	329	83
Net cash from/ (used in) investing activities		848	572	(641)	(245)
Financing activities					
Interest paid		(2,808)	(1,049)	(2,643)	(729)
New bank loans raised		997	997	51,773	51,773
Repayments of bank loans		(11,675)	(9,060)	(58,949)	(53,766)
Net cash used in financing activities		(13,486)	(9,112)	(9,819)	(2,722)
Net (decrease)/ increase in cash and cash equivalents in the period					
		(11,307)	(6,027)	(74)	(427)
Effect of foreign exchange rates		(401)	58	394	(13)
Net (decrease)/ increase in cash and cash equivalents in the period		(11,708)	(5,969)	320	(440)
Cash and cash equivalents at the beginning of the period					
		19,598	13,859	21,961	22,721
Cash and cash equivalent at the end of the period					
		7,890	7,890	22,281	22,281
Cash and cash equivalents					
Cash and cash equivalents		7,890	7,890	22,281	22,281
		7,890	7,890	22,281	22,281

The notes on pages 25 to 49 form part of this condensed consolidated financial information.

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine and three months ended 30 September 2016

1. Basis of preparation

This condensed quarterly financial information for the nine and three months ended 30 September 2016 has been prepared in accordance with International Accounting Standard No. 34, "Interim Financial Reporting" ("IAS 34"). The financial information has been prepared on a going concern basis and on a historical cost basis as amended by the revaluation of land and buildings and investment property, and financial assets and financial liabilities at fair value. The consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated cash flow statement, non-consolidated statement of comprehensive income, non-consolidated statement of financial position, non-consolidated statement of changes in equity, non-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 2016. The nine month financial results are not necessarily indicative of the full year results.

In assessing the going concern basis of preparation of the condensed consolidated and non-consolidated interim financial information for the nine and three months ended 30 September 2016, the directors have taken into account the status of current negotiations on loans. These are disclosed in note 15 as part of the bank loans note.

The Directors are aware that the liquidity position of the Group has been and still continues to be a key management priority. The Group 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 Group 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 nine and three months ended 30 September 2016.

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 2015, as described in the annual financial statements for the year ended 31 December 2015 and in accordance with the policies that are expected to apply in the year to 31 December 2016.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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:

Nine months ended 30 September 2016	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	Total €'000
Revenues	7,871	2,424	13,876	126	24,297
Cost of operations	(3,867)	(1,974)	(8,629)	(4)	(14,474)
Gross profit	4,004	450	5,247	122	9,823
Administrative expenses	(631)	(324)	(2,178)	(1,886)	(5,019)
Gross profit/ (loss) less administrative expenses	3,373	126	3,069	(1,764)	4,804
Other operating income	55	21	7	-	83
Other operating expenses	(7)	(28)	(24)	(86)	(145)
Increase in value of investment properties	2,001	-	-	-	2,001
Profit/ (Loss) from operations	5,422	119	3,052	(1,850)	6,743
Finance income	27	40	13	15	95
Finance cost	(1,369)	(6)	(2,954)	(4)	(4,333)
Finance costs - other gains – foreign exchange	(468)	18	(73)	(283)	(806)
Share of losses from equity accounted joint ventures	-	(36)	-	-	(36)
Segment result before tax	3,612	135	38	(2,122)	1,663
Tax (expense)/ credit	(124)	(42)	32	(23)	(157)
Net profit attributable to owners of the parent					1,506

Nine months ended 30 September 2016	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	Total €'000
Reportable segment assets	103,363	24,254	89,385	-	217,002
Unallocated assets	-	-	-	840	840
Total assets	103,363	24,254	89,385	840	217,842
Reportable segment liabilities	(88,153)	(2,830)	(58,125)	-	(149,108)
Unallocated liabilities	-	-	-	(719)	(719)
Total liabilities	(88,153)	(2,830)	(58,125)	(719)	(149,827)

Nine months ended 30 September 2016	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	Total €'000
Other segment items					
Capital expenditure	783	92	32	-	907
Depreciation	7	-	1,821	-	1,828
Amortisation	-	33	87	4	124

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 30 September 2016	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	Total €'000
Revenues	2,523	620	4,230	4	7,377
Cost of operations	(1,333)	(448)	(2,719)	(4)	(4,504)
Gross profit	1,190	172	1,511	-	2,873
Administrative expenses	(283)	(131)	(687)	(633)	(1,734)
Gross profit/ (loss) less administrative expenses	907	41	824	(633)	1,139
Other operating income	30	7	2	-	39
Other operating expenses	(1)	-	98	(5)	92
Increase in value of investment properties	-	-	-	-	-
Profit/ (Loss) from operations	936	48	924	(638)	1,270
Finance income	8	(84)	4	5	(67)
Finance cost	(430)	(2)	(544)	-	(976)
Finance costs - other gains – foreign exchange	2,164	(75)	163	267	2,519
Share of losses from equity accounted joint ventures	-	15	-	-	15
Segment result before tax	2,678	(98)	547	(366)	2,761
Tax credit/ (expense)	16	(42)	(223)	(1)	(250)
Net profit attributable to owners of the parent					2,511

Three months ended 30 September 2016	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	Total €'000
Reportable segment assets	103,363	24,254	89,385	-	217,002
Unallocated assets	-	-	-	840	840
Total assets	103,363	24,254	89,385	840	217,842
Reportable segment liabilities	(88,153)	(2,830)	(58,125)	-	(149,108)
Unallocated liabilities	-	-	-	(719)	(719)
Total liabilities	(88,153)	(2,830)	(58,125)	(719)	(149,827)

Three months ended 30 September 2016	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	Total €'000
Other segment items					
Capital expenditure	(407)	14	(122)	-	(515)
Depreciation	2	-	610	-	612
Amortisation	-	11	29	1	41

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Segment information about these businesses for the nine and three months ended 30 September 2015 is presented below:

