ATLAS ESTATES LIMITED
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
HALF YEAR 2013

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

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Financial Highlights

Selected Consolidated Financial Items	**Six months ended 30 June 2013 (unaudited) €'000**	**Year ended 31 December 2012 (audited) €'000**	**Six months ended 30 June 2012 (unaudited) €'000**
Revenues	15,414	43,159	24,282
Gross profit	5,760	15,078	8,177
Increase/ (Decrease) in value of investment properties	4,553	(19,537)	(8,070)
Profit/ (Loss) from operations	5,025	(12,965)	(3,246)
Loss before tax	(2,725)	(10,053)	(2,187)
Loss for the period	(3,040)	(13,021)	(5,315)
Loss attributable to owners of the parent	(3,040)	(13,149)	(5,256)
Cash flow from operating activities	8,058	14,666	7,919
Cash flow from investing activities	(538)	87	(45)
Cash flow from financing activities	(10,541)	(11,608)	(5,668)
Net (decrease)/ increase in cash	(3,739)	3,145	2,620
Non-current assets	230,955	239,280	253,235
Current assets	83,143	85,177	76,673
Total assets	314,798	325,157	331,548
Current liabilities	(166,020)	(163,545)	(85,046)
Non-current liabilities	(80,118)	(87,898)	(156,274)
Total liabilities	(246,138)	(251,443)	(241,320)
Basic net assets (1)	68,660	73,714	90,228
Issued capital and reserves attributable to owners of the parent	68,660	73,714	89,690
Number of shares outstanding	46,852,014	46,852,014	46,852,014
Loss per share (eurocents)	(6.5)	(28.1)	(11.2)
Basic net asset value per share (€)	1.5	1.6	1.9
Adjusted net asset value (€`000) (2)	97,253	102,536	110,771
Adjusted net asset value per share (€)	2.1	2.2	2.4

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

(2) "Adjusted net asset value" includes basic net assets increased by valuation gains net of deferred tax on development properties held in inventory and land held under operating lease, but not recognised at fair value in the balance sheet.

ATLAS ESTATES LIMITED

Chairman's Statement

Dear Shareholders,

I am pleased to announce the financial results for Atlas Estates Limited ("Atlas" or "the Company") and its subsidiary undertakings (together "the Group") for the six months ended 30 June 2013.

In the current financial market conditions key priorities are enhancing liquidity and gaining access to capital. 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. Based on current expectations access to capital is expected to continue to be the key challenge for Group companies in the foreseeable future.

The projects that the Group is currently developing in Warsaw (*Apartamenty przy Krasińskiego*, *Concept House* and *Capital Art Apartments III*) are well placed to meet the ongoing demand for quality residential property, which is demonstrated by a high level of pre-sales (as presented in the Property Manager's Report on pages 11). Moreover in April and July 2013 the Group successfully completed construction of two of the above mentioned development projects (*Concept House* and *Apartamenty przy Krasińskiego* respectively*).* In the third quarter of 2013 Atlas expects to realize income from pre-sale agreements on these completed projects.

Half Year Reported Results

As of 30 June 2013 the Group has reported basic net assets of €68.7 million.

The basic net assets decreased by €5.0 million from €73.7 million as at 31 December 2012 primarily as a result of the following movements:

- €7.5 million fall of property, plant and equipment as well as investment properties mainly due to a €10.2 million adverse foreign exchange movements; offset by

- €2.4 million bank loan write off. In the first quarter 2013 the Group reached a settlement with the bank financing its property in Bulgaria based on which the Group received €2.4 million discount on the one off repayment of the outstanding loan facility.

The basic net assets decreased by €21.3 million from €90.2 million as at 30 June 2012. This decrease was mainly due to €8.0 million fall in the valuation of the investment properties and €13.9 million fall in the balance of property plant and equipment due to decrease in the valuation of hotels.

Managing working capital is an important challenge for the management. Over the last year we observe sudden working capital deterioration from (€8.3 million) as of 30 June 2012 to (€78.4 million) as of 31 December 2012 and (€82.9 million) as of 30 June 2013. This is primarily due to reclassification of two bank loans totalling €65.3 million from non- current liabilities to current liabilities as a result of event of default that occurred on these facilities. However it must be outlined that on 28 February 2013 the Group obtained from the financing bank a signed term-sheet based on which these facilities will be extended by 31 December 2015 (as further disclosed on page 9). This extension is subject to loan documentation to be signed in the coming months following which these loans will be reclassified as long term loans again consequently improving the Group's working capital position.

Loss after tax amounts to €3.0 million for the six months ended 30 June 2013 and is mainly due to foreign exchange losses of €7.9 million offset by €4.6 million increase in the valuation of the investment properties.

At the operating level the Group reported an increase in gross profit margin from 34% in the six months period ended 30 June 2012 to 38% in the six months period ended 30 June 2013, which is mainly the result of the reduction of the Company's activity in the residential segment. Property rental and hotel operation segments realise higher gross margins as compared to the residential segment, as presented on pages 28 and 29.

In the first half of 2013 loss after tax decreased by €2.3 million as compared to the loss for the six months ended 30 June 2012. This change is the net effect of:

- €10.1 million increase in property values,
- €4.1 million improvement in the financing activity primarily due to decrease of margin on several loan facilities and bank loan write off, offset by
- €12.8 million change in foreign currency exchange differences from €4.9 million foreign exchange gain in the first half of 2012 to €7.9 foreign exchange loss in the first half of 2013.

Foreign currency exchange differences (gains and losses) presented in the consolidated income statement mainly represent the unrealised foreign exchange differences on the bank loans. €7.8 million out of €7.9 million foreign exchange losses noted in the six months ended 30 June 2013 was due to the unrealised foreign exchange losses on EUR denominated bank loans in Polish subsidiaries. The foreign exchange losses occurred as a result of depreciation of PLN against EUR in the six months ended 30 June 2013.

Financing, Liquidity and Forecasts

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

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

While there will always remain some inherent uncertainty within the aforementioned cash flow forecasts, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the interim condensed consolidated financial information for the six months ended 30 June 2013, as set out in note 1.

Investing Policy

Atlas mainly invests in Poland in a portfolio of real estate assets across a range of property types. The Group also operates in the Hungarian, Romanian and Bulgarian real estate markets.

The Company actively targets Poland, where the economy is believed to be the most attractive amongst CEE economies.

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

The Company may employ leverage to enhance returns on equity. Wherever possible, the Directors intend to seek financing on a non-recourse, asset by asset basis. The Company has no set limit on its overall level of gearing. However, it is anticipated that the Company shall employ a gearing ratio of up to 75 per cent of the total value of its interest in income-generating properties within its property portfolio.

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

In the six months to 30 June 2013, NAV per share, as reported in the interim condensed consolidated financial statements that has been prepared in accordance with International Financial Reporting Standards ("IFRS"), has slightly decreased from €1.6 at 31 December 2012 to €1.5 per share. 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, but not recognised at fair value in the balance sheet, has insignificantly decreased from €2.2 at 31 December 2012 to €2.1 per share.

An independent valuation of the entire property portfolio is carried out on an annual basis. For the interim accounts valuations are performed partially by external experts and partially internally by the Property Manager. As of 30 June 2013 Jones Lang LaSalle was acting as an independent external expert.

The change in value of the development land holdings over their book cost reflects the latent value within the project, which is over and above the book cost. These land holdings are valued on a residual value and comparative basis. Profit is taken upon completion of the project and when substantially all the risks and rewards of ownership of an apartment or property are transferred to the client.

A key indicator of performance is the net asset value of the Group. The following table sets out the impact on NAV per share of the revaluation of land assets that cannot be reflected in the reported balance sheet due to accounting standards.

	Cost to Group as shown in the balance sheet at 30 June 2013 €'000	Independent valuation at 30 June 2013 €'000	Difference in value €'000
Development land assets and land held under operating lease included in total assets at cost to the Group	74,899	103,660	28,761
Attributable to non-controlling interest partners	-	-	-
Company share of increase in valuation of development land and land held under operating lease	**74,899**	**103,660**	**28,761**
Deferred tax on increase in valuation of development land and land held under operating lease at local rates			(168)
Basic net asset value attributable to the owners of the parent per balance sheet			68,660
Adjusted net asset value			**97,253**
Number of ordinary shares in issue at 30 June 2013			46,852,014
Adjusted net asset value per share as at 30 June 2013			**2.1**
Adjusted net asset value per share as at 31 December 2012			2.2
Adjusted net asset value per share as at 30 June 2012			2.4

Further analysis of the Company's NAV is contained in the Review of the Property Manager on page 13 and 14 below.

Corporate Governance

Atlas ensures that the Group applies a robust corporate governance structure, which is vital in the current economic conditions. This is important as there is a clear link between high quality corporate governance and shareholder value creation. The Group's annual financial statements for the year ended 31 December 2012 set out how Atlas applies the standards of corporate governance.

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 2013 are summarised in the Property Manager's Report on pages 14 and 15 below.

Prospects

The Company intends to continue to invest resources and management attention in its income producing assets in order to drive occupancy and improve cashflows.

With the stabilized economic environment in Poland the Company is also focusing on driving its sales activities in several residential projects in Warsaw as presented in the Review of the Property Manager.

