ATLAS ESTATES LIMITED
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
HALF YEAR 2015

Atlas Estates Limited
Martello Court
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Company number: 44284

ATLAS ESTATES LIMITED

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ATLAS ESTATES LIMITED

Financial Highlights

Selected Consolidated Financial Items	Six months ended 30 June 2015	Year ended 31 December 2014	Six months ended 30 June 2014
	€'000	**€'000**	**€'000**
Revenues	16,684	36,925	20,647
Gross profit	6,958	13,838	7,256
Decrease in value of investment properties	(5,468)	(27,620)	(14,409)
Loss from operations	(1,992)	(23,636)	(10,531)
Profit/ (Loss) before tax	20,320	(33,156)	(13,926)
Profit/ (Loss) for the period	21,085	(32,683)	(14,037)
Profit/ (Loss) attributable to owners of the parent	21,085	(32,683)	(14,037)
Cash flow from operating activities	7,846	10,637	8,323
Cash flow from investing activities	(396)	217	224
Cash flow from financing activities	(7,097)	(9,107)	(5,528)
Net increase in cash	760	1,240	2,973
Non-current assets	188,840	194,828	227,121
Current assets	63,246	60,224	53,148
Total assets	262,661	261,832	280,843
Current liabilities	(172,553)	(129,525)	(46,811)
Non-current liabilities	(22,950)	(87,315)	(171,360)
Total liabilities	(195,503)	(216,840)	(218,171)
Basic net assets	67,158	44,992	62,672
Number of shares outstanding	46,852,014	46,852,014	46,852,014
Profit/ (Loss) per share (eurocents)	45.0	(69.8)	(30.0)
Basic net asset value per share (€)	1.4	1.0	1.3

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

ATLAS ESTATES LIMITED

Chairman's Statement

Dear Shareholders,

I am pleased to announce the financial results for Atlas Estates Limited ("Atlas" or "the Company") and its subsidiary undertakings (together "the Group") for the six months ended 30 June 2015.

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

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

- on 29 June 2015 the Group signed a new financing agreement for *Hilton* hotel to repay the existing bank facility of €52.8million maturing in September 2015. The final repayment date of the new loan is 30 June 2025;

- on 30 June 2015 the Group completed restructuring of the portfolio of Romanian land bank loans. Based on the settlement reached with the bank the Group received €22.2 million discount on the repayment of the outstanding loan facilities (as described on page 10);

- the residential projects that the Group is currently developing in Warsaw (*Capital Art Apartments III & IV, Apartamenty przy Krasińskiego* and *Concept House*) were successful and their sales are nearly complete,;

- the above described success in the development sector has contributed to the full repayment of the loan facilities extended to all residential projects;

- in July and August 2014, the Group has signed agreements on the purchase of the right of perpetual usufruct of real estate properties situated in Żoliborz and Wola districts of Warsaw, with a total area of 18,990 sqm, for use in future residential development projects. The Company estimates that approximately 410 apartments can be developed on these properties and is working on achieving valid building permits for their construction.

Half Year Reported Results

As of 30 June 2015 the Group has reported basic net assets of €67.2 million.

The increase of basic net asset value by €22.2 million from €45.0 million as at 31 December 2014 is primarily a result of the above mentioned bank loan write off. On 30 June 2015 the Group reached a settlement with the bank financing its two projects in Romania (part of *the portfolio of cross collateralised banking facilities*) based on which the Group received €22.2 million discount on the repayment of the outstanding loan facilities.

Profit after tax amounts to €21.1 million for the six months period ended 30 June 2015 as compared to loss after tax of €14.0 million for the six months period ended 30 June 2014. The increase amounting to €35.1 million is mainly attributable to:

- the above described bank loan write off of €22.2 million resulting in finance income increased from €0.2 in the first half 2014 to €22.4 million in the first half of 2015;
- €8.9 million decrease in the fair value losses on investment properties from €14.4 million in the first half 2014 to €5.5 million in the first half of 2015. This significant decrease recorded in 2014 was mainly impacted by the fair value losses on land banks in Romania;
- favourable movements in the foreign currency exchange differences from loss of €0.7 million for the first half 2014 to gain of €1.9 million for the first half 2015. The foreign exchange gains occurred mainly as a result of appreciation of PLN against EUR in the first half of 2015. The foreign exchange losses occurred mainly as a result of depreciation HUF against EUR in the first half of 2014.

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 2015, as set out in note 1.

Investing Policy

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

We invest both on our own and, where appropriate, with joint venture partners in residential, industrial, retail, office and leisure properties in order to create an appropriately balanced portfolio of income-generating properties and development projects. We may employ leverage to enhance returns on equity. Wherever possible, the Directors intend to seek financing on a non-recourse, asset by asset basis. The Company has no set limit on its overall level of gearing. However, it is anticipated that the Company shall employ a gearing ratio of up to 80% of the total value of its interest in income-generating properties within its property portfolio.

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

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

The Company has used NAV per share and Adjusted NAV per share as key performance measures since its IPO. In the six months to 30 June 2015, NAV per share, as reported in the interim condensed consolidated financial information, which has been prepared in accordance with International Financial Reporting Standards ("IFRS"), has increased from the level of €1.0 per share as at 31 December 2014 to €1.4 per share 30 June 2015.

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

For the interim accounts valuations of key assets (*Hilton* Hotel and *Millennium Plaza*- office building located in Warsaw) were performed by external experts. Additionally internal valuation was performed in respect of Metropol (Hungarian property) which was classified as held for sale. As of 30 June 2015 the following external independent qualified experts were engaged:
- Jones Lang LaSalle responsible for the valuation of *Millenium Plaza*,
- Wyceny i Ekspertyzy Sp. z o.o. dr inż. Andrzej Zalewski responsible for the valuation of *Hilton* hotel in Poland.

Corporate Governance

Atlas ensures that the Group applies a robust corporate governance structure, which is vital in the current economic conditions. This is important as there is a clear link between high quality corporate governance and shareholder value creation. The Group's annual financial statements for the year ended 31 December 2014 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 2015 are summarised in the Property Manager's Report on pages 14 and 15 below.

Prospects

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

Andrew Fox
CHAIRMAN
28 August 2015

Review of the Property Manager

In this review we present the financial and operating results for the six months ended 30 June 2015. 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 2015, the Company held a portfolio of twenty one properties comprising eleven investment properties of which five are income yielding properties, two are held for capital appreciation and four are held for sale, two hotels and eight development properties.

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

Markets and Key Properties

Poland

This is the major market of operation for the Group, with approximately 85% (by value as of 31 December 2014) of the Group's portfolio located there. The Polish economy has been one of the most resilient economies in Europe with expected GDP growth of 3.5% in 2015 (3.4% in 2014).

Hilton Hotel, Warsaw

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

Platinum Towers and Atlas Estates Tower

Platinum Towers **-** with its construction finished, all apartments and penthouses have been sold. This residential development alongside the Hilton hotel provides a unique development in the city. The plan is also to build a mixed use (residential and office) Atlas Estates Tower, on the neighbouring plot, which will enhance the attractiveness of this site.

Capital Art Apartments

The *Capital Art Apartments* project in Warsaw is another development in Warsaw close to the city centre. It is a four stage development with 784 apartments as well as parking and amenities, including retail facilities.

With both the first and the second stage completed, the Company has, to date, sold or presold all of the 219 apartments in the first stage, with a further 297 out of 300 apartments in the second stage having been sold or presold. Construction of the third and fourth stages, comprising 265 apartments, was completed in the first quarter 2015 and as of 30 June 2015 the Company pre-sold 249 apartments.

Concept House

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

The construction of the development was completed in 2013 and as of 30 June 2015 only 7 apartments and 4 retail units are unsold.

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

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

The first stage of this development includes 303 apartments as well as parking and amenities and retail facilities. The construction of the first stage was completed in 2013 and as of 30 June 2015 only 3 apartments and 4 retail units are unsold.

Apartamenty przy Krasińskiego II is the second stage of this successful development project. This stage will release approximately 170 apartments as well as parking and retail facilities.

Nakielska Apartments Project

Nakielska Apartment Project is a residential development will be a two stage development which will release around 240 apartments as well as parking and retail facilities.

Other properties in Poland

The Group also owns two investment properties in Poland.

The *Millennium Plaza* is a 32,700 sqm office and retail building centrally located in Warsaw with occupancy rate of 77% as of 30 June 2015.