Nine months ended 30 September 2015 (unaudited)	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	Total €'000
Revenues	9,054	25,609	13,777	-	48,440
Cost of operations	(4,171)	(18,202)	(8,708)	-	(31,081)
Gross profit	4,883	7,407	5,069	-	17,359
Administrative expenses	(723)	(345)	(2,463)	(1,614)	(5,145)
Gross profit/ (loss) less administrative expenses	4,160	7,062	2,606	(1,614)	12,214
Other operating income	125	130	312	-	567
Other operating expenses	(185)	(27)	(273)	(3)	(488)
Decrease in value of investment properties	(5,468)	-	-	-	(5,468)
(Loss)/ Profit from operations	(1,368)	7,165	2,645	(1,617)	6,825
Finance income	82	87	34	22,237	22,440
Finance cost	(1,790)	(6)	(1,141)	(4)	(2,941)
Finance costs - other gains – foreign exchange	667	(82)	604	29	1,218
Share of profits from equity accounted joint ventures	-	28	-	-	28
Segment result before tax	(2,409)	7,192	2,142	20,645	27,570
Tax (expense)/ credit	(219)	(26)	1,120	12	887
Net profit attributable to owners of the parent					28,457

Nine months ended 30 September 2015 (unaudited)	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	Total €'000
Reportable segment assets	111,972	30,020	91,816	-	233,808
Unallocated assets	-	-	-	9,433	9,433
Total assets	111,972	30,020	91,816	9,433	243,241
Reportable segment liabilities	(103,933)	(6,264)	(57,946)	-	(168,143)
Unallocated liabilities	-	-	-	(1,397)	(1,397)
Total liabilities	(103,933)	(6,264)	(57,946)	(1,397)	(169,540)

Nine months ended 30 September 2015 (unaudited)	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	Total €'000
Other segment items					
Capital expenditure	775	321	64	-	1,160
Depreciation	26	75	1,937	-	2,038
Amortisation	-	37	110	5	152

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 30 September 2015 (unaudited)	Property rental	Residential sales	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Revenues	2,794	24,796	4,166	-	31,756
Cost of operations	(1,368)	(17,394)	(2,593)	-	(21,355)
Gross profit	1,426	7,402	1,573	-	10,401
Administrative expenses	(250)	(62)	(786)	(518)	(1,616)
Gross profit/ (loss) less administrative expenses	1,176	7,340	787	(518)	8,785
Other operating income	3	11	97	-	111
Other operating expenses	(12)	25	(91)	(1)	(79)
Decrease in value of investment properties	-	-	-	-	-
Profit/ (Loss) from operations	1,167	7,376	793	(519)	8,817
Finance income	70	(50)	14	32	66
Finance cost	(578)	(2)	(370)	(1)	(951)
Finance costs - other gains – foreign exchange	(390)	(22)	(170)	(70)	(652)
Share of profits/ (losses) from equity accounted joint ventures	-	(30)	-	-	(30)
Segment result before tax	269	7,272	267	(558)	7,250
Tax (expense)/ credit	(68)	(7)	211	(14)	122
Net profit attributable to owners of the parent					7,372

Three months ended 30 September 2015 (unaudited)	Property rental	Residential sales	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Reportable segment assets	111,972	30,020	91,816	-	233,808
Unallocated assets	-	-	-	9,433	9,433
Total assets	111,972	30,020	91,816	9,433	243,241
Reportable segment liabilities	(103,933)	(6,264)	(57,946)	-	(168,143)
Unallocated liabilities	-	-	-	(1,397)	(1,397)
Total liabilities	(103,933)	(6,264)	(57,946)	(1,397)	(169,540)

Three months ended 30 September 2015 (unaudited)	Property rental	Residential sales	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Other segment items					
Capital expenditure	287	92	22	-	401
Depreciation	6	31	621	-	658
Amortisation	-	12	33	5	50

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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.

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

	Nine months ended 30 September 2016 (unaudited) €'000	Three months ended 30 September 2016 (unaudited) €'000	Nine months ended 30 September 2015 (unaudited) €'000	Three months ended 30 September 2015 (unaudited) €'000
Costs of sale of residential property	(1,604)	(311)	(17,820)	(17,311)
Utilities, services rendered and other costs	(6,969)	(2,342)	(7,225)	(2,365)
Legal and professional expenses	(991)	(292)	(1,123)	(323)
Staff costs	(3,567)	(1,092)	(3,632)	(1,119)
Sales and direct advertising costs	(733)	(220)	(718)	(118)
Depreciation and amortisation	(546)	(183)	(717)	(218)
(Impairment) / Reversal of impairment on inventory	(64)	(64)	154	99
Cost of operations	(14,474)	(4,504)	(31,081)	(21,355)

4.2 Administrative expenses

	Nine months ended 30 September 2016 (unaudited) €'000	Three months ended 30 September 2016 (unaudited) €'000	Nine months ended 30 September 2015 (unaudited) €'000	Three months ended 30 September 2015 (unaudited) €'000
Audit and tax service	(140)	(51)	(204)	(53)
Incentive and management fee	(1,231)	(413)	(1,078)	(390)
Legal and other professional fees	(696)	(211)	(584)	(171)
Utilities, services rendered and other costs	(747)	(244)	(944)	(282)
Staff costs	(627)	(200)	(800)	(234)
Depreciation and amortisation	(1,406)	(470)	(1,473)	(487)
Other administrative expenses	(172)	(145)	(62)	1
Administrative expenses	(5,019)	(1,734)	(5,145)	(1,616)

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

5. Other operating income/ (expenses)

5.1 Other operating income

	Nine months ended 30 September 2016 (unaudited) €'000	Three months ended 30 September 2016 (unaudited) €'000	Nine months ended 30 September 2015 (unaudited) €'000	Three months ended 30 September 2015 (unaudited) €'000
Income from insurance	-	-	171	-
Other operating income	83	39	396	111
Other operating income	83	39	567	111