Andrew Fox
CHAIRMAN
30 August 2013

ATLAS ESTATES LIMITED

Review of the Property Manager

In this report we present the financial and operating results for the six months ended 30 June 2013. Atlas Management Company Limited ("AMC") is the Property Manager appointed by the Company to oversee the operation and management of Atlas' portfolio and advise on new investment opportunities. At 30 June 2013, the Company held a portfolio of twenty one properties comprising eleven investment properties of which eight 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). Before the global financial crisis, investors perceived the individual countries of the CEE more as one region, resulting in narrowing differences between the individual countries' investment markets. In reaction to the global financial crisis and the reappraising of risk, investors are increasingly tending to look at each country and its economy individually. This divergence and a search for quality have produced a mixed picture in the region, albeit since 2009 the time has been challenging for everyone.

As a result of these uncertainties and changing conditions, management has taken measures to mitigate risks across the portfolio. This has included reducing costs and staffing levels and putting on hold higher risk investment activity. Nevertheless, key development projects have been completed on time and several new developments have commenced.

Markets and Key Properties

Poland

This is the major market of operation for the Group, with 79% of the Group's portfolio located there. The Polish economy has been one of the most resilient in Europe with GDP growth of 2.0% in 2012 (4.3% in 2011). There had been significant increases in property prices in previous years. These were reversed in 2009, which showed significant drop in assets values. So far, 2010-June 2013 have shown a trend of stabilisation at the lower levels of valuations.

Hilton Hotel, Warsaw

The Hilton Hotel in the Wola district of Warsaw is the Group's flagship asset. The hotel's performance slightly declined in 2013 as compared to 2012 mainly since 2012 was a record year for the hotel in light of the UEFA European Football Championship games that took place in Warsaw last year.

Platinum Towers

With its construction finished, 390 apartments and penthouses have been sold to date and the last 6 penthouses are still on stock. This residential development alongside the Hilton Hotel provides a unique development in the city. The plan is also to build a mixed use (residential and office) tower, on the neighbouring plot, which will enhance the attractiveness of this site.

Capital Art Apartments

The Capital Art Apartments project in Warsaw is another development in the Wola district of Warsaw close to the city centre. It is a three stage development which will release 708 apartments in the city with parking and amenities, including retail facilities.

With both the first and the second stage completed, the Company has, to date, sold all of the 219 apartments in the first stage, with a further 290 out of 300 apartments in the second stage having been sold. Construction of the third stage, comprising 189 apartments, commenced in the fourth quarter of 2012 and as of 30 June 2013 the Company pre-sold 62 apartments.

Concept House

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

The construction of the development was completed and as of 30 June 2013 the Company pre-sold 92 apartments.

Apartamenty przy Krasińskiego

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

The construction of the development was completed in July 2013 and as of 30 June 2013 the Company pre-sold 210 apartments.

Other properties in Poland

The Group also owns two investment properties in Poland.

The Millennium Plaza is a 32,700 sqm office and retail building centrally located in Warsaw. During the last years its occupancy increased up to 90% in June 2012, then the occupancy sharply decreased to 68% in December 2012 due to the loss of a major tenant. It is expected that occupancy will gradually increase back to its recorded levels over time.

The Sadowa office is a 6,550 sqm office building in Gdańsk. During the year its occupancy ratios increased from 92% as of 31 December 2012 to 100% as of 30 June 2013.

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

Hungary

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

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 2011 GDP in Hungary increased by 1.7% but in 2012 a decline in GDP of 1.7% was noted.

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 0.7% in 2012 (GDP increase of 2.5% was noted in 2011). Despite the difficult trading conditions, occupancy rates at the Golden Tulip slightly increased and amounted to 57% for the six months period ended 30 June 2013 (56% for the six months period ended 30 June 2012).

Bulgaria

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

Financial Review

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

Portfolio valuation and valuation methods

An independent valuation of the entire property portfolio is carried out on an annual basis. For the semi-annual accounts valuations are performed partially by external experts and partially internally by the Property Manager. As of 30 June 2013, 71% (by value) of the total property portfolio has been valued externally by Jones Lang LaSalle, acting as independent expert.

Loans

As at 30 June 2013, the Company's share of bank debt associated with the portfolio of the Group was €195 million (31 December 2012: €206 million; 30 June 2012: €207 million). Loans, valuations and Loan to Value ratios ("LTV") for those periods in which valuations were undertaken may be analysed as follows:

	Loans	**Valuation**	**Loan to Value Ratio**	**Loans**	**Valuation**	**Loan to Value Ratio**	**Loans**	**Valuation**	**Loan to Value Ratio**
	30 June 2013			**31 December 2012**			**30 June 2012**		
	€ millions	€ millions	%	€ millions	€ millions	%	€ millions	€ millions	%
Investment property	109	134	81%	115	137	84%	115	144	79%
Hotels	60	89	67%	61	94	65%	62	103	60%
Development property in construction	9	58	15%	13	55	24%	13	40	33%
Other development property	17	18	94%	17	18	94%	17	18	94%
Total	**195**	**299**	**65%**	**206**	**304**	**68%**	**207**	**305**	**68%**

The valuations in the table above differ from the values included in the consolidated balance sheet as at 30 June 2013, 31 December 2012 and 30 June 2012 due to the treatment under IFRS of land held under operating leases and development property.

As of 30 June 2013 LTV ratio of investment property improved as compared to 31 December 2012 due to the settlement of banking facility in Bulgaria.

As of 31 December 2012 LTV ratio of investment property worsened as compared to 30 June 2012 due to fall in the valuation of Millennium Plaza (Group's most valuable investment property) as a result of the decrease in its occupancy ratio as at the end of the year as described on page 8.

LTV ratio of development property under construction has improved over the analyzed periods mainly as a result of the increase of the valuation of the currently constructed projects in Warsaw (*Apartamenty przy Krasińskiego and Concept House*).

As of 30 June 2013 LTV ratio of hotels and LTV ratio of other development property amounted to 67% and 94% respectively and remained at similar level as compared to 31 December 2012 and 30 June 2012.

The gearing ratio is 73% based upon net debt as a percentage of total capital (net debt plus equity attributable to equity holders). The ratios remain at the similar levels as compared to 31 December 2012 (72%).

Debt financing

Update on current status

The Group has 4 facilities that have been cross collateralised since February 2010. As of 30 June 2013 and as of 31 December 2012 these facilities are presented as bank loans and overdrafts due within one year or on demand:

1. €61.4 million facility secured on the Millennium Plaza Building in Warsaw, Poland with a maturity date of 2016;
2. €3.9 million facility secured on the Ligetvaros Centre in Budapest, Hungary with a maturity date of 2021;
3. €12.9 million facility secured on the Voluntari land plot in Bucharest, Romania with a maturity date of December 2012;
4. €13.5 million facility secured on the Solaris land in Bucharest, Romania with a maturity date of December 2012.

Voluntari and Solaris land loans totaling €26.4 million with maturity date 31 December 2012 have not been paid and as a result the remaining loans (Millennium and Ligetvaros) totaling €65.3 million had to be reclassified from non-current liabilities to current liabilities due to event of default in the cross- collateralisation agreement. The Group entered into discussion with the bank in 2012, however, the Group didn't obtain a signed term-sheet amending the cross collateralisation agreement from the bank until 28 February 2013. The term-sheet extends the facilities until 31 December 2015, although the formal agreement has not been signed at the date of this report. In July 2013 the Group repaid €0.9 million of the above facilities.

In the preparation of the interim condensed consolidated financial information for the six months ended 30 June 2013, the directors have reclassified one additional loan totalling €14.0 million within the consolidated balance sheet from non-current liabilities to current liabilities as bank loans and overdrafts due within one year or on demand, where covenant breaches or defaults on these loans arose. The Company is in dialogue with the bank and is discussing restructuring of this loan.

In addition, there are three loans that are classified as bank loans and overdrafts due within one year or on demand in the amount of €17.9 million. Negotiations are ongoing with the banks on refinancing terms:

- Platinum Towers (€5.1 million) and Kokoszki (€9.5 million) – the Company signed annexes to the existing bank loan agreements extending repayment date to 31 May 2013. Negotiations relating to further extension are in progress.

Review of the operational performance

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

	Property Rental	**Development Properties**	**Hotel Operations**	**Other**	**Six months ended 30 June 2013**	**Six months ended 30 June 2012**
	€ millions	**€ millions**	**€ millions**	**€ millions**	**€ millions**	**€ millions**
Revenue	6.2	0.2	9.0	-	15.4	24.3
Cost of operations	(3.1)	(0.7)	(5.8)	-	(9.6)	(16.1)
Gross profit	3.1	(0.5)	3.2	-	5.8	8.2
Administrative expenses	(0.6)	(0.3)	(1.6)	(1.1)	(3.6)	(3.3)
Gross profit less administrative expenses	2.5	(0.8)	1.6	(1.1)	2.2	4.9
Gross profit %	50%	n/a	36%	n/a	38%	34%
Gross profit less administrative expenses %	40%	n/a	18%	n/a	14%	20%

Revenues

Total revenues for six months ended 30 June 2013 were €15.4 million compared to €24.3 million for the six months ended 30 June 2012. The Group's principal revenue streams are from its hotel operations, property rental income and income from the sale of the residential apartments that the Group develops. As the Group maintains a diversified portfolio of real estate investments, seasonality or cyclicality of yielded income or results is also highly diversified.