The *Sadowa* office building is a 6,550 sqm office building in Gdańsk. During the year its occupancy ratio remains high (100% as of 31 December 2014 and 30 June 2015).

Hungary

In Hungary, the Group's portfolio is comprised of six properties, all of which are located in Budapest. Five are income producing assets. Four of them have been classified as an asset held for sale – as disclosed in note 16 of the interim condensed consolidated financial statements.

The Hungarian economy has suffered from the global credit crisis and lack of liquidity available for development projects. As a result, Atlas has stopped development activity and has experienced client losses and pricing pressures affecting its income yielding assets. In 2014 GDP increase of 3.6% was noted (in 2015 an increase in GDP of 2.7% is expected).

Romania

The Group's portfolio contains three properties in Romania, including the *Golden Tulip* hotel and two significant land banks. The Romanian GDP increased by 2.9% in 2014 (in 2015 an increase in GDP of 2.7% is expected). Despite the difficult trading conditions, occupancy rates at the Golden Tulip improved from 54% for the six months ended 30 June 2014 to 64% for the six months ended 30 June 2015.

Bulgaria

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

Financial Review

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

Portfolio valuation and valuation methods

An independent valuation of the entire property portfolio is carried out on an annual basis. For the interim semi-annual accounts the valuation of selected assets was performed as described on page 5.

Loans

As at 30 June 2015, the Company's share of bank debt associated with the portfolio of the Group was €147 million (31 December 2014: €174 million; 30 June 2014: €185 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 2015			31 December 2014			30 June 2014		
	€ millions	€ millions	%	€ millions	€ millions	%	€ millions	€ millions	%
Investment property	91	96	95%	117	100	117%	128	130	98%
Hotels	56	91	62%	57	91	63%	57	91	63%
Development property in construction	-	-	-	-	-	-	-	12	-
Total	**147**	**187**	**79%**	**174**	**191**	**91%**	**185**	**233**	**79%**

The valuations in the table above differ from the values included in the consolidated balance sheet as at 30 June 2015, 31 December 2014 and 30 June 2014 due to the treatment under IFRS of land held under operating leases and development property.

LTV ratio of investment property increased from 98% as of 30 June 2014 to 117% as of 31 December 2014 mainly due to the significant decrease in the valuation of Romanian land banks noted in 2014. LTV ratio of investment property decreased significantly in 2015 and amounted to 95% as of 30 June 2015 as a result of the settlement reached with the bank financing Romanian land bank investments (as disclosed on page 10).

As of 30 June 2015 the LTV ratio of hotels amounted to 62% and remained at a similar level as compared to 31 December 2014 and 30 June 2014.

The bank facilities extended to development projects in construction were repaid in 2014 and this impacted the decrease of LTV in this segment.

The gearing ratio is 65% based upon net debt as a percentage of total capital (net debt plus equity attributable to equity holders). The ratio decreased significantly as compared to 31 December 2014 (73%) and 30 June 2014 (72%) mainly due to the settlement reached with bank financing Romanian land banks.

Debt financing

Hotel Hilton bank facility

As of 30 June 2015 and 31 December 2014 the bank facility extended to *Hilton* hotel in Poland amounting to €52.8m (31 December 2014: €53.3m) is classified as a current liability as it is due in September 2015. On 29 June 2015 the Group signed a new financing agreement in order to repay this facility before its due date. The final repayment date of the new loan is 30 June 2025.

Portfolio of cross collateralised banking facilities

On 30 June 2015 the Group reached a settlement with the bank financing its two projects in Romania (*part of the portfolio of cross collateralised banking facilities*) based on which the Group received a €22.2 million discount on the repayment of the outstanding Romanian loan facilities. The Group could be obliged to pay an additional amount to the bank in connection with this transaction upon closing of disposal of *Millennium Plaza*. The additional amount is calculated as follows:

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

As of 30 June 2015, after the above settlement, the Group has two outstanding facilities that have been cross collateralised totalling €64.8 million. As at 30 June 2015 these loans have been classified as current liabilities since the waiver of covenants is effective till January 2016. The Company is in dialogue with the bank and is discussing restructuring of this loan portfolio.

Repaid loans

On 11 February 2014 and 10 December 2014 the loan facilities extended to *Concept House* and *Capital Art Apartments* residential developments were repaid.

Other loans

In the preparation of the consolidated financial statements as of 30 June 2015, the directors have classified the loan facility extended to a Hungarian subsidiary totalling €15.5 million as current since covenant breaches arose on this loan. The Company is in dialogue with the bank and is discussing restructuring of this loan.

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Review of the operational performance

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

	Property Rental € millions	Development Properties € millions	Hotel Operations € millions	Other € millions	Six months ended 30 June 2015 € millions	Six months ended 30 June 2014 € millions
Revenue	6.3	0.8	9.6	-	16.7	20.6
Cost of operations	(2.8)	(0.8)	(6.1)	-	(9.7)	(13.4)
Gross profit	3.5	-	3.5	-	7.0	7.2
Administrative expenses	(0.5)	(0.3)	(1.7)	(1.0)	(3.5)	(3.6)
Gross profit less administrative expenses	3.0	(0.3)	1.8	(1.0)	3.5	3.6
Gross profit %	56%	0%	36%	0%	42%	35%
Gross profit less administrative expenses %	48%	-38%	19%	0%	21%	17%

Revenues and cost of operations

Total revenues for the six months ended 30 June 2015 were €16.7 million compared to €20.6 million for the six months ended 30 June 2014. The Group's principal revenue streams are from its hotel operations, property rental income and income from the sale of the residential apartments that the Group develops. As the Group maintains a diversified portfolio of real estate investments, seasonality or cyclicality of yielded income or results is also highly diversified.

Cost of operations were €9.7 million in the six months ended 30 June 2015 compared to €13.4 million for the six months ended 30 June 2014. €3.7 million decrease is principally due to lower numbers of apartments handed over to new owners with notarial deeds signed in 2015 (30 June 2015: 6 apartments) as compared to 2014 (30 June 2014: 109 apartments).

Development Properties

	Six months ended 30 June 2015 € millions	Six months ended 30 June 2014 € millions	**Total change 2015 v 2014 € millions**	Translation foreign exchange effect € millions	Operational change 2015 v 2014 € millions
Revenue	0.8	5.2	**(4.4)**	-	(4.4)
Cost of operations	(0.8)	(4.3)	**3.5**	-	3.5
Gross profit	-	0.9	**(0.9)**		(0.9)
Administrative expenses	(0.3)	(0.3)	**-**	-	-
Gross profit less administrative expenses	(0.3)	0.6	**(0.9)**		(0.9)

Proceeds from the sale of residential apartments developed by the Group are only recognised when apartments have been handed over to new owners with notarial deed signed. At this moment the economic risks and rewards are transferred to the new owner and in accordance with the Group's accounting policy, the revenue and associated costs of these apartments are recognised in the income statement. Please note that for:
- *Capital Art Apartments III&IV* projects: no sales and associated costs have been recognized in the income statement as no notarial deeds were signed as of 30 June 2015. However it should be noted that these projects demonstrate high level of presales amounting to 94% as of 30 June 2015;
- *Concept House* is a joint venture project and therefore differently accounted for as compared to other development projects. The revenues and associated costs of this development are netted and disclosed separately as a single line item as "total investment in equity accounted joint ventures" on the consolidated income statement.

The decrease in gross profit realised by the development segment in 2015 as compared 2014 is mainly a result of above mentioned decrease in the number of apartments sold.

Apartment sales in developments in Warsaw

	CAA stage 1	CAA stage 2	CAA stage 3&4	Platinum Towers	Apartamenty przy Krasińskiego	Concept House*
Total apartments for sale	219	300	265	396	303	160
Sales completions in 2008-2012	216	287	-	388	-	-
Sales completions in 2013	1	6	-	4	255	53
Sales completions in 2014	-	3	-	4	37	93
Sales completions in 2015	-	-	-	-	6	6
Total sales completions	217	296	-	396	298	152
Sales not completed as of 30 June 2015 (only preliminary agreements concluded)	2	1	249	-	2	1
Apartments available for sale as of 30 June 2015	-	3	16	-	3	7

**Joint venture project*

Property Rental

	Six months ended 30 June 2015 € millions	Six months ended 30 June 2014 € millions	**Total change 2015 v 2014 € millions**	Translation foreign exchange effect € millions	Operational change 2015 v 2014 € millions
Revenue	6.3	6.1	**0.2**	-	0.2
Cost of operations	(2.8)	(2.8)	**-**	-	-
Gross profit	3.5	3.3	**0.2**		0.2
Administrative expenses	(0.5)	(0.3)	**(0.2)**	-	(0.2)
Gross profit less administrative expenses	3.0	3.0	**-**		-

In the first six months of 2015 the gross margin realized by the Property Rental segment remained stable as compared to the first six months of 2014.