5.2 Other operating expenses

	Nine months ended 30 September 2016 (unaudited) €'000	Three months ended 30 September 2016 (unaudited) €'000	Nine months ended 30 September 2015 (unaudited) €'000	Three months ended 30 September 2015 (unaudited) €'000
Interest and fees	(4)	-	(145)	(15)
Loss on disposal of subsidiaries	(78)	-	-	-
Other operating expenses	(63)	92	(343)	(64)
Other operating expenses	(145)	92	(488)	(79)

6. Finance income and finance costs

	Nine months ended 30 September 2016 (unaudited) €'000	Three months ended 30 September 2016 (unaudited) €'000	Nine months ended 30 September 2015 (unaudited) €'000	Three months ended 30 September 2015 (unaudited) €'000
Bank loan write off	-	-	22,202	-
Other	95	(67)	238	66
Finance income – interest income	95	(67)	22,440	66
Interest payable on bank borrowings	(2,808)	(1,013)	(2,657)	(877)
Loss on interest rate derivative	(1,213)	(15)	-	-
Other similar charges	(312)	52	(284)	(74)
Finance costs	(4,333)	(976)	(2,941)	(951)
Finance costs, excluding foreign exchange – net	(4,238)	(1,043)	19,499	(885)
Other (losses) and gains – foreign exchange	(806)	2,519	1,218	(652)
Finance (costs)/ income, including foreign exchange – net	(5,044)	1,476	20,717	(1,537)

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

7. Tax expense

	Nine months ended 30 September 2016 (unaudited) €'000	Three months ended 30 September 2016 (unaudited) €'000	Nine months ended 30 September 2015 (unaudited) €'000	Three months ended 30 September 2015 (unaudited) €'000
Continuing operations				
Current tax	(154)	(147)	(45)	(40)
Deferred tax	(3)	(103)	932	162
Tax (charge)/ credit for the year	(157)	(250)	887	122

8. Dividends

There were no dividends declared or paid in the three and nine months ended 30 September 2016 (2015: €nil).

9. Earnings per share ("EPS")

Basic earnings per share is calculated by dividing the profit after tax attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Reconciliations of the profits and weighted average number of shares used in the calculations are set out below:

Nine months ended 30 September 2016 (unaudited)	Profit	Weighted average number of shares	Per share amount
Basic (EPS)	€'000		Eurocents
Profit attributable to equity shareholders of the Company	1,506	46,852,014	3.2
Diluted (EPS)	1,506	46,852,014	3.2
Adjusted profit			

Three months ended 30 September 2016 (unaudited)	Profit	Weighted average number of shares	Per share amount
Basic (EPS)	€'000		Eurocents
Profit attributable to equity shareholders of the Company	2,511	46,852,014	5.4
Diluted (EPS)	2,511	46,852,014	5.4
Adjusted profit			

Nine months ended 30 September 2015 (unaudited)	Profit	Weighted average number of shares	Per share amount
Basic (EPS)	€'000		Eurocents
Profit attributable to equity shareholders of the Company	28,457	46,852,014	60.7
Diluted (EPS)	28,457	46,852,014	60.7
Adjusted profit			

Three months ended 30 September 2015 (unaudited)	Profit	Weighted average number of shares	Per share amount
Basic (EPS)	€'000		Eurocents
Profit attributable to equity shareholders of the Company	7,372	46,852,014	15.7
Diluted (EPS)	7,372	46,852,014	15.7
Adjusted profit			

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

10. Property, plant and equipment

	Buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Total €'000
Cost or valuation				
At 1 January 2015	78,356	11,485	92	89,933
Additions at cost	107	417	-	524
Exchange adjustments	(43)	2	-	(41)
Disposals	-	(79)	(29)	(108)
Revaluation	(2,222)	-	-	(2,222)
At 31 December 2015	76,198	11,825	63	88,086
Additions at cost	34	90	-	124
Exchange adjustments	(831)	(126)	(1)	(958)
Revaluation	205	-	-	205
At 30 September 2016	75,606	11,789	62	87,457
Accumulated depreciation				
At 1 January 2015	(3,977)	(6,063)	(78)	(10,118)
Charge for the year	(1,894)	(815)	(3)	(2,712)
Adjustment due to revaluation	-	-	-	-
Exchange adjustments	40	14	-	54
Disposals	-	65	22	87
At 31 December 2015	(5,831)	(6,799)	(59)	(12,689)
Charge for the period	(1,297)	(530)	(1)	(1,828)
Adjustment due to revaluation	1,297	-	-	1,297
Exchange adjustments	137	61	-	198
At 30 September 2016	(5,694)	(7,268)	(60)	(13,022)
Net book value at 30 September 2016	69,912	4,521	2	74,435
Net book value at 31 December 2015	70,367	5,026	4	75,397

	Buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Total €'000
Cost or valuation				
At 1 January 2016	76,198	11,825	63	88,086
Additions at cost	30	202	-	232
Exchange adjustments	(2,958)	(421)	(2)	(3,381)
Revaluation	601	-	-	601
At 30 June 2016	73,871	11,606	61	85,538
Accumulated depreciation				
At 1 January 2016	(5,831)	(6,799)	(59)	(12,689)
Charge for the period	(862)	(353)	(1)	(1,216)
Adjustment due to revaluation	862	-	-	862
Exchange adjustments	554	239	2	795
At 30 June 2016	(5,277)	(6,913)	(58)	(12,248)
Net book value at 30 June 2016	68,594	4,693	3	73,290

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

	Buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Total €'000
Cost or valuation				
At 1 January 2014	78,394	11,150	95	89,639
Additions at cost	239	1,142	-	1,381
Exchange adjustments	(2,181)	(304)	(3)	(2,488)
Disposals	-	(208)	-	(208)
Revaluation	1,904	(295)	-	1,609
At 31 December 2014	78,356	11,485	92	89,933
Additions at cost	166	195	-	361
Exchange adjustments	551	64	(29)	586
Disposals	-	-	-	-
At 30 September 2015	79,073	11,744	63	90,880
Accumulated depreciation				
At 1 January 2014	(4,321)	(5,313)	(71)	(9,705)
Charge for the year	(1,796)	(1,023)	(9)	(2,828)
Adjustment due to revaluation	1,796	-	-	1,796
Exchange adjustments	344	164	2	510
Disposals	-	109	-	109
At 31 December 2014	(3,977)	(6,063)	(78)	(10,118)
Charge for the period	(1,405)	(630)	(3)	(2,038)
Exchange adjustments	(66)	(21)	22	(65)
Disposals	-	-	-	-
At 30 September 2015	(5,448)	(6,714)	(59)	(12,221)
Net book value at 30 September 2015 (unaudited)	73,625	5,030	4	78,659
Net book value at 31 December 2014 (audited)	74,379	5,422	14	79,815