Development Properties

	6 months period ended 30 June 2013 € millions	6 months period ended 30 June 2012 € millions	**Total change 2013 v 2012 € millions**	Translation foreign exchange effect € millions	Operational change 2013 v 2012 € millions
Revenue	0.2	5.6	**(5.4)**	0.1	(5.5)
Cost of operations	(0.7)	(6.0)	**5.3**	(0.1)	5.4
Gross profit	(0.5)	(0.4)	**(0.1)**	-	(0.1)
Administrative expenses	(0.3)	(0.2)	**(0.1)**	-	(0.1)
Gross profit less administrative expenses	(0.8)	(0.6)	**(0.2)**	-	(0.2)

Proceeds from the sale of residential apartments developed by the Group are only recognised when apartments have been handed over to new owners with notarial deed signed and the full price of the apartment received by the Group. At this moment the economic risks and rewards are transferred to the new owner and in accordance with the Group's accounting policy, the revenue and associated costs of these apartment sales are recognised in the income statement. Please note that for *Concept House*, *Apartamenty przy Krasińskiego* and *Capital Art Apartments III* projects no sales and associated costs have been recognized in the income statement as the above mentioned criteria have not yet been met.

The decrease in gross profit realised in the first six months of 2013 as compared to the same period in 2012 is mainly a result of no apartments handed over in *Platinum Towers* and *Capital Art Apartments II* in 2013. As presented below as of 30 June 2013 the Group pre-sold 371 apartments in all development projects. Most of the pre-sale contracts are expected to be completed by the end of 2013.

Apartment sales in developments in Warsaw

	Capital Art Apartments stage 1	**Capital Art Apartments stage 2**	**Capital Art Apartments stage 3**	**Platinum Towers**	**Concept House**	**Apartamenty przy Krasińskiego**
Total apartments for sale	219	300	189	396	160	303
Pre sales of apartments	219	290	62	390	92	210
Sales completions in 2008-2011	216	250	-	383	-	-
Sales completions in 2012	-	37	-	5	-	-
Sales completions in 2013	-	1	-	-	-	-
Total sales completions	216	288	-	388	-	-
Pre sales as of 30 June 2013	3	2	62	2	92	210

Property Rental

	6 months period ended 30 June 2013 € millions	6 months period ended 30 June 2012 € millions	**Total change 2013 v 2012 € millions**	Translation foreign exchange effect € millions	Operational change 2013 v 2012 € millions
Revenue	6.2	6.9	**(0.7)**	0.1	(0.8)
Cost of operations	(3.1)	(3.1)	**-**	-	-
Gross profit	3.1	3.8	**(0.7)**	0.1	(0.8)
Administrative expenses	(0.6)	(0.4)	**(0.2)**	-	(0.2)
Gross profit less administrative expenses	2.5	3.4	**(0.9)**	0.1	(1.0)

In the first six months of 2013 the gross margin realized by the Property Rental segment decreased as compared to the first six months of 2012 mainly as a result of low occupancy ratio in Millennium in 2013.

Hotels

	6 months period ended 30 June 2013 € millions	6 months period ended 30 June 2012 € millions	**Total change 2013 v 2012 € millions**	Translation foreign exchange effect € millions	Operational change 2013 v 2012 € millions
Revenue	9.0	11.8	**(2.8)**	0.2	(3.0)
Cost of operations	(5.8)	(7.0)	**1.2**	(0.1)	1.3
Gross profit	3.2	4.8	**(1.6)**	0.1	(1.7)
Administrative expenses	(1.6)	(1.3)	**(0.3)**	-	(0.3)
Gross profit less administrative expenses	1.6	3.5	**(1.9)**	0.1	(2.0)

EURO 2012 the Football Championships that took place in Warsaw in June 2012 contributed to the outstanding performance of Hilton. In H1 2013 the hotel operations declined significantly mainly due to decrease in average daily rate per room and additional income from the organization of special events.

Cost of operations

Cost of operations were €9.6 million in the six months ended 30 June 2013 compared to €16.1 million for the six months ended 30 June 2012. €4.8 million of this decrease is principally due to lower number of apartments handed over in *Platinum Towers* and *Capital Art Apartments* in 2013 (30 June 2013: 1 apartment) as compared to 2012 (30 June 2012: 28 apartments).

Administrative expenses

Administrative expenses increased by €0.2 million as compared to the six months ended 30 June 2012 mainly due to:

- €0.3 million increase in local taxes and,
- €0.2 million increase in bad debt expense, offset by
- €0.3 million decrease of property manager fee as a result of lower adjusted NAV (i.e. base of the performance manager fee).

Valuation movement

As of 30 June 2013 the decrease of the market value of the entire investment properties portfolio was only of €0.9 million (i.e. 1%) as compared to 31 December 2012. This has been reflected by €4.5 million increase presented as "increase in value of investment properties" in the Income Statement, offset by €5.9 million decrease of "other reserves (exchange adjustments)" in the Balance Sheet. Although the market value of investment properties expressed in EURO remained comparable, the actual decrease in the accounting records of the subsidiaries was significant due to fact that local currencies weakened against EURO in the first half of 2013.

Other operating income and expenses

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

The increase of other operating income by €0.8 million is mainly due to €0.6 million refund of VAT that was expenses in previous years.

The increase of the other operating expenses by €2.5 million is mainly due to €2.9 million impairment of property, plant and equipment recognized in 2013. The impairment results from €1.3 million decrease in the most recent valuation of hotel in Romania and €1.6 million tangible assets write off (associated with liquidated subsidiary).

Finance income and costs

The income statement includes finance costs of €2.7 million for the six months ended 30 June 2013, compared with €4.1 million in comparative period in 2012, representing mainly interests on bank loans and related bank charges. The decline is mainly attributable to decrease of margin on Romanian land loans and EURIBOR rates on several loan facilities.

Finance income increased by €2.6 million primarily due to €2.4 million bank loan write off. In the first quarter 2013 the Group reached a settlement with the bank financing its property in Bulgaria based on which the Group received €2.4 million discount on the one off repayment of the outstanding loan facility.

Foreign exchange

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

In the six months ended 30 June 2013 the Group reported exchange losses of €7.9 million as compared to €4.9 million gains in the six months ended 30 June 2012. €7.8 million out of €7.9 million foreign exchange losses noted in the first six months of 2013 was due to the unrealised foreign exchange losses on EUR denominated bank loans in Polish subsidiaries. The foreign exchange losses occurred as a result of depreciation of PLN against EUR in the first half of 2013.

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

	Polish Zloty	**Hungarian Forint**	**Romanian Lei**	**Bulgarian Lev**
Closing rates				
30 June 2013	4.3292	295.16	4.4588	1.95583
31 December 2012	4.0882	291.29	4.4287	1.95583
% Change	5.9%	1.3%	0.7%	0%
30 June 2012	4.2613	288.22	4.4494	1.95583
Average rates				
1.1-30.06.2013	4.1783	296.08	44765	1.95583
Year 2012	4.1850	289.42	4.4895	1.95583
% Change	-0.2%	2.3%	-0.3%	0.0%
1.1-30.06.2012	5.2457	295.64	4.4603	1.95583

Net Asset Value

The Group's property assets are categorised into three classes, when accounted for in accordance with International Financial Reporting Standards. 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 yielding assets (PPE) – revaluation movements are taken directly to reserves, net of deferred tax; and

- Property developments, including the land on which they will be built – held as inventory with no increase in value recognised in the financial statements unless where an increase represents the reversal of previously recognized deficit below cost.

The Company sets out below the key measures relating to NAV per share. This includes the NAV per share per the financial statements and the adjusted NAV per share as defined at IPO and previously disclosed by the Company.

	NAV 30 June 2013 €'millions	**NAV per share 30 June 2013 €**	NAV 31 Dec 2012 €'millions	**NAV per share 31 Dec 2012 €**
Basic NAV	68.7	**1.5**	73.7	**1.6**
Development land valuation increase not recognized in financial statements	28.8	**-**	29.6	**-**
Deferred tax	(0.2)	**-**	(0.8)	**-**
Adjusted NAV	97.3	**2.1**	102.5	**2.2**

Notes:
The number of shares in issue as at 30 June 2013 and at 31 December 2012 is 46,852,014.

The decrease of adjusted NAV from €102.5 million as of 31 December 2012 to €97.3 million is mainly due to decrease of basic NAV as described in the Chairman Statement.

The Property Manager's basic fee and performance fee are determined by the annual adjusted NAV. For the six months to 30 June 2013 the basic fee payable to AMC was €0.7 million - based on the adjusted NAV as of 31 December 2012 (€1.0 million for the six months period ended 30 June 2012- based on the adjusted NAV as of 31 December 2011).

Ongoing activities

During the first half of 2013, the Company continued to identify ways by which it can generate added value through the active management of its yielding asset portfolio. It has also continued to crystallise the value of development projects by the pre-selling of apartments under construction and by the completion of development property in the course of construction.

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

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

Financial management, operational management and material risks

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

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

Global economic conditions

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

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

Financing and liquidity

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

Cash is managed both at local and head office levels, ensuring that rent collection is prompt, surplus cash is suitably invested or distributed to other parts of the Group, as necessary, and balances are held in the appropriate currency. The allocation of capital and investment decisions are reviewed and approved by local operational management, the executive team, the central finance and operational teams, by the investment committee of AMC and, finally, by Atlas' Board. This approach provides the Company with a rigorous risk management framework. Where possible, the Company will use debt facilities to finance its projects, which the Company will look to secure at appropriate times and when available, depending on the nature of the asset – yielding or development.

Currency and foreign exchange

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

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

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 a great deal of valuable local market knowledge and expertise. Good progress has been made with the sales of key development projects in Warsaw (*Apartamenty przy Krasińskiego* and *Concept House*), *Capital Art Apartments* (the second and third stage) and *Platinum Towers*. In April and July 2013 the constructions of *Concept House and Apartamenty przy Krasińskiego* were successfully completed.