Hotels

	Six months ended 30 June 2015 € millions	Six months ended 30 June 2014 € millions	**Total change 2015 v 2014 € millions**	Translation foreign exchange effect € millions	Operational change 2015 v 2014 € millions
Revenue	9.6	9.2	**0.4**	-	0.4
Cost of operations	(6.1)	(6.3)	**0.2**	-	0.2
Gross profit	3.5	2.9	**0.6**		0.6
Administrative expenses	(1.7)	(1.6)	**(0.1)**	-	(0.1)
Gross profit less administrative expenses	1.8	1.3	**0.5**		0.5

In the first six months of 2015 the hotel operations improved as compared to the first six months of 2014 mainly due to improved occupancy ratios of both *Hilton* and *Golden Tulip* hotels in Warsaw and Bucharest.

Administrative expenses

Administrative expenses decreased by €0.1 million as compared to the six months ended 30 June 2014 mainly due to 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 2015 the decrease of the market value of the investment properties portfolio was of €5.5 million as compared to a decrease of €14.4 million as of 30 June 2014. This significant decrease in 2014 was mainly impacted by the valuation losses recognised in relation to the assets located in Romania as described in more detail in 2014 annual report (note 16). The decrease in 2015 was mainly due to the revaluation of *Millenium Plaza*.

Finance income and costs

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

The income statement includes finance costs of €2.0 million for the six months ended 30 June 2015, compared with €2.9 million in comparative period in 2014, representing mainly interests on bank loans and related bank charges. The decrease of finance costs is mainly attributable to deconsolidation of one of the Polish subsidiaries in December 2014.

Foreign exchange

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

In the six months ended 30 June 2015 the Group reported exchange gains of €1.9 million as compared to €0.7 million losses in the six months ended 30 June 2014. These gains and losses were due to the unrealised foreign exchange gains and losses on EUR denominated bank loans in Polish, Hungarian and Romanian subsidiaries. The foreign exchange gains occurred mainly as a result of appreciation of PLN against EUR in the first half of 2015. The foreign exchange losses occurred mainly as a result of depreciation of HUF against EUR in the first half of 2014.

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 2015	4.1944	315.04	4.4735	1.9558
31 December 2014	4.2623	314.89	4.4821	1.9558
% Change	-2%	0%	0%	0%
30 June 2014	4.1609	310.19	4.3870	1.9558
31 December 2013	4.1472	296.91	4.4847	1.9558
% Change	0%	4%	-2%	0%
Average rates				
1 Jan- 30 June 2015	4.1420	307.45	4.4682	1.9558
Year 2014	4.1852	308.66	4.4591	1.9558
% Change	-1%	0%	0%	0%
1 Jan- 30 June 2014	4.1757	306.94	4.3951	1.9558

Net Asset Value

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

- Yielding assets let to paying tenants – classed as investment properties with valuation movements being recognised in the Income Statement;

- Property, plant and equipment operated by the Group to produce income, such as the Hilton hotel or land held for development of PPE – revaluation movements are taken directly to reserves, net of deferred tax; and

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

The Property Manager's basic fee and performance fee are determined by the annual adjusted NAV. For the six months to 30 June 2015 the basic fee payable to AMC was €0.7 million - based on the adjusted NAV as of 31 December 2014 (€1.0 million for the six months period ended 30 June 2014- based on the adjusted NAV as of 31 December 2013).

Ongoing activities

During the first half of 2015, 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 local market knowledge and expertise. In the second quarter of 2015 the new financing for *Hilton* hotel was secured and successful restructuring of Romanian bank facilities was completed. Additionally good progress has been made with the sales of key development projects in Warsaw (*Apartamenty przy Krasińskiego I*, *Concept House* and *Capital Art Apartments III&IV*). In the first quarter of 2015 the constructions of *Apartamenty przy Krasińskiego III&IV* were completed. Moreover in the third quarter of 2014 the Company managed to purchase two plots in Warsaw for use in future residential development projects. Currently the management is focused on securing financing for these projects and obtaining all necessary permits to commence the construction.

Reuven Havar
Chief Executive Officer
Atlas Management Company Limited
28 August 2015

Ziv Zviel
Chief Financial Officer
Atlas Management Company Limited

ATLAS ESTATES LIMITED

Property Portfolio Information

Location/Property	Description	Company's ownership
Poland		
Hilton Hotel	First Hilton Hotel in Poland – a 4 star hotel with 314 luxury rooms, large convention centre, fitness club and spa Holmes Place Premium, casino and retail outlets. Location close to the central business district in Wola area of Warsaw.	100%
Platinum Towers	396 apartments in two towers; the residential development has been completed in the 3rd quarter of 2009 with two residential towers and a piazza. Location close to the central business district in Wola area of Warsaw.	100%
Atlas Estates Tower *(former name: Platinum Towers – offices)*	Land with zoning for an office/residential tower planned over 42 floors.	100%
Galeria Platinum Towers	Commercial area on the ground and first floors Platinum Towers with 1,842 square meters of gallery and 208 parking places almost fully let to tenants.	100%
Capital Art Apartments	784 apartments, four stage development, with Stage 1 completed in 2008, Stage 2 in 2009, Stage 3 in January 2015 and Stage 4 in February 2015. Location close to the central business district in Wola area of Warsaw. As of 30 June 2015 only 19 apartments were available for sale.	100%
Nakielska Apartment Project	*Nakielska Apartment Project* is a residential development in the Wola district of Warsaw. It will be a two stage development which will release 240 apartments with parking and amenities, including retail facilities. This project is an early planning phase.	100%
Apartamenty przy Krasińskiego, stage I	Residential project in Warsaw. The construction was completed in July 2013. The project released 303 apartments out of which 300 were sold or presold.	100%
Apartamenty przy Krasińskiego, stage II	The second stage of the successful development project in Warsaw. This stage is in an early planning phase and it is estimated that it will release approximately 170 apartments with underground parking and retail facilities.	100%
Millennium Tower	32,700 square meters of office and retail space in the central business district of Warsaw with 6,100 square meters of retail and 26,600 square meters of office space.	100%
Concept House	The construction of this residential project was completed in April 2013. Location in Mokotow district close to the central business district of Warsaw. As of 30 June 2015 only 7 apartments out of 160 apartments were still available for sale.	50%
Sadowa office building	6,550 square meters office building with 100% occupancy close to the city centre of Gdansk.	100%

Location/Property	Description	Company's ownership
Hungary		
Ikarus Business Park	283,000 square meters plot with 110,000 square meters of built business space and 70,000 of currently lettable, located in the 16th district, a suburban area of Budapest	100%
Metropol Office Centre	7,600 square meters office building in the 13th district of central Budapest. (disclosed as held for sale as at 30 June 2015)	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. (disclosed as held for sale as at 30 June 2015)	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. (disclosed as held for sale as at 30 June 2015)	100%
Moszkva Square	600 square meters of office and retail space in the Buda district of Budapest. (disclosed as held for sale as at 30 June 2015)	100%
Romania		
Voluntari	86,861 square meters of land in three adjacent plots at the pre-zoning stage, in the north eastern suburbs of the city, known as Pipera.	100%
Solaris Project	32,000 square meters plot for re-zoning to mixed-use development in a central district of Bucharest.	100%
Golden Tulip Hotel	4 star 83 room hotel in central Bucharest in the city centre of Bucharest.	100%
Bulgaria		
The Atlas House	Office building in Sofia's city centre with 3,472 square meters of lettable area.	100%

ATLAS ESTATES LIMITED

Independent Review Report on the Interim Condensed Consolidated Financial Information for the six month period ended 30 June 2015

To Atlas Estates Limited

Introduction

We have been engaged by the company to review the interim condensed consolidated and non-consolidated financial information in the half-yearly financial report for the six months ended 30 June 2015, which comprises the consolidated income statement, the consolidated and non-consolidated statements of comprehensive income, the consolidated and non-consolidated statements of financial position, the consolidated and non-consolidated statements of changes in equity, the consolidated and non-consolidated statements of cash flows and the related explanatory notes.