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 2016 (Hilton hotel) and 31 December 2015 (Golden Tulip hotel) by qualified professional valuers, 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 €73.2 million (30 June 2016: €71.9 million; 31 December 2015: €74.2 million; 30 September 2015 €77.4 million) to secure certain banking facilities granted to subsidiaries. Borrowings for the value of €51.0 million (30 June 2016: €50.7 million; 31 December 2015: €52.9 million; 30 September 2015 €53.9 million) are secured on these properties.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

11. Investment property

	30 September 2016 (unaudited) €'000	30 June 2016 (unaudited) €'000	31 December 2015 (audited) €'000	30 September 2015 (unaudited) €'000
At beginning of the year	94,121	94,121	104,446	104,446
Disposal of subsidiary	(3,523)	(3,523)	(6,240)	-
Capitalised subsequent expenditure	783	1,190	1,216	775
Exchange movements	(524)	(2,793)	216	716
PV of annual perpetual usufruct fees	(1)	(1)	(2)	(1)
Fair value (losses)/ gains	2,001	2,001	(5,515)	(5,468)
At the end of the year	92,857	90,995	94,121	100,468
Less assets classified as held for sale note 16)	(618)	(604)	(4,168)	(10,633)
	92,239	90,391	89,953	89,835

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 2015 except for one property in Poland, i.e. Millennium Plaza which is based on the valuation carried out at 30 June 2016.

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

The Group has pledged investment property (including assets held for sale) of €82.2 million (30 June 2016: €82.2 million; 31 December 2015: €84.6 million; 30 September 2015: €91.7 million) to secure certain banking facilities granted to subsidiaries.

12. Inventories

	30 September 2016 (unaudited) €'000	30 June 2016 (unaudited) €'000	31 December 2015 (audited) €'000	30 September 2015 (unaudited) €'000
Land held for development	10,903	10,596	10,827	10,877
Construction expenditures	3,198	2,137	790	723
Completed properties	2,471	2,784	4,194	5,415
Hotel inventory	1,177	1,144	1,214	1,186
As at period end	17,749	16,661	17,025	18,201

€1.6million (30 June 2016: €1.3 million; 31 December 2015: €19.7 million; 30 September 2015: €17.8 million) of inventories was released to cost of operations in the income statement during the period. €0.1 million was recognized in the income statement in relation to the impairment on inventories (30 June 2016: €nil million; 31 December 2015: €0.3 million; 30 September 2015: €0.1 million in relation to the reversal of impairment of inventories).

Bank borrowings are secured on the inventory for the value of €1.0 million (30 June 2016: €nil million; 31 December 2015: €nil million; 30 September 2015: €nil million).

For the nine months period ended 30 September 2016 borrowing costs of €10 thousand (six months period ended 30 June 2016: €nil million; year ended 31 December 2015: €nil million, nine months ended 30 September 2015: €nil 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.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

13. Cash and cash equivalents

	30 September 2016 (unaudited) €'000	30 June 2016 (unaudited) €'000	31 December 2015 (audited) €'000	30 September 2015 (unaudited) €'000
Cash and cash equivalents	5,955	7,066	17,314	9,693
Short term bank deposits	1,935	6,793	2,284	12,588
At period end	7,890	13,859	19,598	22,281

Included in cash and cash equivalents is €5.1 million (30 June 2016: €5.6 million; 31 December 2015: €5.8 million; 30 September 2015: €7.3 million) restricted cash relating to security and customer deposits.

14. Cash generated from operations

	Nine months ended 30 September 2016 (unaudited) €'000	Three months ended 30 September 2016 (unaudited) €'000	Nine months ended 30 September 2015 (unaudited) €'000	Three months ended 30 September 2015 (unaudited) €'000
Profit for the period	1,506	2,511	28,457	7,372
Adjustments for:				
Effects of foreign currency	820	(2,488)	(758)	995
Finance costs	4,084	996	2,277	442
Finance income	(80)	71	(190)	(73)
Bank loan write off	-	-	(22,202)	-
Tax expense/ (credit)	157	250	(887)	(122)
Share of losses/ (profits) from equity accounted joint ventures	36	(15)	(28)	30
Depreciation of property, plant and equipment	1,828	612	2,038	658
Amortisation charges	124	41	152	47
(Increase)/ Decrease in value of investment property	(2,001)	-	5,468	-
Impairment/ (Reversal of impairment) on inventory	64	64	(155)	(155)
Loss on sale of subsidiary	78	-	-	-
	6,616	2,042	14,172	9,194
Changes in working capital				
(Increase)/ Decrease in inventory	(788)	(1,152)	15,984	17,264
(Increase)/ Decrease in trade and other receivables	(748)	142	(481)	501
(Decrease)/ Increase in trade and other payables	(4,647)	315	(19,167)	(24,330)
Effects of foreign currency on working capital translation	985	1,253	(148)	(89)
	(5,198)	558	(3,812)	(6,654)
Cash inflow from operations	1,418	2,600	10,360	2,540