Reuven Havar
Chief Executive Officer
Atlas Management Company Limited
30 August 2013

Ziv Zviel
Chief Financial Officer
Atlas Management Company Limited

ATLAS ESTATES LIMITED

Property Portfolio Information

Location/Property	Description	Company's ownership
Poland		
Hilton Hotel	First Hilton Hotel in Poland – a 4 star hotel with 314 luxury rooms, large conferencing facilities, 4,500 square meters Holmes Place health club and spa and casino and retail outlets. Location close to the central business district in Wola area of Warsaw.	100%
Platinum Towers	396 apartments in two towers; the residential development has been completed in the 3rd quarter of 2009 with two residential towers and a piazza. Location close to the central business district in Wola area of Warsaw.	100%
Platinum Towers – offices	Land with zoning for an office scheme of class A office space planned over 42 floors.	100%
Galeria Platinum Towers	Commercial area on the ground and first floors Platinum Towers with 1,842 square meters of gallery and 208 parking places almost fully let to tenants.	100%
Capital Art Apartments	708 apartments three stage development with Stage 1 completed in 4th quarter 2008 with all apartments sold. Stage 2 with the construction of 300 apartments completed in 2009, out of which 290 were already sold. Stage 3 construction commenced in 4th quarter 2012. Location close to the central business district in Wola area of Warsaw.	100%
Apartamenty przy Krasińskiego	Land with zoning and building permit for 303 apartments. The construction was completed in July 2013. Location in a residential area of Warsaw.	100%
Millennium Tower	32,700 square meters of office and retail space in the central business district of Warsaw with 6,100 square meters of retail and 26,600 square meters of office space.	100%
Concept House	3,100 square meters plot of land zoned for 11,000 square meters and with building permit for residential development. The construction was completed in April 2013. Location in Mokotow district close to the central business district of Warsaw.	50%
Sadowa project	6,550 square meters office building with 100% occupancy close to the city centre of Gdansk.	100%
Kokoszki, Gdansk	431,591 square meters plot in Gdansk with zoning for construction of 125,000 square meters of mixed use development, situated on the outskirts of Gdansk.	100%
Hungary		
Ikarus Business Park	283,000 square meters plot with 110,000 square meters of built business space and 70,000 of currently lettable, located in the 16th district, a suburban area of Budapest	100%
Metropol Office Centre	7,600 square meters office building in the 13th district of central Budapest.	100%
Atrium Homes	Two phase development of 22,000 square meters of 456 apartments with 235 apartments in phase 1 with building permits, located in the 13th district in central Budapest.	100%
Ligetvaros Centre	6,300 square meters of office/retail space with rights to build extra 6,400 square meters, located in the 7th district, a central district in Budapest.	100%
Varosliget Centre	12,000 square meters plot in the 7th district in central Budapest, with zoning for a mixed use development of 31,000 gross square meters.	100%

Location/Property	Description	Company's ownership
Moszkva Square	600 square meters of office and retail space in the Buda district of Budapest.	100%
Romania		
Voluntari	86,861 square meters of land in three adjacent plots at the pre-zoning stage, in the north eastern suburbs of the city, known as Pipera.	100%
Solaris Project	32,000 square meters plot for re-zoning to mixed-use development in a central district of Bucharest.	100%
Golden Tulip Hotel	4 star 83 room hotel in central Bucharest in the city centre of Bucharest.	100%
Bulgaria		
The Atlas House	Office building in Sofia's city centre with 3,472 square meters of lettable area.	100%

ATLAS ESTATES LIMITED

Independent Auditor's Review Report on the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2013

To the Shareholders of Atlas Estates Limited

Introduction

We have been engaged to review the accompanying interim condensed consolidated and non-consolidated financial statements of Atlas Estates Limited ("the Group") as at 30 June 2013, where Atlas Estates Limited is the dominant entity ("the Company"), and is located in Guernsey, comprising:

- the interim consolidated income statement for the period from 1 January 2013 to 30 June 2013 with a net loss amounting to 3.0 million Euros,
- the interim consolidated statement of comprehensive income for the period from 1 January 2013 to 30 June 2013 with a total comprehensive loss amounting to 5.1 million Euros,
- the interim consolidated statement of financial position as of 30 June 2013 with total assets amounting to 314.8 million Euros,
- the interim consolidated statement of changes in equity for the period from 1 January 2013 to 30 June 2013 with a net decrease of equity amounting to 5.1 million Euros,
- the interim consolidated statement of cash flows for the period from 1 January 2013 to 30 June 2013 with a net cash outflow amounting to 3.7 million Euros, and
- the interim non-consolidated statement of comprehensive income for the period from 1 January 2013 to 30 June 2013 with a net loss amounting to 5.1 million Euros,
- the interim non-consolidated statement of financial position as of 30 June 2013 with total assets amounting to 100.4 million Euros,
- the interim non-consolidated statement of changes in equity for the period from 1 January 2013 to 30 June 2013 with a net decrease of equity amounting to 5.1 million Euros,
- the interim non-consolidated statement of cash flows for the period from 1 January 2013 to 30 June 2013 with a net cash outflow amounting to 0.3 million Euros, and
- the interim summary of significant accounting policies and other explanatory notes

Directors' responsibilities

The directors are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the rules of the Warsaw Stock Exchange and in accordance with International Financial Reporting Standard IAS 34 "International Financial Reporting (IAS 34)" as adopted by the European Union.

Our Responsibility

Our responsibility is to express a conclusion on these interim condensed consolidated and non-consolidated financial statements based on our review.

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

ATLAS ESTATES LIMITED

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated and non-consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2013 are not prepared, in all material respects, in accordance with IAS 34, as adopted by the European Union.

BDO LLP

Chartered Accountants and Registered Auditors

55 Baker Street, London, UK

London

30 August 2013

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

ATLAS ESTATES LIMITED

Declarations of the Board of Directors

Declaration concerning accounting policies

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

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

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

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

Andrew Fox
Chairman

Mark Chasey
Director

Guy Indig
Director

30 August 2013

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2013

		Six months ended 30 June 2013 (unaudited) €'000		Six months ended 30 June 2012 (unaudited) €'000	Note
Revenues		15,414		24,282	3
Cost of operations		(9,654)		(16,105)	4.1
Gross profit		**5,760**		**8,177**	
Property manager fee	*(729)*		*(967)*		
Central administrative expenses	*(230)*		*(283)*		
Property related expenses	*(2,560)*		*(2,009)*		
Administrative expenses		(3,519)		(3,259)	4.2
Other operating income		1,401		594	5.1
Other operating expense		(3,170)		(688)	5.2
Increase/ (Decrease) in value of investment properties		4,553		(8,070)	
Profit/ (Loss) from operations		**5,025**		**(3,246)**	
Finance income		2,884		236	
Finance costs		(2,702)		(4,074)	
Other (losses)/ gains – foreign exchange		(7,932)		4,897	
Loss before taxation		**(2,725)**		**(2,187)**	
Tax expense		(315)		(3,128)	6
Loss for the period		**(3,040)**		**(5,315)**	
Attributable to:					
Owners of the parent		(3,040)		(5,256)	
Non-controlling interests		-		(59)	
		(3,040)		**(5,315)**	
Loss per €0.01 ordinary share – basic (eurocents)		(6.5)		(11.2)	8
Loss per €0.01 ordinary share – diluted (eurocents)		(6.5)		(11.2)	8

All amounts relate to continuing operations.
The notes on pages 27 to 44 form part of this condensed consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2013

	30 June 2013 (unaudited) €'000	30 June 2012 (unaudited) €'000
LOSS FOR THE PERIOD	**(3,040)**	**(5,315)**
Other comprehensive income:		
Revaluation of buildings	1,892	4,766
Deferred tax on revaluation of buildings	-	9,063
Exchange adjustments	(4,166)	4,679
Deferred tax on exchange adjustments	260	(395)
Other comprehensive income for the period (net of tax)	**(2,014)**	**18,113**
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD	**(5,054)**	**12,798**
Total comprehensive (loss)/ income attributable to:		
Owners of the parent	(5,054)	12,857
Non-controlling interests	-	(59)
	(5,054)	**12,798**

The notes on pages 27 to 44 form part of this condensed consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2013

	30 June 2013 (unaudited) €'000	31 December 2012 (audited) €'000	30 June 2012 (unaudited) €'000	Note
ASSETS				
Non-current assets				
Intangible assets	216	280	291	
Land under operating lease - prepayments	11,319	12,059	11,639	
Property, plant and equipment	79,109	85,547	93,040	9
Investment property	132,821	133,845	140,836	10
Other loans receivable	3,347	3,318	3,275	
Deferred tax asset	4,143	4,231	4,154	
	230,955	**239,280**	**253,235**	
Current assets				
Inventories	67,777	66,479	57,820	11
Trade and other receivables	4,592	4,185	5,303	
Cash and cash equivalents	10,774	14,513	13,550	12
	83,143	**85,177**	**76,673**	
Assets held within disposal groups classified as held for sale	700	700	1,640	15
	83,843	**85,877**	**78,313**	
TOTAL ASSETS	**314,798**	**325,157**	**331,548**	
Current liabilities				
Trade and other payables	(36,293)	(30,628)	(13,108)	
Bank loans	(129,349)	(132,497)	(71,572)	14
Derivative financial instruments	(378)	(420)	(366)	
	(166,020)	**(163,545)**	**(85,046)**	
Liabilities directly associated with assets held within disposal groups classified as held for sale	-	-	-	15
	(166,020)	**(163,545)**	**(85,046)**	
Non-current liabilities				
Other payables	(7,516)	(6,826)	(13,022)	
Bank loans	(65,411)	(73,451)	(135,737)	14
Derivative financial instruments	(1,034)	(1,364)	(1,373)	
Deferred tax liabilities	(6,157)	(6,257)	(6,142)	
	(80,118)	**(87,898)**	**(156,274)**	
TOTAL LIABILITIES	**(246,138)**	**(251,443)**	**(241,320)**	
NET ASSETS	**68,660**	**73,714**	**90,228**	