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

Directors' responsibilities

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

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

Our responsibility

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

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated and non-consolidated financial information in the half-yearly financial report for the six months ended 30 June 2015 is not prepared, in all material respects, in accordance with IAS 34, as adopted by the European Union.

BDO LLP, Chartered Accountants
London, United Kingdom

28 August 2015

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, the interim condensed consolidated and non-consolidated financial statements together with comparative figures have been prepared in accordance with applicable accounting standards and give a true and fair view of the state of affairs and the financial result of the Group and the Company for the period.

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

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

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

Andrew Fox
Chairman

Mark Chasey
Director

Guy Indig
Director

28 August 2015

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2015

		Six months ended 30 June 2015 (unaudited) €'000		Six months ended 30 June 2014 (unaudited) €'000	Note
Revenues		16,684		20,647	
Cost of operations		(9,726)		(13,391)	4.1
Gross profit		**6,958**		**7,256**	
Property manager fee	*(688)*		*(1,023)*		
Central administrative expenses	*(214)*		*(200)*		
Property related expenses	*(2,627)*		*(2,453)*		
Administrative expenses		(3,529)		(3,676)	4.2
Other operating income		456		480	5.1
Other operating expense		(409)		(182)	5.2
Decrease in value of investment properties		(5,468)		(14,409)	
Loss from operations		**(1,992)**		**(10,531)**	
Finance income (including bank debt waiver of €22.2m)		22,374		168	6
Finance costs		(1,990)		(2,853)	6
Other gains/ (losses) – foreign exchange		1,870		(665)	6
Share of profits/ (losses) from equity accounted joint ventures		58		(45)	
Profit/ (Loss) before taxation		**20,320**		**(13,926)**	
Tax credit/ (charge)		765		(111)	7
Profit/ (Loss) for the period		**21,085**		**(14,037)**	
Attributable to:					
Owners of the parent		21,085		(14,037)	
Non-controlling interests		-		-	
		21,085		**(14,037)**	
Profit/ (Loss) per €0.01 ordinary share – basic (eurocents)		45.0		(30.0)	9
Profit/ (Loss) per €0.01 ordinary share – diluted (eurocents)		45.0		(30.0)	9

All amounts relate to continuing operations.
The notes on pages 26 to 45 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 2015

	Six months ended 30 June 2015 (unaudited) €'000	Six months ended 30 June 2014 (unaudited) €'000
PROFIT/ (LOSS) FOR THE PERIOD	**21,085**	**(14,037)**
Other comprehensive income:		
Items that will not be recycled through profit or loss		
Revaluation of buildings	-	1,155
Total	-	1,155
Items that may be recycled through profit or loss		
Exchange adjustments	1,242	(862)
Deferred tax on exchange adjustments	(161)	119
Total	1,081	(743)
Other comprehensive income for the period (net of tax)	**1,081**	**412**
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD	**22,166**	**(13,625)**
Total comprehensive income/ (loss) attributable to:		
Owners of the parent	22,166	(13,625)
Non-controlling interests	-	-
	22,166	**(13,625)**

The notes on pages 26 to 45 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 2015

	30 June 2015 (unaudited) €'000	31 December 2014 €'000	30 June 2014 (unaudited) €'000	Note
ASSETS				
Non-current assets				
Intangible assets	103	131	170	
Land under operating lease - prepayments	11,398	11,287	11,633	
Total investment in equity accounted joint ventures	1,112	1,286	2,192	
Property, plant and equipment	79,939	79,815	80,070	10
Investment property	90,177	97,666	128,580	11
Deferred tax asset	6,111	4,643	4,476	
	188,840	**194,828**	**227,121**	
Current assets				
Inventories	35,310	34,030	24,263	12
Trade and other receivables	5,215	4,233	5,191	
Cash and cash equivalents	22,721	21,961	23,694	13
	63,246	**60,224**	**53,148**	
Assets held within disposal groups classified as held for sale	10,575	6,780	574	16
	73,821	**67,004**	**53,722**	
TOTAL ASSETS	**262,661**	**261,832**	**280,843**	
Current liabilities				
Trade and other payables	(38,351)	(33,164)	(17,846)	
Bank loans	(134,152)	(96,307)	(28,922)	15
Derivative financial instruments	(50)	(54)	(43)	
	(172,553)	**(129,525)**	**(46,811)**	
Non-current liabilities				
Other payables	(3,172)	(3,144)	(7,850)	
Bank loans	(12,300)	(77,542)	(156,435)	15
Derivative financial instruments	(100)	(130)	(135)	
Deferred tax liabilities	(7,378)	(6,499)	(6,940)	
	(22,950)	**(87,315)**	**(171,360)**	
TOTAL LIABILITIES	**(195,503)**	**(216,840)**	**(218,171)**	
NET ASSETS	**67,158**	**44,992**	**62,672**	

The notes on pages 26 to 45 form part of this consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2015

	30 June 2015 (unaudited) €'000	31 December 2014 €'000	30 June 2014 (unaudited) €'000
EQUITY			
Share capital account	6,268	6,268	6,268
Revaluation reserve	18,356	18,356	15,866
Other distributable reserve	194,817	194,817	194,817
Translation reserve	(8,833)	(9,914)	(8,390)
Accumulated loss	(143,450)	(164,535)	(145,889)
Issued capital and reserves attributable to owners of the parent	**67,158**	**44,992**	**62,672**
Non-controlling interests	-	-	-
TOTAL EQUITY	**67,158**	**44,992**	**62,672**
Basic net asset value per share	€ 1.4	€ 1.0	€ 1.3

The notes on pages 26 to 45 form part of this consolidated financial information. The condensed consolidated financial information on pages 20 to 45 was approved by the Board of Directors on 28 August 2015 and signed on its behalf by:

Andrew Fox
Chairman

Mark Chasey
Director

Guy Indig
Director

28 August 2015

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 30 June 2015

Six months ended 30 June 2015 (unaudited)	**Share capital account €'000**	**Revaluation reserve €'000**	**Other distributable reserve €'000**	**Translation reserve €'000**	**Accumulated loss €'000**	**Total €'000**	**Non-controlling interest €'000**	**Total equity €'000**
As at 1 January 2015	**6,268**	**18,356**	**194,817**	**(9,914)**	**(164,535)**	**44,992**	**-**	**44,992**
Profit for the period	-	-	-	-	21,085	21,085	-	21,085
Other comprehensive income for the period	-	-	-	1,081	-	1,081	-	1,081
As at 30 June 2015	**6,268**	**18,356**	**194,817**	**(8,833)**	**(143,450)**	**67,158**	**-**	**67,158**

Year ended 31 December 2014 (audited)	**Share capital account €'000**	**Revaluation reserve €'000**	**Other distributable reserve €'000**	**Translation reserve €'000**	**Accumulated loss €'000**	**Total €'000**	**Non-controlling interest €'000**	**Total equity €'000**
As at 1 January 2014	**6,268**	**14,711**	**194,817**	**(7,647)**	**(131,852)**	**76,297**	**-**	**76,297**
Loss for the period	-	-	-	-	(32,683)	(32,683)	-	(32,683)
Other comprehensive income for the year	-	3,645	-	(2,267)	-	1,378	-	1,378
As at 31 December 2014	**6,268**	**18,356**	**194,817**	**(9,914)**	**(164,535)**	**44,992**	**-**	**44,992**

Six months ended 30 June 2014 (unaudited)	**Share capital account €'000**	**Revaluation reserve €'000**	**Other distributable reserve €'000**	**Translation reserve €'000**	**Accumulated loss €'000**	**Total €'000**	**Non-controlling interest €'000**	**Total equity €'000**
As at 1 January 2014	**6,268**	**14,711**	**194,817**	**(7,647)**	**(131,852)**	**76,297**	**-**	**76,297**
Loss for the period	-	-	-	-	(14,037)	(14,037)	-	(14,037)
Other comprehensive income for the period	-	1,155	-	(743)	-	412	-	412
As at 30 June 2014	**6,268**	**15,866**	**194,817**	**(8,390)**	**(145,889)**	**62,672**	**-**	**62,672**

The notes on pages 26 to 45 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 2015

	Note	Six months ended 30 June 2015 (unaudited) €'000	Six months ended 30 June 2014 (unaudited) €'000
Cash inflow generated from operations	14	**7,820**	**8,267**
Tax received		26	56
Net cash from operating activities		**7,846**	**8,323**
Investing activities			
Interest received		117	132
Purchase of investment property		(488)	(139)
Purchase of intangible assets		-	(27)
Purchase of property, plant and equipment		(271)	(700)
Loans repaid by equity accounted joint ventures		246	958
Net cash from investing activities		**(396)**	**224**
Financing activities			
Interest paid		(1,914)	(1,975)
New bank loans raised		-	3,722
Repayments of bank loans		(5,183)	(7,275)
Net cash used in financing activities		**(7,097)**	**(5,528)**
Net increase in cash and cash equivalents in the year		**353**	**3,019**
Effect of foreign exchange rates		407	(46)
Net increase in cash and cash equivalents in the year		**760**	**2,973**
Cash and cash equivalents at the beginning of the year		**21,961**	**20,721**
Cash and cash equivalent at the end of the year		**22,721**	**23,694**
Cash and cash equivalents			
Cash and cash equivalents		22,721	23,694
		22,721	**23,694**

The notes on pages 26 to 45 form part of this condensed consolidated financial information.