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

15. Bank loans

	30 September 2016 (unaudited) €'000	30 June 2016 (unaudited) €'000	31 December 2015 (audited) €'000	30 September 2015 (unaudited) €'000
Current				
<i>Bank loans and overdrafts due within one year or on demand</i>				
Secured	(66,771)	(75,289)	(77,260)	(83,364)
Non-current				
<i>Repayable within two years</i>				
Secured	(5,361)	(5,373)	(3,262)	(2,693)
<i>Repayable within three to five years</i>				
Secured	(10,614)	(6,884)	(10,691)	(11,258)
<i>Repayable after five years</i>				
Secured	(42,016)	(44,369)	(46,159)	(47,289)
	(57,991)	(56,626)	(60,112)	(61,240)
Total	(124,762)	(131,915)	(137,372)	(144,604)

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 September 2016	91,116	33,646	124,762
Bank loans and overdrafts – 30 June 2016	99,736	32,179	131,915
Bank loans and overdrafts – 31 December 2015	103,330	34,042	137,372
Bank loans and overdrafts – 30 September 2015	109,866	34,738	144,604

Portfolio of cross collateralised banking facilities extended by Erste Group Bank AG

In June 2015 the Group reached a settlement with the bank financing its two projects in Romania (*part of portfolio of cross collateralised banking facilities*) based on which the Group received €22.2m discount on the repayment of the outstanding loan facility. The Group could be obliged to pay an additional amount to the bank in connection with this transaction as described on page 10.

In November 2015 the Group sold Ligetvaros office building in Hungary (*part of portfolio of cross collateralised banking facilities*) and consequently settled the outstanding loan facility extended to this project.

As of 30 September 2016, after the above described repayment of two Romanian and one Hungarian facility, the Group has facility extended to Atlas Estates Millennium Sp. z o.o. ("Millennium") by Erste Group Bank AG that had been cross collateralised totalling €50.8million. On 14 September 2016 the Group signed with the bank the agreement based on which by 29 September 2017 the bank will sell/ transfer to Atlas Projects B.V. (subsidiary of Atlas Estates Limited) its outstanding facility (amounting to €58.9 million at the date of this agreement) due from Millennium at the price of €1 subject mainly to the following conditions:

1) repayment by or on behalf of Millennium and receipt by the bank of principal in the aggregate amount of € 39,500,000 with interests indicated in this agreement in the following four instalments:

a) € 8,075,000 to be paid by 10 business days after the signing of this agreement; this amount has been paid by Millennium by the date of this report;

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

- b) € 3,950,000 by 30 November 2016;
- c) € 3,950,000 by 31 March 2017;
- d) € 23,525,000 by 29 September 2017;

2) payment by Atlas Projects B.V. the transfer price in amount of € 1;

Upon completion (which has not yet taken place and is expected to take place until 29 September 2017) of the transfer of this facility to Atlas Project BV:

- the bank shall relinquish any mortgage, lien, charge pledge, promissory note, letter of comfort or other security interest or any other type of guarantee granted by Millennium and/or third party for the benefit of the bank to secure the claims of the bank against Millennium. Moreover, upon the completion of this transfer no Price Adjustment defined on page 10 shall be due to the bank.
- Atlas Estates Limited in its consolidated financial statements will record a finance income of €19.4 million representing bank debt discount resulting from this transaction.

New loan

In February 2016 Atlas Estates (Przasnyska 9) Sp. z o.o. was granted a loan for the construction of the second stage of *Apartamenty przy Krasińskiego* project in Warsaw.

Under the agreement the bank will grant a loan in a total amount of PLN 42.9 million in the following tranches:

- a construction loan in an amount of PLN 41.4 million, and
- a VAT loan (i.e. revolving loan to finance Polish VAT) in an amount of PLN 1.5 million.

The final repayment date of the construction part of the loan will fall on the day falling 12 months after the last day of the availability period for the construction part of the loan (i.e. a day falling 24 months after the first draw down of the construction loan or 31 March 2018, whichever occurs earlier) or on 31 March 2019, whichever occurs earlier.

The final repayment date of VAT part of the loan will fall on the day falling 6 months after the last day of the availability period (as explained above) for the VAT part of loan or on 30 September 2018, whichever occurs earlier. The first draw down of the loan took place in the third quarter of 2016. The outstanding loan facility as of 30 September 2016 amounted to €1 million.

Other loans

In the preparation of the consolidated financial statements as of 30 September 2016, the directors have classified the loan facility extended to a Hungarian subsidiary totalling €13.7 million as current since covenant breaches arose on this loan. The Company is in dialogue with the bank and is discussing restructuring of this loan.

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

In 2011 Atlas management started to actively market for sale Moszkva office building. 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. In 2014 Atlas management started to actively market for sale Ligetvaros and Varosliget. In July 2015 the Company entered into conditional sale agreement to sell Ligetvaros and Varosliget. This transaction was completed in November 2015. In June 2015 Metropol was actively marketed. In January 2016 final sale agreement concerning Metropol was concluded. As of 30 September 2016 part of unsold Moszkva office building is presented as an asset classified as held for sale. All properties are located in Budapest, Hungary.

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

	30 September 2016 (unaudited) €'000	30 June 2016 (unaudited) €'000	31 December 2015 (audited) €'000	30 September 2015 (unaudited) €'000
Assets:				
Investment property	618	604	4,168	10,633
Assets held within disposal groups classified as held for sale	618	604	4,168	10,633

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

	30 September 2016 (unaudited) €'000	30 June 2016 (unaudited) €'000	31 December 2015 (audited) €'000	30 September 2015 (unaudited) €'000
At beginning of the year	4,168	4,168	6,780	6,780
Additions	-	-	3,558	3,700
Disposals	(3,523)	(3,523)	(6,240)	-
Exchange movements	(27)	(41)	27	153
Fair value gains/ (losses)	-	-	43	-
At the end of the period	618	604	4,168	10,633

17. Related party transactions

(a) Key management compensation

	Nine months ended 30 September 2016 (unaudited) €'000	Three months ended 30 September 2016 (unaudited) €'000	Nine months ended 30 September 2015 (unaudited) €'000	Three months ended 30 September 2015 (unaudited) €'000
Fees for non-executive directors	33	10	37	12

The Company has appointed AMC to manage its property portfolio. In consideration of the services provided, AMC accrued a management fee of €1.2 million and €0.4 million for the nine and three months ended 30 September 2016 respectively (€1.1 million and €0.4 million for the nine and three months ended 30 September 2015 respectively). Under the agreement, AMC is entitled to a performance fee based on the increase in value of the properties over the 12 month period to 31 December 2016. No performance fee has been accrued for the nine and three months ended 30 September 2016 (€nil for the nine and three months ended 30 September 2015) as the performance fee can only be reasonably estimated after the annual valuation of the assets portfolio. The Company accrued a performance fee of €3.8 million for the year ended 31 December 2015.