The notes on pages 27 to 44 form part of this consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2013

	30 June 2013 (unaudited) €'000	31 December 2012 (audited) €'000	30 June 2012 (unaudited) €'000
EQUITY			
Share capital account	6,268	6,268	6,268
Revaluation reserve	16,909	15,017	23,638
Other distributable reserve	194,817	194,817	194,817
Translation reserve	(10,715)	(6,809)	(9,488)
Accumulated loss	(138,619)	(135,579)	(125,545)
Issued capital and reserves attributable to owners of the parent	**68,660**	**73,714**	**89,690**
Non-controlling interests	-	-	538
TOTAL EQUITY	**68,660**	**73,714**	**90,228**
Basic net asset value per share	€1.5	€1.6	€1.9

The notes on pages 27 to 44 form part of this consolidated financial information. The condensed consolidated financial information on pages 21 to 44 was approved by the Board of Directors on 30 August 2013 and signed on its behalf by:

Andrew Fox	**Mark Chasey**	**Guy Indig**
Chairman	**Director**	**Director**

30 August 2013

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 30 June 2013

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

Year ended 31 December 2012 (audited)	**Share capital account €'000**	**Other reserves €'000**	**Accumulated loss €'000**	**Total €'000**	**Non-controlling interest €'000**	**Total equity €'000**
As at 1 January 2012	6,268	190,854	(120,289)	76,833	597	77,430
Loss for the period	-	-	(13,021)	(13,021)	-	(13,021)
Other comprehensive income for the year	-	12,219	(128)	12,091	128	12,219
Acquisition of non-controlling interests	-	-	(2,719)	(2,719)	(195)	(2,914)
Transfer to retained earnings	-	(48)	578	530	(530)	-
As at 31 December 2012	**6,268**	**203,025**	**(135,579)**	**73,714**	**-**	**73,714**

Six Months Ended 30 June 2012 (unaudited)	**Share capital account €'000**	**Other reserves €'000**	**Accumulated loss €'000**	**Total €'000**	**Non-controlling interest €'000**	**Total equity €'000**
As at 1 January 2012	6,268	190,854	(120,289)	76,833	597	77,430
Loss for the period	-	-	(5,256)	(5,256)	(59)	(5,315)
Total other comprehensive income for the period	-	18,113	-	18,113	-	18,113
As at 30 June 2012	**6,268**	**208,967**	**(125,545)**	**89,690**	**538**	**90,228**

The notes on pages 27 to 44 form part of this condensed consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2013

	Note	Six months ended 30 June 2013 (unaudited) €'000	Six months ended 30 June 2012 (unaudited) €'000
Cash inflow generated from operations	13	**8,063**	**7,919**
Tax paid		(5)	-
Net cash inflow from operating activities		**8,058**	**7,919**
Investing activities			
Interest received		70	106
Proceeds from disposal of investment property		-	316
Purchase of investment property		(355)	(119)
Purchase of property, plant and equipment		(253)	(334)
Purchase of intangible assets		-	(14)
Net cash used in investing activities		**(538)**	**(45)**
Financing activities			
Interest paid		(2,501)	(3,891)
New bank loans raised		5,303	6,109
Repayments of bank loans		(13,343)	(7,886)
Net cash used in financing activities		**(10,541)**	**(5,668)**
Net (decrease)/ increase in cash and cash equivalents in the period		**(3,021)**	**2,206**
Effect of foreign exchange rates		(718)	414
Net (decrease)/ increase in cash and cash equivalents in the period		**(3,739)**	**2,620**
Cash and cash equivalents at the beginning of the period		**14,513**	**10,930**
Cash and cash equivalent at the end of the period		**10,774**	**13,550**
Cash and cash equivalents			
Cash at bank and in hand	12	10,774	13,550
		10,774	**13,550**

The notes on pages 27 to 44 form part of this condensed consolidated financial information.

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2013

1. Basis of preparation

This interim condensed consolidated and non-consolidated financial statements for the six months ended 30 June 2013 have been prepared in accordance with International Accounting Standard No. 34, “Interim Financial Reporting” (“IAS 34”). The financial information has been prepared on a going concern basis and on a historical cost basis as amended by the revaluation of land and buildings and investment property, and financial assets and financial liabilities at fair value. The consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, non-consolidated statement of comprehensive income, non-consolidated statement of financial position, non-consolidated statement of changes in equity and non-consolidated statement of cash flows 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 2012. The six month financial results are not necessarily indicative of the full year results.

The Directors consider that the outlook presents ongoing challenges in terms of the markets in which the Group operates, the effect of fluctuating exchange rates in the functional currencies of the Group and the availability of bank financing for the Group.

As at 30 June 2013 the Group held land and building assets with a market value of €299.2 million, compared to external debt of €194.8 million. Subject to the time lag in realising the value in these assets in order to generate cash, this “loan to value ratio” gives a strong indication of the Group’s ability to generate sufficient cash in order to meet its financial obligations as they fall due. Any land and building assets and associated debts which are ring-fenced in unique, specific, corporate vehicles, which are subject to repossession by the bank in case of a default of loan terms would clear the outstanding debt and not result in additional financial liabilities for the Company or for the Group. There are also unencumbered assets which could potentially be leveraged to raise additional finance.

In assessing the going concern basis of preparation of the condensed consolidated interim financial information for the six months ended 30 June 2013, the directors have taken into account the status of current negotiations on loans. The Company has also continued to provide funds to service interest and capital repayments on these loans on behalf of its subsidiary companies. These are disclosed in note 14 as part of the bank loans note.

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

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

While there will always remain some inherent uncertainty within the aforementioned cash flow forecasts, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence in the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the condensed consolidated financial statements for the six months ended 30 June 2013.

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 2012, as described in the annual financial statements for the year ended 31 December 2012, and with those expected to be applied to the financial statements for the year ended 31 December 2013 including the adoption of IFRS 13 “Fair value measurement” which has had no significant impact on the consolidated results or financial position for the current reporting period.

3. Business segments

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

Six months ended 30 June 2013 (unaudited)	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2013 €'000
Revenues	6,212	239	8,963	-	15,414
Cost of operations	(3,055)	(772)	(5,827)	-	(9,654)
Gross profit/ (loss)	**3,157**	**(533)**	**3,136**	**-**	**5,760**
Administrative expenses	(562)	(298)	(1,570)	(1,089)	(3,519)
Gross profit/ (loss) less administrative expenses	**2,595**	**(831)**	**1,566**	**(1,089)**	**2,241**
Other operating income	33	1,155	195	18	**1,401**
Other operating expenses	(92)	(154)	(1,224)	(1,700)	**(3,170)**
Decrease in value of investment properties	4,553	-	-	-	**4,553**
Profit / (loss) from operations	**7,089**	**170**	**537**	**(2,771)**	**5,025**
Finance income	382	50	13	2,439	**2,884**
Finance costs	(1,821)	(204)	(667)	(10)	**(2,702)**
Other gains and (losses) – foreign exchange	(4,153)	(493)	(3,003)	(283)	**(7,932)**
Segment result before tax	**1,497**	**(477)**	**(3,120)**	**(625)**	**(2,725)**
Tax credit					(315)
Loss for the period as reported in the income statement					**(3,040)**
Attributable to non-controlling interests					-
Net loss attributable to owners of the parent					**(3,040)**

Six months ended 30 June 2013 (unaudited)	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2013 €'000
Reportable segment assets	142,562	77,787	92,074	**-**	312,423
Unallocated assets	-	-	-	2,375	2,375
Total assets	**142,562**	**77,787**	**92,074**	**2,375**	**314,798**
Reportable segment liabilities	(121,648)	(56,882)	(62,836)	**-**	(241,366)
Unallocated liabilities	-	-	-	(4,772)	(4,772)
Total liabilities	**(121,648)**	**(56,882)**	**(62,836)**	**(4,772)**	**(246,138)**

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

For the six months ended 30 June 2013

Six months ended 30 June 2012 (unaudited)	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2012 €'000
Revenues	6,868	5,599	11,815	-	24,282
Cost of operations	(3,125)	(5,990)	(6,990)	-	(16,105)
Gross profit/ (loss)	**3,743**	**(391)**	**4,825**	**-**	**8,177**
Administrative expenses	(395)	(178)	(1,344)	(1,342)	(3,259)
Gross profit/ (loss) less administrative expenses	**3,348**	**(569)**	**3,481**	**(1,342)**	**4,918**
Other operating income	156	4	405	29	**594**
Other operating expenses	(69)	(421)	(198)	-	**(688)**
Decrease in value of investment properties	(8,070)	-	-	-	**(8,070)**
Profit / (loss) from operations	**(4,635)**	**(986)**	**3,688**	**(1,313)**	**(3,246)**
Finance income	129	86	18	3	**236**
Finance costs	(2,461)	(629)	(981)	(3)	**(4,074)**
Other gains and (losses) – foreign exchange	3,214	(278)	1,918	43	**4,897**
Segment result before tax	**(3,753)**	**(1,807)**	**4,643**	**(1,270)**	**(2,187)**
Tax credit					(3,128)
Profit for the period as reported in the income statement					**(5,315)**
Attributable to non-controlling interests					59
Net profit attributable to owners of the parent					**(5,256)**

Six months ended 30 June 2012 (unaudited)	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2012 €'000
Reportable segment assets	151,267	67,067	108,962	**-**	327,296
Unallocated assets	-	-	-	4,252	4,252
Total assets	**151,267**	**67,067**	**108,962**	**4,252**	**331,548**
Reportable segment liabilities	(127,479)	(46,793)	(65,732)	**-**	(240,004)
Unallocated liabilities	-	-	-	(1,316)	(1,316)
Total liabilities	**(127,479)**	**(46,793)**	**(65,732)**	**(1,316)**	**(241,320)**

Six months ended 30 June 2012 (unaudited)	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2012 €'000
Other segment items					
Capital expenditure	116	123	189	17	**445**
Depreciation	17	53	1,236	6	**1,312**
Amortisation	1	25	70	3	**99**

There are immaterial sales between the business segments.