1. Basis of preparation

This interim condensed consolidated and non-consolidated financial statements for the six months ended 30 June 2015 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 cash flow statement, non-consolidated statement of comprehensive income, non-consolidated statement of financial position, non-consolidated statement of changes in equity, non-consolidated cash flow statement are unaudited. This unaudited interim condensed consolidated financial information should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended 31 December 2014. The six month financial results are not necessarily indicative of the full year results.

In assessing the going concern basis of preparation of the condensed consolidated and non-consolidated interim financial information for the six months ended 30 June 2015, the directors have taken into account the status of current negotiations on loans. These are disclosed in note 15 as part of the bank loans note.

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

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

While there will always remain some inherent uncertainty within the aforementioned cash flow forecasts, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the condensed consolidated financial statements for the six months ended 30 June 2015.

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 2014, as described in the annual financial statements for the year ended 31 December 2014.

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 2015 (unaudited)	Investment property	Residential sales	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Revenues	6,260	813	9,611	-	16,684
Cost of operations	(2,803)	(808)	(6,115)	-	(9,726)
Gross profit	**3,457**	**5**	**3,496**	**-**	**6,958**
Administrative expenses	(473)	(283)	(1,677)	(1,096)	(3,529)
Gross profit/ (loss) less administrative expenses	**2,984**	**(278)**	**1,819**	**(1,096)**	**3,429**
Other operating income	122	119	215	-	456
Other operating expenses	(173)	(52)	(182)	(2)	(409)
Decrease in value of investment properties	(5,468)	-	-	-	(5,468)
(Loss)/ Profit from operations	**(2,535)**	**(211)**	**1,852**	**(1,098)**	**(1,992)**
Finance income	12	137	20	22,205	22,374
Finance cost	(1,212)	(4)	(771)	(3)	(1,990)
Finance costs - other gains – foreign exchange	1,057	(60)	774	99	1,870
Share of profits from equity accounted joint ventures		58			58
Segment result before tax	**(2,678)**	**(80)**	**1,875**	**21,203**	**20,320**
Tax credit/ (expense)	(151)	(19)	909	26	765
Profit for the period as reported in the income statement					**21,085**
Net profit attributable to owners of the parent					**21,085**

Six months ended 30 June 2015 (unaudited)	Investment property	Residential sales	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Reportable segment assets	112,444	51,181	93,889	-	257,514
Unallocated assets	-	-	-	5,147	5,147
Total assets	**112,444**	**51,181**	**93,889**	**5,147**	**262,661**
Reportable segment liabilities	(104,194)	(28,312)	(59,660)	-	(192,166)
Unallocated liabilities	-	-	-	(3,337)	(3,337)
Total liabilities	**(104,194)**	**(28,312)**	**(59,660)**	**(3,337)**	**(195,503)**

Six months ended 30 June 2015 (unaudited)	Investment property	Residential sales	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Other segment items					
Capital expenditure	488	229	42	-	759
Depreciation	20	44	1,316	-	1,380
Amortisation	-	25	77	-	102

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

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

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

There are immaterial sales between the business segments.

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

Unallocated assets represent cash balances, receivables and other assets held by the Company and those of selected sub-holding companies, and deferred tax assets. Unallocated liabilities include accrued costs and deferred taxation liabilities within the Company and selected sub-holding companies as at the balance sheet date.

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

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

4. Analysis of expenditure

4.1 Cost of operations

	Six months ended 30 June 2015 (unaudited) €'000	Six months ended 30 June 2014 (unaudited) €'000
Costs of sale of residential property	(509)	(3,874)
Utilities, services rendered and other costs	(4,860)	(5,321)
Legal and professional expenses	(800)	(707)
Staff costs	(2,513)	(2,445)
Sales and direct advertising costs	(600)	(491)
Depreciation and amortisation	(499)	(655)
Reversal of impairment on inventory	55	102
Cost of operations	**(9,726)**	**(13,391)**

4.2 Administrative expenses

	Six months ended 30 June 2015 (unaudited) €'000	Six months ended 30 June 2014 (unaudited) €'000
Audit and tax services	(151)	(121)
Incentive and management fee	(688)	(1,023)
Legal and other professional fees	(413)	(299)
Utilities, services rendered and other costs	(662)	(656)
Staff costs	(566)	(619)
Depreciation and amortisation	(986)	(989)
Other administrative expenses	(63)	31
Administrative expenses	**(3,529)**	**(3,676)**

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2015

5.1 Other operating income

	Six months ended 30 June 2015 (unaudited)	Six months ended 30 June 2014 (unaudited)
	€'000	€'000
Income from insurance	171	6
Income from tax refund	-	316
Other operating income	285	158
Other operating income	**456**	**480**

5. 2 Other operating expenses

	Six months ended 30 June 2015 (unaudited)	Six months ended 30 June 2014 (unaudited)
	€'000	€'000
Interest and fees	(130)	(9)
Loss on disposal of property, plant and equipment	-	(77)
Other operating expenses	(279)	(96)
Other operating expenses	**(409)**	**(182)**

6. Finance income and finance costs

	Six months ended 30 June 2015 (unaudited)	Six months ended 30 June 2014 (unaudited)
	€'000	€'000
Bank loan write off	22,202	-
Other	172	168
Finance income	**22,374**	**168**
Interest payable on bank borrowings	(1,780)	(2,667)
Other similar charges	(210)	(186)
Finance costs	**(1,990)**	**(2,853)**
Other gains and (losses) – foreign exchange	**1,870**	**(665)**
Finance income/ (costs), including foreign exchange – net	**22,254**	**(3,350)**

7. Tax credit/ (expense)

Continuing operations	Six months ended 30 June 2015 (unaudited) €'000	Six months ended 30 June 2014 (unaudited) €'000
Current tax	(5)	(21)
Deferred tax	770	(90)
Tax credit/ (charge) for the period	**760**	**(111)**

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

8. Dividends

There were no dividends declared or paid in the six months ended 30 June 2015 (2014: €nil).