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 September 2016 AMC Poland received a fee of €20 thousand (30 June 2016: €20 thousand; 31 December 2015: €292 thousand; 30 September 2015: €25 thousand) in relation to this agreement.

As of 30 September 2016 €0.5 million included in current trade and other payables was due to AMC (30 June 2016: €0.4 million; 31 December 2015: €4.5 million; 30 September 2015: €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 September 2016 the purchase price of €0.2 million (30 June 2016: €0.2 million; 31 December 2015: €0.2 million; 30 September 2015: €0.1 million) is due to former non-controlling shareholder (Coralcliff Limited).
- (c) In 2016 Mr. Reuven Havar, the Chief Executive Officer, acquired one apartment in *Capital Art Apartments III & IV* project in Warsaw for the price of €99.0 thousand. In 2015 Mr. Reuven Havar, and his relatives, acquired six apartments in this project for the total price of €502.6 thousand. As of 30 September 2016 these amounts were fully settled.
- (d) In 2016 Mr. Ziv Zviel, the Chief Finance Officer and Chief Operations Officer, acquired one apartment in *Capital Art Apartments III & IV* project in Warsaw for the price of €65.2 thousand. In 2015 Mr. Ziv Zviel, and his relatives, acquired two apartments in this project for the total price of €143.0 thousand. As of 30 September 2016 these amounts were fully settled.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

- (e) In 2015 another member of key personnel and its relatives, acquired two apartments in *Capital Art Apartments III & IV* project in Warsaw for the total price of €160.7 thousand. As of 30 September 2016 this amount was fully settled.

18. Post balance sheet events

No specific significant events have occurred which would require an adjustment to this report however, factors exist that may limit the level of planning permission that the Group will be able to obtain with regard to *Atlas Tower* plot that may have an adverse impact on the Adjusted Net Assets Value that will be reported at the year end. The Board continue to actively monitor this situation.

Details of post balance sheet events concerning financing have been included in note 15.

19. Other items

19.1 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. ("AEI 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 ("Agreement") 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 PLN55 million.

On 10 December 2015 the Arbitrator in Israel reached a judgement according to which the Defendants were obliged jointly and severally to pay to the Plaintiffs the amount of 9,468,237 Israeli shekels increased by interests and indexation from 10 July 2012 until the payment date according to the Israeli law. Moreover, the Defendants were obliged to pay to the Plaintiffs the amount of 300,000 Israeli shekels as reimbursement of legal fees. Additionally the Defendants were obliged jointly and severally to pay to the Plaintiffs the additional amount, which should have been specified until 15 January 2016 according to the instructions included in the judgement. Part of the claim pursued by the Plaintiffs related to the payment of the remuneration for the third tower provided for in the Agreement, even though the third tower has not been constructed until now. This part of the claim was rejected by the Arbitrator in Israel.

On 18 February 2016 AEL and AEI B.V. entered into the settlement agreement with Stronginfo Consultants Ltd and Columbia Enterprises Ltd ("Settlement"). The purpose of the Settlement was to specify the exact amount of the payment to be made by AEL and AEI B.V. to Stronginfo Consultants Ltd and Columbia Enterprises Ltd. The Settlement substitutes decision of the Arbitrator in Israel of 10 December 2015 (described above). According to the provisions of the Settlement AEL and AEI B.V. will pay to the Plaintiffs the total amount of 10,437,475 Israeli shekels (equivalent of approx. €2.5 million) in connection with the first two towers provided for in the Agreement. Payment of the above amount exhaust above mentioned claims of Stronginfo Consultants Ltd and Columbia Enterprises Ltd.

As of 31 December 2015 due to the above described legal case an accrual amounting to €2.5 million (as of 30 September 2015: €nil million) was recorded in the consolidated financial statements. As of 30 September 2016 all amounts due were paid in accordance with the settlement agreement.

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.

19.2 Financial forecasts

No financial forecasts have been published by the Company in relation to the year ended 31 December 2016.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

19.3 Substantial shareholdings

As of 2 November 2016, the Board was aware of the following direct or indirect interest in 5% or more of the Company's ordinary share capital. All shares have equal voting rights.

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

Significant Shareholders	Number of Shares held	Voting Rights
Vidacos Nominees Limited <BJB>	34,969,645	74.64
Atlas International Holdings Limited	6,461,425	13.79
Euroclear Nominees Limited <EOCO1>	5,308,396	11.33
TOTAL	46,739,466	99.76

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

Significant Shareholders	Number of Shares held	Voting Rights
Fragiolig	35,391,145	75.54
Atlas International Holdings Limited	6,461,425	13.79
TOTAL	41,852,570	89.33

The ultimate parent company is Coralcliff Limited and the ultimate controlling party by a virtue of ownership is Mr Ron Izaki.

19.4 Directors' share interests

There have been no changes to the Directors' share interests during the nine months ended 30 September 2016. No Director had any direct interest in the share capital of the Company or any of its subsidiaries during the nine months ended 30 September 2016.

20. Principal subsidiary companies and joint ventures

In November 2015 Atlas completed the sale of two Hungarian subsidiaries- Ligetvaros and Varosliget. The Group realized €1.7 million in net proceeds. The result on disposal of these operations was determined as follows:

	31 December 2015
	€'000
Consideration received net of cash disposed	1,709
Cash consideration received in 2015	2,283
Cash disposed of	(574)
Net assets disposed of (other than cash):	1,709
Property, plant and equipment	14
Deferred tax asset	130
Investment properties	6,240
Trade and other receivables	853
Trade and other payables	(992)
Bank loans	(3,904)
Deferred tax liabilities	(632)

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

In January 2016 Atlas completed the sale of Hungarian subsidiary- Metropol. The Group realized €1.8 million in net proceeds. In April 2016 Atlas was obliged to refund part of the price received in relation with the sale of Ligetvaros and Varosliget in amount of €0.1 million.