Unallocated costs represent corporate expenses. Segment assets include investment property, property, plant and equipment, intangible assets, inventories, debtors and operating cash.

Segment liabilities comprise operating liabilities and financing liabilities.

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

Unallocated liabilities include accrued costs and deferred taxation liabilities within the Company and selected sub-holding companies as at the balance sheet date. Unallocated liabilities also include borrowings, as these are non-operating activities.
The Group manages its business segments on a region wide basis. The operations in the reporting periods were based in four main countries within the Group's region of focus with mainly cash balances being held by the parent company. The four principal territories were:

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

4. Analysis of expenditure

4.1 Cost of operations

	Six months ended 30 June 2013 (unaudited) €'000	Six months ended 30 June 2012 (unaudited) €'000
Costs of sale of residential property	(262)	(4,787)
Utilities, services rendered and other costs	(5,285)	(5,955)
Legal and professional expenses	(696)	(1,018)
Staff costs	(2,425)	(2,630)
Sales and direct advertising costs	(619)	(782)
Depreciation and amortisation	(465)	(430)
Reversal of impairment / impairment on inventory	98	(503)
Cost of operations	**(9,654)**	**(16,105)**

4.2 Administrative expenses

	Six months ended 30 June 2013 (unaudited) €'000	Six months ended 30 June 2012 (unaudited) €'000
Audit and tax services	(112)	(132)
Incentive and management fee	(729)	(967)
Legal and other professional fees	(359)	(294)
Utilities, services rendered and other costs	(665)	(454)
Staff costs	(539)	(548)
Depreciation and amortisation	(960)	(981)
Other administrative expenses	(155)	117
Administrative expenses	**(3,519)**	**(3,259)**

5.1 Other operating income

	Six months ended 30 June 2013 (unaudited) €'000	Six months ended 30 June 2012 (unaudited) €'000
Income from insurance	6	92
Income from tax refund	587	-
Reversal of land bank impairment	309	-
Other operating income	499	246
Reversal of impairment on property, plant and equipment	-	256
Other operating income	**1,401**	**594**

5. 2 Other operating expenses

	Six months ended 30 June 2013 (unaudited) €'000	Six months ended 30 June 2012 (unaudited) €'000
Land bank impairment	-	(373)
Interest and fees	(89)	(88)
Loss on sale of investment property asset	-	(113)
Other operating expenses	(182)	(114)
Impairment on property, plant and equipment	(2,899)	-
Other operating expenses	**(3,170)**	**(688)**

6. Tax expense

Continuing operations	Six months ended 30 June 2013 (unaudited) €'000	Six months ended 30 June 2012 (unaudited) €'000
Current tax	(30)	(9)
Deferred tax	(285)	(3,119)
Tax expense for the period	**(315)**	**(3,128)**

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

7. Dividends

There were no dividends declared or paid in the six months ended 30 June 2013 (2012: €nil).

8. Loss per share ("LPS")

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

For diluted loss per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares. The difference in the number of ordinary shares between the basic and diluted loss per share reflects the impact were the outstanding share warrants to be exercised.

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

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

Six months ended 30 June 2012 (unaudited) Continuing operations	**(Loss) €'000**	**Weighted average number of shares**	**Per share amount Eurocents**
Basic (LPS)			
Loss attributable to equity shareholders of the Company	(5,256)	46,852,014	(11.2)
Effect of dilutive securities			
Share warrants	-	-	-
Diluted (LPS)			
Adjusted (loss)	**(5,256)**	**46,852,014**	**(11.2)**

The outstanding share warrants exercise price exceeds current market value; therefore the warrants are not dilutive. As a result, diluted (loss) per share equals basic (loss) per share.

9. Property, plant and equipment

	Buildings €'000	**Plant and equipment €'000**	**Motor vehicles €'000**	**Total €'000**
Cost or valuation				
At 1 January 2012	80,635	10,115	96	90,846
Additions at cost	24	567	18	609
Exchange adjustments	5,603	744	6	6,353
Disposals	-	(110)	(25)	(135)
Revaluation	(4,722)	-	-	(4,722)
At 31 December 2012	**81,540**	**11,316**	**95**	**92,951**
Additions at cost	182	71	-	253
Exchange adjustments	(4,067)	(564)	(3)	(4,634)
Disposals	-	-	-	-
Revaluation	(1,446)	(476)	-	(1,922)
At 30 June 2013	**76,209**	**10,347**	**92**	**86,648**

Accumulated depreciation				
At 1 January 2012	(674)	(3,727)	(62)	(4,463)
Charge for the year	(1,948)	(752)	(12)	(2,712)
Adjustment due to revaluation	-	-	-	-
Exchange adjustments	-	(282)	(4)	(286)
Disposals	-	42	15	57
At 31 December 2012	**(2,622)**	**(4,719)**	**(63)**	**(7,404)**
Charge for the year	(915)	(380)	(4)	(1,299)
Adjustment due to revaluation	915	-	-	915
Exchange adjustments	-	247	2	249
Disposals	-	-	-	-
At 30 June 2013	**(2,622)**	**(4,852)**	**(65)**	**(7,539)**
Net book value at 30 June 2013	**73,587**	**5,495**	**27**	**79,109**
Net book value at 31 December 2012	**78,918**	**6,597**	**32**	**85,547**

	Buildings €'000	**Plant and equipment €'000**	**Motor vehicles €'000**	**Total €'000**
Cost or valuation				
At 1 January 2012	80,635	10,115	96	90,846
Additions at cost	-	343	-	343
Revaluation	4,097	-	-	4,097
Disposal	-	(102)	(9)	(111)
Exchange adjustments	2,450	345	4	2,799
At 30 June 2012	**87,182**	**10,701**	**91**	**97,974**
Accumulated depreciation				
At 1 January 2012	(674)	(3,727)	(62)	(4,463)
Charge for the period	(925)	(379)	(7)	(1,311)
Adjustment due to revaluation	925	-	-	925
Disposal	-	38	3	41
Exchange adjustments	-	(124)	(2)	(126)
At 30 June 2012	**(674)**	**(4,192)**	**(68)**	**(4,934)**
Net book value at 30 June 2012	**86,508**	**6,509**	**23**	**93,040**

As at 30 June 2013 buildings were partially valued internally by the Property Manager and partially externally by Jones Lang LaSalle, Chartered Surveyors, qualified professional external valuers. For all properties, valuations were based on current prices in an active market. The results:
- revaluation adjustments, net of applicable deferred taxes, have been taken to the revaluation reserve in shareholders' equity (page 22),
- impairment adjustments have been taken to other operating expenses (note 5).

The Group has pledged property, plant and equipment of €78.2 million (31 December 2012: €82.9 million; 30 June 2012: €90.5 million) to secure certain banking facilities granted to subsidiaries. Borrowings for the value of €59.6 million (31 December 2012: €60.6 million, 30 June 2012: €61.6 million) are secured on these properties (note 14).

10. Investment property

	30 June 2013 (unaudited) €'000	31 December 2012 (audited) €'000	30 June 2012 (unaudited) €'000
At beginning of the year	134,545	144,836	144,836
Disposals	-	(1,234)	(359)
Capitalised subsequent expenditure	355	574	119
Exchange movements	(5,931)	9,908	5,949
PV of annual perpetual usufruct fees	(1)	(2)	(1)
Fair value gains/ (losses)	4,553	(19,537)	(8,068)
At the end of period	**133,521**	**134,545**	**142,476**
Less assets classified as held within disposal groups classified as held for sale (note 14)	(700)	(700)	(1,640)
	132,821	**133,845**	**140,836**

As at 30 June 2013 the fair value of the Group's investment properties has been arrived at on the basis of a valuation carried out partially internally by Property Manager and partially externally by Jones Lang LaSalle, Chartered Surveyors.

The Group has pledged investment property of €124.9 million (31 December 2012: €128.6 million; 30 June 2012: €135.3 million) to secure certain banking facilities granted to subsidiaries.