9. Earning/ (Loss) per share ("EPS"/ "LPS")

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

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

Six months ended 30 June 2015 (unaudited) Continuing operations	Profit €'000	Weighted average number of shares	Per share amount Eurocents
Basic (EPS)			
Profit attributable to equity shareholders of the Company	21,085	46,852,014	45.0
Diluted (EPS)			
Adjusted profit	**21,085**	**46,852,014**	**45.0**

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

10. Property, plant and equipment

	Buildings	Plant and equipment	Motor vehicles	Total
	€'000	€'000	€'000	€'000
Cost or valuation				
At 1 January 2014	78,394	11,150	95	89,639
Additions at cost	239	1,142	-	1,381
Exchange adjustments	(2,181)	(304)	(3)	(2,488)
Disposals	-	(208)	-	(208)
Revaluation	1,904	(295)	-	1,609
At 31 December 2014	**78,356**	**11,485**	**92**	**89,933**
Additions at cost	31	240	-	271
Exchange adjustments	1,345	176	(28)	1,493
Disposals	-	-	-	-
At 30 June 2015 (unaudited)	**79,732**	**11,901**	**64**	**91,697**
Accumulated depreciation				
At 1 January 2014	(4,321)	(5,313)	(71)	(9,705)
Charge for the year	(1,796)	(1,023)	(9)	(2,828)
Adjustment due to revaluation	1,796	-	-	1,796
Exchange adjustments	344	164	2	510
Disposals	-	109	-	109
At 31 December 2014	**(3,977)**	**(6,063)**	**(78)**	**(10,118)**
Charge for the period	(934)	(443)	(3)	(1,380)
Exchange adjustments	(200)	(82)	22	(260)
Disposals	-	-	-	-
At 30 June 2015 (unaudited)	**(5,111)**	**(6,588)**	**(59)**	**(11,758)**
Net book value at 30 June 2015 (unaudited)	**74,621**	**5,313**	**5**	**79,939**
Net book value at 31 December 2014	**74,379**	**5,422**	**14**	**79,815**

	Buildings	Plant and equipment	Motor vehicles	Total
	€'000	€'000	€'000	€'000
Cost or valuation				
At 1 January 2014	78,394	11,150	95	89,639
Additions at cost	70	630	-	700
Revaluation	262	-	-	262
Disposals	-	(166)		(166)
Exchange adjustments	(141)	(45)	(1)	(187)
At 30 June 2014 (unaudited)	**78,585**	**11,569**	**94**	**90,248**
Accumulated depreciation				
At 1 January 2014	(4,321)	(5,313)	(71)	(9,705)
Charge for the period	(893)	(594)	(4)	(1,491)
Adjustment due to revaluation	893	-	-	893
Disposals	-	89	-	89
Exchange adjustments	12	24	-	36
At 30 June 2014 (unaudited)	**(4,309)**	**(5,794)**	**(75)**	**(10,178)**
Net book value at 30 June 2014 (unaudited)	**74,276**	**5,775**	**19**	**80,070**

The Group's hotels, the Hilton in Warsaw and Golden Tulip in Bucharest constitute the majority of the total property, plant and equipment balance. The latest valuation of all hotels was performed as of 30 June 2015 (Hilton hotel) and 31 December 2014 (Golden Tulip hotel) by qualified professional valuers, acting in the capacity of external valuers. The results of valuation:
- revaluation adjustments, net of applicable deferred taxes, have been taken to the revaluation reserve in shareholders' equity,
- impairment adjustments have been taken to other operating expenses to the extent they exceed the balance, if any, held on the property revaluation reserve relating to a previous increase in the revaluation of that asset.

The fair value of hotels is level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided below:

	30 June 2015 €'000	31 December 2014 €'000	30 June 2014 €'000
Opening balance (level 3 recurring fair values)	78,825	79,200	79,200
Additions at cost	40	666	194
Disposals	-	(98)	-
Profit/ (Loss) included in other comprehensive income	-	3,645	1,155
(Profit)/ Loss included in other operating expenses	-	55	(62)
Depreciation charge for the year	(1,321)	(2,684)	(1,420)
Exchange adjustments	1,221	(1,959)	(146)
Closing balance (level 3 recurring fair values)	78,765	78,825	78,921

The valuation techniques and significant unobservable inputs used in determining the fair value measurement as well as the inter-relationship between key unobservable inputs and fair value, are set out in the table below:

Valuation Techniques used	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
Income approach The valuation has been undertaken using DCF valuation methodology.	Exit Capitalisation Rate (7.25%) Discount Rate (9.25%)	The higher the exit capitalisation and discounts rates the lower the fair value.

Fair value measurements are based on highest and best use, which does not differ from their actual use.

The Group has pledged property, plant and equipment of €78.8 million (31 December 2014: €78.8 million, 30 June 2014: €78.9 million) to secure certain banking facilities granted to subsidiaries. Borrowings for the value of €55.6 million (31 December 2014: €56.6 million, 30 June 2014: €57.7 million) are secured on these properties.

11. Investment property

	30 June 2015 (unaudited) €'000	31 December 2014 €'000	30 June 2014 (unaudited) €'000
At beginning of the period	104,446	144,537	144,537
Disposal on deconsolidation of subsidiary	-	(9,234)	-
Capitalised subsequent expenditure	488	590	139
Exchange movements	1,287	(3,825)	(1,112)
PV of annual perpetual usufruct fees	(1)	(2)	(1)
Fair value (losses)/ gains	(5,468)	(27,620)	(14,409)
At the end of the period	**100,752**	**104,446**	**129,154**
Less assets classified as held for sale (note 16)	(10,575)	(6,780)	(574)
	90,177	**97,666**	**128,580**

The fair value of the Group's investment properties has been arrived at on the basis of the latest valuation carried out at 31 December 2014 (except for one property in Poland, i.e. Millennium Plaza and one property in Hungary- Metropol, which are based on the valuation carried out at 30 June 2015):

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

The fair value of investment property is categorised as a level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided below:

	30 June 2015 €'000	31 December 2014 €'000	30 June 2014 €'000
Opening balance (level 3 recurring fair values)	104,446	144,537	144,537
Purchases	488	590	139
Disposals- other	(1)	(9,236)	(1)
Unrealized change in fair value	(5,468)	(27,620)	(14,409)
Unrealized foreign exchange movements	1,287	(3,825)	(1,112)
Closing balance (level 3 recurring fair values)	100,752	104,446	129,154

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of investment property, as well as the inter-relationship between key unobservable inputs and fair value, is detailed in the table below.

Valuation Techniques used	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
Income approach Fair value is determined by applying the income approach based on the estimated rental value of the property.	Discount Rate (8% - 9.75%) Exit Yield (7.75% - 9.5%) Letting voids on vacant spaces (3-16 months) Office rent - individually estimated per each property/type of leasable unit (€5/m^2 - €40/m^2)	The higher the exit yield and discounts rates the lower the fair value. The higher the office rent the higher the fair value.
Comparable approach The valuation technique that uses prices and other relevant information generated by market transactions involving comparable (i.e. similar) assets, adjusted for several factors to ensure comparability of the transactions.	The following adjusting factors were adopted: ✓ Location (5% - 40%) ✓ Size (5% - 30%) ✓ Development situation (10% - 20%)	The higher/ the lower the adjusting factor the higher/ the lower the fair value.

There were no changes to the valuation techniques of level 3 fair value measurements in the period except for five investment properties in case of which the valuation technique was changed from income to comparable approach to appropriately estimate the fair value as of 31 December 2014. The fair value measurement is based on the above items highest and best use, which does not significantly differ from their actual use.

The Group has pledged investment property of €95.9 million (31 December 2014: €99.9 million; 30 June 2014: €125.9 million) to secure certain banking facilities granted to subsidiaries.

12. Inventories

	30 June 2015 (unaudited) €'000	31 December 2014 €'000	30 June 2014 (unaudited) €'000
Land held for development	11,151	10,645	3,495
Construction expenditures	19,877	18,715	15,092
Completed properties	3,067	3,457	4,449
Hotel inventory	1,215	1,213	1,227
As at period end	**35,310**	**34,030**	**24,263**

€0.5 million (31 December 2014: €4.9 million; 30 June 2014: €3.9 thousand) of inventories was released to cost of operations in the income statement during the period. €nil million was recognised in the income statement in relation to the impairment or reversal of impairment on inventories (31 December 2014: €0.2 million in relation to reversal of impairment on inventories; 30 June 2014: €0.1 million in relation to reversal of impairment on inventories).

Bank borrowings are secured on the inventory for the value of €nil million (31 December 2014: €nil million; 30 June 2014: €15.8 million).

For the six months period ended 30 June 2015 borrowing costs of €nil million (year ended 31 December 2014: €0.1 million, six months ended 30 June 2014: €0.01 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.

13. Cash and cash equivalents

	30 June 2015 (unaudited) €'000	31 December 2014 €'000	30 June 2014 (unaudited) €'000
Cash and cash equivalents	12,545	16,525	19,486
Short term bank deposits	10,176	5,436	4,208
At 31 December	**22,721**	**21,961**	**23,694**

Included in cash and cash equivalents is €10.8 million (31 December 2014: €8.6 million; 30 June 2014: €8.8 million) restricted cash relating to security and customer deposits.