The result of these operations was determined as follows:

	30 September 2016
	€'000
Consideration received net of cash disposed	1,387
Cash consideration refund (Ligetvaros&Varosliget)	(100)
Cash consideration received (Metropol)	1,812
Cash disposed of	(325)
Net assets disposed of (other than cash):	1,465
Deferred tax asset	149
Investment properties	3,523
Trade and other receivables	57
Trade and other payables	(289)
Bank loans	(1,683)
Deferred tax liabilities	(292)

The table below lists the current operating companies of the Group. In addition, the Group owns other entities which have no operating activities. All Group companies are consolidated except for: Polish subsidiary, Atlas Estates (Kokoszki) Sp. z o.o. which is deconsolidated since December 2014, i.e. from the moment when Group control was lost.

No subsidiary undertakings were acquired and no significant investments were made in any additional joint ventures during the nine months period ended 30 September 2016 and year ended 31 December 2015.

Country of incorporation	Name of subsidiary/ joint venture entity	Status	Percentage of nominal value of issued shares and voting rights held by the Company
Holland	Atlas Estates Cooperatief U.A.	Holding	100%
Holland	Atlas Estates Investment B.V.	Holding	100%
Holland	Atlas Projects B.V.	Holding	100%
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 Spółka Jawna	Development	100%
Poland	HGC Gretna Investments Spółka z ograniczoną odpowiedzialnością Spółka Jawna	Hotel operation	100%
Poland	Mantezja 3Sp. z o.o.	Hotel operation	100%
Poland	HPO AEP Spółka z ograniczoną odpowiedzialnością Spółka Jawna	Development	100%
Poland	Atlas Estates (Cybernetyki) Sp. z o.o.	Development	50%
Poland	Le Marin Sp. z o.o.	Development	100%
Poland	Atlas Estates (Przasnyska 9) Sp. z o.o.	Development	100%
Poland	La Brea Management Sp. z o.o.	Development	100%
Poland	CAA Finance Sp. z o.o.	Development	100%
Poland	Atlas FIZ AN	Holding	100%

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME For the nine and three months ended 30 September 2016

	Nine months ended 30 September 2016 (unaudited) €'000	Three months ended 30 September 2016 (unaudited) €'000	Nine months ended 30 September 2015 (unaudited) €'000	Three months ended 30 September 2015 (unaudited) €'000	Note
Revenues	-	-	-	-	
Cost of operations	-	-	-	-	
Gross profit	-	-	-	-	
Administrative expenses	(998)	(351)	(622)	(215)	
Other operating income	-	-	25,307	-	1
(Loss)/ Profit from operations	(998)	(351)	24,685	(215)	
Finance income	1,406	400	91	21	2
Finance costs	(42)	(13)	(45)	(15)	
Other (losses) and gains – foreign exchange	(9)	(7)	-	-	
(Loss)/ Profit before taxation	357	29	24,731	(209)	
Tax expense	-	-	-	-	
(Loss)/ Profit for the period	357	29	24,731	(209)	
Total comprehensive income/ (loss) for the period	357	29	24,731	(209)	

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 30 September 2016

	30 September 2016	30 June 2016	31 December 2015	30 September 2015	Note
	(unaudited) €'000	(unaudited) €'000	(audited) €'000	(unaudited) €'000	
ASSETS					
Non-current assets					
Investment in subsidiaries	87,500	87,500	87,500	94,302	3
Loans receivable from subsidiaries	178	178	3,114	3,760	4
	87,678	87,678	90,614	98,062	
Current assets					
Trade and other receivables	9	14	6	11	
Cash and cash equivalents	373	249	1,118	615	
	382	263	1,124	626	
TOTAL ASSETS	88,060	87,941	91,738	98,688	
Non-current liabilities					
Other payables	(3,697)	(3,684)	(3,655)	(3,640)	5
	(3,697)	(3,684)	(3,655)	(3,640)	
Current liabilities					
Trade and other payables	(346)	(269)	(4,423)	(451)	5
	(346)	(269)	(4,423)	(451)	
TOTAL LIABILITIES	(4,043)	(3,953)	(8,078)	(4,091)	
NET ASSETS	84,017	83,988	83,660	94,597	
EQUITY					
Share capital account	6,268	6,268	6,268	6,268	
Other distributable reserve	194,817	194,817	194,817	194,817	
Accumulated loss	(117,068)	(117,097)	(117,425)	(106,488)	
TOTAL EQUITY	84,017	83,988	83,660	94,597	

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY As at 30 September 2016

Nine months ended 30 September 2016 (unaudited)	Share capital account	Other reserves	Accumulated loss	Total
	€'000	€'000	€'000	€'000
As at 1 January 2016	6,268	194,817	(117,425)	83,660
Total comprehensive income for the period	-	-	357	357
As at 30 September 2016	6,268	194,817	(117,068)	84,017

Three months ended 30 September 2016 (unaudited)	Share capital account	Other reserves	Accumulated loss	Total
	€'000	€'000	€'000	€'000
As at 1 July 2016	6,268	194,817	(117,097)	83,988
Total comprehensive income for the period	-	-	29	29
As at 30 September 2016	6,268	194,817	(117,068)	84,017

Year ended 31 December 2015 (audited)	Share capital account	Other reserves	Accumulated loss	Total
	€'000	€'000	€'000	€'000
As at 1 January 2015	6,268	194,817	(131,219)	69,866
Total comprehensive income for the year	-	-	13,794	13,794
As at 31 December 2015	6,268	194,817	(117,425)	83,660