11. Inventories

	30 June 2013 (unaudited) €'000	31 December 2012 (audited) €'000	30 June 2012 (unaudited) €'000
Land held for development	32,140	32,799	31,479
Assets under construction	27,802	25,268	15,297
Completed properties	6,652	7,167	9,836
Hotel inventory	1,183	1,245	1,208
Total inventories	**67,777**	**66,479**	**57,820**

€0.3 million (31 December 2012: €7.8 million; 30 June 2012: €4.8 million) of inventories was released to cost of operations in the income statement during the period. €0.4 million was recognised in the income statement in relation to the reversal of impairment on inventories (31 December 2012: €0.1 million; 30 June 2012: €0.9 million) in relation to impairment of inventories. The stock which is held at fair value less cost to sell amounts to €21.5 million (31 December 2012: €21.4 million; 30 June 2012: €31.3 million).

Bank borrowings are secured on the inventory for the value of €56.0 million (31 December 2012: €55.6 million; 30 June 2012: €47.8 million) (note 14).

Borrowing costs of €1.8 million (31 December 2012: €1.6 million, 30 June 2012: €1.2 million) that are directly attributable to the construction of qualifying assets are capitalized as part of the cost of inventory until they are substantially ready for use or sale.

12. Cash and cash equivalents

	30 June 2013 (unaudited) €'000	31 December 2012 (audited) €'000	30 June 2012 (unaudited) €'000
Cash and cash equivalents			
Cash and cash equivalents	9,800	13,348	11,061
Short term bank deposits	974	1,165	2,489
Total	**10,774**	**14,513**	**13,550**

Included in cash and cash equivalents is €9.2 million (31 December 2012: €12.7 million; 30 June 2012: €11.7 million) restricted cash relating to security and customer deposits.

13. Cash generated from operations

	Six months ended 30 June 2013 (unaudited) €'000	Six months ended 30 June 2012 (unaudited) €'000
Loss for the period	**(3,040)**	**(5,315)**
Adjustments for:		
Effects of foreign currency	7,979	(6,053)
Finance costs	2,684	3,898
Finance income	(439)	(236)
Tax expense	315	3,128
Depreciation of property, plant and equipment	1,299	1,312
Amortisation charges	126	99
Loss on sale of investment property	-	113
(Increase)/ decrease in value of investment property	(4,552)	8,070
(Reversal of impairment)/ impairment on inventory	(407)	876
(Reversal of impairment)/ Impairment on property, plant and equipment	2,899	(256)
Bank loan write off	(2,376)	-
	4,488	**5,636**
Changes in working capital		
Increase in inventory	(630)	(2,917)
Increase in trade and other receivables	(407)	(998)
Decrease in trade and other payables	6,154	4,037
Effects of foreign currency on working capital translation	(1,542)	2,161
	3,575	**2,283**
Cash inflow generated from operations	**8,063**	**7,919**

14. Bank loans

	30 June 2013 (unaudited) €'000	31 December 2012 (audited) €'000	30 June 2012 (unaudited) €'000
Current			
Bank loans and overdrafts due within one year or on demand			
Secured	**(129,349)**	**(132,497)**	**(71,572)**
Non-current			
Repayable within two years			
Secured	(4,042)	(6,592)	(4,777)
Repayable within three to five years			
Secured	(57,359)	(58,285)	(122,413)
Repayable after five years			
Secured	(4,010)	(8,574)	(8,547)
	(65,411)	**(73,451)**	**(135,737)**
Total	**(194,760)**	**(205,948)**	**(207,309)**

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

The fair value of the fixed and floating rate borrowings approximated their carrying values at the balance sheet date, as the impact of marking to market and discounting is not significant. The fair values are based on cash flows discounted using rates based on equivalent fixed and floating rates as at the end of the year, and as such would be classified as level 2 inputs under IFRS 13.

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**	**Other €'000**	**Total €'000**
Bank loans and overdrafts – 30 June 2013	**181,588**	**13,172**	**-**	**194,760**
Bank loans and overdrafts – 31 December 2012	188,091	17,857	-	205,948
Bank loans and overdrafts – 30 June 2012	192,320	14,989	-	207,309

Update on current status

The Group has 4 facilities that have been cross collateralised since February 2010. As of 30 June 2013 and as of 31 December 2012 these facilities are presented as bank loans and overdrafts due within one year or on demand:

1. €61.4 million facility secured on the Millennium Plaza Building in Warsaw, Poland with a maturity date of 2016;
2. €3.9 million facility secured on the Ligetvaros Centre in Budapest, Hungary with a maturity date of 2021;
3. €12.9 million facility secured on the Voluntari land plot in Bucharest, Romania with a maturity date of December 2012;
4. €13.5 million facility secured on the Solaris land in Bucharest, Romania with a maturity date of December 2012.

Voluntari and Solaris land loans totaling €26.4 million with maturity date 31 December 2012 have not been paid and as a result the remaining loans (Millennium and Ligetvaros) totaling €65.3 million had to be reclassified from non-current liabilities to current liabilities due to event of default in the cross-collateralisation agreement. The Group entered into discussion with the bank in 2012, however, the Group did not obtain a signed term-sheet amending the cross collateralisation agreement from the bank until 28 February 2013. The term-sheet extends the facilities until 31 December 2015, although the formal agreement has not been signed at the date of this report. In July 2013 the Group repaid €0.9 million of the above facilities.

In the preparation of the interim condensed consolidated financial information for the six months ended 30 June 2013, the directors have reclassified one additional loan totalling €14.0 million within the consolidated balance sheet from non-current liabilities to current liabilities as bank loans and overdrafts due within one year or on demand, where covenant breaches or defaults on these loans arose. The Company is in dialogue with the bank and is discussing restructuring of this loan.

In addition, there are three loans that are classified as bank loans and overdrafts due within one year or on demand in the amount of €17.9 million. Negotiations are ongoing with the banks on refinancing terms:

- Platinum Towers (€5.1 million) and Kokoszki (€9.5 million) – the Company signed annexes to the existing bank loan agreements extending repayment date to 31 May 2013. Negotiations relating to further extension are in progress.

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

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

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

Assets:	30 June 2013 (unaudited) €'000	31 December 2012 (audited) €'000	30 June 2012 (unaudited) €'000
Investment property	700	700	1,640
Assets held within disposal groups classified as held for sale	**700**	**700**	**1,640**

16. Related party transactions

(a) Key management compensation

	30 June 2013 (unaudited) €'000	30 June 2012 (unaudited) €'000
Fees for non-executive directors	13	13

The Company has appointed AMC to manage its property portfolio. In consideration of the services provided, AMC is entitled to a management fee of €0.7 million for the six months ended 30 June 2013 (31 December 2012: €1.9 million; 30 June 2012: €1.0 million). Under the agreement, AMC are entitled to a performance fee based on the increase in value of the properties over the 12 month period to 31 December 2013. No performance fee has been accrued for the six months ended 30 June 2013 (31 December 2012: €nil million; 30 June 2012: €nil million).

As of 30 June 2013, €0.7 million included in current trade and other payables was due to AMC (31 December 2012: €1.1 million; 30 June 2012: €1.5 million).

(b) Under the loan agreement of 18 May 2007, EdR Real Estate (Eastern Europe) Finance S.a.r.l, which is also a shareholder in Atlas Estates (Cybernetyki) Sp. z o.o., has extended a loan facility of €3.9 million to Atlas Estates (Cybernetyki) Sp. z o.o. for the purpose of covering ongoing investment and business expenses. The loan facility is to be repaid by 31 December 2020 and bears interest at a variable rate equal to the sum of EURIBOR and the lender's margin. In 2013 the lender charged €40 thousand as interest (31 December 2012: €103 thousand, 30 June 2012: €58 thousand). As of 30 June 2012 Atlas Estates (Cybernetyki) Sp. z o.o. has drawn the loan facility plus associated interest in the amount of €4.7 million (31 December 2012: €4.6 million, 30 June 2012: €4.6 million).

(c) Shasha Transport Ltd, which are also shareholder in Atlas and Shasha Zrt (previously: Atlas Estates Kaduri Shasha Zrt), have extended loan facilities to Atlas and Shasha Zrt for the purpose of covering ongoing investment and business expenses. The loan facility has no repayment date and bears interest at a variable rate equal to the sum of EURIBOR and the lender's margin. In 2013 the lender charged €20 thousand as interest (31 December 2012: €50 thousand, 30 June 2012: €26 thousand). As of 30 June 2013 Atlas and Shasha Zrt has drawn the loan facilities plus associated interest in the amount of €2.0 million (31 December 2012: €2.0 million, 30 June 2012: €1.9 million).

(d) On 22 November 2012, the Group acquired 24% interest in the voting shares of Zielono Sp. z o.o., increasing its interests to 100%. As of 30 June 2013 the purchase price of €2.9 million (31 December 2012: €2.9million, 30 June 2012: nil million) and loan payable of €1.4 million (31 December 2012: €1.4million, 30 June 2012: €1.6 million) is due to former non-controlling shareholder (Coralcliff Limited).

17. Post balance sheet events

17. 1 Financing

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

17.2 Significant agreements

No significant agreements have been concluded.

18. Other items

18.1 Information about court proceedings

The Company is not aware of any proceedings instigated before a court, a competent arbitration body or a public administration authority concerning liabilities or receivables of the Company, or its subsidiaries, whose joint value constitutes at least 10% the Company's net equity, except for legal proceeding against:

Atlas Estates Limited and Atlas Estates Investment B.V.

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

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

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

18.2 Financial forecasts

No financial forecasts have been published by the Company in relation to the year ended 31 December 2013.

18.3 Substantial shareholdings

As of 25 August 2013, the Board was aware of the following direct or indirect interest in 3% or more of the Company's ordinary share capital. All shares have equal voting rights.