14. Cash generated from operations

	Six months ended 30 June 2015 (unaudited) €'000	Six months ended 30 June 2014 (unaudited) €'000
Profit/ (Loss) for the year	**21,085**	**(14,037)**
Adjustments for:		
Effects of foreign currency	(1,753)	623
Finance costs	1,835	2,865
Finance income	(117)	(132)
Bank loan write back	(22,202)	-
Tax (credit)/ expense	(765)	111
Share of (profits)/ losses from equity accounted joint ventures	(58)	45
Depreciation of property, plant and equipment	1,380	1,491
Amortisation charges	105	153
Decrease/ (Increase) in value of investment property	5,468	14,409
Reversal of impairment of inventory	-	(102)
Loss on disposal of property, plant and equipment	-	77
	4,978	**5,503**

Changes in working capital		
(Increase)/ Decrease in inventory	(1,280)	637
Increase in trade and other receivables	(982)	(1,141)
Increase in trade and other payables	5,163	3,603
Effects of foreign currency on working capital translation	(59)	(335)
	2,842	**2,764**
Cash inflow from operations	**7,820**	**8,267**

15. Bank loans

	30 June 2015 (unaudited) €'000	31 December 2014 €'000	30 June 2014 (unaudited) €'000
Current			
Bank loans and overdrafts due within one year or on demand			
Secured	**(134,152)**	**(96,307)**	**(28,922)**
Non-current			
Repayable within two years			
Secured	(1,098)	(68,755)	(144,726)
Repayable within three to five years			
Secured	(8,158)	(5,922)	(7,946)
Repayable after five years			
Secured	(3,044)	(2,865)	(3,763)
	(12,300)	**(77,542)**	**(156,435)**
Total	**(146,452)**	**(173,849)**	**(185,357)**

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

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

	Euro €'000	Zloty €'000	Total €'000
Bank loans and overdrafts – 30 June 2015	146,452	**-**	146,452
Bank loans and overdrafts – 31 December 2014	173,849	-	173,849
Bank loans and overdrafts – 30 June 2014	175,272	10,085	185,357

Repaid loans

On 30 June 2015 the Group reached a settlement with the bank financing its two projects in Romania (part of portfolio of cross collateralised banking facilities) based on which the Group received €22.2m discount on the repayment of the outstanding loan facility. The Group could be obliged to pay additional amount to the bank in connection with this transaction as described on page 10. Currently this is expected to be €nil.

On 11 February 2014 and 10 December 2014 the loan facilities extended to *Concept House* and *Capital Art Apartments* residential developments were repaid.

Hotel Hilton bank facility

As of 30 June 2015 and 31 December 2014 the bank facility extended to *Hilton* hotel in Poland amounting to €52.8m (31 December 2014: €53.3m) is classified as a current liability as it is due in September 2015. On 29 June 2015 the Group arranged new financing (subject to conditions precedent) in order to repay this facility before its due date. The final repayment date of the refinancing loan is 30 June 2025.

Portfolio of cross collateralised banking facilities

As of 30 June 2015, after the above described repayment of two Romanian facilities, the Group has two facilities that have been cross collateralised totalling €64.8million. As at 30 June 2015 these two loans were classified as current liabilities since the waiver of covenants is effective only until January 2016. The Company is in dialogue with the bank and is discussing restructuring of this loan portfolio.

Other loans

In the preparation of the consolidated financial statements as of 30 June 2015, the directors have classified the loan facility extended to a Hungarian subsidiary totalling €15.5 million as current since covenant breaches arose on this loan. The Company is in dialogue with the bank and is discussing restructuring of this loan.

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

In 2011 Atlas management started to actively market for sale Moszkva office building. In September 2012 the Company entered into conditional agreement to sell half of the building for the total price of €700 thousand. This transaction was completed in December 2012. In 2014 Atlas management started to actively market for sale Ligetvaros and Varosliget. In June 2015 Metropol was actively marketed. All properties are located in Budapest, Hungary.

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

	30 June 2015 (unaudited) €'000	31 December 2014 €'000	30 June 2014 (unaudited) €'000
Assets:			
Investment property	10,575	6,780	574
Assets held within disposal groups classified as held for sale	**10,575**	**6,780**	**574**

	30 June 2015 (unaudited) €'000	31 December 2014 €'000	30 June 2014 (unaudited) €'000
At beginning of the period	6,780	600	600
Additions	3,700	6,200	-
Exchange movements	95	(34)	(26)
Fair value gains/ (losses)	-	14	-
At the end of the period	**10,575**	**6,780**	**574**

17. Related party transactions

(a) Key management compensation

	30 June 2015 (unaudited)	30 June 2014 (unaudited)
	€'000	€'000
Fees for non-executive directors	25	21

The Company has appointed AMC to manage its property portfolio. In consideration of the services provided, AMC received a management fee of €0.7 million during the period (for the year ended 31 December 2014: €12.0 million; 6 months ended 30 June 2014: €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 2014. No performance fee has been accrued for the 6 months ended 30 June 2015 (6 months ended 30 June 2014: €nil) as the performance fee can only be reasonable estimated after the annual valuation of the assets portfolio. For the year ended 31 December 2014 no performance fee was accrued.

On 15 July 2013 AMC Poland entered into an agreement with the Company's subsidiary – Capital Art Apartments Sp. z o.o. SKA. Based on this agreement AMC Poland administers the sale process of *Capital Art Apartments* development project. As of 30 June 2015 AMC Poland received a fee of €7.0 thousand (31 December 2014: €57 thousand; 30 June 2014: €33.5 thousand) in relation to this agreement.

As of 30 June 2015 €3.3 million included in current trade and other payables was due to AMC (31 December 2014: €3.6 million; 30 June 2014: €3.4 million) for current period and historic management and performance fee.

(b) On 22 November 2012, the Group acquired 24% interest in the voting shares of Zielono Sp. z o.o., increasing its interests to 100%. As of 30 June 2015 the purchase price of €0.1 million (31 December 2014: €0.7 million, 30 June 2014: €0.8 million) is due to former non-controlling shareholder (Coralcliff Limited).

18. Post balance sheet events

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

19. Other items

19.1 Information about court proceedings

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

Atlas Estates Limited and Atlas Estates Investment B.V.

Atlas Estates Limited ("AEL") was notified on 9 March 2011 that Stronginfo Consultants Ltd and Columbia Enterprises Ltd (the "Plaintiffs") have submitted to an arbitrator a statement of claim against Atlas Estates Investment B.V. 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.

19.2 Financial forecasts

No financial forecasts have been published by the Company in relation to the year ended 31 December 2015.

19.3 Substantial shareholdings

As of 28 July 2015, the Board was aware of the following direct or indirect interest in 3% or more of the Company's ordinary share capital. All shares have equal voting rights.

Table 1 – Significant Shareholders	Number of Shares held	Percentage of Issued Share Capital
Vidacos Nominees Limited <BJB>	34,969,645	74.64
Forest Nominees Limited <GC1>	6,461,425	13.79
Euroclear Nominees Limited <EOCO1>	5,308,396	11.33
TOTAL	**46,739,466**	**99.76**

19.4 Directors' share interests

There have been no changes to the Directors' share interests during the six months ended 30 June 2015. 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 2015.

20. Principal subsidiary companies and joint ventures

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

- Hungarian subsidiary, Atlas and Shasha Zrt, which is under liquidation. Deconsolidation of this subsidiary started on 1 October 2013, i.e. from the moment when Group control was lost. No gain or loss was recognised in the consolidated financial statements as a result of this event;

- Polish subsidiary, Atlas Estates (Kokoszki) Sp. z o.o. which is under bank enforcement proceedings. Deconsolidation of this subsidiary started on 24 December 2014, i.e. from the moment when Group control was lost. The loss was recognised in the consolidated financial statements as a result of this event.

	30 June 2015 €'000	31 December 2014 €'000	30 June 2014 €'000
The fair value of any consideration received	-	-	-
The carrying amount of the subsidiary's assets and liabilities	-	(2,253)	-
	-	(2,253)	-

No new subsidiary undertakings were acquired and no significant investments were made in any additional joint ventures during the period ended 30 June 2015.