Nine months ended 30 September 2015 (unaudited)	Share capital account	Other reserves	Accumulated loss	Total
	€'000	€'000	€'000	€'000
As at 1 January 2015	6,268	194,817	(131,219)	69,866
Total comprehensive income for the year	-	-	24,731	24,731
As at 30 September 2015	6,268	194,817	(106,488)	94,597

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF CASH FLOWS For the nine and three months ended 30 September 2016

	Nine months ended 30 September 2016 (unaudited) €'000	Three months ended 30 September 2016 (unaudited) €'000	Nine months ended 30 September 2015 (unaudited) €'000	Three months ended 30 September 2015 (unaudited) €'000
Profit/ (Loss) for the period	357	29	24,731	(209)
Adjustments for:				
Finance costs	42	13	45	15
Finance income	(6)	-	(91)	(21)
Profit on assignment of loan receivable	-	-	(18,286)	-
Reversal of impairment against loans receivables	-	-	(7,021)	-
	393	42	(622)	(215)
Changes in working capital				
(Increase)/ Decrease in trade and other receivables	(3)	5	(3)	11
(Decrease)/ Increase in trade and other payables	(4,077)	77	(2,934)	(2,632)
Net cash from operating activities	(3,687)	124	(3,559)	(2,836)
Investing activities				
Purchase of loans receivable	-	-	(2,250)	-
New loans advanced to subsidiaries	(2,873)	-	(333)	(244)
Repayment of loans with subsidiary undertakings	4,415	(400)	6,700	3,450
Dividend income from subsidiary	1,400	400	-	-
Net cash from investing activities	2,942	-	4,117	3,206
Financing activities				
Interest received	-	-	-	-
Interest paid	-	-	-	-
Net cash (from)/ used in financing activities	-	-	-	-
Net (decrease)/ increase in cash and cash equivalents in the period as a result of cashflows	(745)	124	558	370
Effect of foreign exchange rates	-	-	-	-
Net (decrease)/ increase in cash and cash equivalents in the period	(745)	124	558	370
Cash and cash equivalents at the beginning of the period	1,118	249	57	245
Cash and cash equivalents at the end of the period	373	373	615	615
Cash and cash equivalents				
Cash at bank and in hand	373	373	615	615
Bank overdrafts	-	-	-	-
	373	373	615	615

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Other operating income

	Nine months ended 30 September 2016 (unaudited) €'000	Three months ended 30 September 2016 (unaudited) €'000	Nine months ended 30 September 2015 (unaudited) €'000	Three months ended 30 September 2015 (unaudited) €'000
Reversal of impairment of investments in subsidiaries	-	-	7,021	-
Profit on assignment of loan receivable	-	-	18,286	-
Other operating income	-	-	25,307	-

2. Finance income

	Nine months ended 30 September 2016 (unaudited) €'000	Three months ended 30 September 2016 (unaudited) €'000	Nine months ended 30 September 2015 (unaudited) €'000	Three months ended 30 September 2015 (unaudited) €'000
Interests income	6	-	91	21
Dividend income	1,400	400	-	-
Finance income	1,406	400	91	21

3. Investment in subsidiaries

	30 September 2016 (unaudited) €'000	30 June 2016 (unaudited) €'000	31 December 2015 (audited) €'000	30 September 2015 (unaudited) €'000
Shares in subsidiary undertakings				
<i>Cost</i>				
At beginning of period	210,433	210,433	189,897	189,897
Additions in year	-	-	20,536	20,536
At the end of the period	210,433	210,433	210,433	210,433
<i>Impairment</i>				
At beginning of period	(122,933)	(122,933)	(123,152)	(123,152)
Additions	-	-	-	-
Reversals	-	-	219	7,021
At the end of the period	(122,933)	(122,933)	(122,933)	(116,131)
At the end of the period	87,500	87,500	87,500	94,302

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 20 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 - as described on page 5.

In the nine months period ended 30 September 2016 €nil million was recognised in other operating expenses or income in respect of impairment or reversal of impairment on investment in subsidiaries (in 2015 €0.2million was recognized in other operating income in respect of reversal of impairment on investment in subsidiaries; in the nine months period ended 30 September 2015: €7.0 million was recognised in other operating income in respect of reversal of impairment on investment in subsidiaries).

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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. First the impairment is allocated against the value of investments and then the value of loans receivable.

4. The loans receivable from the subsidiaries

The loans receivables from the subsidiaries are the loans receivable from Atlas Estates Investment BV and Atlas Estates Antilles BV.

The loan receivable from Atlas Estates Investment BV is interest bearing and the Company charged its subsidiary €6 thousand in 9 months period ended 30 September 2016 as interest (2015: €103 thousand; 9 months ended 30 September 2015: €90 thousand). As at 30 September 2016 the loan balances including capitalised interest due from subsidiaries were €131.8 thousand (31 December 2015: €3,077.4 thousand; 30 September 2015: €3,726.2 thousand).

The loan receivable from Atlas Estates Antilles BV is interest bearing and the Company charged its subsidiary €0.4 thousand in 9 months period ended 30 September 2016 as interest (2015: €1 thousand; 9 months ended 30 September 2015: €0.6 thousand). As at 30 September 2016 the loan balances including capitalised interest due from subsidiaries were €46.7 thousand (31 December 2015: €36.8 thousand; 30 September 2015: €33.5 thousand).

5. Trade and other payables

	30 September 2016	30 June 2016	31 December 2015	30 September 2015
	(unaudited) €'000	(unaudited) €'000	(audited) €'000	(unaudited) €'000
Current				
Amounts due to Atlas Management Company in respect of management and performance fee	(315)	(210)	(4,295)	(450)
Other creditors	(31)	(59)	(128)	(1)
	(346)	(269)	(4,423)	(451)
Non-current				
Loan from subsidiary (HGC Gretna Investments Spółka z ograniczoną odpowiedzialnością Spółka Jawna)	(3,697)	(3,684)	(3,655)	(3,640)
	(3,697)	(3,684)	(3,655)	(3,640)
Total trade and other payables	(4,043)	(3,953)	(8,078)	(4,091)