Table 1 – Significant Shareholders	Number of Shares held	Percentage of Issued Share Capital
HSBC Client Holdings Nominee (UK) Limited <636167>	34,994,624	74.69
Forest Nominees Limited <GC1>	6,536,925	13.95
Euroclear Nominees Limited <EOCO1>	4,975,646	10.62
TOTAL	**46,507,195**	**99.26**

18.4 Directors' share interests

There have been no changes to the Directors' share interests during the six months ended 30 June 2013. No Director had any direct interest in the share capital of the Company or any of its subsidiaries during the six months ended 30 June 2013.

18.5 Share based payment

On 23 February 2006 the Company executed and adopted a Warrant Instrument and thereby constituted up to 5,114,153 Warrants that were issued on 24 February 2006 conditional upon the Company's admission to AIM on 1 March 2006. This was increased by 373,965 on 20 March 2006 upon the exercise of the Greenshoe provisions of the placing agreement. The Warrants are exercisable during the period commencing on Admission to AIM and expiring on the earlier of: (i) seven years from Admission; or, (ii) upon an offer or becoming entitled to acquire the entire issued share capital of the Company. Each of the Warrant Recipients has agreed to certain restrictions on his/its ability to exercise or transfer the Warrants held by him/it.

The exercise price of each of the Warrants is £3.41 (€3.99 as at 30 June 2013). The exercise price and number of ordinary shares relating to such Warrants will be subject to adjustment in respect of dilution events, including the payment by the Company of cash or special dividends, any amalgamation, reorganisation, reclassification, consolidation, merger or sale of all or substantially all of the Group's assets and other dilutive events. The Warrants are freely transferable.

Warrants were valued using the Black-Scholes option pricing model. The fair value per warrant granted and the assumptions used in the calculation are as follows:

Grant date	24 February 2006	20 March 2006
Share price at grant date	£3.41	£3.41
Exercise price	£3.41	£3.41
Number of recipients	7	6
Warrants issued	5,114,153	373,965
Vesting period	1 -4 years	1 - 4 years
Expected volatility	15%	15%
Option life	7 years	7 years
Expected life	7 years	7 years
Risk free rate	4.3%	4.3%
Expected dividends expressed as a dividend yield	8.29%	8.29%
Possibility of ceasing employment before vesting	Nil	Nil
Fair value per warrant option	18 eurocents	18 eurocents

The expected volatility is based on a sample of peer group companies as at the date of grant and has been supported by volatility to date. The expected life is the average expected period to exercise. The risk free rate of return is the projected forward sterling rate as at the date of grant.

The fair value of the employee services received in exchange for the grant of the warrants is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the warrants granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of warrants that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the warrants are exercised.

In 2013, the fair value of the benefit of the total warrants in issue of €nil thousand (2012: €nil thousand) has been charged to the income statement.

19. Principal subsidiary companies and joint ventures

The table below lists the current operating companies of the Group. In addition, the Group owns other entities which have no operating activities. All Group companies are consolidated.

No new subsidiary undertakings were acquired and no significant investments were made in any additional joint ventures during the period ended 30 June 2013.

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	Trilby B.V.	Holding	100%
Guernsey	Atlas Finance (Guernsey) Limited	Holding	100%
Curacao	Atlas Estates Antilles B.V.	Holding	100%
Cyprus	Darenisto Limited	Holding	100%
Cyprus	Kalipi Holdings Limited	Holding	100%
Cyprus	Fernwood Limited	Holding	100%
Poland	AEP Sp. z o.o.	Management	100%
Poland	Platinum Towers AEP Spółka z ograniczoną odpowiedzialnością SKA	Development	100%
Poland	Zielono AEP Spółka z ograniczoną odpowiedzialnością SKA	Development	100%
Poland	Properpol Sp. z o.o.	Investment	100%
Poland	Atlas Estates (Millennium) Sp. z o.o.	Investment	100%
Poland	Atlas Estates (Sadowa) Sp. z o.o.	Investment	100%
Poland	Capital Art Apartments AEP Spółka z ograniczoną odpowiedzialnością SKA	Development	100%
Poland	HGC Gretna Investments Spółka z ograniczoną odpowiedzialnością SKA	Hotel operation	100%
Poland	HPO AEP Spółka z ograniczoną odpowiedzialnością SKA	Development	100%
Poland	Atlas Estates (Cybernetyki) Sp. z o.o.	Development	50%
Poland	Atlas Estates (Kokoszki) Sp. z o.o.	Investment	100%
Poland	Atlas FIZ AN	Holding	100%
Hungary	CI-2005 Investment Kft.	Development	100%
Hungary	Cap East Kft.	Investment	100%
Hungary	Felikon Kft.	Investment	100%
Hungary	Ligetváros Kft	Investment	100%
Hungary	Városliget Center Kft	Investment	100%
Hungary	Atlas Estates (Moszkva) Kft.	Investment	100%
Hungary	Atlas and Shasha Zrt	Development	50%
Romania	World Real Estate SRL	Investment	100%
Romania	Atlas Solaris SRL	Development	100%
Romania	D.N.B. - Victoria Towers SRL	Hotel operation	100%
Bulgaria	Immobul EOOD	Investment	100%

ATLAS ESTATES LIMITED

INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2013

	Six months ended 30 June 2013 (unaudited) €'000	Six months ended 30 June 2012 (unaudited) €'000
Revenues	-	-
Cost of operations	-	-
Gross profit	**-**	**-**
Administrative expenses	(375)	(978)
Other operating income	2,376	14,684
Other operating expenses	(7,176)	-
(Loss)/ Profit from operations	**(5,175)**	**13,706**
Finance income	78	102
Finance costs	(19)	(7)
Other (losses) and gains – foreign exchange	-	(3)
(Loss)/Profit before taxation	**(5,116)**	**13,798**
Tax expense	-	-
(Loss) / Profit for the period	**(5,116)**	**13,798**
Total comprehensive (loss)/ income for the period	**(5,116)**	**13,798**

ATLAS ESTATES LIMITED

INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2013

	30 June 2013 (unaudited) €'000	31 December 2012 (unaudited) €'000	30 June 2012 (unaudited) €'000
ASSETS			
Non-current assets			
Investment in subsidiaries	100,310	103,056	111,079
Loans receivable from subsidiaries	-	-	-
	100,310	**103,056**	**111,079**
Current assets			
Trade and other receivables	43	10	18
Cash and cash equivalents	2	308	187
	45	**318**	**205**
TOTAL ASSETS	**100,355**	**103,374**	**111,284**
Non-current liabilities			
Other payables	(3,102)	(518)	(513)
	(3,102)	**(518)**	**(513)**
Current liabilities			
Trade and other payables	(234)	(721)	(1,063)
	(234)	**(721)**	**(1,063)**
TOTAL LIABILITIES	**(3,336)**	**(1,239)**	**(1,576)**
NET ASSETS	**97,019**	**102,135**	**109,708**
EQUITY			
Share capital account	6,268	6,268	6,268
Other distributable reserve	194,817	194,817	194,817
Accumulated loss	(104,066)	(98,950)	(91,377)
TOTAL EQUITY	**97,019**	**102,135**	**109,708**

ATLAS ESTATES LIMITED

INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 30 June 2013

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

Year ended 31 December 2012 (audited)	**Share capital account €'000**	**Other reserves €'000**	**Accumulated loss €'000**	**Total €'000**
As at 1 January 2012	6,268	194,817	(105,175)	95,910
Total comprehensive income for the year	-	-	6,225	6,225
As at 31 December 2012	**6,268**	**194,817**	**(98,950)**	**102,135**

Six Months Ended 30 June 2012 (unaudited)	**Share capital account €'000**	**Other reserves €'000**	**Accumulated loss €'000**	**Total €'000**
As at 1 January 2012	6,268	194,817	(105,175)	95,910
Total comprehensive income for the period	-	-	13,798	13,798
As at 30 June 2012	**6,268**	**194,817**	**(91,377)**	**109,708**

ATLAS ESTATES LIMITED

INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2013

	Six Months ended 30 June 2013 (unaudited) €'000	Six Months ended 30 June 2012 (unaudited) €'000
(Loss) / Profit for the year	**(5,116)**	**13,798**
Adjustments for:		
Effects of foreign currency	-	3
Finance costs	19	7
Finance income	(78)	(102)
Profit on assignment of loan receivable	(2,376)	-
Impairment/ (Reversal of impairment) on investments	2,746	(13,842)
Impairment/ (Reversal of impairment) against loans receivable from subsidiaries	4,430	(835)
	(375)	**(971)**
Changes in working capital		
(Increase)/ Decrease in trade and other receivables	(33)	12
Decrease in trade and other payables	(487)	(74)
Net cash outflow from operating activities	**(895)**	**(1,033)**
Investing activities		
New loans advanced to subsidiaries	(201)	(119)
Repayment of loans with subsidiary undertakings	790	1,195
Net cash from investing activities	**589**	**1,076**
Financing activities		
Interest received	-	-
Interest paid	-	-
Net cash (from)/ used in financing activities	**-**	**-**
Net (decrease)/ increase in cash and cash equivalents in the year as a result of cashflows	**(306)**	**43**
Effect of foreign exchange rates	-	-
Net decrease in cash and cash equivalents in the year	**(306)**	**43**
Cash and cash equivalents at the beginning of the year	**308**	**144**
Cash and cash equivalents at the end of the year	**2**	**187**
Cash and cash equivalents		
Cash at bank and in hand	2	187
Bank overdrafts	-	-
	2	**187**