Country of incorporation	Name of subsidiary/ joint venture entity	Status	Percentage of nominal value of issued shares and voting rights held by the Company
Holland	Atlas Estates Cooperatief U.A.	Holding	100%
Holland	Atlas Estates Investment B.V.	Holding	100%
Guernsey	Atlas Finance (Guernsey) Limited	Holding	100%
Curacao	Atlas Estates Antilles B.V.	Holding	100%
Cyprus	Fernwood Limited	Holding	100%
Poland	AEP Sp. z o.o.	Management	100%
Poland	Platinum Towers AEP Spółka z ograniczoną odpowiedzialnością SKA	Development	100%
Poland	Zielono AEP Spółka z ograniczoną odpowiedzialnością SKA	Development	100%
Poland	Properpol Sp. z o.o.	Investment	100%
Poland	Atlas Estates (Millennium) Sp. z o.o.	Investment	100%
Poland	Atlas Estates (Sadowa) Sp. z o.o.	Investment	100%
Poland	Capital Art Apartments AEP Spółka z ograniczoną odpowiedzialnością Spółka Jawna	Development	100%
Poland	HGC Gretna Investments Spółka z ograniczoną odpowiedzialnością Spółka Jawna	Hotel operation	100%
Poland	Mantezja 3Sp. z o.o.	Hotel operation	100%
Poland	HPO AEP Spółka z ograniczoną odpowiedzialnością SKA	Development	100%
Poland	Atlas Estates (Cybernetyki) Sp. z o.o.	Development	50%
Poland	Atlas Estates (Kokoszki) Sp. z o.o.	Investment	100%
Poland	Atlas FIZ AN	Holding	100%
Hungary	CI-2005 Investment Kft.	Development	100%
Hungary	Cap East Kft.	Investment	100%
Hungary	Felikon Kft.	Investment	100%
Hungary	Ligetváros Kft	Investment	100%
Hungary	Városliget Center Kft	Investment	100%
Hungary	Atlas Estates (Moszkva) Kft.	Investment	100%
Romania	World Real Estate SRL	Investment	100%
Romania	Atlas Solaris SRL	Development	100%
Romania	D.N.B. - Victoria Towers SRL	Hotel operation	100%
Bulgaria	Immobul EOOD	Investment	100%

ATLAS ESTATES LIMITED

INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2015

	Six months ended 30 June 2015 (unaudited) €'000	Six months ended 30 June 2014 (unaudited) €'000	Note
Revenues	-	-	
Cost of operations	-	-	
Gross profit	**-**	**-**	
Administrative expenses	(407)	(678)	
Other operating income	25,307	-	1
Other operating expenses	-	(18,271)	2
Profit/ (Loss) from operations	**24,900**	**(18,949)**	
Finance income	70	88	
Finance costs	(30)	(32)	
Other (losses) and gains – foreign exchange	-	-	
Profit/ (Loss) before taxation	**24,940**	**(18,893)**	
Tax expense	-	-	
Profit/ (Loss) for the period	**24,940**	**(18,893)**	
Total comprehensive income/ (loss) for the period	**24,940**	**(18,893)**	

ATLAS ESTATES LIMITED

INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2015

	30 June 2015 (unaudited) €'000	31 December 2014 €'000	30 June 2014 (unaudited) €'000	Note
ASSETS				
Non-current assets				
Investment in subsidiaries	94,302	66,745	75,602	3
Loans receivable from subsidiaries	6,945	9,636	9,493	
	101,247	**76,381**	**85,095**	
Current assets				
Trade and other receivables	22	8	14	
Cash and cash equivalents	245	57	603	
	267	**65**	**617**	
TOTAL ASSETS	**101,514**	**76,446**	**85,712**	
Non-current liabilities				
Other payables	(3,625)	(3,195)	(3,165)	
	(3,625)	**(3,195)**	**(3,165)**	
Current liabilities				
Trade and other payables	(3,083)	(3,385)	(2,963)	
	(3,083)	**(3,385)**	**(2,963)**	
TOTAL LIABILITIES	**(6,708)**	**(6,580)**	**(6,128)**	
NET ASSETS	**94,806**	**69,866**	**79,584**	
EQUITY				
Share capital account	6,268	6,268	6,268	
Other distributable reserve	194,817	194,817	194,817	
Accumulated loss	(106,279)	(131,219)	(121,501)	
TOTAL EQUITY	**94,806**	**69,866**	**79,584**	

ATLAS ESTATES LIMITED

INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six Months Ended 30 June 2015 (unaudited)	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000
As at 1 January 2015	**6,268**	**194,817**	**(131,219)**	**69,866**
Total comprehensive income for the period	-	-	24,940	24,940
As at 30 June 2015	**6,268**	**194,817**	**(106,279)**	**94,806**

Year Ended 31 December 2014	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000
As at 1 January 2014	6,268	194,817	(102,608)	98,477
Total comprehensive income for the period	-	-	(28,611)	(28,611)
As at 31 December 2014	**6,268**	**194,817**	**(131,219)**	**69,866**

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

ATLAS ESTATES LIMITED

INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2015

	Six months ended 30 June 2015 (unaudited)	Six months ended 30 June 2014 (unaudited)
	€'000	€'000
Profit/ (Loss) for the period	**24,940**	**(18,893)**
Adjustments for:		
Finance costs	30	32
Finance income	(70)	(88)
Profit on assignment of loan receivable	(18,286)	-
Impairment on investments	-	19,129
Reversal of impairment against loans receivables	(7,021)	(858)
	(407)	**(678)**
Changes in working capital		
Increase in trade and other receivables	(14)	(13)
(Decrease)/ Increase in trade and other payables	(302)	40
Net cash outflow from operating activities	**(723)**	**(651)**
Investing activities		
Purchase of loans receivable	(2,250)	-
New loans advanced to subsidiaries	(89)	(95)
Repayment of loans with subsidiaries	3,250	1,041
Net cash from investing activities	**911**	**946**
Financing activities		
Interest received	-	-
Interest paid	-	-
Net cash (from)/ used in financing activities	**-**	**-**
Net increase / (decrease) in cash and cash equivalents in the year as a result of cashflows	**188**	**295**
Effect of foreign exchange rates	-	-
Net decrease in cash and cash equivalents in the period	**188**	**295**
Cash and cash equivalents at the beginning of the period	**57**	**308**
Cash and cash equivalents at the end of the period	**245**	**603**
Cash and cash equivalents		
Cash at bank and in hand	245	603
Bank overdrafts	-	-
	245	**603**

1. Other operating income

	Six months ended 30 June 2015 (unaudited) €'000	Six months ended 30 June 2014 (unaudited) €'000
Reversal of impairment of investments in subsidiaries	7,021	-
Profit on assignment of loan receivable	18,286	-
Other operating income	**25,307**	**-**

2. Other operating expenses

	Six months ended 30 June 2015 (unaudited) €'000	Six months ended 30 June 2014 (unaudited) €'000
Impairment of investments in subsidiaries	-	(18,271)
Other operating expenses	**-**	**(18,271)**

3. Investment in subsidiaries

	30 June 2015 (unaudited) €'000	31 December 2014 (audited) €'000	30 June 2014 (unaudited) €'000
Shares in subsidiary undertakings			
Cost			
At beginning of period	189,897	189,897	189,897
Additions in year	20,536	-	-
At the end of the period	210,433	189,897	189,897
Impairment			
At beginning of period	(123,152)	(96,024)	(96,024)
Additions	-	(27,128)	(18,271)
Reversals	7,021	-	-
At the end of the period	(116,131)	(123,152)	(114,295)
At the end of the period	**94,302**	**66,745**	**75,602**

Investments in subsidiary undertakings are stated at cost. Cost is recognised as the nominal value of the company's shares and the fair value of any other consideration given to acquire the share capital of the subsidiary undertakings. A list of principal subsidiary undertakings and joint ventures is given at note 20 of the interim condensed consolidated financial information.

The Company has carried out an impairment review of the carrying values of investments and loans receivable from subsidiaries. The Company considers the best indication of value of investments and loans to subsidiaries to be the valuation reports - as described on page 5.

In the six months period ended 30 June 2015 €7.0 million was recognised in other operating income in respect of reversal of impairment on investment in subsidiaries (in 2014 €27.2 million was recognised in other operating expenses in respect of impairment on investment in subsidiaries; in the six months period ended 30 June 2014: €18.3 million was recognised in other operating expenses in respect of impairment on investment in subsidiaries).

The method applied to assign value to the company's investments is fair value less costs to sell and has been based on the property valuations assessed by independent experts. In assessing the value of each investment the Company has considered not only the asset value recognised in the books of the individual entities but also the valuation amount of elements held at cost. Substantially, this has resulted in the carrying values of investments and loans receivable from subsidiaries being compared to the adjusted net asset value of the group. First the impairment is allocated against the value of investments and then the value of loans receivable. The 2014 interims have been updated to reflect this.